

REGIONAL INFRASTRUCTURE MONITORING ALLIANCE

2023 REPORT



Regional Infrastructure Monitoring Alliance (RIMA) is an independent, informal platform that follows anti-colonial, democratic, gender-sensitive principles. Our credibility and independence are our core strengths. RIMA's objectives are to expose safeguarding violations and banks' policy and governance shortcomings. We collect evidence in the form of case studies, which we use to push banks to improve their safeguards and policies. In doing so, we amplify regional voices and confront the responsible shareholders, institutional actors, and governments.

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INTRODUCTION

The Regional Infrastructure Monitoring Alliance (RIMA) was born out of necessity and urgency. Necessity to merge different individual and collective movements and gather research on the massive investments in infrastructure by Chinese lenders and companies. Urgency because these investments often threaten the livelihoods of local people as well as nature, biodiversity, and climate protection.

An additional challenge is that many of these investments happen in countries with weak civil society and participation structures. As a result, complaint mechanisms are often not known or missing altogether. RIMA was formed based on longstanding working relationships and friendships. The original call to form such a support network came from the South East Asian region, and it developed into the RIMA core group.

In 2023, we decided to meet in Sri Lanka. CSO representatives from 12 different countries met from the 26th to the 28th of October in Negombo/ Sri Lanka. This time, we put a more focused emphasis on specific China-related developments like the divestment from coal outside China, Chinese investments in oil and gas, and ESG standards. We first conducted a thorough assessment of the current situation related to Chinese outward investment developments, and their influence in Asia and individual states and sectors, with a special focus on fossil fuel investments. In the second step, we explored different strategies and human rights advocacy approaches. Finally, we started mapping resources and possible synergies between us.

Why the focus on China?

China is the biggest bilateral lender today and the biggest global investor in renewable energies. At the same time, China is the biggest investor in fossil fuels and their expansion. Chinese companies are the most competitive in the field of energy investments. Chinese companies - CNPC, CNOOC, and Sinopec - account for 41% of oil and gas expansion in Asia. CNPC is investing the most money globally in the exploration of new oil and gas resources.

In this context, indigenous communities and civil society need to raise their voices on matters of environmental and social safeguards. The goal was to bring together senior campaigners from the region and some CSOs from the West with Asia expertise to exchange know-how, ideas, and best practices. Our ultimate aim is to support local communities and their livelihoods, fight for sustainable infrastructure that respects Sustainable Development Goals (SDGs), mitigate climate change and meet environmental standards.

As an informal network, RIMA aims to actively help and advocate for the rights of indigenous peoples. Therefore, our target groups are umbrella organizations and multipliers, CSOs, academics, decision-makers, and representatives from countries in South East Asia.



STEERING COMMITTEE



Nora Sausmikat
(Urgewald)



Vidya Dinker
(Growthwatch)



Rayyan Hassan
(NGO Forum on ADB)



Hassan Mehedi
(CLEAN)



SRI LANKA FACT SHEET

SRI LANKA'S PROFILE

Economic

- Category: Value (2020)
- GDP: \$80.71 billion
- GDP/Capita: \$3,682
- GDP growth (annual): -3.6%
- Remittances received/capita: 9.1% of GDP

Environmental

- Category: Value (2020)
- CO₂ emissions: 1.0 metric tons/capita
- Forest Area: 29.7% of land area
- Access to electricity: 100% of the total population
- Electricity from renewables: 46.6% of total electricity production (including hydroelectric)

Institutional

- Category: Value (2020)
- Central govt. debt: 101% of GDP
- FDI inflows: 0.5% of GDP
- FDI from China: 2.6% of total FDI (2020)

TRADE CHINA-SRI LANKA (2020)

- Total Commodities (Import): \$4.2 billion (largest trading partner)
- Total Commodities (Export): \$0.24 billion

Major Imports from China

- Petroleum Products
- Textiles and Garments
- Machinery and Parts
- Electrical and Electronic Equipment
- Chemicals
- Fertilizers

Bilateral Relations

- China is a major player in Sri Lanka's infrastructure development, including the Colombo Port City project and Hambantota Port.
- China has provided significant loans and investments in various sectors, enhancing bilateral ties and economic dependency.

Debt Dependency

- Sri Lanka's debt to China has been a subject of scrutiny, with Chinese loans accounting for a substantial portion of the country's external debt.
- The leasing of Hambantota Port to China for 99 years in 2017 is a notable example of debt-induced asset transfer.

Belt and Road Initiative (BRI)

- Sri Lanka is a significant partner in China's Belt and Road Initiative, with numerous infrastructure projects funded by Chinese loans.
- These projects have bolstered Sri Lanka's infrastructure but have also raised concerns about debt sustainability.

Environmental Concerns

- Chinese-funded projects in Sri Lanka have faced criticism for their environmental impact, including deforestation and pollution concerns.
- Ensuring sustainable development practices is a growing area of focus.

Chinese Influence

- China's growing influence in Sri Lanka is evident in both the economic and the political sphere, with increasing investments in critical infrastructure and strategic assets.
- Balancing relations with China while maintaining sovereignty and addressing debt sustainability is a key challenge for Sri Lanka.

SRI LANKA

Our host country for RIMA 2023 was Sri Lanka. We were delighted to have the Center for Environmental Justice (CEJ) as co-organizer of this event. The whole staff of CEJ succeeded to make this event an unforgettable gathering with many surprises and even a traditional performance. Hemantha Withanage and Janaka Withange made us feel at home in Sri Lanka and introduced valuable detailed knowledge on the past and current situation in the country.

Opening Session

Background RIMA

(A presentation by Nora Sausmikat, Urgewald)

RIMA is deeply embedded in the DNA of Urgewald, an environmental and human rights organization. Closely linking up with the realities on the ground in the regions always played a key role and can be traced back to the efforts of Urgewald's founder Heffa Schücking and her fight against the Maheshwar Dam, which forced over 60,000 people to leave their homes. After years of campaigning, German Bayernwerk and VIEW withdrew from the project. People in India and Germany recognized that together we are strong, and together we can create change. From the beginning, the Belt and Road Initiative (BRI) drew the attention of CSOs and activists in other regions, Asia and Europe. The wish of colleagues from South Asia has led RIMA to address Chinese investments and displacement issues. In 2019, when many CSOs met at the "[China as a creditor](#)" conference in Berlin, the idea for RIMA was born. We happily joined hands to practice true teamwork.

Nora's presentation highlighted the basic developments of the importance of RIMA. She emphasized that during the past year we witnessed contradicting developments: When the massive increase of investments by Chinese companies started, simultaneously civil society was confronted with shrinking spaces globally. To safeguard the rights of the people and nature, space for participation is essential, as is the free flow of information. Information is power. Simultaneously, there was the state-led movement for Chinese CSOs to "go out" and network internationally.

Secondly, South Asian societies are confronted with competition in infrastructure investments between the European Global Gateway Initiative and the Chinese Belt and Road Initiative. And finally, the **new dynamics** led MDBs (like ADB/AIIB) to closer cooperation globally. All this happens while civil society and most grassroots communities do not know much about China or Chinese stakeholders.

Nora emphasized that when analyzing China-led investments we should not generalize negative experiences and connect them to the Chinese people or culture. She urged us to avoid China bashing and to be aware that the World Bank, US, and European companies also shy away from taking thorough accountability.

Regional Campaigning and RIMA

(A presentation by Rayyan Hassan, NGO Forum on ADB)

Similar to Nora, Rayyan highlighted the importance of not demonizing China in regional campaigning. The key aspect should be to maintain a balance between regional and global perspectives. Monitoring infrastructure in the region is crucial as infrastructure issues are inherently cross-cutting, involving energy and debt issues. RIMA's framework allows for an extended scope of monitoring and engagement.

Significance of RIMA in National Campaigns

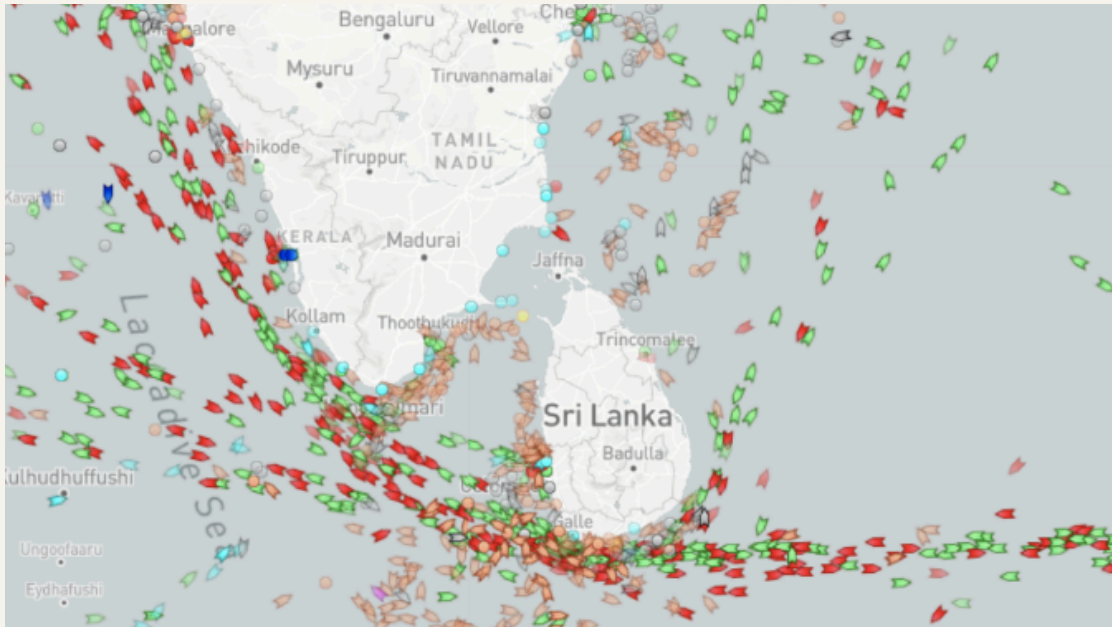
(A presentation by Hasan Mehedi, Coastal Livelihood and Environmental Action Network)

Mehedi emphasized three critical needs for national campaigns: knowledge, solidarity, and learning from each other. RIMA facilitates the connection of databases and networks, fostering a collaborative environment for solidarity and shared learning.

OVERVIEW OF "THE STORY OF SRI LANKA: DEBT AND ECONOMIC CRISIS"

(A presentation by Hemantha Withange, Center for Environmental Justice)

Sri Lanka is a geopolitical hotspot due to its position, with 60% of the ship fleet in Asia passing through its waters.



This importance is heightened by its location in the Indian Ocean, making it crucial for powerful nations in the developing world. Adam's Bridge links India and Sri Lanka, further emphasizing its strategic significance.

Sri Lanka, an old democracy in Asia, operates more as an oligarchy. The current ruling party is a coalition led by highly corrupt politicians. The Colombo port city is emerging as a future financial hub under China's Belt and Road Initiative (BRI), while Russia is setting up three modern nuclear power plants in the country. However, Sri Lanka has lost its non-aligned position, now balancing decisions between India, China, and the US.

The nation's debt crisis is severe, with total debt reaching \$52.4 billion by June 2023. This includes \$12.5 billion in international sovereign bonds and \$11.3 billion in bilateral loans. Sri Lanka reached an upper middle-income level by 2019 but was quickly downgraded in 2020 due to corruption and political mismanagement. Many venture funds, such as Blackrock, are active in the country.

In early 2020, the government introduced measures like a vehicle importation ban and a push for organic farming, which were poorly executed. The change in the LPG gas formula led to 730 reported explosions in late 2021. Political struggles have persisted since 2020, leading to the rise of a new neo-liberal political leader.

The poverty headcount ratio increased from 14% in 2019 to 31% in 2023. Over 3,000 People have been arrested, human rights violations increased and society suffered shrinking civil space. Private bondholders have taken legal actions against the Sri Lankan government.

The Government's preferred solution was the IMF. The IMF provided a \$3 billion package under the New Extended Fund Facility (EFF), which is seen as the only solution. China refused debt restructuring, while India had been more generous, with Adani building a bridge between Sri Lanka and India. Internal debt restructuring has affected people's savings and pension funds.

Sri Lanka's case serves as a cautionary tale for countries like Bangladesh, Nepal, and Pakistan. The central bank declared bankruptcy, and there are ongoing complaints and legal cases related to BRI and Port City projects. Determining which projects are part of the BRI is challenging due to a lack of regulations. Rising electricity costs have led many textile industries to move to Vietnam and Bangladesh. The situation underscores a broken international finance system, with repeated IMF interventions.

Micro-crediting is another significant issue, with interest rates at 32% leading to many suicides. People often take one microcredit to pay off another, creating a vicious cycle of debt.

During the discussion session, various questions and insights were shared:

- **Asim Jaffry (Fair Finance Pakistan):** Raised concerns about bank deposits and the inability of regular people to buy dollars or pay for imports with dollars.
- **Ayesha D'Souza (International Rivers):** Inquired about the civil society response to the crisis. It was noted that CSOs have faced many difficulties but have brought funds to Sri Lanka, which is important.
- **Hussain Jarwar (Indus Consortium):** Asked about efforts to remove corruption and the benefits of IMF involvement. It was explained that Sri Lanka is waiting to see how the IMF intervention will work.
- **Vijay Kant Karna (Centre for Social Inclusion and Federalism Nepal):** Inquired about the impacts of BRI projects and the organization of people's power in 2022. The response highlighted the need for regulatory changes and the involvement of youth in the struggle.
- **Syeda Rizwana Hasan (Bangladesh Environmental Lawyers Association):** Asked about the political arrangement and the importance of anti-corruption measures and transparency.
- **Nikhil Wilmlink (Open Society Foundations):** Addressed domestic corruption and its resolution. It was noted that corruption is pervasive and resolving it requires multilateral support.

WHO AND WHERE IS CHINA?

THEMATIC AREA 1



A. CHINA UPDATE: CHINESE FINANCE AND INVESTMENTS

This session was moderated by Mr. Hassan Mehedi, featuring insights from Yu Yin, an independent researcher, and Nora Sausmikat from Urgewald.

Chinese Economic Growth: Pre and post-COVID-19 Yu Yin highlighted the factors contributing to Chinese economic growth. Before the COVID-19 pandemic, the government exerted significant control over industries, promoting them through various policies.

During the pandemic, these policies continued to influence the education sector and other industries, often benefiting state-run enterprises over private ones. Infrastructure development through debt was a key strategy, with investments in roads, buildings, highways, and railways creating jobs. The property market saw substantial growth, with housing prices increasing fivefold and urbanization rising by 36%. China played a significant role in the global value chain, acting as a major importer and contributing 20-25% of GDP through export-oriented markets.

However, the pandemic led to severe restrictions, impacting domestic industries and manufacturing. Despite this, China continued to pursue economic growth through the Belt and Road Initiative (BRI) and other strategies aimed at enhancing domestic consumption and employment. The government's policies created job opportunities, but also led to social injustices and a passive "wait and see" attitude among the population due to economic uncertainty.

FOREIGN POLICY AND GLOBAL SUMMITS

Nora Sausmikat elaborated on China's foreign policy and its role in the global summits throughout 2023. She noted the competition between the EU and China in infrastructure investments and the strategic embrace of the Global South. China has spent \$500 billion on business from 2008 to 2021 (EXIM/CDB), with high loan issuance peaking in 2016. The main priority for both regions, EU and China, is to "de-risk" private and SOE investments, favoring the economic interests of the respective countries. The Belt and Road Initiative (BRI) has evolved into a global strategy, incorporating other initiatives like the Global Development Initiative (GDI) and the Global Security Initiative (GSI).

The GDI emerged at a time when China's government budget deficit problem has deteriorated. Debt levels rising from 2.1 percent of GDP in 2013 to 8.6 percent in 2020. Consequently, the widened fiscal deficit has come to hinder China's capability of financing large-scale infrastructure projects under the BRI. In the work report of the president, BRI was reframed into the trade section and instead GDI now put into the diplomacy section. This means for future engagement that China wants to represent itself increasingly as a development partner under the GDI, simultaneously putting the BRI project under the guidance of United Nations SDGs. Development is tied simultaneously to security issues like China's national security interests vis-à-vis the competition with the US. New laws, such as the Foreign Relations Law effective as of July 2023, emphasize China's focus on supply chain security and corruption issues. China aims to position itself as a leader in development cooperation. At the Vth BRI Forum in October 2023, the opening speeches announced promoting people-centered corporations, avoiding exploitative colonialism of the past, refusing to exploit neighbors for self-interest, investing into "green and clean" solutions, and pursuing high-standard, people-centered, and sustainable cooperation. All these promises can serve us to guide our actions.

B. CURRENT WORLDVIEW OF CHINA

(Nora Sausmikat/ Yu Yin)

Strong Government Control and Economic Policies China's government exerts strong control over the economy, setting national development plans and GDP targets. State enterprises dominate key industries, and government policies can significantly impact the success or failure of these sectors. The zero-COVID policy had devastating effects on private enterprises, while state-run businesses received support. Debt-based infrastructure development has led to outstanding debts of \$12.58 trillion for provincial and municipal governments, equivalent to 76% of the projected economic output for 2022. The government's restructuring mandates for banks and the collapse of giant firms like Evergrande have further complicated the economic landscape.

Employment and Social Challenges The employment structure in China has changed dramatically, with traditional labor contracts decreasing and platform economies emerging. Youth unemployment is high, and government efforts to boost the property market face public caution after the crisis. The ongoing BRI forum may generate some business and employment opportunities, but it is unlikely to resolve the overarching economic challenges.

China organized the so-called “**C5**” **counter summit in Xian**: Kazakhstan, Kyrgyzstan, Tadjikistan, Uzbekistan und Turkmenistan. A bit earlier, we saw the SCO meeting was convened on May 4th in Goa, India. Both diplomatic fora aim at the strategic strengthening of cooperation between Central Asia and Asia. While C5 is a new format, SCO is evolving in a kind of parallel WTO in Asia. Key messages were China’s leadership efforts to help the Global South in the struggle against colonialism and developmental injustice. There seems to be a battle over who is winning the Global South. Xi Jinping as well as Von der Leyen, the president of the EU Commission, spoke of inclusion and “eye-level-partnerships”.

China as part of G20: On July 17-18, 2023 the **Third G20 Finance Ministers and Central Bank Governors Meeting** convened [in Gandhinagar, Gujarat](#) and send contradicting messages: It concluded in supporting [the G20 Roadmap for MDBs](#), and simultaneously called for **additional lending headroom of approximately \$200 billion over the next decade. Interestingly**, for the Indian presidency **debt was a central topic**, but no progress was made here. It was said that the „**Voice of Global South was brought to the table of the G20**“. **China’s position on including MBDs in debt restructuring is still unclear.**

C. CIVIL SOCIETY PERSPECTIVE ON CHINA’S ROLE IN THE G20 SUMMIT

(Vidya Dinker, Growthwatch)

Civil Society Challenges

Vidya Dinker (Growthwatch) presented the civil society perspective on China’s role in the G20 Summit. She highlighted the lack of political reforms, the dismantling of civil society, and the high-tech surveillance state in China. Digital finance and e-commerce are areas where China leads, but these advances come with significant government control and surveillance. The Indian government is promoting a centralized model similar to China’s, raising concerns about debt trap policies and the suppression of civil society voices.

G20 and Civil Society Participation The G20 Summit, like many international forums has adopted opaque practices reminiscent of China’s model. The Civil Society 20 (C20) initiative saw limited participation from civil society organizations (CSOs) due to intimidation and political pressure. The increasing influence of China and India as strong leaders in the global geopolitical context poses challenges for independent civil society activism and advocacy.

D. CHINESE INFLUENCE ON ECONOMY AND TECHNOLOGY IN ASIA

(Rayyan Hassan, NGO Forum on ADB)

Economic Influence and Debt Diplomacy

Rayyan Hassan (NGO Forum on ADB) discussed China’s economic and technological influence in Asia, focusing on countries like the Philippines, Cambodia, Thailand, and Indonesia. China’s Belt and Road Initiative (BRI) has led to significant investments and debt accumulation in these countries. For instance, Indonesia’s debt to China reached \$17.75 billion, while Cambodia’s debt to China accounts for 44% of its total foreign debt.

Technology and Infrastructure Projects

China's influence extends to technology and infrastructure projects. In Thailand, the government signed an agreement with China to integrate the BeiDou navigation satellite system, and similar integrations are seen in the Philippines and Indonesia. Chinese tech giants like Huawei, ZTE, and Tencent dominate the telecommunications landscape in these countries, providing 4G and 5G networks. These technological investments are not sufficiently monitored by civil society, raising concerns about cybersecurity and digital authoritarianism.

Military and Defense Technology

China's defense technology is also significant in the region. Chinese arms are attractive to client countries due to their lower prices. For example, Dito, a China-backed telecom company, provides telecommunication facilities for Philippine military bases. Bangladesh has received 17% of Chinese arms exports, including expensive submarines, while Cambodia benefits from Chinese military aid, such as the construction of a National Police headquarters in Phnom Penh.

E. OPEN FORUM

Key Questions and Discussions

During the open forum, participants raised questions about China's investments in satellite systems and its geostrategic implications. Discussions also covered the influence of Chinese technology on cybersecurity and the role of satellite surveillance in geopolitical tensions, particularly in the South China Sea. Concerns about the lack of transparency in China's foreign investments and the impact of the BRI on local communities were also highlighted.

Civil Society Responses

Syeda Rizwana Hasan, Chief Executive of Bangladesh Environmental Lawyers Association (BELA), emphasized that China's investments often come with political influence and surveillance capabilities, making it a complex issue for recipient countries. Nora Sausmikot noted that many of China's policies are not new and have been formalized to align with the Communist Party's objectives. Yu Yin explained that Chinese NGOs often receive government funding for projects related to rural development, making it difficult for foreign investments to support independent civil society initiatives.

DEEPER DIVE INTO SECTORAL UPDATES CHINESE OIL AND GAS EXPANSION IN ASIAN REGIONS

Sarah Wenzel, Urgewald, provided an in-depth look at Chinese expansion in the oil and gas sectors across Asia. The responsibility for this expansion lies with the Chinese government and 212 companies headquartered in China, Hong Kong and Macau that are involved in upstream, midstream, and downstream activities.

- Upstream: As of 2022, oil and gas production in China accounted for 36% of hydrocarbon production in Asia." (Rystad Energy 20.10.2023).
- Midstream: There are 114 LNG terminals with a combined import and export capacity of 441 million tonnes per annum (MTPA). Over half of these projects are planned in China.
- Downstream: China owns 142 out of 338 coal-fired power stations in Asia, with a combined capacity of 293.44 GW.

Reputational Risk Projects: These projects help civil society organizations address financial institutions and push them to reckon with environmental impacts and social risks.

UPDATES ON COAL MORATORIUM: WHERE ARE WE NOW?

Nandikesh Sivalingam, CREA

Nandikesh Sivalingam discussed the current status of the coal moratorium and its implications. The Belt and Road Initiative (BRI) includes approximately 103 coal plant projects planned across 28 countries, financed and constructed by Chinese entities.

The moratorium has led to significant cancellations, with nearly 42% of captive power plants called off. The ban's impact varies across host countries and affects their project pipelines differently.

CHINESE FINANCE: SUPPORT TO LOCAL COMMUNITIES SPEAKING WITH CHINESE STAKEHOLDERS

Yin Beibei, Bambu Consulting

Yin Beibei emphasized the importance of local communities addressing complaints to Chinese stakeholders, particularly before significant Chinese state visits. China is sensitive to its image in the Global South and wants to be seen positively. Effective engagement involves understanding Chinese laws and safeguards, and addressing both Chinese diplomatic representatives in the affected countries and authorities within China.

Key points included:

- Even if letters are not answered, they might still lead to policy changes.
- Address Chinese laws and safeguards (Chinese ESGs, etc.) and the issuing authorities.

OPEN FORUM

Input from Manana Kochladze (CEE Bankwatch): She highlighted issues with Chinese workforce management in other countries, such as a case in Georgia where an employee's death went unreported by the company for two weeks. Addressing these issues requires strengthening local voices, engaging Chinese higher leadership, and leveraging local legal frameworks.

Input from Eang Vutty (Equitable Cambodia): Specific advice was sought for dealing with environmental impacts from Chinese gold mining companies, focusing on labor and legal aspects.

Response from Nandikesh Sivalingam (CREA): Energy issues influence Chinese overseas investments, with decisions based on political and commercial viability. Effective communication and advocacy must consider legal and local contexts alongside Chinese laws.

ESG STANDARDS: COMPARING CHINA WITH THE REST OF THE WORLD

Rayyan Hassan, NGO Forum on ADB

Rayyan compared Environmental, Social, and Governance (ESG) standards in China with those in other parts of the world. ESG standards typically apply at the investor level, with each corporation or institution having its own set of ESG criteria. In China, only one ESG standard is mandatory.

Plenary Discussion: The discussion explored how ESG standards influence Chinese banks and financial institutions and their role in sustainable finance. Key questions included:

- Examples of ESG standards in both public and private sectors.
- Differences between ESG standards advocacy and safeguard advocacy.
- Areas to focus on to build advocacy capacity.
- The impact of Chinese ESG standards on sustainable finance.

The session concluded with a group discussion on how investors and managers implement ESG standards in their projects, highlighting the importance of sustainable finance and the varying intensity of ESG standards across different regions.

The discussion centered around how investors, managers, and corporations develop ESG standards and the impact of these standards on Chinese financial institutions. Questions addressed included examples of ESG standards in the public and private sectors, differences between ESG standards advocacy and safeguard advocacy, and the potential areas for building advocacy capacity. Additionally, the discussion explored how the intensity of Chinese ESG standards can influence sustainable finance.

**CAMPAIGN
LEARNINGS ON
BILATERAL AND
MULTILATERAL
CHINESE
FINANCING**

THEMATIC AREA 2

CHINA'S ROLE IN NATIONAL DEVELOPMENT: SECTORAL INSIGHTS



INFRASTRUCTURE DEVELOPMENT IN NEPAL: AN OVERVIEW

VIJAYKANT KARNA (CESIF, NEPAL)

Nepal's geopolitical landscape has been significantly influenced by the involvement of China in its infrastructure development. Historically, the geopolitical tug-of-war between superpowers, particularly during the Cold War era, saw Nepal navigating between India and the US. However, post-2008, a noticeable shift occurred with almost every major infrastructure project being awarded to China or its companies. This transition was marked by China's cooperation with the Communist Party of Nepal, including the ideological training of party members, further solidifying Chinese influence in the country.

In 2017, Nepal became a member of the Belt and Road Initiative (BRI), leading to numerous infrastructure projects such as optic fiber installations and a list of 35 proposed projects. Despite this, relations with India remained strained, and China's ambitious plans, including turning Nepal into a transit country for the BRI, faced significant challenges. Notably, China demanded higher interest rates (4%) for loans compared to the World Bank and Asian Development Bank, both of which offered loans at 1%.

Consequently, no BRI projects have been effectively implemented in Nepal, partly due to the lack of framework agreements and the exorbitant costs, with the BRI railway project alone estimated to cost 25% of Nepal's GDP.

Nepal's debt structure, with a debt-to-GDP ratio of around 21%, remains manageable. However, infrastructure development continues to be a geopolitical battleground involving the US, China, and India, often neglecting the welfare of the people and the environment. A significant concern is India's policy of refusing to buy electricity from Nepal when Chinese involvement in infrastructure is detected.



MICROFINANCE LENDING IN CAMBODIA EANG VUTHY (EQUITABLE CAMBODIA)

Microfinance in Cambodia has attracted major investments from entities like the ADB, IFC, and AIIB, with active loans exceeding \$5 million. However, this influx of capital has led to severe social issues, including forced land sales, child labor, hunger, and unsafe migration due to the high debt burdens exceeding annual incomes. The CAO's first complaint under its new policy led to a compliance investigation and a subsequent agreement from AIIB and other financial institutions to halt certain activities until the process concluded. Despite this, loans were ultimately approved, highlighting the problematic accountability framework where significant approval power rests with the bank's president.



CHINESE INVESTMENTS IN PAKISTAN HUSSAIN JARWAR (INDUS CONSORTIUM, PAKISTAN)

Pakistan, contributing a mere 0.8% to global GHG emissions, is one of the countries most vulnerable to climate change, having experienced two major floods recently. The country faces an acute energy crisis, unable to procure necessary fossil fuels, and dedicates 80% of its revenue to debt servicing.

This situation is exacerbated by the China Pakistan Economic Corridor (CPEC), initiated in 2015 under the BRI framework, with \$46 billion committed to various sectors including energy, transport, infrastructure, and social development. However, political instability and inadequate information disclosure by Chinese banks remain major issues. Chinese entities engage only with friendly NGOs, leaving no room for civil society organizations to raise environmental and social concerns, and the Pakistani government is reluctant to publish any news critical of China.



CHINESE INVESTMENTS IN SRI LANKA

C. NIMAL PERERA (NAFSO, SRI LANKA)

Sri Lanka's experience with Chinese investments serves as a cautionary tale for other nations. Transitioning from grant-based to loan-based relations with China in the early 2000s, Sri Lanka has witnessed mass protests against plans to lease strategic assets like the Hambantota Port to Chinese companies. Other projects, such as the Colombo International Container Terminal and the Lotus Tower, have been criticized as unviable investments. Despite these issues, Chinese involvement in various sectors, including aquaculture and wind power, has continued to grow.

This has led to local industries being pushed out and the country becoming embroiled in geopolitical struggles. Sri Lanka's energy sector, in particular, is at risk due to the heavy influx of Chinese projects, contributing to the nation's debt crisis.

Civil Society's Role in Geopolitical Struggles

In light of these challenges, civil society plays a crucial role in addressing the geopolitical power plays between China, India, and the US. Strategies include raising common concerns in international forums like the G20, voting wisely for political leadership, breaking the silence by publishing MoUs and other documents, and making voices heard both locally and internationally. The discussion underscored the importance of civil society in ensuring that infrastructure and energy projects consider the needs and rights of the people and the environment.

PANEL PRESENTATION: CHINESE OUTBOUND FOSSIL FUEL INVESTMENTS

Savitha Rath (Bhumi Bandhu, India)

Savitha Rath, representing Bhumi Bandhu from India, detailed her experiences in the coal-affected region of Chhattisgarh, rich in minerals but plagued by issues stemming from large-scale projects. She highlighted the community's lack of knowledge about their rights and the absence of project information disclosure. There is also a significant deficiency in research capacity to handle huge projects like dams, which often continue to extend their licenses despite noncompliance with environmental and social standards.

Savitha emphasized the severe impact on women and recounted Supreme Court decisions against forced land acquisitions. She illustrated how tribes are often violently deprived of their lands, sometimes involving the use of guns.

She also noted the suspicion that Chinese knowledge and technology might be involved in local coal extraction, even if the investments themselves are not confirmed to be Chinese. Every year on Gandhi's birthday, the villagers symbolically capture the mines, asserting that the land and coal belong to them.

Pius Ginting (AEER, Indonesia)

Pius Ginting from AEER, Indonesia, discussed the extensive footprint of China in Indonesia's energy sector, particularly in coal investments. Indonesia aims for peak emissions by 2030 and net zero by 2050 or 2060. Despite this, renewable energy retains a minor share, with coal power dominating the landscape. Many coal plants, funded or built by Chinese entities, are relatively new, averaging around nine years old, and are expected to have a lifespan of 30 years.

He described the paradoxical situation of "captive coal plants," which are solely for industrial use, particularly for nickel extraction. Although some plants have been canceled for public relations reasons, coal-generated power for industrial production is expected to rise. Indonesia's energy sector has a total capacity of 20,476 MW, with 11,376 MW dedicated to nickel extraction.

Angelica Dacanay (CEED, Philippines)

Angelica Dacanay from CEED discussed the Chinese fossil fuel investments in the Philippines. She noted limited research on these investments but referenced several known cases, including:

- The controversial ZTE telecommunications project involving corruption and an overpriced contract.
- The North Luzon Railway project, which was abandoned due to various controversies.
- The Kaliwa Dam project near Manila, which raises security issues, risk of floods, and displacement without Free and Prior Consent (FPIC).
- The National Grid Corporation of the Philippines, where China holds a 40% stake, which the government plans to reclaim.
- The GNPower project funded by the China Development Bank, which faces similar FPIC concerns, harassment, and pollution issues.

She emphasized that many Chinese projects are marred by corruption, a lack of transparency, and environmental and social issues. Despite the current reliance on coal, the Philippines is shifting towards LNG, although it is significantly more expensive than coal. Renewable energy remains underutilized despite being more cost-effective.

Hasan Mehedi (CLEAN, Bangladesh)

Mehedi from CLEAN, Bangladesh, spoke about the 26 Memorandums of Understanding (MoUs) signed between China and Bangladesh in 2016, amounting to \$41 billion for infrastructure projects. Currently, over 600 Chinese companies are involved in various projects in Bangladesh, including five large coal power plants.

He highlighted incidents of violence, including clashes between Chinese and Bangladeshi workers, resulting in fatalities. He also pointed out the overcapacity issue, with a projected \$800 million capacity charge by 2024, surpassing the health budget. EIA reports are often unavailable due to claims of intellectual property rights violations.

COMMON PATTERNS OF CHINESE OUTBOUND FOSSIL FUEL INVESTMENTS

Across the panel, several common issues were identified with Chinese outbound fossil fuel investments:

- Corruption and lack of transparency.
- Heavy reliance on coal, with a gradual shift towards gas and large hydro dams.
- Overcapacity and financial imprudence.
- Absence of Free Prior Consent (FPIC) from local communities.
- Significant environmental and social issues.
- Debt diplomacy leading to debt traps.
- Development projects benefiting the investors rather than the local population.

UPDATES FROM AIIB ANNUAL MEETING

The panel also discussed updates from the AIIB Annual Meeting, including China's role in International Financial Institution (IFI) projects and policies, the creation of a BRICS counterpart, and upcoming reviews of the Project-affected People's Mechanism (PPM) and Corporate Strategy.

QUESTION AND ANSWER SESSION

During the Q&A session, a question was raised about the LNG terminal in the Philippines. Angelica explained that fossil gas is not effective for the Philippines and emphasized the need for renewable energy to address the rising electricity prices. Mehedi mentioned that 55% of Bangladesh's total energy sector debt is circular debt, highlighting another financial challenge in the region.

Overall, the panel underscored the multifaceted and often problematic nature of Chinese outbound fossil fuel investments across Asia, calling for greater accountability and a shift towards genuinely sustainable development practices.

STRATEGIC LITIGATION ON CHINESE FINANCE: EXPERIENCE SHARING REPORT

Strategic Litigation in Bangladesh

Syeda Rizwana Hasan (BELA)

Strategic litigation in Bangladesh, as discussed by Syeda Rizwana Hasan, operates in an environment where civil society is allowed to function. This type of litigation is particularly useful when regulations are not fully defined, allowing for the progressive interpretation of laws. It promotes the people's right to access information, adds value by driving political, economic, or social changes, and increases accountability in the addressed institutions. Such litigation empowers citizens and is especially challenging for investment projects, where barriers to strategic litigation are higher due to the involvement of lenders and a judiciary that is not independent. These cases can set precedents that impact broader scenarios.

An example is the Bakhshali Coal Power Project, initially declared to be a textile plant. Police killed 12 people protesting against it, and BELA along with four other CSOs filed public interest litigation, which resulted in compensation for the families of those killed. However, reporting on the environmental impacts led to the arrest of a writer just two hours after publication, resulting in 80 days of jail time. It was revealed that S Alam, the Bangladeshi project partner, was siphoning money off to tax havens across three continents.

Economic zones like the Mirsarai Economic Zone have affected 5,000 farmers without legally mandatory clearance, and the Sonargaon Economic Zone impacted 12,000 farming families across 10 villages. On December 2, 2020, the High Court declared the Sonargaon EZ illegal and demanded redress. Here, the AIIB will construct the Unique Meghnaghat IPP. Another case involved the Mongla Port Inner Bar Dredging Project with a Chinese contractor, which even saw the prime minister's involvement as strategic litigation did not succeed.

Strategic litigation should be integrated with Yin Beibei's advice on engaging with Chinese stakeholders, as demonstrated by the Sonargaon EZ case, which highlights the complex interplay between MDBs (like AIIB) and other Chinese entities. People's power indeed matters in these scenarios.

Strategic Litigation in Sri Lanka

Ravindranath Dabare (CEJ)

In Sri Lanka, strategic litigation on Chinese finance, led by Ravindranath Dabare of the Centre for Environmental Justice (CEJ), has seen several projects abandoned following litigation efforts. For instance, the CEJ filed a case against the Port City Project, which was dismissed by the court of appeal on November 25, 2020. The contract for the Port City was signed by the state secretary, which was legally incorrect as it should have been signed by the president. Although the case was dismissed, it led to improvements in the Environmental Impact Assessment (EIA) process.

There have been multiple other cases filed against the Port City Project, and litigation regarding the Colombo City Economic Commission Bill resulted in certain aspects of the bill being amended. Another Chinese project, the Norochcholai Power Plant, faced litigation due to its severe environmental hazards. Although the case was dismissed, it helped mitigate some negative impacts.

Lawyers involved in these litigations often face retaliation through tax evasion cases and office raids. EIAs are sometimes declared intellectual property, rendering them useless in legal battles. In the case of the Athivapalli dam in Kerala, the project was stalled following CSO intervention.

Despite the challenges, strategic litigation in Sri Lanka demonstrates the difficulty of lobbying and advocacy within China's green agenda, emphasizing the need for more robust mechanisms like RIMA.

Panel Presentation: Strategic Litigation on Chinese Finance

Ravindranath Dabare from CEJ detailed how strategic litigation on environmental disasters in Sri Lanka, despite often being dismissed, can lead to significant delays and changes in project implementation. The Port City project is a prime example where, despite legal loopholes and disregarded environmental protections, litigation efforts led to a more thorough EIA and temporarily halted the project. Similarly, the Hambantota Port project faced delays due to public protests and legal actions, and the Norochcholai Power Plant case highlighted the importance of litigation in mitigating environmental hazards, even if the case was ultimately dismissed.

Challenges Faced by Environmental Lawyers

Rizwana Hasan and Dr. Dabare discussed the challenges faced by environmental lawyers in Sri Lanka and Bangladesh, including blacklisting of NGOs, non-renewal of licenses, and imprisonment of lawyers. Despite these challenges, strategic litigation remains a powerful tool to promote people's rights to information and decision-making and to protect economically disadvantaged communities. However, the power dynamics in these countries often mean that those in power dictate outcomes, making the judiciary's role crucial.

Impact on Public Consultation and Environmental Protection

The discussions also highlighted the importance of genuine public consultation in the EIA process. For instance, in the Asian energy case, police actions led to the government's cancellation of the project's license, demonstrating the critical role of public opposition and legal intervention in upholding democratic rights and environmental standards.

DEBATTLE: CHINA IS LEADING US TOWARDS A GREEN ASIA

China's Role in International Finance and Environmental Policies

The plenary discussion with Janaka Withanage, Yu Yin, and Vidya Dinker, debated China's role in leading green initiatives in Asia. Proponents argued that despite criticisms, China is significantly involved in financing renewable energy projects globally. However, opponents emphasized that green growth cannot exist without human rights and criticized China's land-grabbing practices and the lack of genuine environmental protection in many of its projects.

**LOCAL AND
REGIONALLY
COORDINATED
STRATEGY**

THEMATIC AREA 3

REPORT ON REGIONAL AND LOCALLY COORDINATED STRATEGY: CHALLENGES FACED BY CSOS IN THE CONTEXT OF INFRASTRUCTURE INVESTMENT

The panel discussion, "China's Influence: Environment and Human Rights Advocacy in Asia," illuminated the multifaceted challenges faced by civil society organizations (CSOs) in the realm of infrastructure investments. This report consolidates the insights and experiences shared by various speakers, underscoring the intricate dynamics between environmental advocacy, human rights, and large-scale infrastructure projects.

Key Challenges and Experiences

Environment and Human Rights Advocacy in Nepal

Indira Shreesh (INWOLAG)

Indira Shreesh's presentation highlighted the profound environmental and social impacts of hydropower projects in Nepal. The Tanahu Hydropower project, funded by the Asian Development Bank (ADB) and the European Investment Bank (EIB), exemplifies the severe consequences of such initiatives. With an estimated 525 households affected, including indigenous Magar communities, the project underscores the loss of biodiversity, ecosystem degradation, and the drying up of Himalayan glaciers. The lack of Free, Prior, and Informed Consent (FPIC) and the resultant unplanned development have led to significant displacement and environmental harm. The emotional resonance of her presentation was palpable, particularly when she expressed her distress over these issues.

Hydropower and Human Rights in Georgia

Manana Kochladze (CEE Bankwatch)

Manana Kochladze shared the similar experiences of hydropower projects in Georgia, funded by ADB and EIB, which mirror the challenges in Nepal. Local communities are often sidelined, and CSOs are unjustly branded as traitors. Kochladze emphasized the difficulty in winning campaigns against such projects, citing examples from Mongolia and Armenia where legal challenges have temporarily halted harmful projects. The democratization of high-risk countries remains a critical issue, particularly in regions where governance structures are weak and corruption is rampant.

Geopolitical and Transboundary Influences in Asia

Bhanu Tatack (IRAD)

Bhanu Tatack's talk on China's ambitious hydropower project in Yarlung Tsangpo, Tibet, and the associated geopolitical tensions, particularly with India, underscored the complex interplay of national security and environmental advocacy. The misuse of laws, such as the Anti-Terrorist Act and the National Security Act, against anti-dam protestors highlights the human rights violations campaigners face. Despite these challenges, victories in legal battles, such as the Siang Stage Dam case, offer hope. Tatack's personal resolve to pursue legal education to better advocate for affected communities illustrates the deeply personal and isolating nature of this struggle.

Chinese Actors in the Belt and Road Initiative (BRI)

Yu Yin

Yu Yin provided a comprehensive overview of the Chinese actors involved in the BRI, emphasizing the roles of government agencies, financial institutions, and state-owned enterprises. The Ministry of Commerce and Finance and the State-owned Assets Supervision and Administration Commission (SASAC) are pivotal in driving these projects. Effective engagement with Chinese stakeholders requires understanding their hierarchy and leveraging industry associations, as complaints can influence personnel performance rankings.

OPEN FORUM INSIGHTS

The open forum facilitated further discourse on strategies to combat harmful projects. Rizwana stressed the importance of halting projects and proposing alternative rehabilitation schemes. The difficulty in accessing courts familiar with national customary laws, as highlighted by Indra, reflects the broader challenge of judicial systems influenced by government interests. Vijekanth's input on land acquisition laws underscored their inherent violation of fundamental rights, necessitating continuous advocacy and legal challenges.

Combined Report: Mapping Exercise and Future Collaborations

This report consolidates the discussions and planning sessions from two significant meeting notes to outline our strategic direction for the upcoming 12 months. The meetings focused on mapping exercises, potential collaborations, and targeted activities across various regions and sectors. The inputs from diverse participants highlighted key issues, proposed solutions, and strategies for effective advocacy and action.

Mapping Exercise:

1. Current Activities:

- **Campaigns, Policy, and Advocacy:** Targeted at influencing policy changes and raising awareness.
- **Knowledge and Research:** Focused on gathering data and producing insights to support advocacy.
- **Policy and Safeguard Advocacy:** Aimed at ensuring policies safeguard environmental and social interests.

PARTICIPANT INPUTS AND REGIONAL INSIGHTS

Nepal (Indira Shresh & Others):

Focused on engaging youth in political debates and improving public life through new media platforms. Highlighted the construction of Pokhara airport under BRI and the need for youth awareness and international collaboration.

India (Ayesha D'Souza, Vidya Dinker, Savitha Rath):

Emphasized the role of women in hydropower advocacy and the necessity for collaboration across South Asia. Raised concerns about language barriers and the importance of strategic discussions and data collection.

Pakistan (Hussain Jarwar):

Addressed Chinese involvement in hydro projects and the need for deeper analysis on digital security. Highlighted the significance of RIMA as a platform for regional advocacy and knowledge sharing.

China (Yu Yin):

Discussed the social and environmental impacts of Chinese investments and the importance of good practices. Emphasized the need for stronger connections and knowledge exchange with Asian countries.

Sri Lanka (Hemantha Withanage):

Explored China's financial influence and the challenges of managing debt. Shared experiences from legal and advocacy work, stressing the need for innovative strategies and regional solidarity.

Bangladesh (Rayyan Hassan, Hassan Mehedi):

Focused on economic contexts and the effectiveness of RIMA in addressing long-term issues. Called for broader participation and better planning for future engagements.

Other Regions (Georgia, Germany, Philippines, Indonesia, Cambodia):

Highlighted the challenges and opportunities in working with local communities and the importance of understanding cultural and regional differences. Emphasized the need for continuous learning and capacity building.

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