



## ● AIIB-CSO Dialogue – Written Comment

Vienna, 22 November 2017

Dear Mr Putscher,

the Austrian Platform for Development and Humanitarian Aid (Global Responsibility) and the Coordination Office of the Austrian Episcopal Conference for Development and Mission (KOO) represent Austrian NGOs active in the fields of development cooperation, development education and policy work as well as humanitarian aid and sustainable global economic, social and ecological development. Together we represent more than 50 member organisations. Many of them are active in cooperation with partners in Asia.

As Austria is one of the funding members of the Asian Infrastructure Investment Bank (AIIB), we welcome your initiative to enter into a dialogue with civil society organisations (CSO) and appreciate the opportunity to communicate our concerns.

The AIIB has a strong focus on regional integration and economic development and invests in infrastructure development for this purpose. Since infrastructure projects often can have negative impacts on local communities, the environment and the climate as well as corruption risks we consider it especially important to have a strong Environmental and Social Framework (ESF) including a transparent Public Information Policy and an effective Complaints Handling Mechanism (CHM).

### **Environmental and Social Framework**

We appreciate that the AIIB's ESF includes an ambitious vision which aims to "assure integration of environmental and social sustainability as a core element in the Bank's policies and the Projects it finances". However, the fact that AIIB allows countries to use their own social and environmental management systems<sup>1</sup> might counteract these ambitions. While the strengthening of country systems is an important goal, a premature use without clearly defined standards is very risky. It remains unclear how AIIB checks if the country standards are equivalent to the ESF and if the countries are able to properly implement them. We therefore encourage AIIB to implement strong procedures to ensure the equivalence of country systems with the AIIB's ESF.

### **Public Information Policy**

Public access to information about projects under consideration for investment is vital for giving potentially affected communities a chance to engage in and inform the decision-making process. We appreciate that AIIB has given itself a Public Information Interim Policy at an early stage of its operation (January 2016). However, the current Interim Policy fails in providing binding time-limits for disclosing information about planned projects - including

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<sup>1</sup> Asian Infrastructure Investment Bank: Environmental and Social Framework, February 2016, <https://www.aiib.org/en/policies-strategies/download/environment-framework/20160226043633542.pdf>

information on social and environmental impacts - prior to their consideration/approval by the board, depriving affected communities of the opportunity to point out possible adverse effects at an early stage. In addition, the scope of proactive publication commitments of AIIB lags behind better practice of other IFIs, who provide access to a broader range of information in their possession (e.g. AfDB, EIB, World Bank)<sup>2</sup>. We strongly encourage AIIB to revise its current public information policy and to conduct a public consultation as part of the revision process.

### **Complaints Handling Mechanism**

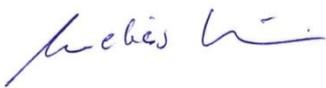
An independent, fair and effective accountability mechanism is crucial to the AIIB's institutional commitment to sustainable development. We appreciate that AIIB has entered into a public consultation process on its proposed CHM. During Phase I of the consultation process a group of 10 civil society organisations and networks has provided AIIB with recommendations based on international best practices of independent accountability mechanisms (IAM)<sup>3</sup>. We encourage AIIB to take these recommendations into account and hope to find them reflected in the second draft of the CHM.

### **Energy Sector Strategy**

We welcome AIIB's explicit commitment to the Paris Climate Agreement, the 2030 Agenda for Sustainable Development and the Sustainable Energy for All (SE4forALL) initiative. We are, however, concerned that the bank's recently adopted Energy Sector Strategy leaves the door open for investments in coal power projects under certain circumstances<sup>4</sup>. If the bank is serious about its commitment to being a "green" bank, it should abstain from investments which lock-in fossil-fuel power generation. We therefore urge AIIB to explicitly and formally exclude coal power funding from its Energy Sector Strategy.

Thank you for taking this letter into consideration.

Sincerely yours,



Annelies Vilim  
Director  
Global Responsibility  
Austrian Platform for Development  
and Humanitarian Aid



Heinz Hödl  
Director  
Austrian Episcopal Conference for  
Development and Mission

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<sup>2</sup> Centre for Law and Democracy & Bank Information Center: Comments on the Public Information Interim Policy of the Asian Infrastructure Investment Bank, December 2016, <http://www.law-democracy.org/live/wp-content/uploads/2016/12/AIIB-Note-on-Interim-Policy.pdf>

<sup>3</sup> Joint CSO letter to AIIB, 23. June 2017, <http://www.bankinformationcenter.org/wp-content/uploads/2017/07/AIIBCHM-joint-CSO-Cover-Letter-and-Submission.pdf>

<sup>4</sup> Asian Infrastructure Investment Bank: Energy Sector Strategy: Sustainable Energy for Asia, 15. June 2017, <https://www.aiib.org/en/policies-strategies/strategies/sustainable-energy-asia/.content/index/download/aiib-energy-sector-Strategy-2017.pdf>