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August 14, 2015

Mr. Jin Lique  
Secretary General  
Multilateral Interim Secretariat  
Asian Infrastructure Investment Bank (AIIB)  
The 8th Floor, North Tower  
Financial Street Center  
9 Financial Street  
Xicheng District  
Beijing 100140  
People's Republic of China

**Re: AIIB's Environmental and Social Standards**

Dear Secretary General Jin,

Human Rights Watch is an independent, non-governmental organization that monitors and reports on human rights in 90 countries around the world. We have been investigating human rights issues in Asia for several decades, and we have had a dedicated researcher monitoring international financial institutions since 2011.

The establishment of the Asian Infrastructure Investment Bank (AIIB) on June 29, 2015 marks a unique opportunity for bank members to begin responsibly investing in infrastructure that leads to sustainable and inclusive economic and social development. We write now to encourage you to incorporate respect for human rights in the bank's operational policies at this early stage to achieve the bank's goal of sustainable development, and to avoid many of the problems that have plagued large-scale infrastructure projects in the past.

Our research has documented pervasive human rights problems linked to development policies and practices in Asia and other parts of the world. These range from restricting the free expression rights of those critical of specific projects to the failure to consult marginalized communities affected by development projects. These and other human rights problems can undermine the most fundamental goals of development enterprises,



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leaving communities with a lower standard of living than they enjoyed previously. And unfortunately, we have seen these problems replicated by international financial institutions and national governments alike.

The AIIB has the opportunity to avoid these pitfalls, and we write now in hopes of **establishing a dialogue as the bank’s policies begin to take shape.**

The AIIB’s Articles of Agreement open with an acknowledgment of the importance of regional cooperation “to sustain growth and promote economic and social development” in Asia. Article 1 makes it among the bank’s purposes to “foster sustainable economic development.” As Human Rights Watch’s extensive research on financial institutions has shown, protecting the rights of those impacted by or critical of bank projects is critical to achieving sustainable development.<sup>1</sup>

**Human Rights Watch is encouraged that the AIIB’s Operating Principles require the bank to “ensure that each of its operations complies with the Bank’s operational and financial policies, including without limitation, policies addressing environmental and social impacts.” We also welcome the bank’s commitment to establish an oversight mechanism to assist the Board of Directors to manage the operations of the bank “in line with principles of transparency, openness, independence, and accountability.”**

However, the bank has not yet developed environmental and social standards and mechanisms to ensure transparency and accountability, nor do the Articles of Agreement provide details on how the bank intends to do so. We urge the bank and its members to ensure that the bank adopts effective measures that uphold rights guaranteed under international law, including the International Covenant on Economic, Social, and Cultural Rights. Projects that harm the ability of community members to earn a livelihood or resettle people at the expense of their standard of living may violate these rights. The AIIB should also uphold the International Convention on the Elimination of All Forms of Racial Discrimination and ensure its projects do not discriminate against ethnic minorities.

**The bank’s standards should also include due diligence measures that, at a minimum, prohibit investment in activities that would cause, contribute to, or exacerbate human**

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<sup>1</sup> See, e.g., Human Rights Watch, *Abuse-Free Development: How the World Bank Should Safeguard Against Human Rights Violations*, July 2013, <http://www.hrw.org/report/2013/07/22/abuse-free-development/how-world-bank-should-safeguard-against-human-rights> and *At Your Own Risk: Reprisals against Critics of World Bank Group Projects*, June 2015, <http://www.hrw.org/report/2015/06/22/your-own-risk/reprisals-against-critics-world-bank-group-projects>.

rights violations. The AIIB should require respect for human rights in all of its activities, and obligate staff to assess the impact of bank activities on human rights and avoid or mitigate adverse impacts. The bank should include policies on indigenous peoples and ethnic minorities, resettlement, and labor rights that meet international legal standards.

**The AIIB's policies and practices should also foster genuine engagement with communities** its projects will impact and relevant civil society organizations. Bank rules should require meaningful consultation with stakeholders and prohibit reprisals against individuals critical of bank projects. Stakeholder participation is key not only to identifying, mitigating, **and addressing adverse impacts, but to ensuring that the bank's investment in** infrastructure in fact leads to sustainable economic and social development.

To ensure effective implementation of its policies, the bank should establish independent **grievance mechanisms to address complaints alleging failure to comply with the bank's** standards. This call for rights-respecting standards applies equally to all development finance institutions, whether national or multilateral.

**Clear and adequate standards are especially important given the bank's mandate to focus** on large-scale infrastructure projects, which often carry a high risk of having an adverse impact on vulnerable communities and indigenous people, including through resettlement.

**For example, in Ethiopia, Human Rights Watch has documented the government's use of** harassment, violence, and arbitrary arrests to forcibly resettle thousands of indigenous people to make way for the Gibe III dam and silence activists critical of the project.<sup>2</sup>

In Tajikistan, Human Rights Watch research has shown how the construction of the Rogun dam resulted in a seriously deteriorated standard of living for thousands of families forced to resettle, who suffer from a lack of farmland or alternative employment and poor access basic services in their new location.<sup>3</sup>

In China, we have documented human rights abuses stemming from development devoid of **safeguards, including violations associated with China's resettlement or rehousing of** over one-third of the entire Tibetan population between 2006-2012, without adequate

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<sup>2</sup> Human Rights Watch, *"What Will Happen if Hunger Comes?": Abuses Against the Indigenous Peoples of Ethiopia's Lower Omo Valley*, June 2012, <http://www.hrw.org/report/2012/06/18/what-will-happen-if-hunger-comes/abuses-against-indigenous-peoples-ethiopias-lower>.

<sup>3</sup> Human Rights Watch, *"We Suffered When We Came Here": Rights Violations Linked to Resettlements for Tajikistan's Rogun Dam*, June 2014, <http://www.hrw.org/report/2014/06/25/we-suffered-when-we-came-here/rights-violations-linked-resettlements-tajikistans>.

consultation or compensation, often resulting in lower living standards.<sup>4</sup> Research in heavily lead-contaminated villages in Henan, Yunnan, Shaanxi, and Hunan provinces showed how, despite increasing regulation and sporadic enforcement targeting polluting factories, local authorities ignored the urgent and long-term health consequences of a generation of children continuously exposed to life-threatening levels of lead.<sup>5</sup>

Our global research illustrates the importance of a rights-based approach in the quest for sustainable development. It also affirms that adoption and effective implementation of adequate standards designed to mitigate adverse impacts, along with due diligence and stakeholder participation, are crucial if the AIIB is to open a new chapter of responsible investment and sustainable development.

We would welcome the opportunity to provide further input as AIIB develops its environmental and social standards. We intend to remain engaged with the bank and its projects and look forward to a constructive relationship with the bank. If you have any questions or comments, or to arrange for a meeting, please contact our colleague Darcy Milburn at [milburd@hrw.org](mailto:milburd@hrw.org).

Sincerely,



Sophie Richardson  
China Director  
Human Rights Watch



Chris Albin-Lackey  
Acting Director  
Business and Human Rights Program  
Human Rights Watch

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<sup>4</sup> Human Rights Watch, *“They Say We Should Be Grateful”: Mass Rehousing and Relocation Programs in Tibetan Areas of China*, June 2013, <https://www.hrw.org/report/2013/06/27/they-say-we-should-be-grateful/mass-rehousing-and-relocation-programs-tibetan>.

<sup>5</sup> Human Rights Watch, *“My Children Have Been Poisoned”: A Public Health Crisis in Four Chinese Provinces*, June 2011, <https://www.hrw.org/report/2011/06/15/my-children-have-been-poisoned/public-health-crisis-four-chinese-provinces>.