

Civil society organizations from Latin America initiate engagement with the AIIB as the bank begins to finance ‘infrastructure for tomorrow’ in the region

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Representatives from fourteen civil society organizations (CSO) from across Latin America met with the Asian Infrastructure Investment Bank (AIIB) for the first time on August 18th. As the Bank explores investing in infrastructure projects in the region, both sides were keen to start engaging.



Picture taken from AIIB's webpage

Founded in 2016 with a starting capital of USD 100 billion, the AIIB has already approved USD 26.45 billion in loans for 134 projects. This new multilateral development bank highlights China's emergence as a global leader for financing infrastructure. Though the Bank has 103 country members, China wields the most influence- it initiated the idea to create the Bank, hosts the headquarters, has made 30.8% of the capital contributions and has by far the most voting power. As context, India, the second largest shareholder, has just 8.64% of capital contributions. That said, the AIIB wants to make clear that it is not part of China's wider global infrastructure development strategy known as the Belt and Road Initiative.

The AIIB only finances projects for countries that are full members of the Bank. Therefore, the inclusion of Argentina, Brazil, Chile, Ecuador and Uruguay as full members since 2019 is of relevance to civil society in the region. Bolivia, Peru and Venezuela are prospective members. In 2020, the AIIB issued its first loan to a Latin American country. The USD 50 million loan to Ecuador for COVID-19 relief is



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a bit unique as it is categorized under the AIIB's COVID-19 Crisis Recovery Facility, a temporary response to support its members in alleviating pressures from this global sanitary crisis. The AIIB has also acted as a co-financier for many projects and is part of the 'Global Infrastructure Partners Emerging Markets Fund' which will invest in infrastructure projects in various countries, including five Latin American countries (Brazil, Chile, Colombia, Mexico and Peru). Many government leaders in Latin America have stated that bolstering infrastructure development will be key in the economic recovery from the ongoing COVID-19 pandemic. The AIIB is positioned to act on this and it is therefore important to understand how its involvement in the region might affect strategies to develop infrastructure and technology as well as broader themes of climate change, impacts on biodiversity and local communities.

As the AIIB's name suggests, the bank serves the infrastructure needs of Asia. Any projects outside of this geographical area, including in Latin America and the Caribbean (LAC), must support trade and connectivity with Asia (i.e. a port or transport project) or invest in global public goods (i.e. a renewable energy project which would impact global climate).

The first meeting between Latin American CSOs and officials from the bank was held on August 18th. The meeting was jointly organized by the AIIB and Latinoamerica Sustentable (LAS) together with the Confederation of Indigenous Organizations in Ecuadorian Amazon, Amazon Watch, Fundación Ambiente y Recursos Naturales, Fun-

dación para el Desarrollo de Políticas Sustentables, BRICS Policy Center and Sustentarse. The meeting was attended by fourteen CSOs from Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico and Peru. During the meeting, the AIIB shared detailed information about its methods of operation and iterated its interest in building not only physical bridges, but also people-to-people bridges with civil society from LAC. Meanwhile, the CSOs expressed their concerns related to information disclosure processes, consultation practices and impacts of climate crisis and biodiversity loss in the region. Many civil CSOs in LAC are familiar with the traditional funders who operate in the region. They are also familiar with projects in their countries that are financed or built by Chinese entities where safeguards are weak or not enforced, where there is little communication with civil society members and little information or transparency. The AIIB was keen to convey its commitment to integrity, transparency and to dialogue and address concerns from local communities and civil society. If the Bank can truly act in such a manner, it has the potential to open an incremental and constructive exchange involving financiers from around the world, including from China.

The AIIB says that it finances the world's 'Infrastructure for Tomorrow (i4t)'. Civil society from LAC will continue to learn about the Bank and work to ensure that the AIIB only finances i4t that is just, sustainable and respects rights of nature, collective rights and proper consultation and consent procedures for projects that might impact indigenous peoples or their territories.



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