

Publication of a Guide to Asian Infrastructure Investment Bank for a Latin American audience

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Last month, Latinoamérica Sustentable (LAS) published the **first Guide to the Asian Infrastructure Investment Bank (AIIB) designed for a Latin American audience**. This multilateral development bank (MDB) is rapidly becoming more active in our region. The **AIIB** was initiated by China and created in 2016 with a mission to finance projects that connect Asia to other parts of the world. To date, the Bank has approved 167 projects and has 105 full members. Six Latin American countries are members (Argentina, Brazil, Chile, Ecuador, Uruguay and Peru) and two (Bolivia and Venezuela) are prospective members.

In its slogan of “building i4t” (infrastructure for tomorrow), the AIIB manifests its intention to finance green infrastructure that is sustainable, innovative and connective. In addition, the AIIB has stated its intention to align itself with Paris Agreement objectives and that 50% of its annual financing would be used for climate financing. That said, these statements have yet to be reflected in the Bank’s official documents and **the AIIB has financed twice as many projects in fossil fuels as in renewable energies**. Thus, while for some the AIIB may become an alternative to the traditional MDBs, to others it represents a continuation of this financing model.

In the span of two years, the AIIB has emerged as a key player in Latin America. Organizations such as the **Economic Commission for Latin America and the Caribbean (ELAC)** state that the region is in urgent need of financing for infrastructure construction in order to support the economic and social recovery from the Covid-19 pandemic. **The China-CELAC (Community of Latin**



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American and Caribbean States) Plan for 2022-2024 mentions strengthening cooperation between the region and China within the framework of the AIIB as a key objective.

Although as indicated by its name, the AIIB focuses on financing infrastructure in Asia, it can also finance up to 15% of funds in projects in other regions such as Latin America, and can also finance other projects through financial intermediaries. This has garnered the interest of several governments in the region. The AIIB prioritizes “serving clients effectively and efficiently” which can result in rapid approval of projects without conducting thorough, quality assessments of environmental and social risks. It is therefore important for Civil Society Organizations (CSOs) to continue to press for greater transparency, responsibility and socio-environmental standards.

Though the AIIB is still at an early stage of expansion in Latin America, it is advancing very quickly. In 2020, the AIIB approved its first loan in the region, **USD 50 million to Ecuador for COVID-19 recovery** and in January 2022, it approved a second loan of **USD 100 million to Brazil for a project with the Development Bank of Minas Gerais (BDMG)** to support sectors related to renewable energy and/or to improve trade and investment flows between Brazil and Asia. There are several concerns regarding these first loans in the region. The projects were approved in record time (the project in Brazil was approved just 10 days after it was included in the portfolio of proposed projects). Furthermore, although the Bank maintains that project documents are to be made available in the local language, this has not been the case for either project. In December 2021, members of civil society organizations and social movements in the region referenced these and other concerns in a **Declaration that was sent to the AIIB with considerations to be implemented before financing any project in Latin America.**

The declaration also reminded of relevant context concerning Latin America and the Caribbean. It is **among the regions most challenged by extreme hydrometeorological events**, has experienced **more significant biodiversity losses than any other region in the world**, and its indigenous groups who are important protectors of lands, ecosystems and biodiversity, **suffer disproportionately from reprisals and attacks** against their opposition to infrastructure projects.

The **Guide** published by LAS is a tool intended to increase knowledge and awareness of the Bank in our region. This can serve to help interested CSOs to strengthen their capacities to promote quality dialogue that leads to financing from this Bank that is socially and environmentally sound and socially responsible. The guide includes information on how the Bank works, its financing objectives, the project approval process, its main documents, policies and social and environmental standards, and critiques that it has faced from CSOs in other parts of the world.



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