

Risky Business: Will the Asian Infrastructure Investment Bank choose to avoid funding coal in India?



The GKEL power plant in Odisha

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Cover Image: *The GKEL power plant in Odisha*. Photo: Joe Athialy

Risky business: will the AIIB choose to avoid funding coal in India?

In June 2017, the Board of the Asian Infrastructure Investment Bank will approve the bank's new Energy Sector Strategy. In it, the AIIB explicitly commits to the Paris Climate Agreement and the United Nations' Sustainable Development Goals. This is good news for both climate and energy access for poor communities.

However, many in civil society are worried that the strategy does not specifically stop the AIIB from financing coal. For example, 31 CSOs in India wrote to the AIIB, "We remain deeply concerned that the supposedly 'green' bank still may end up funding dirty fuels across Asia, including coal and gas thermal plants, as it does not exclude these. Other MDBs have renounced coal funding, and the AIIB should not undermine this broader position."¹

Don't worry, the AIIB's head of Policy and Strategy Joachim von Amsberg reassured CSOs at a meeting in London, December 2016: "Don't judge us by our words but by our portfolio". In other words, we should assess the AIIB's commitment to be 'lean, clean and green' not on its policies but on its investment choices.

The AIIB will face a litmus test on this issue very soon. In its pipeline of proposed projects, the AIIB lists the India Infrastructure Fund as a potential recipient of a \$150 million equity investment. It should be noted here that so far, the AIIB's Board has agreed to every project the bank has submitted to it.

Contrary to Mr von Amsberg's assurances, focusing only on the AIIB's investments is not ever going to be enough. The bank's policies must also be robust enough to prevent harm to people and the environment. Of particular concern here is the increasing trend of lending through third parties - or 'financial intermediary' (FI) lending. In this model, a bank invests in an intermediary such as a commercial bank or infrastructure fund which then on-lends to a subproject or client. This 'hands-off' lending carries high risks because social and environmental standards become diluted, and transparency is lost.

The AIIB's proposed investment in the India Infrastructure Fund will be structured this way. It will be its second intermediary investment: the first was to Indonesia's controversial² Regional Infrastructure Development Fund. The AIIB does already have standards relating to intermediary lending but they are not robust enough to prevent social and environmental harms or to 'catch' high risk forms of lending – such as to coal.

The International Finance Corporation's portfolio is dominated by FI lending and its head, Philippe Le Houérou, recognizes the risks inherent in this. He recently responded to reports exposing the impacts of IFC's high-risk FI lending³ by conceding "we will reduce IFC's own exposure to higher risk FI activity and apply greater selectivity to these type of investments, including equity investments."⁴ The IFC also agreed to track its FI exposure to coal projects. The AIIB Board's

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deliberation of whether AIIB should invest in the India Infrastructure Fund provides a key moment for it to learn lessons from its peers and make the right choices.

The India Infrastructure Fund

Target Fund Size: \$750 million

Total AIIB Financing: Up to \$150 million equity stake

Other Limited Partners \$600 million

Expected implementation period: 2017 – 2028

In its project summary document⁵ for the India Infrastructure Fund, the AIIB proposes to inject \$150 million equity into the target \$750 m fund.

The AIIB's objectives for this investment relate to increasing the number of projects it can fund indirectly and to the profits it hopes to generate:

“The Fund enhances the Bank’s development impact by increasing the number of investments the Bank can indirectly transact. It also allows the Bank to indirectly make investments that it would not have been able to execute on its own. This initiative will benefit local infrastructure projects to attract additional capital inflows from global long-term investors such as public pension funds, endowments and insurance companies. The Bank also expects long-term income and capital gains by providing capital to the Fund.”

The AIIB's objectives do not contain any mention of its investment being 'clean or green', nor of promoting sustainable or inclusive infrastructure. Instead the AIIB's description of the IIF talks about “market rates of return” and “high growth potential”.⁶

“The Fund will invest in infrastructure platforms and high growth infrastructure companies which support and benefit from overall growth in India’s infrastructure development.”⁷

The AIIB's project documents only mention "renewable energy, electric transmission and distribution networks" when describing the kinds of energy infrastructure the IIF will support. Therefore it is worth looking at another fund in India, also called the India Infrastructure Fund, to assess the types of sub-projects it has backed and what lessons can be learned in order to guide the AIIB Board's decision.

It must be noted here however that it is unclear whether this “India Infrastructure Fund” which has received substantial backing in the past from the International Finance Corporation - the World Bank's private sector arm – is that same entity or different from the AIIB's prospective client. The AIIB's project lead, Dong Ik Lee, unequivocally denied a connection: “The project is different from the infrastructure fund supported by IFC”. However, when asked which fund is the correct one, Mr Lee replied:

The AIIB's objectives do not contain any mention of its investment being 'clean or green', nor of promoting sustainable or inclusive infrastructure.

“since the project is in “concept stage” and no Board approval was made, we can only share with you what we posted in AIIB homepage. In fact, the project documentation contains proper information regarding the project.”⁸

However, the project documentation does *not* clarify which ‘other’ India Infrastructure Fund it refers to, making it impossible to make a fair assessment of the IIF’s past practices and future plans. This is a significant problem. Without this basic information, any accurate assessment of the social and environmental risks inherent in the investment is impossible. Consequently, this means that civil society in India and globally cannot input meaningfully into the Board’s decision whether to go ahead with this investment.

However, in the absence of this clarity, it is still worth examining the experiences to date with the India Infrastructure Fund, on the assumption that there are useful parallels to draw upon.⁹

The India Infrastructure Fund - Lessons for the AIIB

The IFC-supported India Infrastructure Fund (IIF) is managed by the Infrastructure Development and Finance Company Limited (IDFC)’s Project Equity Company, a wholly owned subsidiary of IDFC. The IIF is based in Mumbai and makes equity investments in energy and utilities, transport infrastructure, telecommunications, and other infrastructure in India.

The investment objectives of IIF are:

“To achieve attractive risk-adjusted returns over the long-term by investing in infrastructure in India.

“To seek investments in infrastructure that are expected to deliver strong, predictable and stable cash flows in the form of dividend distributions with low volatility of returns and potential for capital growth.”¹⁰

These stated objectives are very similar to the objectives in the AIIB’s project documents for its proposed investment in the India Infrastructure Fund: “The Fund will invest in infrastructure platforms and high growth infrastructure companies which support and benefit from overall growth in India’s infrastructure development.”

Given these similarities, the AIIB and its shareholders must take into account two major risks in deciding whether or not to proceed. First, the current portfolio of the IIF/IDFC in 2017 includes massive coal investments, contrary to AIIB’s stated intention to uphold the Paris Agreement. Second, the IIF/IDFC was the subject of the first ever formal complaint to the IFC’s watchdog, the Compliance Adviser Ombudsman (CAO). The CAO found the IFC to be in breach of core environmental and social safeguards in backing IIF/IDFC; worryingly, AIIB standards on financial intermediary lending are likely inadequate to prevent similar breaches.

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These two significant risks are considered in more detail below.

Exposed to Coal: the India Infrastructure Fund's massive fossil footprint

According to its website, accessed in May 2017, the current investments of the India Infrastructure Fund/IDFC include several sectors, from transport and energy to healthcare. It is the IIF/IDFC's energy portfolio, however, that is particularly concerning. Fully two thirds of the fund's energy clients¹¹ are constructing massive coal plants in India, many of which are highly controversial.

The IIF/IDFC's energy sector investments include the following:

1. **Adhunik Power and Natural Resources Ltd.** APNRL, promoted by the Kolkata-based Adhunik group, owns and operates a coal-fired 540 MW power project at Sareikela-Kharsawan, Jharkhand Unit 1 and 2 of the plant (270MW each) commenced commercial operations during January and May 2013 respectively. APNRL along with Tata Steel have been jointly allocated a coal block in Jharkhand on 50:50 sharing basis to be developed as a captive coal mine for their respective power projects. In addition, company has obtained a tapering linkage from Central Coalfields Limited.
2. **Essar Power Limited** (EPOL) is the operating cum holding company responsible for implementing and operating all power projects of the Essar Group in India. At the time of IIF's investment, EPOL had three operational power plants - two gas based plants in Hazira with generating capacity of 515 MW and 500 MW each and one multi-fuel plant in Vadinar with a capacity of 125 MW. EPOL has since implemented four projects, increasing its total operational capacity to 3,830 MW - two expansion projects at Vadinar (totaling 890 MW), group's first coal-based project at Salaya (1,200 MW) in Gujarat and another coal based project in Mahan (600 MW - Unit 1), Madhya Pradesh [see box Page 7].
3. **GMR Kamalanga** GKEL is a special purpose vehicle floated by GMR Energy Limited to implement a 1,050 MW coal based thermal power plant in Dhenkanal district, Odisha. The project achieved financial closure in May 2009 where IDFC was the lead lender and also the debt arranger. The entire capacity of 1,050 MW has been operational since March 2014.
4. **DB Power Limited** DBPL is a special purpose vehicle promoted by Diliigent Power Private Limited implementing a 1200 (2X600) MW domestic coal based power plant in the State of Chhattisgarh.

The India Infrastructure Fund, Essar and the Mahan coal plant

Edited excerpt from Inclusive Development International 2016: "Disaster for us and the planet": How the IFC is quietly funding a coal boom¹²

Bechan Lalshah is a farmer and small-time trader living in Singrauli, an impoverished rural district in Madhya Pradesh state. Every morning, Lalshah wakes up sneezing and coughing ash from a nearby coal plant. Waste from the plant covers his crops in a dusty film, driving down yields, and seeps into water sources.

"I can see one of the power plants from my house. The pollution contaminates everything," Lalshah said. Just days earlier, a coal ash deposit had burst, unleashing a river of sludge on a neighboring village.

Singrauli is the heartland of India's coal industry. The district produces 10% of the country's thermal power. The coal plants and mines that blot the landscape are the singular feature of life there.

The plant near Lalshah's house is the 1,200-megawatt Mahan facility. Built by the Indian company Essar Power, it began generating power in May 2016. Essar is one of the IIF/IDFC's six major energy sector investments.

Essar, in need of a source of coal to fuel the plant, entered into a joint venture with the Indian company Hindalco to establish a mine nearby. The companies received approval from the government to establish the project, even though environmental groups warned that the mine would destroy one of the largest and oldest indigenous forests of *sal* trees, an indigenous species.

In addition, Greenpeace found that the mine would displace or otherwise harm 50,000 people who lived in the forest or depended on it for their livelihoods, including people like Lalshah. "Without the forest, we would lose our major income source. It would be like living as a dead person," he said.

According to Greenpeace, company representatives began surveying and demarcating land for the mine without the consent of people living in or depending on the forest, a clear violation of India's Forest Rights Act and the IFC Performance Standards. Lalshah and other local residents quickly organized themselves into a resistance movement.

The situation came to a head in April of 2014, when activists formed a human chain around a survey team. "We were fighting for our constitutional rights. Our forest was not for sale," Lalshah said. As a place of spiritual importance, losing it was unthinkable. "Our gods live in that forest," he said.

Following the protest, Lalshah and other activists were arrested. He spent 28 days in jail. Despite these setbacks, the movement made an impact. Facing bad press in India and abroad, the government cancelled clearance for the mine in 2015, just the second time in history that it had done so. It was a major victory for the activists.

Yet few are convinced that Essar and Hindalco will walk away from the project, given the amount of money that they and the banks have invested in it. After all, the coal is still there, waiting to be extracted. "We are absolutely convinced the companies will try to open the mine again. But if they do, we will resist nonviolently," Lalshah said.

With the Mahan mine in limbo, Essar turned to another source of coal to feed its plant. The Tokisud coal bloc, which had been put up for auction in Jharkhand state, fit the bill. Essar bought the rights to it in 2015. In doing so, the company essentially transferred the mine's impacts 200 miles east, where it reportedly displaced 1,200 people and destroyed forest area. In 2012, Greenpeace estimated that 1.1 million hectares of forest face similar risks in India due to coal mining.

Risky business: lending through financial intermediaries

The model of lending through financial intermediaries – third parties such as funds or commercial banks – carries a particular set of risks around social and environmental standards. Bank Information Center Europe and Centre for Financial Accountability India have extensive experience working with communities affected by projects financed by the World Bank's private sector arm – the International Finance Corporation (IFC) – carried out through financial intermediaries.

To highlight some of these risks and assess whether the AIIB's standards are robust enough to address them, this paper looks into one of the India Infrastructure Fund's sub-projects that is subject to a CAO complaint, in order to draw out wider lessons to guide the AIIB in achieving its aim of "ensuring the environmental and social soundness and sustainability of Projects".



Women affected by the GKEL project attending a meeting. Photo: Joe Athialy

In 2008, the International Finance Corporation made a \$100 million equity investment in IIF on the rationale to address 'a key constraint for developers of private or public-private partnership infrastructure projects in India – the availability of equity capital. [...] central to economic growth, improved living standards, and broader development'. The IFC also claimed that it expected the IIF would develop a Social & Environmental Management System, 'through which the Fund will oversee the social and environmental risks of all Fund investments, thus ensuring improved performance of all projects in which the Fund invests.'

The IFC noted that 'given the types of infrastructure projects in which the infrastructure fund would invest (including ports, roads, hydropower and railways), the environmental and social impacts were likely to be significant.'

As noted above, a portfolio investment of the IIF is GMR Kamalanga Energy Limited (GKEL), a part of the GMR Group. Kamalanga Energy is a special purpose vehicle set up by GMR Energy Limited to develop and operate a 1400 MW coal based power plant near Kamalanga village in Dhenkanal, a district of Odisha state.

Community concerns

In April 2011, Odisha Chas Parivesh Suraksha Parishad (Odisha Agriculture and Environmental Protection Council), a grassroots organization, together with an advocacy and research organization called the Delhi Forum filed a complaint with the IFC's accountability mechanism, the Compliance Adviser Ombudsman (CAO) on behalf of over 5,000 people affected by the GMR Kamalanga Energy Limited (GKEL) project. The complaint voiced concerns about information disclosure related to the potential environmental and social impacts of GKEL, and more broadly, IFC's financing through financial intermediaries. The complaint alleged that the IFC's investment in the IIF had backed a project that was not compliant with IFC's own safeguards.



Women affected by the GKEL project. Photo: Ranjan Panda

Project impacts

The GKEL project has been marked by serious environmental and social concerns. The land acquisition process has been flawed and people in the affected communities intimidated. The project required the diversion of almost 1,200 acres of multi-crop irrigated land for industrial use, contrary to Odisha state law. Almost 1,300 families lost their agricultural lands and another 100 have been economically displaced by the project. The company acquired 78 acres of forest without recognizing the rights of the local community which violated the 2006 Recognition of Forest Rights Act. Families report being coerced and threatened into parting with land at very low prices, over \$1,600 lower than mean values for the area for the three years prior to the beginning of the project. Communities also claim that the company acquired land by force from indigenous and marginalized castes like Dalits who are constitutionally protected. Researchers recently estimated that the GKEL project increased landlessness in the area by approximately 23 percent.

The complaint to the CAO claimed that the company held no adequate public hearing, which is mandatory in any land acquisition process and did not make project information—including Environmental Impact Assessments — available to the affected communities. The complaint argued that affected communities found it extremely difficult to obtain information about the IFC's involvement in the project which made it impossible for them to voice their concerns about GKEL in advance of project approval. The IFC's non transparency made it impossible for the community to access the grievance redress mechanism which was their right.

CAO findings

The CAO released its compliance investigation on January 11, 2016 and identified a number of shortcomings in the IFC's review and supervision of the Fund. It focused on whether the IFC's investment in the Fund (i.e, the Fund's investment in GMR Kamalanga Energy Limited) was appraised, structured, and supervised properly against IFC policies, procedures and standards. It also considered whether the IFC's Policy and Performance Standards on Environmental and Social Sustainability and Policy on Disclosure of Information provide local communities with adequate levels of protection.

The CAO found that the IFC's approach of supporting the Fund to develop its own social and environmental management systems, and through this comply with IFC's Performance Standards, did not deliver those intended outcomes. Further, more than five years since approving the Fund's first disbursement for the GKEL project and four years since the CAO received the complaint, the IFC has only recently concluded that the complainants' key concerns have not been addressed in accordance with the Performance Standards.

'Out of the total number of people affected, 25 percent are Adivasis (indigenous peoples) and 35 percent are Dalits (marginalized people). The Constitutional rights they enjoy are flouted and are made further vulnerable. We hold World Bank responsible for our misery. Today, we are left landless and without any livelihood.'

Interview with
Dukhbandhu Bhoi,
from Achalkut village

'The company offered compensation which is much below the market rates. We demanded compensation at market rates or alternate houses in the locality, and jobs at the project for all three brothers. For refusing to give up these demands, I was threatened many times.'

Interview with
Baishnav Sahu,
from Maniabada village

Specifically, CAO's investigation report makes non-compliance findings in relation to:

IFC's Pre-Investment Environmental and Social Due Diligence

The CAO found that IFC's pre-investment E&S review was not robust and that the IFC lacked a basis to conclude that its investment in the Fund could meet the requirements of the Performance Standards over a reasonable period of time.

Structure for Management of E&S Risk

Given the level of risk identified by the IFC to this investment, the CAO found that the agreements that governed the IFC's investment were not sufficient to support its objective that the "projects it finances are operated in accordance with the requirements of the Performance Standards" (Sustainability Policy, para. 5)

Supervision

The CAO found that the IFC's supervision was inadequate to establish a reasonable expectation that the project would meet the requirements of the Performance Standards. It also found that the IFC's management response to the serious, longstanding and well documented E&S concerns was inadequate. The project has since transitioned from the construction to operational phase, increasing the risk of irreversible adverse impacts on the complainants.

Disclosure

While IFC complied with the requirements of the Disclosure Policy (2006) in disclosing its investment in the Fund, the CAO found it did not adequately supervise the Fund's compliance with these disclosure requirements under the Performance Standards, either in relation to its own operations or those of the GKEL project.

Lessons Learned for the AIIB on financial intermediary lending

Many of these failings originated in the type of lending model that the IFC employed: that of investing via a third party, or financial intermediary. This 'hands-off' lending poses significant problems for how effectively the bank can assess, supervise and manage risks, and how much information is disclosed publicly. These issues have been extensively documented by civil society, most recently in a report by 12 CSOs in April 2015 which linked IFC investments to severe human rights abuses in several cases around the world¹³; and in a series of exposés published by Inclusive Development International.¹⁴

What implications does this have for the Asian Infrastructure Investment Bank?

Infrastructure investments, by their very nature, can have significant impacts on people and the environment. Whether large-scale displacement for hydropower projects; pollution of rivers and fisheries from mines or power plants; or destruction of forests for road construction, vulnerable communities can find that their lives and livelihoods are irreversibly damaged in the rush for economic development.

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The AIIB's environmental and social framework (ESF) sets out the purpose of its social and environmental standards: "The Environmental and Social Policy and Standards integrate environmental and social aspects of Projects into the decision-making process by all parties; provides a robust structure for managing operational and reputational risks in relation to environmental and social risks and impacts; ensures the environmental and social soundness and sustainability of Projects; and improves development effectiveness and impact to increase results on the ground, both short and long-term."

Based on lessons from other MDBs in infrastructure funds in the Asia region, the AIIB's member governments and Board should urge the AIIB to:

Ensure greater transparency and disclosure

It is essential that project documents be made available to stakeholders before project approval and that high and substantial risk projects financed through infrastructure funds or financial intermediaries be disclosed publicly.¹⁵ Not only does such transparency ensure accountability to affected communities (and the opportunity of redress should things go wrong), but it is crucial in allowing risk identification, supervision and management.

Spotting and managing risks up front is often cheaper and less time-consuming than having to rectify mistakes later. Allowing stakeholders to participate and contribute their views and knowledge is key to ensuring the full impacts of projects are known and addressed (or avoided) early-on in the project cycle.

The AIIB ESF is not sufficiently robust in its disclosure requirements. It does not, for example, commit to disclose documents a specific number of days before project approval. It does not mention information disclosure relating to financial intermediary investments, nor ensuring affected communities' access to its grievance mechanism, the Complaints Handling Mechanism.

Spotting and managing risks up front is often cheaper and less time-consuming than having to rectify mistakes later. Allowing stakeholders to participate and contribute their views and knowledge is key to ensuring the full impacts of projects are known and addressed (or avoided) early-on in the project cycle.

Recommendations:

> Disclosure of information should be time-bound to enable input ahead of Board approval. Environmental impact assessments, social impact assessments, indigenous Peoples Plans and Resettlement Action Plans for Category A projects should be released to the public 120 days in advance of Board approval. For projects where country or corporate systems are to be used, it is welcome that the AIIB ESF commits to disclose the main findings from its review/assessment of the client's systems; equally, the AIIB's assessment of financial intermediaries' systems should also be disclosed.

> AIIB should require all FI clients publicly disclose all sub-projects – and at minimum Category A and B subprojects - that receive AIIB financing. At minimum this information should include project name, location and sector. AIIB should also make it clear that communities impacted by FI subprojects can access the AIIB's grievance mechanism.

Ensure Bank responsibility for supervision and compliance

A major finding of the CAO in the India Infrastructure Fund case is how the IFC failed in its due diligence and supervision of the IIF's coal plant sub-project; and how its over-reliance on client systems failed to ensure compliance with the IFC's own standards. Again this is not an isolated case, but a repeated failure when IFC lends through financial intermediaries, as a 2012 CAO audit of 63 IFC FI projects makes clear.¹⁶

The AIIB ESF delegates similar levels of responsibility to FI clients, as well as clients using country systems: "the Bank delegates to the FI the decision-making on the use of the Bank funds, including the selection, appraisal, approval and monitoring of Bank-financed subprojects. The Bank requires the FI Client, through the implementation of appropriate environmental and social policies and procedures, to screen and categorize subprojects as Category A, B or C, review, conduct due diligence on, and monitor the environmental and social risks and impacts associated with the Bank-financed subprojects". This raises the risk of repeating mistakes made by the IFC.

The AIIB's project documents for its proposed investment in the India Infrastructure Fund stress this reliance on the client to decide its projects' risk category: "The Bank will require the Fund, through the implementation of appropriate environmental and social policies and procedures, to screen and categorize subprojects as Category A, B or C, review, conduct due diligence on, and monitor the environmental and social risks and impacts associated with the Bank-financed subprojects, all in a manner consistent with the Environmental and Social Policy of the Bank."¹⁷

Recommendations:

> The AIIB ESF delegates responsibility for due diligence, monitoring and supervision to the FI client, as well as the responsibility for categorising risk of sub-projects. To avoid problems such as those experienced by the IFC, the AIIB should commit to carrying out due diligence, monitoring and supervision itself in high risk sub-projects, and in infrastructure projects; and put in place measures to assess the accuracy of FI clients' risk categorisation.

> The AIIB ESF also states that its social and environmental policies will apply to Category A sub-projects financed through financial intermediaries; and "if the Bank so determines" to Category B projects also. Again the IFC and its clients have a history of misclassifying risk resulting in protections not being applied. The AIIB should default to application of its standards to Category B FI sub-projects.

> It is encouraging that the AIIB allows for third party monitoring of FI sub-projects, but this should be a compulsory not optional requirement for high and substantial risk sub-projects.

Apply requirements of the Energy Sector Strategy across entire AIIB portfolio

There is a real risk that, even if the AIIB's new Energy Sector Strategy seeks to minimise AIIB's support for coal, the bank will end up financing coal by the back door - as the India Infrastructure Fund example demonstrates.

Recommendations:

> It is essential that the ESS makes it explicit that its provisions apply across both direct *and indirect* lending. A coalition of CSOs in the non-eurozone constituency of the AIIB, including Oxfam, Christian Aid and CAFOD, urged the AIIB to address this issue:

> "The ESS should applyto its whole portfolio, with GHG accounting and emissions reduction targets, also implement a clear and consistent screening process for individual investments with robust safeguards for mitigating climate, environmental and social risks. This must apply not only to direct energy support but also to indirect support through financial intermediaries (FIs), in order to avoid loopholes permitting fossil-fuel lock-in and potential breach of ESS standards, given the specific risks inherent in lending through FIs."¹⁸

End Notes

¹ Submission from people's movements and other CSOs from India on the AIIB's Second Round of Consultation on Energy Sector Strategy Issue Note, March 2017

² <http://elsam.or.id/2017/03/continued-concerns-about-two-proposed-world-bank-supported-indonesian-infrastructure-funds-ridf-iif/>

³ <http://www.inclusivedevelopment.net/what/campaigns/outourcing-development/>

⁴ https://medium.com/@IFC_org/re-examining-our-work-with-financial-institutions-208c4161d9e3

⁵ <https://www.aiib.org/en/projects/proposed/2017/download/india-infrastructure-fund/india-infrastructure-fund.pdf>

⁶ <https://www.aiib.org/en/projects/proposed/2017/india-infrastructure-fund.html>

⁷ <https://www.aiib.org/en/projects/proposed/2017/download/india-infrastructure-fund/india-infrastructure-fund.pdf>

⁸ Mr Dong Ik Lee, email to Kate Geary, Bank Information Center Europe, May 10 2017.

⁹ <http://www.idfc.com/alternatives/infra-equity/india-infrastructure-fund.htm>

¹⁰ <http://www.idfc.com/alternatives/infra-equity/india-infrastructure-fund.htm>

¹¹ <http://www.idfc.com/alternatives/infra-equity/current-investments-energy-and-utilities.htm>

¹² <http://www.inclusivedevelopment.net/wp-content/uploads/2016/09/Outsourcing-Development-Climate.pdf>

¹³ <https://www.oxfam.org/en/research/suffering-others>

¹⁴ <http://www.inclusivedevelopment.net/what/campaigns/outourcing-development/>

¹⁵ It is crucial that investors ensure project documents are released, as often financial intermediaries are non-transparent: for example in the case of the IIF, it refused to release information to communities affected by GMR Kamalanga on the premise that Indian law does not require disclosure from non-state bodies, leaving communities with no access to vital information.

¹⁶ http://www.cao-ombudsman.org/newsroom/documents/Audit_Report_C-I-R9-Y10-135.pdf. A recent update to this audit from March 2017 finds that in the critically important stage of supervision, IFC was procedurally non-compliant in 63% of investments studied. While the sample that the CAO examined was not designed to be statistically representative of the FI portfolio, the magnitude of non-compliance suggests that IFC's environmental and social risk management across the sector continues to be profoundly dysfunctional. Of particular concern is CAO's finding that, "IFC does not, in general, have a basis to assess FI clients' compliance with its E&S requirements." See: <http://www.cao-ombudsman.org/newsroom/documents/FIAUDIT.htm>

¹⁷ <https://www.aiib.org/en/projects/proposed/2017/download/india-infrastructure-fund/india-infrastructure-fund.pdf>

¹⁸ Comments on AIIB Energy Sector Strategy, March 2016: CEE Bankwatch Network, Bani Information Center, CAFOD, Christian Aid, Oxfam, E3G.

