

3 July 2018

Asian Infrastructure Investment Bank
Transport Sector Strategy
Email: ts.consultation@aiib.org

Dear Sir/Madam:

Re: AIIB draft Transport Sector Strategy

As leading scientists in the fields of environmental science and international development, we would like to express the following perspectives and concerns about the draft AIIB Transport Sector Strategy, which we have evaluated (along with other AIIB documents) in considerable detail.

We have broken our comments down into three general concerns, and five specific requests:

General Concern 1

From our perspective, the AIIB strategy is likely to facilitate infrastructure projects that will fail or cause irrevocable damage environmentally.

The strategy's only real allusions to 'greening' infrastructure involve reducing carbon emissions — by reducing traffic jams and attempting to slim down massive emissions from project construction.

This is very serious deficiency because, in the many remote and wild areas where AIIB-supported projects will be constructed, *far and away the biggest impacts of infrastructure expansion are to open lands to a Pandora's box of new environmental pressures*—such as deforestation, habitat fragmentation, fires, wildlife poaching, illegal mining, and land-grabbing.

This Pandora's-box issue of secondary or indirect effects—which could easily overwhelm the positive intent of projects—is utterly central to any discussion about infrastructure. For us, a failure even to mention it in the draft Transport Strategy raises immediate concerns.

General Concern 2

The draft AIIB Transport scheme does not even mention *the profound need for Strategic Land-Use Planning and Strategic Environmental Assessments*.

Developing infrastructure strategy on a project-by-project basis, in a vacuum of national- and regional-level strategic plans and assessments, has been repeatedly shown to be an enormous strategic mistake. The beneficial impacts of the scheme will undoubtedly be higher, and any significant economic risks lessened, if the strategy mainstreams its work in the context of strategic national and regional plans and assessments.

The remaining and increasingly fragmented natural world is a complex mosaic of biodiversity hotspots, critical migration corridors for wildlife, remnant habitats for endangered species, and rare ecosystems. Advancing transport infrastructure projects without the benefit of strategic land-use, environmental, and social assessments is akin to conducting major surgery while blindfolded.

In our view, strategic planning is the most vital requirement needed to modify or halt transport-infrastructure projects that would pose unacceptable environmental, social, economic, political, and reputational risks to the AIIB, its investors, and the host nations where projects will be located.

General Concern 3

Clearly, the AIIB places a premium on ‘efficiency’ and expedient evaluation and implementation of proposed transport-sector projects.

However, such expediency can also create potentially serious risks, making it more difficult to (1) detect and ferret out corruption, which have long plagued major infrastructure projects; (2) identify key environmental and social perils, many of which are not simple or obvious; and (3) identify and avoid the broad suite of long-term environmental, social, economic, and political risks that can lead to project failure—wasting public money, stranding assets, and incurring major foreign debts for host nations.

Specific Requests

We urge the AIIB to make the following specific alterations to its draft Transport Sector Strategy, and more broadly to its entire infrastructure-assessment procedures:

1. AIIB-supported infrastructure projects should not commence without first completing strategic land-use, environmental, and social planning for each geographic region. These can be comprehensively and strategically managed to be time- and cost-efficient.
2. Protecting biodiversity, critical habitats, key wildlife corridors, and rare ecosystems needs far more emphasis in all phases of transport-project planning, evaluation, and approval. Failure to include these aspects in planning and risk assessment of development projects has led to many of the problems that most of the world now faces in the health of its ecosystems, which support economic development.
3. AIIB-supported projects must limit the ‘Pandora’s Box’ of illegal or unplanned activities that typically follow big infrastructure projects and create financial, economic, and ecological risks to countries and regions. This must especially be averted by avoiding projects in wild or rare ecosystems whose degradation or loss poses long-term risks and costs to these countries and regions.
4. The AIIB’s intent to move ‘efficiently’ with streamlined assessment procedures creates serious risks that important environmental, socio-economic dangers, and political will be missed or inadequately understood prior to project approval.

5. The AIIB's "Environmental and Social Framework" is too vague and effectively toothless to prevent many of the environmental, social, financial, and reputational risks that have long bedevilled transport-sector projects. These deficiencies must be recognized and explicitly compensated for during project planning and evaluation. A failure to do so will almost certainly result in poor outcomes for the AIIB, its investors, and its host nations.

For the reasons outlined above, it is our considered view that the AIIB will face serious reputational and economic or financial risks—as well as concerted resistance from the scientific community and other key stakeholders—if it proceeds without fundamentally revising its draft Transport Sector Strategy.

Thank you for the opportunity to provide these constructive and critical comments.

Sincerely,

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