Peoples' Convention on Infrastructure Financing

A Peoples' response to AIIB Annual Meeting

June 21-23, 2018 | Mumbai, India

Prepared by

Working Group on International Financial Institutions

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May 2018

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The 3rd Annual Governors Meeting of Asian Infrastructure Investment Bank [AIIB] will be held in Mumbai, India from 24-25 June 2018. This two-year-old multilateral bank is investing in all major sectors, including energy, without robust policies on environmental-social safe-guards, transparent public disclosure and an accountability/complaint handling mechanism. Out of the total 24 projects, it has financed, USD 4.4 billion has already been approved. India is the biggest recipient from AIIB with more than 1.2 billion USD supporting about six projects including Transmission lines, Capital City Development at Amravati, rural roads etc with another 1 billion USD in proposed projects.

These data are but a few from among the many that come out periodically which, we are aware, will straightaway affect our democratic systems, land, water, forests, food, livelihoods, structures and the very air we breathe on a daily basis. All these raise our concerns to an alarming level that we are forced to reflect and act on the rapid 'reforms' which happen in the guise of development. Unlike World Bank and ADB who claim their development agenda in the name of reduction in poverty and inequality, AIIB never conceals their huge interests in infrastructure financing.

India is AIIB's second-largest shareholder and is an adored destination for its investments. As many of us are aware, the Indian government, for past few decades, has stressed the need for large infrastructural projects for the country's development and these projects are being seen as a stimulus to the growth of India's GDP. These include power projects, dams, roads, urban pro-jects, industrial zones/corridors, ports, smart cities and other mega projects, including the new super-expensive high-speed rail projects. Mega energy projects are perceived as one of the major components and enablers of these infrastructure projects. This aggressive growth for the eco-nomic elite and the upper classes will come at the cost of displacing the lives of people who are dependent on land and natural resources for their livelihood and devastating the environment. This also often comes at the cost of displacing farming and pastoralist communities who are pushed to a life of poverty and whose life and livelihood cannot be commensurably compensated by money - in most cases, not even that. The huge projected increases in the energy infrastructure will also demand similarly massive financial investments.

It is critical that we situate the 3rd AIIB AGM within this global, regional and national context. The idea behind the People's Convention on Infrastructure Financing is to provide a space for social movements, progressive trade unions, academia and civil society from various parts of the country working on urban development, transportation, environmental protection, coastal com-munities, sustainable energy and equity, against privatisation along with groups monitoring fi-nancial institutions and their policies and projects in the country. The Convention will facilitate solidarity in the resistance against the infrastructural approach towards development causing dis-placement and destruction to the natural resources. It will also be a space to put forward and dis-cuss alternatives for a just and equitable world that are emerging out of people's struggles.

Peoples Convention on Infrastructure Financing – A peoples response to AIIB will be held in Mumbai, India from 21-23 June 2018. It will also organize a series of regional meetings in different parts of the country in the month of April and May to bring together civil society organizations for familiarising and updating on AIIB functions, investment policies, and initiating monitoring on AIIB projects in India, with a focused aim to strategize, campaign and demand transparency and accountability in their lending in India. It is an opportune moment to try and tackle the bank, and demand accountability in their financing in Indian projects, when this year India is hosting AIIB's 3rd Annual Governors Meet [AGM]. Groups from Mumbai, along with other Indian organisations will jointly host the event which will include plenary, self-organised workshops, passing of resolutions, cultural events and press conference.

Please do block your dates and plan to join in this important event. Your contribution will be keenly looked forward to. We are not in a position to pay for your travel expenses though we have some solidarity accommodation arranged. We will try and raise some resources for travel by appealing to organisations to subsidise travel of activists from social movement and hinter-land. Please plan to reach in morning of June 21st or 20th night and leave by 23rd June evening.

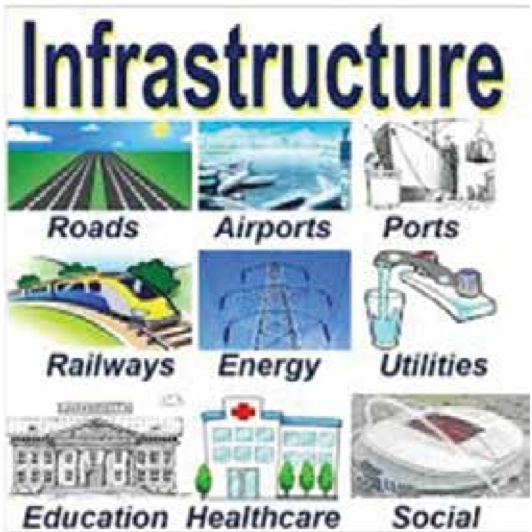
VENUE: Plenary at Y.B Chavan Hall and workshops at YWCA and YMCA.

Infrastructure and AIIB, the new Infra Bank

What is Infrastructure?

Infrastructure is the basic facilities, services and systems that a country, city, or other area, needs for its society and economy to function. These include various physical structures used by many industries to produce goods and services. Infra-structure can be of two types, social, or economic infrastructure, with some amount of overlap between the two. The former include schools, hospitals etc., while in the latter constitutes of energy, water, transport, and digital communica-tions, often considered essential ingredients in the growth of the modern economy. Infrastructure affects the economy's output in two main ways: (i) directly through the construction sector and as investments used by the production process of other sectors; and (ii) indirectly, raising productivity of all economic activities by reducing transportation and other transaction costs thus allowing a more efficient use of inputs. As infrastructure is an essential contributor to economic performance, policy decisions on public investments mustgauge its impacts in different aspects of growth.

Extensive and efficient infrastructure is critical for ensuring the effective func-tioning of the economy, as it is an important factor determining the location of economic activity and the kinds of activities that can develop in a particular economy. Social infrastructure is also critical to achieve any nation's social objec-tives like reducing poverty, ensuring everyone has access to education and



healthcare etc. Well-developed infrastructure also reduces the effect of distance between regions, integrating the national market and connecting it at low cost to markets in other countries and regions. While this is often seen as advantageous for the total economic functioning[1], it also creates conflicts regarding the draining of mineral wealth that could help development of poorer, but resource-rich re-gions. In addition, the quality and extensiveness of infrastructure networks sig-nificantly impacts economic growth and affects income inequalities and poverty in a variety of ways. The textbook logic of infrastructure works thus, which is sometimes challenged by those opposing infrastructure as a growth-led develop-ment model, on grounds of increasing inequalities, inequities and deprivation it causes.

A well-developed transport and communications infrastructure network is a pre-requisite for lending accessibility of less-developed communities to core economic activities and services, but, this also increases the extraction of critical local re-sources, thus impoverishing communities around. Effective modes of transport, including quality roads, railroads, ports, and air transport, enable entrepreneurs to get their goods and services to market in a secure and timely manner and faci-litate the movement of workers to the most suitable jobs. Economies also depend on electricity supplies that are free of interruptions and shortages so that busi-nesses and factories can work unimpeded. A robust and extensive communications network allows for a rapid and free flow of information, which increases overall economic efficiency by helping to ensure that businesses can communicate and decisions made by economic actors taking into account all available relevant information. There is an existing correlation between infrastructure and economic activity through which the economic effects originate in the construction phase and rise during the usage phase. Governments, thus necessitate realignment of countries' infrastructure in tune with the changing nature of global political economy.[2]

1 Infrastructure investment influences a country's absolute and comparative advantage by mitigating the constraints of factor endowments and promoting intra- and inter-regional integration. In economics a country's factor endowment is commonly understood as the amount of land, labor, capital, and entrepreneurship that a country possesses and can exploit for manufacturing. This leads to a complex interdependent process in which infrastructure determines the patterns of trade and the patterns of trade determine the level and type of infrastructure. The need for infrastructural financing has been felt more dearly in the wake of Global Financial Crisis of 2007-09, when the massive fiscal stimulus refocused the international community onto the nature and role of infrastructure spending. Although this type of spending can provide a short-term demand stimulus to an economy, in the medium to longer term it can form a critical part of a successful economic growth strategy.

2

Any infrastructure building is also critically dependent on extracting and using natural resources in large scales – water, minerals, energy sources, oxygen from air, biological matter from forests, and oceanic resources, and these extractions have multiple and unequal impacts on different sections of people. Particularly adversely impacted are those who were/are dependent on the same natural re-sources for livelihoods (like the farmers dependent on water resources for agri-culture or fishery, when this gets stored and drawn in large scale for urban or in-dustrial water supply), while another (often better off) section might get a positive impact (the industry or city).

Infrastructure investments can strangle. Cartoon from the Sunday Times, July 27, 2014

It is here we can draw on the role of a national (sometimes - global, like the earlier MDGs or the current SDGs) social objective in deciding not only what kind of infrastructure is to be pursued and where, but also – to prioritize providing basic or secondary services different segments of our society. The world's governments entered into a UN pact on September 25, 2015, to adopt the 'ambitious' Sustaina-ble Development Goals (There are 17 SDGs). If the SDG-6, that of ensuring enough clean water and sanitation to Every Citizen on earth, is to be ensured, the infrastructure investments need to be turned towards this. Sometimes, this might be in some conflict with ensuring other interests, like the SDG-8 (Decent Work & Economic Growth), or SDG-9 (Industry, Innovation & infrastructure), particularly in situations of limited supply of such primary resources as water or land.

These considerations bring in another critical question that we need to ask, and that is - how much of industrial-economic and even high-level social infrastructure is really sustainable in the present situation of over-exploitation of almost all natural resources ? As per credible estimates, global human consumption has al-ready at 1.7 times the total primary production and waste-recycling capacity of the entire earth's ecosystems (the current Ecological Foot-print at 2.8 Global Hectares/ person vis-à-vis <1.7 GH/ person available, www.footprintnetwork.org), and in the recent years, human society is known to be consuming the entire production & recycling capacity of the Earth by the first week of August ! That also means, that for the rest of nearly five months, our consumption is eating away the earth, reducing even Earths primary capacity to produce and recycle, resulting in lesser and lesser ecological capacity with time!

Infrastructure overdose can kill eco-systems. A rich Boreal Forest stood here not long ago : Alberta Tar Sands mined for Shale Oil. Petroleum (Oil) supplies some of the biggest infra-structure demands like transport, agriculture, power and petrochemicals industry.

This huge over consumption is primarily driven by about 40% of the Earth's pop-ulation who are economically richer, 'mainly in the OECD countries – but also in-creasingly, the upper classes in developing and poorer countries - who consume materials and energy at an unsustainably high rate.

At the same time, over one-third of humanity is still struggling to get their basic dignified survival needs fulfilled, and that calls for some infrastructural build-up for these sections.

This is a completely unsustainable situation, both in terms of the eco-system's capacity and social stability arising out of the humongous disparity /inequity. The extraction-from and erosion of the eco-system's capacity – an inevitable result of infrastructure building, also undermines the sustainability of many poorer sections of people, who depend on these natural provisions for their livelihoods, like fisher-people, forest-dependent communities and small & marginal farmers (who are still a majority in poorer and developing countries). Under such circumstances, there needs to be serious and concerted considerations of whether sections of human society that have far overbuilt their industrial (and even social) infrastructure, should cede some of these for building vitally needed social infrastructure for the desperately under-served, and help bring the global consumption within sustainable levels ? These debates, like de-growth of industrialized societies coupled with limited growth of under-served ones, are really complex, but are vital contributions of peoples' movements and progressive civil society in bringing questions of Sustainability, Equity and Justice to the centre-stage of global platforms on Economy and Infrastructure.

This is where social analysts need to be incisive in unearthing facts from fiction and this faction is what constitutes the critique of development, a critique that is directed against a GDP-led growth model. This is to be done by asking uncom-fortable questions to policy-makers, such as: What is the most efficient way to finance infrastructure spending? What are optimal infrastructure pricing, main-tenance and investment policies? What have proven to be the respective strengths and weaknesses of the public and private sectors in infrastructure provision and management, and what shapes those strengths and weaknesses? What are the distributional consequences of infrastructure policies? How do political forces impact the efficiency of public sector provision? What framework deals best with monopoly providers of infrastructure? Though these questions still apparently assume that the traditional economic thinking about "large scale industrial infrastructure" is right, but only needs re-orientation, this in no way should be focused and factored in that direction. We need to raise more fundamental questions on social infrastructure versus industrial infrastructure with specific emphasis on the growing disconnect between growth-led infrastructure develop-ment and development leading to sustainability.

Promoting growth through infrastructure creates other problems for developing countries, prime among which is financing. Loans needed to fund infrastructure developments burden government of the Third World with high borrowing costs that drain local resources and demand cuts to other social and welfare expendi-tures. Also an outcome of this is the increased financialization of natural resources and the burst of speculative activities that stem from such. What is being witnessed largely is that financial markets are going deeper and deeper into the real economy as a response to the financial crisis, so that speculative capital[3] is structurally being intertwined with productive capital[4] changing the whole dy-namics of infrastructure investment. The question then is, how far viable or sus-tainable are these financial interventions? Financialization produces effects which can create long-term trends (affecting how incomes are distributed)[5] which also change across different periods of economic growth;booms, slowdowns and recessions. Interpreting the implications of financialization for sustainability, therefore, requires combining different methods of investigations. Even times of prosperity, despite their fragile and vulnerable nature, can endure for several years before collapsing due to high levels of indebtedness, which in turn amplify the real effects of a financial crisis and hinder the economic growth.

Role of Development Banks and AIIB

The Infrastructure focus on Asia (and India as one of its largest investment mar-kets) also needs an explanation. Here again the old players, including the World Bank are playing a role, and not necessarily as a challenged entity by the new kids on the block – AIIB and NDB – as sometimes portrayed.

3 Speculation is the practice of trading in risky financial transactions so as to ensure to at-tempt to profit gain from fluctuations in market rather than to attempt to gain profit from the financial attributes em-bodied in an instrument like capital gains, interest and dividends. Speculative capital, then are the funds solely earmarked for the purpose of speculation. Speculative capital, then is associated with high level of volatility and is also associated with a high probability towards loss.

4 Productive-capital refers to the physical capital – both the means of production and the labour-power – advanced and consumed in the production process.

5 Functional income distribution is the amount of income relative to the factors of production. The factors of production are land, labour, capital and the investor. For eg., it would look at how much rent a piece of land would get, how much pay a worker would receive. It would also examine how much interest comes from the capital that is invested, and how much profit would the investor make.

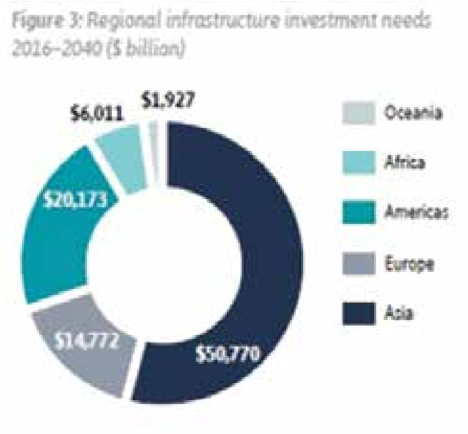
As per ADB -

- Asia needs $14.7 trillion in power infrastructure through 2030
- Asia needs $8.4 trillion transport investment through 2030

Surely, Asia has enough infrastructure. Everywhere you look it seems there are new roads, sub-ways, airports, and power plants. But that's only part of the story. More than 400 million people in the region go without electricity, and as much as 30% of electricity generated in countries like Nepal and Cambodia is lost in transmission and distribution. Many roads are low quality and dangerous for motorists and pedestrians alike. Around 300 million Asians still have no access to safe, clean drinking water, including half the rural populations of Afghanistan, Kiribati, and Pa-pua New Guinea. Roughly 1.5 billion people lack basic sanitation facilities such as toilets."

The Global Infrastructure Outlook report, brought out by the Global Infrastruc-ture Hub in collaboration with Oxford economics, and largely as a response to – a) the sharply down investment demands in the 'developed' economies after the global economic crisis starting 2007-8, and b) a demand by profit-hungry capital stocks for future investment and profit areas. This report takes 50 larger econo-mies and seven of the most investment intensive sectors and aims to to fill the "knowledge gap" about specific country level and sector wise investment demand. This data is now being used to line up capital invasion, of course with sweetened pills of 'development'. The projections are based on three factors – 1) that by 2040, the global population will grow by nearly 2 billion (200 crores, most of it in Asia and Africa), an increase by over 25% from today's 760 crores, 2) the rural to urban migration will continue creating a huge urban infra demand for the 46% more people who will be living (or forced to live in search of survival) in urban areas, and 3) the adoption and implementation of the Sustainable Development Goals (SDGs) will require large additional funding. The second and third factors have big implications for many of the issues raised by social movements.

Based on these data/projections, the report forecasts that there will be a global 'infrastructure investment need' of over USD 97000 billion till 2040. The report also analyses the investment shortfalls, and pegs this at USD 18000 billion (1 bil-lion USD is roughly INR 6500 crores). Figure below is from Global Infrastructure Outlook Report.



While the global infrastructure spending is roughly 3% of global GDP today, the report forecasts this to rise to 3.7%. And over half of this is forecasted to be in Asia, giving the rationale for focus by the big 'development' and investment banks on this region. India, over the period from 2008-2013, has spent a far larger part of its GDP, averaging 5.2%, on 'infrastructure', most of which has gone into highways and roads, and power and energy efficiency. This also partly explains the rise of two big infrastructure development financing institutions in Asia – the AIIB and the NDB. The huge domestic savings and trade surpluses of China has formed the core capital of these, with clear leading roles, while comparatively smaller economies like India play along. The not-so-profitable European investment market also directs large capital inflows into these 'emerging destinations'.

Where do development banks fit into the scheme of infrastructure investment? This question is a useful to tackle AIIB, the newest kid on the bloc. As the world struggles to find funds to meet the Sustainable Development Goals (SDGs), de-velopment banks could be instrumental in narrowing the gap is the oft-heard po-pulist rhetoric. They can help to crowd-in the private sector and anchor private-public sector partnerships, particularly for infrastructure financing. However, misusing development banks can lead to fiscal risks and credit market distortions. To avoid these potential pitfalls, development banks need freedom from political influence to develop well defined mandates, focus on addressing significant market failures, concentrate on areas where the private sector is not present, monitor and evaluate interventions and adjust as necessary to ensure impact, and, finally, be transparent and accountable. All of these are the ideals, which more often than not go the other way. China-led Asian Infrastructure Investment Bank (AIIB), despite having no track record still enjoys the highest ratings on par with the World Bank. This has fueled debates ranging from adding much-needed capital augmenting infrastructure to leniency in observing high standards of go-vernance, and possibly ignoring environmental and societal impacts.

The AIIB was officially launched in Beijing on January 16th, 2016, with 57 found-ing members, including 37 in Asia and 20 non-regional countries. Being the largest shareholder of the AIIB, China has an initial subscription of $29.78 billion in authorized capital stock in the AIIB out of a total of $100 billion, and made a grant contribution of another $50 million to the AIIB Project Preparation Special Fund[6] on January 16th, 2017. India is the second-largest shareholder, contributing $8.4 billion. Russia is the third-largest shareholder, contributing $6.5 billion, and Germany is the largest non-regional shareholder (also the fourth largest shareholder), contributing $4.5 billion. While being open to the participation of non-regional members, the AIIB is committed to and prioritizes the ownership of Asian members. This is reflected in the capital structure requirement and the re-quirements for the composition of Board of Governors in the AIIB's Article of Agreement (AOA), which requires no less than 75 per cent of the total subscribed capital stock to be held by regional members unless otherwise agreed by the Board of Governors by a Super Majority vote.[7] The AOA also requires that 9 out of the AIIB's 12 members be elected by the Governors representing regional members, and 3 representing non-regional members. The prioritization of Asian-members' ownership of the AIIB does not necessarily mean that the AIIB's investment is restricted only to Asia. According to its AOA, the AIIB aims to "improve infrastructure connectivity in Asia," and it will invest in Asia and beyond as long as the investment is "concerned with economic development of the region." The bank currently

6 The AIIB Project Preparation Special Fund ("Fund") provides grants to support and faci-litate the preparation of projects to be financed by AIIB in eligible member countries. In exceptional circumstances, Fund resources may also be used for preparing innovative/complex projects, regional/cross-border projects that have significant regional impact and benefit other members, or non-sovereign backed transactions where there is a demonstrable need.

7 A super majority is defined by the articles (AOA) to be three-fourths of the voting power and two-thirds of the members.

has 64 member states while another 22 are prospective members for a total of 86 approved members. The AIIB's initial total capital is $100 billion, equivalent to about 61 per cent of the ADB's initial total capital, 43 per cent of the World Bank's, 30 per cent of the European Investment Bank's (EIB), and more than twice of the European Bank for Reconstruction and Development's (EBRD). Of this $100 billion initial capital, 20 per cent is to be largely paid-in by 2019 and fully paid-in by 2024, and the remaining 80 per cent is in callable capital. It needs to be noted that according to the AOA, payments for paid-in capital are due in five installments, with the exception of members designated as less developed countries, who may pay in ten installments. As of any moment, the snapshot of AIIB's financial sheet includes total assets, members' equities and liabilities, the last of which has negligible debt at the current stage, since the AIIB has not issued any debenture[8] or borrowed money from outside. However, to reduce the funding costs and to gain access to wider source of capital, the AIIB cannot rely solely on equity and has to issue debenture and take some leverage[9], particularly given that the AIIB intends to be a for-profit institution. In February 2017, the AIIB signed an International Swaps and Derivatives Association (ISDA) Master Agreement with the International Finance Corporation (IFC), which would allow AIIB to issue bonds in local currency in client countries. Moreover, AIIB intends to actively originate and lead transactions that mobilize private capital and make it a trusted partner for all parties involved in the transactions that the Bank leads. In the long term, the AIIB aims to be the repository of know-how and best practices in infrastructure finance.

The AIIB's EU/OECD members potentially could have some positive influence over the institutional building and standard setting of the young institution. The European Commission has recognized that an EU presence in China-driven insti-tutions would contribute to the adoption of best practices and fair, global stan-dards. Adherence to such standards will be promoted by the AIIB entering into partnership with existing Multilateral Development Banks. It has also been argued that joining the AIIB would give the European countries access to the decision-making process within the AIIB, and may even allow the European countries to play a role in shaping the AIIB's organizational structure. As an example of EU/OECD members'

8 A medium or long term debt format used to borrow money.

9 Use of borrowed capital for an investment, expecting the profits made to be greater than the interest payable.

activism in monitoring the AIIB's funds allocation, both Denmark and the UK, who are AIIB's OECD members, proposed that contribu-tions to the AIIB would qualify as official development aid (ODA).[10] After a tho-rough review of AIIB's AOA, mandate, work plan and other available materials, the OECD's Secretariat of the Development Assistance Committee (DAC) recom-mended including AIIB on the List under the category of "Regional development banks," which means the OECD would recognize the AIIB as one of the ODA-eligible international organizations. Once approved, the Secretariat of DAC will be able to "monitor the future recipient breakdown of the AIIB's borrowers through AIIB's future Creditor Reporting System and thereby confirm that the actual share of funds going to countries on the DAC List of ODA Recipients is over 90%." That is to say, if approved, there would be additional external monitor to make sure that the funds channeled through the AIIB to recipient countries are used properly.

It is widely perceived that the AIIB is a tool of Chinese foreign policy, and that it is a vehicle for the implementation of the Belt and Road (One Belt, One Road) In-itiative. During a meeting with global executives in June 2016, the AIIB President Jin Liqun clarified China's position, saying the AIIB "was not created exclusively for this initiative," and that the AIIB would "finance infrastructure projects in all emerging market economies even though they don't belong to the Belt and Road Initiative." It is worth pointing out that despite the efforts on trying to put some distance between the AIIB and the Belt and Road Initiative, there is still a broad perception that these two are closely related. Moreover, China has differentiated AIIB projects from its other foreign assistance projects by co-financing its initial projects with the preexisting MDBs. Co-financing, combined with European membership, will make it more likely this institution largely conforms to the in-ternational standards" and potentially will steer the AIIB away from becoming solely a tool of Chinese foreign policy. This supports China's stated intention to complement existing MDBs rather than compete with them. It also means that the AIIB can depend on its partners, if they would allow so, for expertise on a wide range of policy and procedural issues as it develops its lending portfolio.

10 ODA is defined as those loans to countries and territories which are:

- provided by official agencies, including state and local governments, or by their executive agencies; and
- each transaction of which: a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b)is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).

Although AIIB has attracted a great number of developing and developed coun-tries to join as members and it has co-financed several projects with other MDBs, there is no guarantee for any easy success in the future. There are several formid-able challenges for the young multilateral institution down the road. Not all the infrastructure investment needs in Asia is immediately bankable and ready for investors' money. Capital, regardless it's sovereign or private, will not flow in to any project without any proper preparation. Although Asia faces a huge infra-structure financing gap, there is a shortage of 'shovel-ready' bankable projects owing to the capacity limitations. The young AIIB lacks the talent and expertise to create investor-ready bankable projects, despite that it has created a Project Preparation Special Fund thanks to $50 million by China. The AIIB aims to raise money in global capital markets to invest in the improvement of trans-regional connectivity. However, infrastructure projects are not naturally attractive in-vestment due to huge uncertainties throughout the entire life cycle as well as un-justified risk-profit balance. Getting a top-notch credit rating is just a start. The AIIB has to find innovative ways to improve the risk-adjusted profitability of its projects. This issue itself has been a big challenge for many MDBs who engage in infrastructure financing for a long time. It is uncertain if the AIIB could outper-form the other much more matured MDBs to find a solution to tackle the profita-bility problem in infrastructure financing. The highest rating it has received from ratings agencies could pose a challenge in itself. The high rating not only endorses the bank's high capital adequacy and robust liquidity position, but also validates the strong political will of AIIB's members and the bank's governance frameworks. A good rating will help the AIIB issue bonds at favorable rate and utilize capital markets to reduce its funding costs. This certainly will contribute to AIIB's efforts to define itself as a for-profit infrastructure investment bank. However, there is no guarantee that the rating will hold forever. Many factors may impact the rating in the future, including but not limited to AIIB's[11], liquidity[12], management, yieldability, risk management ability, and its autonomy and independency from China's influence.

There are scores of debates around whether AIIB is even to be considered a de-velopment bank in league with the World Bank, or the Asian

11 Indicates the bank's ability to finance planned investments from its own resources and is based on oper-ating cash flow.

12 Liquidity describes how easy it is to convert assets into cash, or more particularly how quickly an asset or a security be bought or sold in the market without affecting the asset's price.

Development Bank, or is it to be considered merely as an infrastructure bank. These debates gain in-tensity since AIIB, unlike the older banks, does not have a clear line on reducing poverty, providing equitable access sans discrimination based on gender, disability and the peripheral. These are imminent safeguard issues that are obligated to be in the written decree of AIIB without any element of ambiguity, which are un-fortunately mired in dubiousness. The reasons thereof are lack of consultations with those who fall directly in line of impact. The reasons are further complicated when these stakeholders are not even acknowledged existentially, as was the case with World Bank's private arm International Finance Corporation refusing to ac-knowledge fisher families while funding Tata Mundra UMPP. Not only are these grave errors in full consciousness, but these rule out any recourse to grievance redressal mechanisms as a last resort establishing parity between the affected and those directly or indirectly perpetrating it. This is consequent to discrimination. Public disclosure standards at AIIB are extremely weak contributing to un-dermining the ability of concerned stakeholders to flag potential problems to the Bank.

Even with the environmental and social framework now a part of AIIB, the lan-guage of the safeguards parallel those of the World Bank and the Asian Develop-ment Bank bringing in a lot of implementation ambiguity. Moreover, there is a lack of procedurally drafted mechanisms that are unique to AIIB and all they do are reflexive of country systems, thereby questioning what is international about its standards. In the words of Curtis Chin, former U.S. ambassador to ADB, "de-velopment in Asia need not, should not and must not mean shortchanging a na-tion's own citizens, particularly its most vulnerable people and communities, or sacrificing the environment. No matter how welcome and successful AIIB's safe-guards are on paper, the true test will be whether the environment is harmed and whether people are made worse off by the operations of this newest multilateral institutions." This gains prominence for the formulation of environmental and social safeguards for all multilateral institutions, not just of AIIB, should not be a race to the bottom, which is precisely what seems to be lurking.

With concerns about transparency, accountability and engagement with the stakeholders, it becomes an absolute imperative for other bank member countries to press the bank to resolve these concerns. With still no oversight body in line with principles of transparency, openness, independence, and accountability, it is obligatory to demand for the same with utmost urgency underlining that such a mechanism should be functioning independently of AIIB management and any likelihood of political influence; should be inclusive of representations from peoples' movements highlighting responsive, time-bound plans to respond to rights abuses and findings that it has not complied with its own policies; and providing the mechanism with the mandate to monitor and publicly report on whether rights abuses and policy violations have been remedied. Unless this commitment is exhibited in letter and in spirit, there would be an extremely thin line to walk on as far as validating the existence of AIIB is concerned.

AIIB People's Convention program structure
Mumbai, 21-23 June 2018

Date	Program	Venue	Time
Day 1 : 21 June 2018	Plenary	Y B Chavan	10:00 am– 1:00 pm
LUNCH (1:00 pm -2:00 pm)			
	4 parallel workshops	YWCA and YMCA	2:00 am – 3:30 pm
Tea Break (3:30 pm - 4:00 pm)			
	4 parallel workshops	YWCA and YMCA	4:00 pm – 5:30 pm
Day 2 : 22 June 2018	4 parallel workshops	YWCA and YMCA	9:30 am – 11:00 am
	4 parallel workshops	YWCA and YMCA	11:00 am – 1:00 pm
LUNCH (1:00 pm -2:00 pm)			
	4 parallel workshops	YWCA and YMCA	2:00 pm – 3:30 pm
Tea Break (3:30 pm - 4:00 pm)			
	Cultural	?	4:00 pm – 7:00 pm
Day 3 : 23 June 2018	Plenary : Passing resolu-tion/ declaration	YB Chavan	9:30 am – 1:00 pm
LUNCH (1:30 pm -2:30 pm)			
	Mass Action		3:00 pm – 6:00 pm

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