



ASIA INDIGENOUS PEOPLES PACT FOUNDATION

108 Moo 5 Soi 6, Tambon Sanpranate, Amphur Sansai, Chiang Mai 50210, Thailand

Tel. No.: +66(0)53 380168; Fax: +66(0)53 380752

Email: aippmail@aipnet.org Website: www.aippnet.org

23 October 2015

Mr. Jin Liqun
President-Designate
Asian Infrastructure Investment Bank (AIIB)
9 Financial Street, Xicheng District
Beijing, China

Re: Comments on Draft Environmental and Social Framework of the Asian Infrastructure Investment Bank

Dear Mr. Jin Liqun:

The Asia Indigenous Peoples Pact (AIPP) and other Indigenous Peoples' organizations and indigenous rights advocates wish to convey our views regarding the Asian Infrastructure Investment Bank (AIIB)'s draft Environmental and Social Framework. Our comments, enclosed herewith, highlight some key concerns on the draft Framework, with particular focus on Environmental and Social Standard 3: Indigenous Peoples.

We would also like to reiterate our critical recommendations put forth in communication¹ to the AIIB with other civil society organizations on the overall consultation process. The recommendations include, among others, to extend consultation period to at least two rounds of consultation; to conduct face to face consultations at all levels; to use regional languages (not only English); to accord special attention to the inclusion of vulnerable groups; to provide adequate information about the process well in advance through various media and not only through the AIIB website; and to ensure transparency, gender-sensitivity and cultural appropriateness in the process.

Two-thirds of the estimated 370 million Indigenous Peoples worldwide are in Asia. Though Indigenous Peoples account for 5 % of the global population, they comprise 15% of the poorest. Such disproportionate rate of extreme poverty among Indigenous Peoples is the result largely of the continuing violation of their collective rights to their lands, territories and resources in the name of national development, lack of access to basic social services including livelihood opportunities; and social, economic and political discrimination. The AIIB's aims to fund infrastructure development and other projects to support regional and national development targets will have serious implications on the lives and well-being of millions of Indigenous Peoples in the region. It is thus critical for the AIIB to provide a more meaningful and participatory consultation process with Indigenous Peoples' representatives in the region to ensure that its ESS 3 on Indigenous Peoples is responsive to the conditions and circumstances of Indigenous Peoples in the region and is fully aligned with respect to their rights as affirmed by international human rights instruments.

¹ <http://forum-adb.org/main/global-call-for-aiib-to-make-safeguards-consultation-open-inclusive/>



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Hence, we strongly recommend that key officials of the AIIB conduct a regional face-to-face meeting with duly selected Indigenous Peoples' representatives. This regional consultation should provide for interpretation/translation services to ensure meaningful participation of community representatives as well as sufficient time for discussions and exchange of views. Information on the consultation as well as other necessary information and documents should be shared in advance (at least two weeks) prior to the consultation. AIPP extends its cooperation in planning for this regional consultation.

We hope you will give serious consideration to our request for a regional consultation as well as our initial comments on the draft AIIB Environmental and Social Framework. We look forward to your response to this letter.

Sincerely,

Joan Carling
Secretary General
Asia Indigenous Peoples Pact
www.aippnet.org

Below is the list of organizations that endorse this communication:

S. No	Organization	Country
1	Climate Justice Programme (CJP)	Australia
2	Trinamul Unnayan Sangstha (TUS)	Bangladesh
3	Participatory Research Action Network (PRAN)	Bangladesh
4	Light House	Bangladesh
5	Kapaeeng Foundation (KF)	Bangladesh
6	Community Development Association (CDA)	Bangladesh
7	Center for Bangladesh Studies (CBS)	Bangladesh
8	Bangladesh Indigenous Women's Network (BIWN)	Bangladesh
9	Association for Land Reforms and Development (ALRD)	Bangladesh
10	Save Vulnerable Cambodia (SVC)	Cambodia
11	Ponlok Khmer (PKH)	Cambodia
12	Organization for the Promotion of Kui Culture (OPKC)	Cambodia
13	NGO Forum on Cambodia	Cambodia
14	My Village Organization (Mvi)	Cambodia
15	Indigenous Rights Active Members (IRAM)	Cambodia
16	Indigenous Community Support Organization (ICSO)	Cambodia
17	Highlanders Association (HA)	Cambodia
18	Equitable Cambodia (EC)	Cambodia
19	Cambodia Indigenous Peoples Alliance (CIPA)	Cambodia
20	Building Community Voices (BCV)	Cambodia



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21	Build Community Voice and My Village	Cambodia
22	Planetary Association for Clean Energy (PACE)	Canada
23	International Work Group for Indigenous Affairs (IWGIA)	Denmark
24	Zo Indigenous Forum (ZIF)	India
25	Swadhina	India
26	Society for Development of Drought Prone Area (SDDPA)	India
27	Peoples' Joint Action Committee for Boroland Movement	India
28	Paryavaran Mitra	India
29	Naga Women's Union (NWU)	India
30	Naga Peoples' Movement for Human Rights (NPMHR)	India
31	Karbi Human Rights Watch (KHRW)	India
32	Jharkhand Wanaadhikar Abhiyan	India
33	Indigenous Women's Forum of North East India (IWFNEI)	India
34	Indigenous Women and Children Foundation (IWCF)	India
35	Indian Confederation of Indigenous and Tribal Peoples (ICITP)	India
36	Gram Bharati Samiti (GBS)	India
37	Freedom Foundation	India
38	EMPOWER	India
	Democratic Assembly of Representative Body for Adivasi Rights	
39	(DARBAR)	India
40	Centre for Research and Advocacy, Manipur (CRA)	India
	Borosa Foundation For Peace, Democracy and Human Rights	
41	(BFPDHR)	India
42	Borok Peoples Human Rights Organisation (BPHRO)	India
43	Borok Indigenous/Tribal Peoples Development Centre (BITPDC)	India
44	Bhartiya Jana Sewa Ashram (BJSA)	India
45	Association for Promotion Sustainable Development	India
46	Adivasi Navjeevan Gathan Navjyoti Agua (ANGNA)	India
47	Konsorsium Pembaruan Agraria (KPA)	Indonesia
48	Aliansi Masyarakat Adat Nusantara (AMAN)	Indonesia
	“Society for New Initiatives and Activities” for a Just New World	
49	(SONIA)	Italy
50	NGO Nash Vek	Kyrgyzstan
51	PACOS Trust	Malaysia
52	Jaringan Orang Asal SeMalaysia (JOAS)	Malaysia
53	Center for Orang Asli Concerns (COAC)	Malaysia
54	Huvadhoo Aid	Maldives
55	Otros Mundos A.C.	Mexico
56	Centro Mexicano de Derecho Ambiental, A.C. (CEMDA)	Mexico
57	Mongolian Land Management Association (MALM)	Mongolia
58	Environment and Development Association (JASIL)	Mongolia
59	Centre for Human Rights and Development (CHRD)	Mongolia
60	OT Watch	Mongolia



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61	Rivers without Boundaries Coalition (RwB)	Mongolia
62	Steps without Borders	Mongolia
63	Kachin Women Peace Network (KWPN)	Myanmar
64	Kachin Peace Network (KPN)	Myanmar
65	Kachin Development Networking Group (KDNG)	Myanmar
66	Chin Human Rights Organization (CHRO)	Myanmar
67	Youth Awareness Society Nepal (YASN)	Nepal
68	Unity Youth Society (UYS)	Nepal
69	Shilichong Club Social Development Center (SCSDC)	Nepal
70	Peoples Unity Young Society (PUYS)	Nepal
71	Nepal Kirat Kulung Bhasa Sanskriti Utthan Sangh (NKKBSUS)	Nepal
72	Nepal Indigenous Disabled Association (NIDA)	Nepal
73	Nepal Federation of Indigenous Nationalities (NEFIN)	Nepal
74	National Indigenous Women's Federation (NIWF)	Nepal
75	National Indigenous Disabled Women Association (NIDWAN)	Nepal
76	National Forum for Advocacy Nepal (NAFAN)	Nepal
77	Kulung Mimchha Guskham (KMG)	Nepal
78	Kirat Youth Society (KYS)	Nepal
79	Kirat Welfare Society (KWS)	Nepal
80	Kirat Chamling Youth Society (KCYS)	Nepal
81	Kirat Chamling Student Association (KCSA)	Nepal
82	Kirat Chamling Language Culture Development Association (KCLCDA)	Nepal
83	Indigenous Nationalities Women Youth Network (INWYN)	Nepal
84	Hamro Mechi	Nepal
85	Federation of Community Forestry Users, Nepal (FECOFUN)	Nepal
86	Active Society Nepal (ASN)	Nepal
87	HomeNet Pakistan	Pakistan
88	AWAZ Foundation Pakistan: Centre for Development Services	Pakistan
		Papua New Guinea
89	Porgera Alliance	Guinea
90	Continental Network of Indigenous Women of the Americas (ECMIA)	Peru
	Tebtebba (Indigenous Peoples' International Centre for Policy Research and Education)	
91		Philippines
92	Pambansang Kilusan ng mga Samahang Magsasaka (PAKISAMA)	Philippines
93	NGO Forum on ADB	Philippines
	International Indigenous Peoples Movement for Self Determination and Liberation (IPMSDL)	
94		Philippines
95	Ateneo School of Government	Philippines
96	Asian NGO Coalition Portal (ANGOC)	Philippines
97	Asian Indigenous Women's Network (AIWN)	Philippines
98	Asian Farmers' Association for Sustainable Rural Development (AFA)	Philippines
	Asia Indigenous Peoples Network on Extractive Industries and Energy (AIPNEE)	
99		Philippines



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100	Alyansa Tigil Mina (Alliance Against Mining) (ATM)	Philippines
101	Lumière Synergie pour le Développement (LSD)	Senegal
102	Pacific Indigenous Network	Solomon Islands
103	Network for Indigenous Peoples of Solomons (NIPS)	Solomon Islands
104	Civil Society Organizations of Solomon Islands	Solomon Islands
	Taiwan Association for Rights Advancement for Ping Pu Plains	
105	Aborigine Peoples (TARA-Ping Pu)	Taiwan
106	Papora Indigenous Development Association (PIDA)	Taiwan
107	Papora Indigenous Youth Council (PIYC)	Taiwan
108	Covalima Youth Centre (CYC)	Timor-Leste
109	Uganda Land Alliance (ULA)	Uganda
110	Foundation for GAIA (GAIA)	UK
111	Amnesty International (AI)	UK
112	Forest Peoples Programme (FPP)	UK
113	Pivot Point	USA
114	Mothers Legacy Project (MLP)	USA
115	International Accountability Project (IAP)	USA
116	Center for International Environmental Law (CIEL)	USA
117	Vietnam Indigenous Knowledge Network (VTIK)	Vietnam
118	Centre for Sustainable Development in Mountainous Areas (CSDM)	Vietnam
119	Great Indaba Zimbabwe (GIZIM)	Zimbabwe
S. No	Individuals	Country
1	William Nicholas Gomes	UK
2	Dr. Ashok Rau	India
3	Pranika Koyu	Nepal

CC: AIIB Chief Officer, ESF Consultation Team, Representatives to the Chief Negotiator Meetings

Submitted via email to ESF_Consultation@aiib.org



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Comments on the Draft Environmental and Social Framework (ESF) of the Asian Infrastructure Investment Bank (AIIB)

The comments highlight some key concerns on the draft Environmental and Social Framework (ESF), with particular focus on Environmental and Social Standard 3 (ESS 3): Indigenous Peoples.

A) Introduction

A.1) Asia is home to two-thirds of the estimated 370 million of the world's Indigenous Peoples. Though they account for only about 5% of the global population, they comprise 15% of the poorest. Such disproportionate rate of extreme poverty among Indigenous Peoples is the result largely of the continuing violations of their collective rights to their lands, territories and resources in the name of national development; the lack of access to basic social services including livelihood opportunities; and social, economic and political discrimination.

A.2) For Indigenous Peoples, the development of infrastructures and other productive sectors in Asia which the AIIB will focus on, needs to be aligned to the respect and protection of human rights, including their collective rights as Indigenous Peoples, as well as the protection of the environment. The historical record of multilateral banks has been marked with serious violations of the rights of indigenous peoples to their lands, territories and resources, to their sustainable livelihoods and meaningful participation in decision-making including in the governance of their territories and for sustainable development. In particular, the requirement for the free prior and informed consent (FPIC) of Indigenous Peoples is not simply a procedural matter, but in fact a substantive process in the exercise of their right to their lands, territories and resources, to self-determination and cultural integrity. The UN General Assembly adopted the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) in 2007 as an act of achieving social justice, non-discrimination, equality and development for all. Thus, States that comprise the AIIB have a clear obligation to respect and implement the rights of indigenous peoples as embodied in the UNDRIP. The AIIB cannot thereby exempt itself from this obligation, and should in fact be a leading institution in abiding by the minimum standards for the respect and protection of human rights as a fundamental foundation for its interventions in sustainable development. This should be embedded in its safeguard policies with clear provisions for its operationalization not only at the project level but also in the strategic programmes of the AIIB.

A.3) In the context of the above, the following comments on the draft ESF, particularly focusing on ESS 3, are submitted for serious consideration by the AIIB.

B) ESS 3: Indigenous Peoples

B.1) Scope and Application:



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B.1.1. The scope and application of ESS 3 are contradictory as described in different sections of the draft ESF. Under ESS 1 (P.25), if Indigenous Peoples are present in the area of or are affected by the Operation, the Client is required to describe this in the Environmental and Social Assessment and complement it with the preparation of an Indigenous Peoples' plan as required by ESS 3. However, under the ESS 3 itself (P.30), the ESS applies (only) if the Operation would directly or indirectly affect the dignity, human rights, livelihood systems and culture of Indigenous Peoples or would affect the territories or natural and cultural resources that Indigenous Peoples own, use, occupy or claim as an ancestral domain or asset. Again, under the Requirements of the ESS 3 (P.30), the Client is required to undertake various actions if the Operation's screening process has determined that: (a) Indigenous Peoples are present in, or have collective attachment to, the Operation area; and (b) Operation will likely impact on Indigenous Peoples.

B.1.2. The Operation's screening process is the responsibility of the Client and the AIIB, which will require meaningful consultation with and informed participation of affected people and other stakeholders, as required starting with the preparatory phase and throughout the Operation. It is however not clear whether it is the Client or the AIIB that determines whether Indigenous Peoples are present in, or have collective attachment to, the Operation area.

B.1.3. **RECOMMENDATIONS:** The scope and application of ESS 3 should be made uniform throughout the draft ESF. "If Indigenous Peoples are present in, or have collective attachment to, the Operation area" should be a sufficient condition for application of ESS 3. Indigenous representatives from the proposed Operation area and Indigenous experts should be involved in determining whether Indigenous Peoples are present in, or have collective attachment to, the Operation area, as well as in determining the Operation's impacts throughout the Operation design and implementation.

B.2) Free, Prior and Informed Consent (FPIC):

B.2.1. The draft ESF (P.31) requires the Client to obtain the FPIC of the affected Indigenous Peoples if the Operation would: (a) have impacts on land and natural resources subject to traditional ownership or under customary occupation or use; (b) cause relocation of Indigenous Peoples from land and natural resources subject to traditional ownership or under customary occupation or use; or (c) have significant impacts on Indigenous Peoples' cultural heritage. The Client is also required to engage with independent specialists to assist in the identification of the risks and impacts of the Operation.

B.2.2. FPIC, for the purpose of the ESS, is established as follows: (a) the scope of FPIC applies to Operation design, implementation arrangements and expected outcomes related to risks to, and impacts on, the affected Indigenous Peoples; (b) FPIC builds on the process of meaningful consultation and will be established through good faith negotiation between the Client and affected Indigenous Peoples; (c) the Client documents: (i) the mutually accepted process between the Client and Indigenous Peoples; and (ii) evidence of agreement between the parties on the



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outcome of the negotiations; and (d) FPIC does not require unanimity and may be achieved even when individuals or groups within or among affected Indigenous Peoples explicitly disagree.

B.2.3. There is contradictory information if AIIB determines it is unable to ascertain that FPIC is obtained from the affected Indigenous Peoples. The draft ESF states that the AIIB does not proceed further with the aspects of the Operation that are relevant to those Indigenous Peoples (P.14, Para 47) while under the ESS 3, it only requires the Client to ensure that the Operation will not have adverse impacts on such Indigenous Peoples (P.31).

B.2.4. **RECOMMENDATIONS:** The inclusion of a requirement for obtaining the FPIC is fundamentally important as it achieves the objective of ensuring that Indigenous Peoples can exercise their right to self-determination and are full partners in the development process. However, there is a need to ensure that the provisions for FPIC are consistent with the principle in the UNDRIP. It should be clear that the right to FPIC gives the affected community the right to give or withhold their consent to any program and project to be implemented in their territories. The current formulation proposed in P.31 to achieve this is not adequate, and the following important amendments, are at a minimum, required:

B.2.4.1. The process of decision making and agreements reached with Indigenous Peoples based on their FPIC must be described and verified by the AIIB together with the Indigenous Peoples and independent experts. Further, any conditions made by Indigenous Peoples as part of their FPIC shall be clearly stated in the terms of agreement, including time-bound actions and clear budget allocations necessary to ensure that agreements are met.

The agreement in particular shall contain the following, as appropriate:

- a. Detailed benefit-sharing provisions, indicating the type of benefits to be derived by the affected Indigenous Peoples, specific target beneficiaries as to sector and number, the period covered, and other pertinent information;
- b. Development projects must be based on the development priorities of the community;
- c. Monitoring of the implementation agreement which shall be paid for by the AIIB/Client;
- d. Mitigation and resettlement plans for potential risks, if any;
- e. Effective, accessible and gender-sensitive redress mechanisms at the project level with explicit option to use other redress mechanisms;
- f. Clause on the non-transferability and or concrete conditions for transfer (such as, death of the local leader who was the signatory) of the agreement;
- g. Clause for renegotiation of the economic provisions;
- h. List of responsibilities of the company (Client) and the affected community
- i. Inclusive dates/duration of agreement;
- j. Transparency mechanism on transfer and disbursement of funds (from the Bank to the Client);
- k. Detailed measures to protect Indigenous Peoples' rights and value systems;
- l. Detailed measures to conserve/protect any affected portion of the indigenous territories critical for watersheds, mangroves, wildlife sanctuaries, forest cover, and the like;
- m. Remedies and/or penalties for non-compliance or violation of the terms and conditions, which includes applicability of customary laws and imposition of sanction(s);



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n. Provision by AIIB/Client to render assistance in the event of calamities/disasters in the community;

(Lifted from the 2012 FPIC Guideline of the National Commission on Indigenous Peoples in the Philippines with some modifications)

B.2.4.2. In any case of violation or non-compliance with agreements reached with Indigenous Peoples or in any case of violation of the requirements in ESS 3, there must be a clear and accessible grievance mechanism that affected Indigenous Peoples can access, including but not limited to direct access to the AIIB Oversight Mechanism. Technical support for use of grievance mechanisms and/or Oversight Mechanism must be made available upon request.

B.2.4.3. Disclosure of information must be required to be in a language and in appropriate forms understood by the affected Indigenous Peoples.

B.2.4.4. The involvement of Indigenous Peoples' representative bodies and organizations must specifically include women, youth and other community members in addition to councils of elders, village councils or chieftains.

B.2.4.5. Respect for decision-making processes of Indigenous Peoples should be mandatory (and not where applicable) and must ensure respect for the independent and collective decision-making processes free from intimidation, manipulation and any form of undue pressure.

B.2.4.6. Further, with regards to requirement of unanimity or disagreement within or among Indigenous Peoples affected for FPIC, the draft ESF should be revised as: Customary decision making processes of Indigenous Peoples respect and recognize collective decision of the community resulting to an independent decision free from coercion or manipulation. Conflicting views shall be resolved by community members and the AIIB and the Client shall adhere to the final outcome of the decision making process taking into account the legitimate views and issues raised by community members as bases for their decision.

B.2.4.7. Finally, if AIIB is unable to ascertain that FPIC is obtained in conjunction with the concerned and affected Indigenous Peoples, it should require the Client not to proceed further with the aspects of the Operation that are relevant to those Indigenous Peoples, or the entire operation and not merely require that the Client ensures the Operation will not have adverse impacts on such Indigenous Peoples.

B.3) Equitable Benefit sharing

B.3.1. **RECOMMENDATION:** The formulation of the Indigenous Peoples Plan (P.31) should involve the meaningful participation of the affected Indigenous Peoples and indigenous experts and consist of specific indicators and measures to ensure Indigenous Peoples' equitable access to project benefits. This must include, at a minimum, the following characteristics: written agreement on project benefits; the establishment of a project-level grievance mechanism for non-



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compliance; and clear sanctions and enforcement mechanisms to resolve conflicts at the project level and ensure compliance with agreed plans. The terms of the project benefits included in the plan must be established as part of the process of obtaining and maintaining FPIC.

C) ESS 2: Involuntary Resettlement (IR)

C.1) The draft ESF requires the Client to determine the required scope of IR planning through a survey or census of displaced persons (or both), including a gender analysis, specifically related to IR risks and impacts (P.27). For persons without title or legal rights, the Client is required to ensure that displaced persons without title to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets (P.28).

C.2) **RECOMMENDATION:** The ESS 2 should make explicit reference to ESS 3 if Indigenous Peoples are present in, or have collective attachment to, the Operation area, and they will be subjected to involuntary resettlement. The scope of IR planning, in such case, should also include an analysis to identify specific risks and impacts of resettlement to Indigenous Peoples from their own perspective in order to account for the social, cultural, economic and political dimensions that relate to their overall and collective wellbeing. The AIIB should ensure that no resettlement will take place without FPIC of the Indigenous Peoples concerned, in line with Article 10 of UNDRIP. In case there is a clear consent given by affected Indigenous Peoples, specific terms of agreement on just and fair compensation (for land, resources and loss of livelihood), equitable benefit-sharing and provision of sustainable and adequate livelihoods shall be provided; and, where possible, with the option of return.

Further, traditional and customary collective tenure of Indigenous Peoples is often legally unrecognized, leading to individual titles being secured in the absence of any available collective tenure. However, this does not mean collective tenure is absent, and certainly does not mean that an Operation affecting an entire community need only to gain approval from individual landholders. FPIC must be obtained from the whole affected community irrespective of tenurial arrangements. For Indigenous Peoples or persons without title or legal rights to land to be displaced, the AIIB should ensure that the compensation, as part of FPIC for resettlement, should then also include loss of land and resource assets.

D) Operational-level Grievance Redress and AIIB Oversight Mechanism

D.1) The draft ESF (P.16, Para 50 and 51) does not provide adequate information about grievance redress service and independent oversight mechanism. AIIB's oversight mechanism, as per Footnote 12, is currently under development, in line with its Articles of Agreement, and will be reviewed by Prospective Founding Members before the Framework is finalized. As part of the development of the oversight mechanism, the functions of a grievance redress service and an independent oversight mechanism will be included, and the precise names of the responsible



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units will be decided. Details on mandate and function of operational-level grievance redress and oversight mechanism are critical for complete commentary on the draft ESF.

D.2) **RECOMMENDATION:** The AIIB should make public the information on the operational-level grievance redress and oversight mechanism for public comments on their mandate and functions and necessary amendments made accordingly before the draft ESF is finalized. Such grievance redress and oversight mandate should take into consideration the Indigenous Peoples' customary justice system where present and include clear sanctions for non-compliance, including discontinuity of the project for grave violations.

E) Categorization of Projects

E.1) As per the draft ESF (P.8, Para 12), the AIIB assigns each proposed Operation to one of the four categories, whereby the AIIB requires the Client to conduct an environmental and social impact assessment (ESIA) or equivalent environmental and social assessment for each Category A project. For Category B Operation, the AIIB determines the specific environmental and social assessment requirements on a case-by-case basis. For Category FI Operations that involve AIIB financing to or through a financial intermediary (FI), AIIB conducts due diligence on the FI and its portfolio to assess whether the FI is in a position to comply with the requirements of the ESSs (P.9, Para 20). Such due diligence does not go beyond the FI to third parties.

E.2) **RECOMMENDATION:** An ESIA, not "equivalent" ESIA, should be mandatory for both Category A and B Operations. The AIIB should extend its due diligence, monitoring and supervision responsibilities to third party(ies) implementing a sub-Operation through FI. The ESF should explicitly provide that the AIIB Environmental and Social Policy and accompanying ESSs will apply to the sub-projects.

F) Phased Approach

F.1) The draft ESF states that AIIB may determine the timing of its environmental and social appraisal of selected activities under an Operation, and the Client's environmental and social assessment of such activities, may follow a phased approach that takes place following AIIB's approval of the Operation (P.17, Para 58). AIIB should conduct effective due diligence of an Operation before its approval. For this, the Client's environmental and social assessments should be undertaken and their reports, and any required plan, should be submitted and reviewed before the approval; these actions should not be phased for later.

F.2) **RECOMMENDATION:** The AIIB should ensure that environmental and social assessments as per ESS 1 are completed and their reports as well as any required plan and/or framework as per ESS 2 and ESS 3 submitted and reviewed before the approval of an Operation.



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G) AIIB Roles and Responsibilities

G.1) As per the draft ESF, the AIIB is responsible for: (a) screening each Operation to assign a category to it; (b) undertaking due diligence regarding the Operation; (c) reviewing the Client's environmental and social assessment reports, and any required plan; (d) determining the feasibility of AIIB financing for the Operation; and (e) monitoring and supervising the Client's compliance with its environmental and social obligations under the legal agreement between AIIB (P.16, Para 52). At the same time, the draft ESF relies heavily on the Client and envisions its own role as providing expert advice. In order to be able to fulfill its responsibilities, the AIIB should possess dedicated staff resources with necessary expertise. Adequate information is not available on the structure and capacities of the AIIB.

G.2) **RECOMMENDATION:** The AIIB should put in place dedicated staff resources of environmental and social specialists, including those on the issues of gender and Indigenous Peoples, as well as key positions, such as Chief Compliance Officer. Relevant senior-level staff members should be appointed as Focal Point for issues of gender and Indigenous Peoples with necessary mandate to coordinate engagement on those issues within structure of the AIIB as well as with external stakeholders and agencies. Adequate financial and other resources should be provided for the staff to carry out their mandates effectively.