

Board of Directors  
Asian Infrastructure Investment Bank  
B9 Financial Street, Xicheng District  
Beijing 100033  
P.R. China

December 20, 2016

Dear Board of Directors,

We are writing to express our serious concerns about the Azeri TANAP project in Turkey coming to the Asian Infrastructure Investment Bank's Board of Directors on Wednesday (December 21) at an extraordinary meeting.

While the AIIB TANAP project sheet information (PSI) indicates the approximate Board decision date to be March, 2017, we have learned by chance last week that the Board discussion has been moved 3 months ahead without notifying the public or updating the PSI accordingly.

We firmly share the Bank's vision for stakeholder engagement as outlined in the ESF which states '*the Bank believes that transparency and meaningful consultation is essential for the design and implementation of a Project*' while the AoA 34.4 stipulates '*The Bank shall establish a policy on the disclosure of information in order to promote transparency in its operations.*'

Anticipating the Board decision date from March 2017 to December 21, 2016 raises questions about the Bank's commitment to stakeholder engagement and transparency<sup>1</sup>. In addition, it also is disturbing that the Board will be required to discuss and approve a large-scale transboundary fossil fuel infrastructure project while the AIIB is still in the initial stages of drafting its Energy Strategy.

A report<sup>2</sup> published yesterday as well as an article published by the Guardian<sup>3</sup> reveal that the construction of the project involves no less than 15 companies who have a history of corruption. Top executives in Turkey's state-owned energy firm, BOTAS, orchestrating the construction of the TANAP project, have been convicted for corruption in two major corruption scandals, alongside government officials and officials of some of the subcontractors for the TANAP project. The Turkish Supreme Court later overturned the rulings, clearing most of the defendants, but much of the evidence remains in the public domain. This raises the question of whether the financing of TANAP is coherent with the 'clean' vision of the Bank.

---

<sup>1</sup> In a letter from the Corporate Secretary (dated June 21, 2016) in response to a joint CSO request to the Bank to adopt time-bound information disclosure, the VP writes that "*The Interim Policy also provides that new policies will articulate disclosure requirements for information and documents to be produced under that Policy*", and that "*time-bound disclosure requirements...will need to be a consideration as our systems evolve.*"

<sup>2</sup> <http://bankwatch.org/risky-business>

<sup>3</sup> <https://www.theguardian.com/global-development/2016/dec/16/europe-development-banks-plan-5bn-backing-for-gas-project-with-mafia-links-bankwatch-report>

At a time when Turkey's academics, journalists, human rights activists and so many others are arrested with impunity while the country is under martial law, it has been impossible for civil society to engage in public comment on this 1800+ km long pipeline. We have since expressed to the World Bank our serious concerns about the violation of World Bank Safeguards (see attached letter). In particular, the TANAP project documents do not include any analysis of the impact of Turkey's imposition of martial law and do not reflect the current conditions in Turkey. A reassessment of the project under the current situation is now critical and should be required.

Regarding the crucial issue of forced resettlement, we have significant concerns about whether the proposed gap-filling measures, as required by the World Bank's CSS OP 4.00, can be "filled" by the client, in a context in which martial law is in place and civil society's freedom to monitor the project and voice concerns is so restricted. As of August this year, the TANAP consortium had received nearly 600 complaints filed by communities that could be, or already are, affected by the project.

Other co-financiers of the Southern Gas Corridor project - the European Investment Bank and the European Bank of Reconstruction and Development - are making their financing decision for TANAP and the TAP to Azerbaijan dependent on progress in Azerbaijan's ongoing talks with the Extractive Industries Transparency Initiative (EITI)<sup>4</sup>, which require that the participation of civil society is secured<sup>5</sup>.

As a potential co-financier for the TANAP project, the AIIB has agreed that the project comply with World Bank safeguards. We therefore call on the Bank to conduct its own due diligence to ensure that current violations of WB Safeguards are corrected, and demonstrate that the project is in line with the AIIB's Environmental and Social Framework.

We urge the Board to at the very least postpone this discussion until the martial law in Turkey is cancelled; the NGO legislation in Azerbaijan is modified as requested by the EITI; and democratic participation in both countries is restored. Clearly, given the range of problems identified in this letter and the fact that the AIIB is still in the process of drafting its Energy Strategy, this project should not qualify for a Board vote at this time.

We thank you for your attention.

Sincerely,

Re: Common (Italy)  
CEE Bankwatch Network (Europe)  
Urgewald (Germany)  
Both ENDS (The Netherlands)  
Ulu Foundation (US)  
Green Alternative (Georgia)  
Bank Information Center (Europe)  
CounterBalance (Czech Republic)  
NGO Forum on ADB (Philippines)  
BankTrack (France)

---

<sup>4</sup> <http://aaenergyterminal.com/newsRegion.php?newsid=9847750>

<sup>5</sup> <https://eiti.org/news/azerbaijan-downgraded-to-candidate-country>