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RESEARCH ARTICLE

Social Risk Management at AIIB – Chinese or International Characteristics?

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Abstract The Asian Infrastructure Investment Bank (AIIB), amongst its other Asia-based financing, provides a small but important multilateral financing alternative to bilateral flows for China's massive new Belt and Road Initiative (BRI). Focussing on AIIB's Environmental and Social Framework (ESF) this paper explores the conceptualisation of social risk, asking whether it is predominantly shaped by China's own experience with growth by infrastructure and related tools such as the Social Stability Risk Assessment (SSRA) or whether it owes more to social sustainability standards of pre-existing multilateral lenders. Based on key person backgrounder interviews in late 2016 and documentary review, including of AIIB's inaugural loan approvals, the authors find more evidence of international than national characteristics, confirming AIIB's adoption of its ESF as institutional isomorphism. This conclusion brings new perspectives to debates on the BRI's underlying development model with particular emphasis on the potentially enhancing inclusion of the UN Sustainable Development Goals (SDGs). Delivering positive outcomes for people affected by AIIB projects is vital for keeping the international support that also affects the success or failure of the entire BRI.

Keywords Social risk management · Asian Infrastructure Investment Bank (AIIB) · Belt and Road Initiative (BRI) · Institutional isomorphism · Sustainable Development Goals (SDGs)

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Introduction

The Asian Infrastructure Investment Bank (AIIB) depicts itself in a disarming mix of new and old; of innovation and tradition; of willingness to learn and of confident decision-making; whilst at the same time firmly ring-fencing key immutable operational certainties. AIIB presents itself as decisively 'lean, clean and green: lean, with a small efficient management team and highly skilled staff; clean, an ethical organization with zero tolerance for corruption; and green, an institution built on respect for the environment'. It claims 'strong policies on governance, accountability, financial, procurement and environmental and social frameworks' [3]. The public consultation on the Environmental and Social Framework (ESF) in 2015, its adoption in 2016; and the public consultation on a Complaints Handling Mechanism, are crucial elements in this self-representation, the ESF itself addressing certain elements in the environmental and social policy of international standards. Within this self-representation the ESF strengthens AIIB's reputation as a complete and legitimate new Multilateral Development Bank (MDB), replete with the necessary safeguards to minimise collateral damage for people in the way of its lending operations. The adoption of international environmental and social standards has reassured prospective member countries.[1] It is an important element in the dialogue with pre-existing multilateral institutions and facilitates co-financing with them.

External presentations, however, have been mixed. Some writers describe AIIB as consistent with the Chinese political economy system and the China model, which represents "a system of authoritarianism combined with increasing market-oriented economic activities, making it different from virtually all other great powers" ([41]:54). Not only is the AIIB perceived as intended to produce sufficient impetus for domestic reforms by building a compatible international order ([19]:145). Additionally, the establishment of AIIB is embedded in the broader historical context of China's rise, US-China rivalry and a more general contest between a democratic US model and an alternative authoritarian China model [13]. Consistent with this line of argumentation is the suspicion that AIIB might, at the least, offer less expensive and time-consuming infrastructure projects than other MDBs by cutting environmental and social standards.

China's growth-by-infrastructure strategy, which became crucial for China's development agenda of reform and opening up, can be divided into three main stages. A first stage began from 1978 and continued through the 1980s and 1990s with a focus on large-scale projects in the transportation, energy and water conservancy sectors inside China. A second stage began from the early twenty-first century characterized by Chinese bilateral infrastructure lending overseas as a crucial part of China's South-South cooperation. A third stage started with China's Belt and Road Initiative (BRI) and established the AIIB in 2015 as a multilateral development bank with infrastructure investment as its unique selling point. Each of these three stages has been related to specific sources of financing infrastructure projects and to particular ways in dealing with social risks and impacts arising during the project cycle.

[1] By 19 Dec 2017 AIIB has 61 full member countries (40 regional and 21 non-regional) and 23 prospective members (8 regional and 15 nonregional countries, including 7 Latin American countries), https://www.aiib.org/en/index.html.

In this paper we ask what shapes AIIB's social risk definition and management strategy. Is it shaped by China's own experience with growth by infrastructure, particularly China's Social Stability Risk Assessment (SSRA) and China funded infrastructure overseas or does it follow the standards of international financial institutions? We find AIIB's social risk assessment documentation draws far more internationally than nationally. It encapsulates terminology regularly used in international policy discourse and adopts many key features of longstanding international policies on involuntary resettlement and indigenous peoples. Like the World Bank's recently approved ESF, AIIB has also adopted a flexible or – to be more precise – a partly "residual" understanding of social risk, bound together with environmental risk in an ESF, the scope and content of which may vary for each project investment. This, together with several other elements in social risk management, has been controversial and is as yet untested in practice. The authors explore the possible reasons, Chinese motives and future prospects for this finding. This analysis is based upon policy review, key person backgrounder interviews in late 2016[2] and project documentation at the early stage of approval.

The paper is organised in five parts. After a brief analysis of China's own treatment of social risks and impacts in Chinese infrastructure construction inside and outside China (focusing on the introduction, both in 2012, of SSRA as well as green banking sector initiatives) the paper turns to AIIB's ESF, its objectives and public statements and their contextualization within AIIB's governance framework, its documents from the first project approvals in 2016 and 2017 and the project forward pipeline. The authors identify institutional isomorphism in shaping the AIIB as a newly established organization as well as in the content and approach of AIIB's ESF; clearly apparent, for example, in the adoption of two internationally recognised policies (on involuntary resettlement and indigenous peoples); and also in the conceptualisation and management of social risk. Following a discussion of different social constructions of the BRI and their respective implications for encouraging social sustainability standards along the Belt and Road, the authors see merit in calls to align AIIBs social risk management with the United Nations Social Development Goals (SDGs), which would present the strongest potential for a sharper assessment and management of social risks and impacts related to defined SDG outcomes from infrastructure projects. In conclusion, the authors emphasize AIIB's performance in identifying and managing social risks and impacts not only for benefit of AIIB's own reputation and the wellbeing of people affected by AIIB projects but also for the success or failure of the entire BRI.

China's Experience with Social Risks and their Management in Infrastructure Projects

Whilst growth through infrastructure is by no means unique as a development model to China, China's own extraordinarily successful trajectory of growth through infrastructure is a compelling advertisement for this model, which China already exports in its

[2] The authors draw upon five confidential backgrounder interviews with key personnel from pre-existing MDBs, from AIIB and from national Chinese organizations conducted during August–November 2016. We are grateful to the experts for sharing their time and knowledge with us.

aid program and "going out" investment [37]. China's own path of growth by infrastructure came with an initial externalization of environmental and social costs. This section examines China's national and international experience, concluding that, despite some experimentation with sector and project level guidelines for social assessment, the chief instrument used, within China, the SSRA, in fact serves State and administrative purposes rather than the needs and priorities of impacted people. Overseas, China-funded projects generally treat social risks at best as a subset of environmental risks in non-mandatory guidelines, or else ignore them altogether. This has resulted in certain consequences for impacted communities, attracting criticism from various actors within and outside China.

From 1978 onwards foreign donors and financiers responded to China's call for capital and modern technologies for infrastructure expansion, with over half of all bilateral and multilateral loans – and two thirds of lending from the Asian Development Bank (ADB) and Japan - between 1979 and 2005 directed to the transport and energy sectors ([34]:003,024,029). After 1993 China permitted the application of social assessment[3] on projects, mostly in infrastructure, financed by international lenders such as World Bank and ADB. This experience, together with bilateral technical assistance especially from the UK's DFID program, resulted in several national sectoral agencies issuing non-mandatory social assessment guidelines. An entire series of important initiatives in social assessment from Chinese sectoral and planning agencies remained as in-house documents that could be ignored or selectively applied in project preparation [18].

For example, one key document in this series, introducing non-mandatory social assessment for the first time to feasibility studies in "Guidelines" with official endorsement, defines social assessment as the study of the project impact on local society, with measures to enhance local acceptance through adaptation [10]. Social impact analysis is an integral part of social assessment ([10]a:88) its content includes impacts on the income, living standard and employment of local residents, impacts on benefiting and/or vulnerable groups, impacts on local culture, education and public health, impacts on local infrastructure and social services and on religious beliefs and customs of minority populations. Social risk analysis is described as "identifying and sequencing various social factors which potentially impact the project, particularly long-lasting, broadly influencing and conflict-causing social factors" ([10]a:91); measures to avoid, reduce or mitigate such risks are also required, especially for projects causing conflict over national minority and religious issues. Inspired by the "Guidelines", in 2007 NDRC issued instructions regarding enterprise investment that incorporated the requirements for social assessment and the assessment of land acquisition and resettlement impacts mandatory at the project application stage for all large and key-listed enterprise-financed projects ([26, 33]:154; [12]:215). None of these initiatives have so far translated into a nation-wide regulatory system similar to China's national environmental system. In development-forced displacement and resettlement, after some initial

[3] Social assessment (*shehui pingjia*) as defined here includes the identification, planning and management for social issues throughout the project cycle, including the scoping and assessment of social impacts (*shehui yingxiang*) and social risks (*shehui fengxian*), measures designed to enhance social benefits, mitigative measures and the preparation and management of social safeguard plans, such as resettlement plans.

mistakes that proved very costly for those displaced, China gradually improved its legal and regulatory framework for land transfer and resettlement [9].

China's leaders have long been aware that social tensions have sharpened as the growth through infrastructure model gained pace. But in 2008 China responded to the global financial crisis with massive infrastructure spending and social assessment became marginalized ([26]:155). Cumulatively, social impacts contribute to growing inequality, differential returns to wages and to capital and unequal access to resources and services which exacerbate health and educational differences [50]; whilst rapid change also sharpens fears and anxieties arising from this growing differentiation in social status, roles and power structures [27]. At the project level, specific social costs arising, for example, from changes which might destroy or weaken productivity, social relations, cultural goods or quality of life often remained unaddressed and – similar to a neglected illness – gave rise to social unrest and conflicts, with protests such as mass petitioning bourgeoning since the early twenty-first century.

Identifying Social Risks in Chinese Infrastructure Projects: Social Stability Risk Assessment (SSRA)

The rapid expansion of project construction resulting from the Chinese government's four trillion Yuan stimulus package in 2009 encountered fierce resistance from local people in some regions. The Government developed SSRA as a tool for local governments to predict likely project-related "social risks" that might cause social turbulence and unrest ([29]:2,3). To respond to escalating levels of social conflict SSRA was generated as part of Chinese leadership's increasing emphasis on maintaining social stability (*weiwen*) and a pluralization of security work involving a wider net of Party, government and social institutions [46]. In 2012 the NDRC issued "Interim Measures for Social Stability Risk Assessment of Large Capital Asset Investment Projects" [30] and stipulated that all projects requiring NDRC approval must conduct SSRA (Article 2). SSRA is described as "the grading of social stability risks of major projects which should be divided into three grades. High risk: Most people [to be impacted] are complaining about the project, with particularly strong reactions that may trigger large-scale mass incidents. Middle risk: Some people are complaining, with strong reactions that may trigger conflicts. Low risk: Most people are supportive but a minority of people is complaining about the project; by effective work conflicts can be prevented and resolved" (Article 4). Projects with high or middle risks would not be approved by NDRC (Article 8). A majority of the thirteen articles has a focus on urging the relevant departments to fulfil their responsibilities and proceed according to the "Interim Measures" including the otherwise possible penalties. A subsequent complementary guideline advised how to prepare the social stability risk assessment report in large investment projects [31]. In accordance with the understanding of SSRA in the "Interim Measures" (2012) the "Instructions" [33] were replaced in April 2017 by an updated version in which a new paragraph on social stability risk analysis was added in the chapter on social impact analysis [32].

While SSRA became increasingly dominant in NDRC documents on large investment projects, within the Chinese academic discourse critical voices emerged in favor of a stronger role of project affected people's participation and support. Accordingly, two different interpretations of the SSRA documents can be identified [49]: one called

"*overall risk level as orientation*" calculates an overall project risk grade based on ex-ante calculations of singular risks,[4] so that riskier projects can be rejected prior to their approval. The calculative approach tends to grade the social stability risk of projects more often into category A (highly risky projects opposed by most people) and category B (medium risk projects that still carry possibility of mass incidents) than into category C (low risk projects with good local support). Thus, the calculative approach results in rejection of more projects. If, as may still be possible, social protests occur after approval of C categorization projects, the assessment process seems futile, and may necessitate costly investigation and resolution involving various experts.

Critics of the calculation approach such as Xu Chengbin, Li Kaimeng and Peng Zhenwu have suggested an alternative approach called "*problem solving as orientation*" as a new framework for SSRA [49]. This approach stands for SSRA which ultimately seeks to formulate adequate counter measures to the social stability risks identified; here risk grading triggers the identification and design of certain risk reducing and mitigative measures. Instead of just ticking risk check lists, risks would be identified based on public participation and stakeholder analysis taking into consideration social characteristics of the sector, locality and project. Qualitative methods are preferred in order to analyze social risks in detail and to frame identified social problems as solvable. The aim is to reduce hitherto major risks, through design modifications and mitigating measures, to "small and controllable" risks as might be expected in category C ([49]:84). This would, it is argued, permit project approval whilst also dealing responsibly with their potential or actual social costs.

While the latter approach is potentially more responsive, responsible and socially sustainable, it immediately raises two concerns. The first concerns the only partial overlapping of the definition of "social stability risks" as defined by government officers and developers, with "social risks" as voiced by project affected people. The second concerns the motivation of local officials to use such a problem solving approach as their overall orientation. The first concern points to the deficiency of the design of SSRA which ignores any negative social impacts not potentially causing social disturbances, even though they may undermine the longer-term project success and sustainability. From this perspective SSRA seems only to respond to the Chinese saying: "Big noise brings a quick solution, small noise brings a slow solution, no noise brings no solution" and shows the limits of public participation in the SSRA's basic idea. The second concern raises the question: under which circumstances would local officials turn to a problem-solving orientation in SSRA? While a problem-solving approach is deeply rooted in China's everyday culture, in the context of SSRA it implies public participation in the project redesign process which is rejected by many local officials because of fear that a proactive citizenry could lead to disorder and conflict. Also, in the tradition of long-entrenched bureaucratic culture and compliance, Chinese officials might call into question the assumption that public participation in SSRA would make government plans more effective ([29]:9). Meanwhile, with increasingly decentralized project approvals, the percentage of projects approved

[4] The selection list has nearly 50 single risk items grouped into 8 broader risk fields such as risks within (1) the political planning and approval procedure; (2) land and house acquisition and compensation; (3) technical and economic programs; (4) environmental damage; (5) improper project planning and management; (6) socio-economic impacts; (7) media opinion; (8) peripheral public opinion guidance ([38]:164).

centrally by NDRC has declined to 20–30% of projects approved; consequently, NDRC's interest in fostering the SSRA policy plummeted. Thus, without a strong policy from above and with an ever more constrained civil society in China[5] the prospects for this kind of potentially effective and – in the long run – social cost saving social risk assessment appear limited.

International Experience with Infrastructure Projects and Their Social Risks

Early in the twenty-first century the Chinese government started its "Going out" policy to encourage Chinese companies to invest in foreign countries primarily through foreign direct investment. Simultaneously, China is raising its profile as a development aid donor. Under the heading of South-South cooperation, it highlights mutual benefits ("win-win" situations) and ostensibly refraining from intervening in the recipient country internal affairs [16]. Infrastructure lending became a crucial part of this strategy, comprising a second stage of China's growth through infrastructure experience. National development banks such as China Development Bank and China Exim Bank began to provide preferential and commercial loans to finance overseas activities of China's State-Owned Enterprises (SOEs), particularly aiding SOEs to acquire oil and other natural resources, e.g. by providing oil-backed loans to foreign authorities ([44]:4).

In February, 2012, the China Banking Regulatory Commission (CBRC) issued the "Green Credit Guidelines" [35] which require Chinese banks to ensure that all their projects have in place procedures to ensure they and their borrowers identify, manage and monitor environmental and social risk, conceptualized as "the hazards and risks on the environment and society that may be brought about by the construction, production and operating activities of banking institutions' clients and key affiliated parties thereof, including environmental and social issues related to energy consumption, pollution, land, health, safety, resettlement of people, ecological protection, climate change" (Article 4). They also require that the banks ensure that overseas projects follow international norms and support a low-carbon and recycling economy and protect against environmental and social risks (Article 21). This innovative initiative still, however, suffers from an "incomplete policy and legal system, with legislation still at the stage of guideline policies and declaratory documents that lack a system of accountability for violations or failure to implement" ([42]:117).

The risks and challenges related to Chinese infrastructure construction outside China are manifold. In September 2011 the Irrawaddy Myitsone Dam project with an investment of 220 billion RMB was halted by the Myanmar government after protests on environmental and social grounds; in February 2012, 29 Chinese workers were kidnapped on a construction site in Sudan and 25 Chinese workers in Egypt. Various factors, such as conflicts over wages and operational safety, led to litigation and local citizens' protests. The financial crisis in 2008 and political conflicts in countries such as Libya, Syria, Sudan, Egypt, Ethiopia and Myanmar exacerbated the situation of

[5] On January 1, 2017, the *People's Republic of China's Law on Administration of Activities of Overseas Non-Governmental Organizations* on *Mainland China* became effective, requiring foreign NGOs to accept a high level of state oversight and control over all their activities by public security authorities and Chinese professional supervisory units. Observers fear the law will hinder collaboration between international and Chinese NGOs and subordinate Chinese NGOs to serve the state's interest.

Chinese firms and investments in these countries. Such local political instability is exacerbated by the inadequate handling of social risks by Chinese firms ([25]: 35).

Jiang Heng[6] highlights three problem areas, namely an inadequate implementation of Corporate Social Responsibility (CSR) strategies; a lack of communication with local people and lack of information disclosure; and an intensification of social conflicts and social polarization as a result of infrastructure investment ([25]:38–41). Basically, the handling of social risks in Chinese infrastructure projects outside China has been criticized for (1) its *blind spots* in terms of a lack of social conflict research and social conflict management and (2) for its misunderstanding in "*taking the upper route*" which means to communicate only with local governments and big enterprises and to habitually ignore the voices from the opposition, from the media, NGOs, from ethnic minorities and from lower strata populations.[7] Jiang therefore suggests a more balanced strategic approach and to strengthen an additional "lower (strata) route" to reduce social risks and impacts and protect the security of the investment ([25]:42–43,51ff).

In addition to social and environmental impacts around their footprints, infrastructure projects themselves may trigger sectoral social impacts, as investments accumulate and deepen. In Pakistan, for example, where Chinese investment is intensifying, power projects which are part of the China Pakistan Economic Corridor (CPEC) will, some contend, need to sell their surplus power at a tariff which ordinary people cannot afford in order to meet the conditions the government negotiated with the power companies. The specific social risks and impacts of higher tariffs have yet to be clarified [24]. In Sri Lanka the loans for a recently Chinese built port and associated infrastructure have to be repaid, but are not generating income. So the government has agreed to give a Chinese firm a stake in the port as a way of paying down some of the debt, leading to social tensions over the lease of Sri Lankan land. Again, the full social risks and impacts are yet to be assessed [28], but in both cases, unaddressed, threaten significantly increased social tension in the future and pose significant questions over sustainable development.

Brief Summary: A Chinese Model of Social Risk Management?

As a central government initiative embedded in broader efforts to institutionalize social stability maintenance policies SSRA is shaped as a managerial tool for local officials to evaluate the possibility and the scope of social protests that might be triggered by large investment projects. In the practical bureaucratic routine of Chinese local officials SSRA (as well as SIA exercises if requested by MDB- or IFC-financed projects) both boil down to ticking social risk assessment checklists to fulfil a compulsory step to secure project approval as quickly and cheaply as possible. As Chinese and international expert critics have argued, without in-depth social analysis, public participation and stakeholder communication, SSRA remains ineffective as a prognostic as well as a risk mitigation and management tool.

China's experience with overseas infrastructure projects (which came not without losses) points in a similar direction: more detailed country research, conflict and compliance management, social risk and impact assessment, information disclosure, grievance redress mechanisms and public participation are necessary to make

[6] A researcher from the Chinese Ministry of Commerce
[7] Myanmar example demonstrates how ignorance regarding ethnic minority conditions led to internal fighting.

infrastructure projects, and their wider impacts, outside China more successful in terms of investment, environmental and social sustainability and international reputation.

The AIIB's Environment and Social Framework (ESF)

What does the establishment of AIIB as a multilateral lender entail for AIIB's conceptual and practical approach to social risk management in its infrastructure lending? We now explore this question through AIIB's self-representation in its Environmental and Social Framework (ESF): what ESF aims to achieve; how it operates within a governance framework; and how it conceptualises social risk. The authors also dip into the first batch of AIIB's project loan approvals, together with the pipeline projects, as real time examples to see how the Bank operationalises the concept of social risk in the early stages of project documentation.

AIIB's Objectives and Governance Framework

AIIB's *Articles of Agreement* (June 2015) set out the Bank's purpose: "to foster sustainable economic development, create wealth and improve infrastructure connectivity by investing in infrastructure and other productive sectors" (Article 1). This means energy and power, transportation and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, urban development and logistics [1]. The Preamble to the Articles views this strategy as the basis for "economic and social development" and "sustaining social development" in Asian economies. This infrastructure-led strategy firmly links AIIB's central development strategy with China's own recent path to growth through infrastructure [17]. Unlike other MDBs AIIB has no explicit poverty reduction overarching mandate, nor concessional window for grants nor concessional loans for poorer borrowers.

AIIB's carefully constructed governance framework comprises the Board of Governors, the Board of Directors, and an International Advisory Team, which advises Senior Management on a part time basis. Unlike most other MDBs, the Board members do not reside in Beijing, so either facilitating them to escape the detail and to focus on strategic directions – or to be challenged in developing effective oversight of Bank operations.

China is clearly the decision-maker. The AIIB [1] Articles of Association, made China the largest shareholder at 26.06%, followed distantly by India at 7.51%. China's share exceeds the US share in the World Bank at 15.02% and 12.04 for Japan's share in the ADB. Whilst China cannot veto project level decisions, it has power to block any major decisions requiring a 75% majority, so giving it veto power over governance decisions [6]. Compared to any other major shareholder in an MDB its veto powers are far greater and it has more control over the appointment of a President (ibid).

The AIIB operates more like a private sector entity than a traditional multilateral development bank in several ways. No formal country strategies and programs identify lending activities. Rather, project proponents present proposals for lending that will be decided on their merits following due diligence by AIIB staff. AIIB intends, occasionally, to apply country standards rather than AIIB safeguard standards intending to strengthen those systems, with unspecified support from AIIB. In such circumstances it is the Client that must gather environment and social data, prepare plans and be

responsible for management and monitoring in accordance with national and international law and agreements made with AIIB. We now turn to the ESF, its objectives, and working method – and its intended social risk focus.

ESF Objectives, Public Consultation Process and Grievance Mechanism

After a wide public consultation process seeking comment on a draft document released in April 2015, AIIB revised and adopted the ESF [2]. The public submissions presented extensive suggestions for improvement based on human rights, sustainability, poverty reduction, legal sanctions and other perspectives. The submissions in some cases evoked parallels with controversial Chinese investments overseas – and noted recent moves in China to limit the activities of foreign NGOs working, amongst others, on environmental and social risks. Others decided to wait and see assuming that it is easier to set environmental and social safeguards in a multilateral setting.

The ESF is intended to help achieve environmentally and socially sustainable development by managing environmental and social risk and impacts. The ESF is a board-approved document which includes a mandatory Policy (ESP); Standards (ESS); an Exclusion List; and a Glossary, all of which will be followed by detailed, mandatory procedures and non-mandatory guidelines and information tools. The ESP aims to integrate "sound environmental and social management into Projects" (ESP 2016 para 1), covering social management comprising a mandatory general policy with three elements, the Environmental and Social Standard for Assessment and Management (ESS1) together with two other mandatory standards: involuntary resettlement (ESS2); and indigenous peoples (ESS3).

The AIIB's ESF shares significant features with the recently revised World Bank ESF [47] in its name, structure, terminology and processes. It similarly binds SIA together with environmental impact assessment in an Environment and Social Impact Assessment (ESIA), raising similar questions on the timing of key social documents and the expertise preparing them. ESS1 presents a detailed method for social risk identification and management, drawing upon the World Bank's ESS1 formulated in parallel with it. The World Bank's ESS1 sets forth elaborate measures for management of social risk – but does not define the term. This leaves social risk as something of a residual category, to be contextualised proportionally according to the project scale, scope, and focus; and to be operationalised, depending upon "a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence" [47]. Scoping for social risk is also essential at the earliest stages in project preparation, to avoid later harm with all that such harm can entail in psychological, social and cultural terms. The AIIB's ESIA and ESS1 is similarly prepared but includes an indicative range of social risks: for vulnerable groups; on gender equity; on land and natural resource access; on fair workforce practice; and on community health and safety. The final version of the ESF released in February 2016 is more streamlined in terms of identifying social *risks* and how to make them manageable on a *project* basis, whilst not yet addressing all earlier public comment raised. A promised document on procedures has yet to be issued.

AIIB's ESS2 (on involuntary resettlement) and ESS3 (on indigenous peoples) follow policies that have spread globally from the World Bank since the early 1980s to most international lending institutions as well as private sector voluntary codes such as the

Equator principles [8]. Although both ESS2 and ESS3 draw upon pre-existing international policies, both were critiqued during the public consultation. For ESS2, where pre-existing policies required initial efforts to "avoid" as well as to "reduce" displacement, as an obvious means of eliminating at the outset one well-documented source of social risks to people affected, the ESS2 had proposed just to "reduce" this social risk [23]. The well-established, overlapping and mutually reinforcing risks for people affected, and methods for their required remediation, are set out in the involuntary resettlement impoverishment risk and reconstruction model [7]. The final ESF draft, however, added the word "avoid" so strengthening potential social risk reduction. Similarly, the ESF proposed, in certain circumstances, to use country E&S frameworks rather than AIIB ESF standard. Public responses urged caution, proposing at the very least a "gap" analysis as per standard international practice, to define more clearly the major risk areas for people affected that would need to be addressed to bring the country ESF up to international standard. "Gap" analysis was required in the final ESF – although many observers doubt that this kind of analysis will bridge the known risks that arise when country frameworks do not recognise or address significant elements of international policy in key dimensions such as laws, regulations, institutional mandates, financial systems, timeframe and planning cycles, expertise and capacity [22, 40]. When impacts were unknown, public responses urged the use of the "precautionary principle" that would prevent any action if the results of that action are unknown [23]. This obvious social risk reducing measure was included in the final ESF – but only for environmental risks.

AIIB's ESP and the 3 ESSs comprise a sequential management approach: screening and categorization for projects; analysis of potential social risks and impacts; actions to avoid, minimise, mitigate, compensate for or offset social impacts. These measures are built into a time-bound and costed management system, with agreements, participative process, monitoring and supervision, with feedback from lessons learned to future projects. Although public submissions recommended separating environmental and social assessments due to different foci, methods and timeframes to produce key documents, the ESP retains a preference for an integrated approach to the process of assessment, given the complex interrelationships of environmental and social risks and impacts in both public- and private-sector projects unless the borrower's legal framework requires otherwise. This raises questions about the quality and timing of social risk scoping, survey and participation prior to loan approval.

AIIB publicly consulted on the design and implementation of its Complaints Handling Mechanism. It has established a Compliance, Effectiveness and Integrity Unit (CEIU) that is independent of AIIB management and its Director General reports directly to the AIIB Board of Directors [5]. This will allow AIIB proactively to "support project compliance and to rapidly solve the problems of people adversely affected by AIIB projects…[and]…help the Bank to continuously learn from its experiences and strengthen its development practice".[8] The two-part consultation

[8] AIIB posting 27 April [3], Beijing. "We are taking a very open and collaborative approach to establishing our complaints mechanism because its design needs to be responsive to the people who will use it," said Hamid Sharif, Director General, CEIU. Following best practices in transparency and accountability, the CEIU timeline will take a two-phased approach to stakeholder consultations, including an indicative timeline for the adoption of the mechanism's procedures. Accessed 2 May 2017 at https://www.aiib.org/en/news-events/news/2017/20170427_001.html.

process provides AIIB with a unique opportunity to build a new model for Complaints Handling and might help AIIB to manage the commonly experienced problem of pushback from the operations department handling project implementation.

AIIB's Inaugural Project Approvals

As a first step to understanding how AIIB addresses social risks in practice, the authors viewed the documentation for AIIB's first batch of 26 loan approvals by the AIIB board, plus 11 pipeline projects still in preparation. Of the 26 project loans approved, most have co-financiers, including other MDBs and the International Finance Corporation, demonstrating the high level of support that AIIB has already secured from pre-existing institutions. Benefits include faster project processing, as AIIB piggy backs on ESF work already done by its co-financiers; and boosted international credentials as AIIB staff work with different co-financiers with a depth of experience in delivering projects to ESF standards.

Geographically, the projects spanned Central, South and South East Asia, and the Middle East, all borrowing countries within the broader BRI geographic arena. Almost all of the Board approved project loans, and all of the pipeline projects, predicted social risks, impacts and opportunities arising through sectors encompassing transport, energy, urban, water and multisector. These social issues included resettlement effects, indigenous people's issues, gender issues, labour and working conditions, cultural dimensions, issues around poverty and vulnerability, and community health and safety, with many projects identifying opportunities to maximise the positive effects of projects.

AIIB assigns project proposals to one of four categories: A, B, C and FI (Financial Intermediary). *Category C* projects have "minimal or no adverse…social impacts" (AIIB ESF: 10). No Category C projects appeared in either the pipeline or the approved list, confirming that social risks need to be addressed, as might be expected, for infrastructure projects with on-the-ground zones of impact, even of a limited kind for rehabilitation work. *Category A* projects have the highest intensity of social risks, impacts and opportunities. The approved Category A projects are all co-financed, with a range of frameworks or plans for the identification, preparation, management, monitoring and evaluation of these social dimensions. Most of the pipeline Category A projects are also co-financed. Category A projects provided some form of social assessment, often linked to environmental assessment in the form of an environmental and social impact assessment (ESIA), and an environmental and social management plan or planning framework (ESMP/F), with monitoring indicators. *Category B* projects, with lesser social and environmental impacts, comprised the largest group amongst the approved projects and addressed social issues with similar, but generally lesser, documents. The social assessment and related instruments varied significantly, reflecting co-financier practices and the less demanding requirements of AIIB for category B projects. In several cases social issues were dealt with as a subset of an environmental process, raising questions of whether they had been adequately prepared by social specialists with appropriate expertise. The *Financial Intermediary* projects were least developed in identifying social risks, impacts and opportunities, partly because the sub-loans to be financed were yet to be selected at loan approval. In the case of FI projects the AIIB delegates the decision making to the FI on the use of funds for selecting, appraising, approving and monitoring Bank-financed subprojects (AIIB ESF: 10 para 13).

One approved FI co-financed project provided detailed guidance for the FI to address the co-financier's ESMF. This project will establish an entire, local government-led system of planning, financing and managing for urban infrastructure in poor areas, with strong community participation. The ESMP/F contains detailed sub-project screening criteria to ensure selection of projects meeting development and poverty reduction targets. In contrast, the other approved FI project, without a co-financier, does not publicly disclose any information to guide the FI Client on decision making in accordance with the ESF, nor to confirm that the FI social requirements were subjected to any due diligence, prior to approval.

Overall, the ESF presents a challenging agenda for the very short time frame between concept clearance and project approval – a short 3 months for most approved projects, leaving some non co-financed projects scrambling to prepare social planning documents, legally-binding outcome indicators, or budgets. AIIB depended on the prior efforts of its co-financiers – but also shared any accumulated project risk. The time frames for pipeline projects seem a little more generous – 6-9 months in many cases. SDGs barely feature in the project documentation presented. Poverty is, however, addressed in many co-financed projects.

AIIB's Social Risk Management in Comparative Perspective

After introducing social risk management in Chinese domestic infrastructure projects as well as in those abroad and examining AIIB's ESF as a policy and an emerging practice of social risk management we now briefly compare AIIB's approach with Chinese guidelines for national projects (SSRA) and for Chinese infrastructure lending outside China (Green Credit Guidelines) to determine whether AIIB's approach exhibits "Chinese characteristics". We then proceed to the question of AIIBs adoption of international standards of social sustainability and whether or not the ESF can be identified as a case of institutional isomorphism.

AIIB's Social Risk Management as Compared to China's SSRA and Green Credit Guidelines

At first glance SSRA may resemble social risk assessment and SIA used by international financial institutions including AIIB's ESF because of a similar vocabulary and overlapping social assessment methodologies. But a closer look reveals that SSRA differs from AIIB's social risk assessment and international SIA as well as from earlier efforts in China to establish a legal and managerial framework for social assessment in investment projects. AIIB's social risk management and SSRA differ in terms of the overall *objective* (helping to achieve socially sustainable development by managing social risks and impacts compared to avoiding social unrest and maintaining social stability in the project area); the main *target group* (project affected people such as those involuntarily resettled instead of local officials preparing decision-making on project approval); and the *procedures* of the exercise (analysing social risks and impacts and preparing mitigation measures for project affected people instead of screening out risky projects to avoid social conflicts).

As has been discussed earlier SSRA's primary aim to avoid social unrest and maintain social stability in China was clearly formulated in the "Interim Measures"

[30]. A "bureaucratic" interpretation (the "overall risk level" approach) stands for the performance of local officials, which intends to avoid social conflicts with project affected people by screening out risky projects and is dominating the implementation practise of the official SSRA documents. But a "social assessment expert" interpretation (what has been called a "problem solving" approach) oriented more towards international social sustainability standards including AIIB's ESF would also be possible from the text of the "Interim Measures". This would focus on identifying, minimizing, mitigating, and managing social risks through the project cycle for project affected people. But the difference between AIIB's ESF social risk assessment and China's SSRA goes further, to the body of knowledge mobilized by the respective information sources and ways of information gathering and utilisation. SSRA calls for limited ex-ante assessments from key stakeholders of the major risks posed by the proposed project; whilst the ESF envisages a process of due diligence, risk categorization, and data collection, together with participatory assessments, as a basis for project design changes to reduce risk. Outputs differ also: for SSRA the output is generally an ex ante social stability risk rating leading to project approval or denial; whilst the ESF output may be a set of time bound and costed design changes or measures to mitigate and manage social risk throughout the project cycle.

We have earlier argued that the Green Credit Guidelines [35] are the most important regulations regarding both China's own national and its international experience with social risk management in infrastructure lending. We further argued that the Guidelines constitute an innovative initiative promoting social risk management systems and procedures for Chinese financial institutions. Whilst the Guidelines' brief definition of social risk management seems to be compatible with AIIB's ESF, since there is neither reporting nor an accountability mechanism for violations, the Guidelines remain toothless. Without implementation Chinese banks abroad are perceived as ignoring the Guidelines as well as the pleas of people negatively affected by their projects.

AIIB's ESF is a significantly more sophisticated format than the Green Credit Guidelines, becoming an entire management system, encompassing social risk categorization as does SSRA, but requiring much more, including comprehensive social assessment and design, management, monitoring and evaluation of measures to mitigate social risks and their outcomes in people's lives; public disclosure of documents; a framework for consultation with people affected recognising that their expressed needs and priorities are often essential to effective social risk mitigation; and grievance redress mechanisms to hear any complaints. In this sense, AIIB's social risk management has far more "international characteristics" than "Chinese characteristics". In the next section we will explore the reasons for this alignment with the pre-existing international order drawing on the concept of institutional isomorphism [11].

AIIB's Adoption of International Standards: A Case of Institutional Isomorphism?

AIIB has learnt much from the pre-existing international order. While the World Bank was established as the original multilateral development institution that was fully consistent with American systems and legal practises and part of a liberal international economic order after World War II, the Japan-led ADB, founded in 1966, became a strong regional lender within the West-led international order, sharing many similar functions with the

World Bank. AIIB can be described as a hybrid institution that borrowed from both these organizations (see [41]: 58,79). In their classical study on institutional isomorphism DiMaggio and Powell [11] have raised the question 'What makes organizations so similar?' In answering this question the authors follow DiMaggio and Powell in differentiating between three mechanisms of institutional isomorphic change: coercive, mimetic and normative. All three mechanisms can be found in shaping the AIIB as a newly established organization as well as in the formulation of its ESF, at least to a certain degree.

Coercive isomorphism has been defined as resulting "from both formal as well as informal pressures exerted on organizations by other organizations upon which they are dependant and by cultural expectations in the society within which organizations function" ([11]:150). Different from the establishment of ADB where the participation of the US was crucially important and which resembles coercive isomorphism, China today is more self-assertive in its relation to the US. When China established AIIB, it was open to all countries including the US and Japan but when they declined to participate it became immediately clear that AIIB could well survive without them. Thus, the founding of AIIB was not a case of coercive isomorphism. But the formulation and public disclosure of AIIB's ESF justify the identification of "coercive isomorphism" because there were many voices from founding member states within AIIB and from international NGOs, professional and United Nations groups and civil society pressing for a stronger environmental and social safeguard for AIIB projects. Since these voices warned of potential reputational risk, the ESF can be seen as a concession to societal expectations and thus as an expression of coercive isomorphism.

Normative pressures are another source of isomorphic organizational change that stem primarily from professionalization. Professionals "exhibit much similarity to their professional counterparts in other organizations" ([11]:152). Similar observations could be made of AIIB which has reached out to recruit high-level professionals from other MDBs. Jin Liqun, the President of AIIB, has worked as an ADB vice president, and as an alternate executive director to the World Bank ([41]:79). Similarly, AIIB's ESF was designed with professional World Bank expertise on the management of environmental and social risks and impacts. Normative isomorphism can therefore be confirmed in terms of the professional knowledge that AIIB has availed not only to establish the bank but also to design its ESF.

Mimetic isomorphism as a third mechanism of institutional isomorphism derives from uncertainty as another powerful force encouraging organizations to model themselves on pre-existing organizations. Modelling, as a response to uncertainty, means that organizations model themselves after similar organizations which they perceive as being more legitimate or successful ([11]:151,152). While not modelled according to one specific organization AIIB nevertheless can be seen as a case of mimetic isomorphism in terms of modelling itself as a hybrid borrowing from World Bank and ADB to gain legitimacy in the field of MDBs [41]. The ESF's conceptualisation of social risk in the long-standing pre-existing international policy mould of involuntary resettlement and indigenous peoples is striking; whilst the remaining, recently introduced, partly filled, partly "residual" category that is highly elaborated in management method, in the manner of the new World Bank ESS1, justifies also the label "mimetic isomorphism".

As has been argued above AIIB's practices of social risk assessment and management may diverge from its policy on paper. But such a divergence between policy and practice has been in itself shown as an outcome of institutional isomorphism. As

DiMaggio and Powell presented their typology of three mechanisms of institutional isomorphic change as an analytic one, they did not rule out that "the three types intermingle in empirical setting, they tend to derive from different conditions and may lead to different outcomes." ([11]:150; see also [4, 36]).

In conclusion, the authors identified differences between AIIB's social risk management as provided in its ESF and China's SSRA on the one hand, and China's Green Credit Guidelines on the other. The objectives of AIIB's social risk management and SSRA differ, as do the core values which underpin these varying methods for social risk assessment, the principles which drive them, the ways they mobilize information, the way they define key agents and participants and their interactions, all of which shape the method by which they proceed and ways in which they are embedded or not in planning cycles and processes. These factors determine also the achievement of outcomes. The Green Credit Guidelines match the overall scope and objective and the main target groups of AIIB's ESF but the suggested rules lack detailed procedures and accountability mechanisms. While in favour of developing systems and capacity for social risk management, the Guidelines leave much to be desired for an effective policy and implementation.

Overall, and compared with social safeguard policies of other MDBs, AIIB's social risk management exhibits more "international" than "Chinese" characteristics. This finding leads to the question of China's possible motives for accepting institutional isomorphism in case of AIIB and its ESF. While China has already integrated into a wide range of institutions and regimes of the international order it does so – as do other states – by opposing and working around some areas and supporting and participating in others. As a rising power China has a genuine interest in initiating the founding of an institution as a new instrument of statecraft to build multilateral influence within the Asian region and across the wider international system areas ([21]:6,8). This interest comes from several sources, including (1) providing an alternative multilateral institution (particular for emerging market economies and developing countries) vis à vis existing MDBs; (2) the opportunity to cooperate closely with other MDBs on its own terms, rather than on less advantageous terms as a relative latecomer as China is to the pre-existing MDBs and other relevant international financial institutions; (3) strengthening China's international position; (4) insulating from bilateral political tensions by multilateralizing financial decisions - countries in Asia may be more accepting of financing coming from a multilateral institution (even if China-led) than directly from China ([6]:117; [21]:10,11). As a truly multilateral institution AIIB will have to deal with social (and environmental) issues not only in terms of a reputational risk but also as an intrinsic part of the bank's managerial responsibility. In this sense, the founding of AIIB dovetails neatly with China's expressed intention to transform its economic system with qualitative growth gaining in importance. In the next section we consider recent debates on risks and risk management approaches related to China's BRI trying to better understand what role AIIB's ESF could possibly play in shaping social risk management approaches within AIIB's Asian infrastructure financing including the BRI.

AIIB's Social Risk Management and the BRI: Three Scenarios

Establishing the BRI and AIIB in 2015 led China into a third stage of its growth-by-infrastructure strategy, which differs from the two earlier stages not only because of its

gigantic scope but also because of the ambitions, the complexity and the uncertainty of the BRI. President Xi Jinping in 2013 introduced the BRI to improve free trade relations and connectivity between China, Europe and Asia, as well as providing a platform for China to boost growth by exporting its capital, technology, and capacity to other countries. China's NDRC in March 2015, announced an intention to improve connectivity in five areas: policy, infrastructure, trade, currency and people. Developing transport infrastructure (roads and railways, ports and airports), has priority, while other areas of focus include connectivity of energy infrastructure and construction of communication line networks and IT infrastructure. The basic document of the BRI, the "Vision and Proposed Actions Outlined on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road" (NDRC et al. 2015) became a master narrative of Chinese politics ([15]:33), connecting internal and international development strategies.

Whilst AIIB has the mandate to finance non BRI projects in Asia it is connected to the BRI in several important ways. First, President Xi Jinping instructed policymakers that the 'primary task' of the AIIB is to provide capital for belt and road initiatives [48]. AIIB represents an important source of multilateral financing that, whilst not restricted to the BRI, can certainly be (and is now already being) used where needed to complement the proposed bilateral financing for BRI, even if AIIB's finance constitutes only a small proportion. Second, both AIIB and BRI share a focus on infrastructure. Third, AIIB as a unique new, China led MDB is strategically placed to influence the BRI banks and financiers in a practical way. Fourth, the AIIB's co-financing keeps other MDBs linked to the BRI at least whilst financing BRI projects. What then would be the prospective role of social risk management in AIIB funded infrastructure projects along the Belt and Road beyond its project by project impact? To understand better the challenges and potentials that may arise from different social constructions of the BRI we will introduce three scenarios of framing the BRI differently and discuss the respective consequences for interpreting the role of AIIB's social risk assessment and management in relation to the BRI.

(1) Wang Yiwei, author of an officially endorsed book on China's role in the BRI praises the BRI for bringing the benefits of the China Model across the world, highlighting benefits of infrastructure such as high speed trains, nuclear power and production lines ([45]: 73,74). Structuring his book in accordance with the "Vision" (NDRC et al. 2015), Wang presents risks of the BRI, namely, political, security, economic and moral risks, which threaten the five factors of BRI connectivity. Somewhat schematically he sees policy communication as threatened by political risks, road connectivity as threatened by security risks, unimpeded trade and monetary circulation as threatened by economic risks and the understanding between peoples as threatened by moral risks (ibid: 80,81). Interestingly, environmental risks are discussed elsewhere as non-traditional security threats (ibid: 89,90), a section which also includes natural risks, maritime security risks, the threat of extreme forces – and the threat of nongovernmental organizations. Wang argues that Western NGOs might accuse China of plundering resources or damaging the environment of countries along the Belt and Road and mobilize "the masses" to protest or boycott. In countries with weak political stability, so his argument goes, this situation might escalate "into large-scale

unrest and color revolution" (ibid:93; [43]:115). This argument accords with the SSRA approach in framing social risks and conflicts arising from the BRI mainly as security risks to be solved by some kind of public security management; whilst framing NGO's activities as security threats. This line of thinking seems to follow China's new law on foreign NGOs in China under the administration of the Ministry of Public Security – with the difference that the author is talking about countries outside China. In this perspective social risks and impacts of infrastructure projects are just ignored, and the social costs externalized to people affected. Broadly this approach envisages the BRI as a "Chinese model" supporting a combination of economic growth protected by public security measures to avoid social turmoil.

(2) Also using the concept of a "China Model" but framing it from a quite different perspective, Francis Fukuyama discerns two "competing development models", comparing the BRI as a new China model based on "massive state-led investments in infrastructure – roads, ports, electricity, railways and airports – that facilitate industrial development" with the current US and European development strategy which centers on "large investments in public health, women's empowerment, support for global civil society and anti-corruption measures" [13]. In this view, the China model worked well for China's growth because China could control the political environment whilst addressing any opposition among minority groups with "denial and repression" (ibid). Fukuyama predicts that Central Asia will be at the core of global economy and China's authoritarian form of government will gain immense prestige implying a large negative impact on the democratic world. In this approach the BRI stands for a competing "China Model" characterized by a combination of economic efficiency and political authoritarianism thus posing a political challenge or risk to liberal democracies.

Despite their significant differences both these scenarios described above converge in focusing on the BRI as an economic growth machine marginalising social sustainability standards, and on imagining AIIB as providing cheap infrastructure projects by cutting mitigation or social and environmental costs when lending to clients along the Belt and Road.

(3) A third line of thinking aligns the BRI with the UN SDGs to remake infrastructure projects along the Belt and Road socially more sustainable.[9] UNDP, together with the China Center for International Economic Exchanges (CCIEE), published the 2017 Global Governance Report highlighting the BRI's potential as a game changer in global economic governance towards sustainable development, suggesting that partner countries follow their own national SDGs implementation plans to engage in the BRI. The BRI would, thus, not only contribute to basic infrastructure, regional development, connectivity and industrialization but could trigger sustainable transformation of countries along the Belt and Road with poverty reduction, environmental sustainability and inclusive social development

[9] During the first official Belt and Road Forum for International Cooperation in Beijing (May 14–15, 2017) UNDP and the Chinese government, represented by NDRC, signed an Action Plan for the BRI focusing on information exchange and coordinated policies.

at its core [39]. Considering the prospects and security implications of EU-China cooperation on the Belt and Road a joint publication by the Stockholm International Peace Research Institute (SIPRI) and German Friedrich-Ebert-Foundation (FES) suggests that given the emphasis both sides have on the UN, cooperation with countries along the Road and Belt would be a way to achieve common SDGs [14]. Since 2015 many articles have been published on the BRI[10] but few take up the question of social risk management. An exception, Balazs Horvath conceptualises social risks as "lack of social acceptance or inclusiveness of the project; inadequate regard for labor and working conditions, community, health, safety, security, indigenous people's rights, cultural heritage, land property rights and rules of … resettlement" ([20]:11, Table 2). To manage these and other BRI-related risks Horvath suggests coordinated action. Linking BRI projects to SDGs from the outset could mitigate social risks while delivering positive development outcomes, upgrading infrastructure and structural transformation. Such an endeavor would substantially boost the integration of sustainable thinking into the decision-making processes of all BRI stakeholders ([20]:12).

AIIB's social risk management, together with the SDGs, could contribute to make sustainability a core focus of the BRI. Aligning risk mitigation with SDGs bestows a clearer focus on project selection in line with global sustainability priorities. Legally enforceable outcomes for certain social groups and individuals can be prepared according to sociological variables such as gender, disability, vulnerability, poverty status. A sustainable development objective for those people involuntarily displaced and affected indigenous peoples would allow not just "restoration" of livelihoods but their enhancement, especially for vulnerable people. Realising this idea needs multi-level policy coordination and policy coherence: social risk assessment and social risk management as part of the infrastructure project management routine on the project/local level; national SDG action plans, social policies and legislations at the national level; SDG 2030 Agenda and emerging social policies at the regional/global level. In this scenario AIIB's social risk management could play a critical role in making infrastructure projects socially more sustainable and thus raising the international reputation of the BRI. During the 13th National People's Congress in March 2018 the establishment of a new Chinese International Development Cooperation Agency directly under the State Council was announced. It remains to be seen whether the new agency will confirm this optimistic line of thinking.

Conclusion

The examination of AIIB's approach to social risk management has shown significantly stronger alignment with long standing social safeguard policies of pre-existing MDBs, together with the World Bank's new ESF approach, than with China's domestic and

[10] The Chinese database „China Academic Journals" (China National Knowledge Infrastructure CNKI) shows 3477 Chinese journal articles on the BRI (*yidai yilu*) between 2014 (14) and 7/2017 (969); 2015:834; 2016: 1660. For the same time frame and the key word "Belt and Road" the data base Scopus comes up with 622 journal articles and "New Silk Road" comes to 191 hits.

international experience with social risks and their management (or lack thereof). The similarities between AIIB and its ESF with those of pre-existing MDBs suggest identification of institutional isomorphism, in terms of coercive, normative and mimetic isomorphism. In this sense social risk management at AIIB is being predominantly shaped by international instead of Chinese characteristics. But this finding reflects the complexity and dynamics of evolving social sustainability standards related to Chinese infrastructure investments at home and abroad only to a certain degree.

SSRA as a tool predicting social risks in order to reject riskier projects before approval and avoid social unrest barely represents the range of social assessment guidelines, sector regulations, practises and experiences that have developed over the last twenty years in China. Although limited compared to environmental discourses this ongoing discourse features strong voices promoting a broader concept of social risk assessment and management as part of the infrastructure project management targeting project affected people, particularly the vulnerable groups among them. Competing paradigms of social risk management have become part of China's experience (and strategy) of growth through infrastructure.

The argument that the "China model" could provide cheaper and faster infrastructure by neglecting social (and environmental) dimensions and by just suppressing any opposition cannot be sustained by the practical experiences with Chinese infrastructure investments inside and outside China. On the contrary, the Chinese experience shows very clearly that ignoring social risks might trigger broader social unrest, with high social and political costs. China's experience with social risk management in a growth-by-infrastructure strategy provides a practical learning process about the severe consequences of externalizing social costs, so justifying measures to make infrastructure investments socially inclusive and sustainable. Thus, our examination of whether AIIB's social risk assessment exhibits more international or Chinese characteristics led to the underlying question of how to strengthen social sustainability in the BRI and AIIB's potential contribution to this effort.

The call to align with the SDGs could bring increased international confidence on project selection, social risk assessment method and outcomes measured against the SDGs of poverty, food security, health, education, gender equality and empowerment, employment and fair work conditions, inclusive and sustainable growth and resource use. AIIB has shown foresight and purpose in crafting an ESF that has helped to mobilise more than 80 countries to participate in the AIIB. Whilst it falls short of all expectations, expressed during the public consultation, it forms a workable basis for international and local engagement in social sustainability issues, co-financing with pre-existing MDBs and a method for identifying and addressing social risks and impacts that has been, to some extent, tested in international terrain. There is much to learn from the experiences of AIIB's co-financing partners in achieving, or not achieving, the envisaged outcomes in longstanding policies on involuntary resettlement and indigenous peoples in particular (for example, see [22]).

AIIB may wish to consider going one step further proactively to enhance outcome achievement. This could include, for example, by increasing knowledge-based learning in a practical way by making extensive use of independent panels at the project level; building knowledge management based on outcome analysis; demonstrating a dynamic learning program with transparent public disclosures; and strengthening feedback to policy and practice. Adopting social outreach programs and extending benefits,

especially amongst hard to reach vulnerable groups, could build local support for projects in tangible ways, and help bring enhanced benefit to impacted people. Performance in managing social risks could be boosted by taking accelerated rapid steps to build social risk understanding and capacity amongst clients and partners; supporting sociologically appropriate risk identification and management methods rather than bundling social risks in with, or tacking them onto, environmental assessments; and building country frameworks and capacity for ESF processes. All of these measures could help reduce social risks and boost social gains in tangible ways for people affected by AIIB projects.

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