

2022  
**AIIB  
ANNUAL  
REPORT**



ASIAN INFRASTRUCTURE  
INVESTMENT BANK

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# 2022 AIIB ANNUAL REPORT



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# 01



## WHO WE ARE AND WHAT WE DO

We are a multilateral development bank (MDB) based in Asia, with an international membership. We began operations on Jan. 16, 2016, with 57 founding Members (37 regional and 20 nonregional). As of Dec. 31, 2022, we have 106 approved Members (92 ratified and 14 prospective; 51 regional and 55 nonregional) representing approximately 81% of the global population and 65% of global gross domestic product. We are self-governing, rules- and treaty-based, and rated AAA with preferred creditor status.

## OUR MANDATE

Our **VISION** is a prosperous Asia based on sustainable economic development and regional cooperation.

Our **MISSION** is *Financing Infrastructure for Tomorrow*. By investing in sustainable infrastructure, we unlock new capital, new technologies and new ways in which to address climate change and connect Asia and the world. We will achieve this by working in partnership. By being agile and adaptable, the Asian Infrastructure Investment Bank (AIIB) will meet client needs and operate to the highest standards.

# FROM OUR PRESIDENT AND CHAIR OF THE BOARD OF DIRECTORS

The year 2022 was fraught with challenges: rising interest rates in major economies, the continued disruption of global production chains, as well as the lingering effects of the coronavirus (COVID-19) pandemic, geopolitical complications, and the ever-increasing havoc wrought by climate change, to name just a few. All these challenges have posed formidable challenges for our Members, clients, beneficiaries, communities and the Asian Infrastructure Investment Bank's (AIIB or the Bank) own operations.

These myriad challenges have tested and reaffirmed the integrity of AIIB's clear strategic vision. Our Corporate Strategy, adopted in 2020 upon the approval by the Board of Directors, provides a framework for guiding and carrying out the delivery of our mission to finance infrastructure for tomorrow. Two years into the implementation of this strategy, the management and the staff have consistently demonstrated their deep understanding of AIIB's thematic priorities<sup>1</sup> and effective delivery on the ground in an effort to translate the strategy into tangible development results for our client Members. Guided by our Board of Directors, we at AIIB have continued to work with our client Members to tackle development challenges through the five strategic pillars that guide our actions.





In 2022, we ramped up our efforts to realise our Corporate Strategy targets of 50% of overall approved financing for climate mitigation and adaptation by 2025, 50% share of private sector financing by 2030, and 25% to 30% cross-border connectivity financing by 2030. In 2022, we made great strides toward achieving full Paris Alignment of our new financing operations and, in fact, realized this commitment on July 1, 2023.

AIB's climate financing in 2022 amounted to USD2.39 billion, or 56% of total approved regular financing,<sup>2</sup> up from 48% in the previous year and surpassing our 2025 target. Of the total climate financing, climate mitigation projects account for 81%, with the remaining 19% being adaptation finance.<sup>3</sup> Despite adaptation ranging between 15-20% annually, we have increased total adaptation from USD557.6 million in 2017 to a cumulative USD3.3 billion in 2022. As an infrastructure bank, the imperative to provide finance that strengthens the resilience and adaption of infrastructure presents opportunities to develop new dedicated financial structures, which will bolster AIB's climate adaptation agenda.

We have taken the necessary and significant efforts needed for the full operationalization of our commitment to realize Paris Alignment. This is a valuable opportunity to focus our Bank's limited resources on areas that add value to our Members' domestic and international climate pledges. We are working closely with our peer multilateral development banks (MDBs) to develop the joint MDB approach for Paris Alignment assessment and finalize the joint approach for indirect lending operations (including those through financial intermediaries).

Due to a volatile external operating environment in 2022 that affected project approval

timetables, AIB's financing for cross-border connectivity projects declined 20% from the previous year. Cross-border connectivity financing amounted to USD550 million, or 13% of total approved regular financing volume. The transport sector received the largest share of cross-border connectivity project financing. At the same time, digital infrastructure and the energy sector also registered an increase, with some funded through financial intermediary instruments.

The Bank's private sector financing in 2022 amounted to USD1.69 billion, or 39% of total approved regular financing, a substantial increase from 26% in the previous year. The Bank has been actively originating the private sector pipeline, executing high-quality transactions, while implementing a distinctive, efficient client experience.

The year 2022 holds many accomplishments of which we are proud, including the expansion of our membership and the provision of financing to new client Members. AIB's total project portfolio at the end of 2022 numbered 202 projects. Of the 42 projects approved this year, there was an even split between sovereign and non-sovereign lending. Our membership grew to 106 as we welcomed Mauritania as a prospective Member, while four others also completed the membership process and became full Members of AIB. We have invested in 33 of our 106 Members, 16 of them in 2022, and approved projects in Côte d'Ivoire and Brazil for the first time.

Our Corporate Strategy requires that all of the Bank's investments across infrastructure and other productive sectors must add value through one or more of the four thematic priorities. In 2022, of the total number of regular financing projects, 90% were aligned with our Green Infrastructure

<sup>1</sup> Our four thematic priorities set out in the Corporate Strategy are Green Infrastructure, Technology-enabled Infrastructure, Connectivity and Regional Cooperation, and Private Capital Mobilization.

<sup>2</sup> AIB calculated its 2022 climate financing share excluding financing approved through the COVID-19 Crisis Recovery Facility.

<sup>3</sup> AIB tracks its climate finance using the joint MDB climate mitigation and adaptation finance tracking methodologies. Five percent of AIB's climate adaptation finance had dual benefits of mitigation and adaptation.

thematic priority, while 48% were aligned with the Technology-enabled Infrastructure, 29% were aligned with the Connectivity and Regional Cooperation, and 45% were aligned with the Private Capital Mobilization.

In particular, I would like to highlight the sterling achievements of AIIB staff in mobilizing private capital for infrastructure. By leveraging AIIB's own balance sheet and our strong network of institutional investors and development partners, promising advances have been made in promoting infrastructure as an asset class. In 2022, we reported a total of USD2.4 billion in private capital mobilization,<sup>4</sup> up from USD1.3 billion in 2021, through private equity fund investments, loans and intermediary financing projects.

Many of our Members were affected by various crisis in 2022 and we have done our best to support them in their moment of greatest need. Early in February 2022, we extended our COVID-19 Crisis Recovery Facility until end-2023, with a more focused approach and scope of financing, to sustain the Bank's support to our Members in their efforts to overcome their most pressing pandemic and recovery challenges. The extension comes with an increase in its financing volume, bringing our total Facility financing to USD20 billion, up from USD13 billion. There were 11 projects financed under the Facility in 2022, four of which were vaccine financing projects for Cambodia, Côte d'Ivoire, India and Türkiye.

We have been working diligently to meet our clients' short-term needs while holding true to the goals of our Corporate Strategy. We have added new tools to our toolbox to better support our Members, including a newly introduced Results-Based Financing modality approved by the Board in September 2022. These new instruments allow more synergies with our MDB partners at times when the multiple crises affecting many of our Members are also stretching the capacity of the MDB system to respond.

Our effort to introduce a Special Fund Window, created in May 2020, that assists lower income by with loan interest buy downs is bearing fruit. As of Dec. 31, 2022, two vaccine financing projects, in Cambodia and Côte d'Ivoire respectively, benefited from USD9.95 million of special fund resources. In light of the clear additional value of the Special Fund Window to serve the needs of less developed Members in the region, the Board approved the extension of the SFW-Facility as a regular instrument for AIIB's financing to low-income Members in March 2022.

As we pursue our growth phase, we will continue to make strategic choices as a project finance bank with a business model based on multilateralism, partnerships and mobilization. The newly established Operational Partnership Department and the first overseas hub under our Global Presence approach will, over time, increase the breadth and depth of our partnerships, helping us stretch the impact of limited resources further.

Gender equality constitutes an integral component of the Bank's development mandate. The Corporate Strategy elaborates on the Bank's intent to improve gender equality outcomes in Asia by translating gender considerations into actual implementation within the projects financed by the Bank. To better operationalize our gender equality approach, we took stock of the extent to which gender considerations were integrated into AIIB's policies and portfolio, with the intent of aligning squarely with the Bank's peer institutions and other development partners to showcase our firm commitment to gender equality in both our policies and our practice. The gender review was presented to the Board in June 2022 and identified areas for further progress in effectively achieving gender equality, including the need to build up staff capacity and develop an operational approach for gender.

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<sup>4</sup> Private capital mobilization amount is reported based on project commitment instead of approval. The 2022 reported private capital mobilization amount included projects approved in previous years. The data is provisional until the submission to the joint MDB group by June 2023.

In addressing the challenges of 2022, the Management put a premium on maintaining regular and direct interaction with our Members, clients and stakeholders for enhanced mutual understanding. Now that the Covid-19 pandemic is behind us and travel restrictions have lifted, we are enjoying greatly increased opportunities for in-person communication with all of our stakeholders in various forms, bringing us closer together for essential exchange.

I am very proud of our staff who remain steadfastly focused on delivering the Bank's services with integrity and a high sense of responsibility. Being part of AIB requires commitment and dedication, and staff exceeded the expectations placed on them. AIB's achievements in 2022 would also not have been possible without the guidance of our Board of Directors, whose strategic oversight and direction to the Bank's Management team are most invaluable. The Board's efficiency and effectiveness, and their unqualified support for the Management team, are vitally important for AIB's governance and is the foundation of our ambition to be an MDB for the 21st century.

In 2023, we will focus on supporting our Members' sustainable recovery, building strong client relationships, strengthening the quality of our investment operations, bolstering our financial sustainability and strengthening the institution and the AIB Way.

The 2022 Annual Report is an opportunity for us to share our vision and provide our perspective on the Bank's performance and progress toward its Corporate Strategy goals. I would like to share our story with you and invite you to join us as we continue to grow and finance Infrastructure for Tomorrow.

**JIN LIQUN**

President and  
Chair of the Board of Directors

# FROM OUR BOARD OF DIRECTORS

2022 was a year of important milestones for the Asian Infrastructure Investment Bank (AIIB). In a challenging global environment marked by a wide range of uncertainties that severely disrupted economic activity, our Bank continued to display steadfast resilience, providing our Members with swift and much needed financing in support of transformative projects in infrastructure and other productive sectors. As of Dec. 31, 2022, AIIB had invested USD38.81 billion in 202 projects in 33 economies, impacting the lives of millions of people in Asia and beyond. These achievements would not have been possible if not for the Bank's strong financial position, prudent risk management policies and its shareholder support, which continue to be reflected in our AAA rating affirmed by major credit rating agencies.

Throughout the year, the Bank consistently demonstrated its commitment to sound and exemplary governance. In its quest for continuous improvement, Directors discussed and approved the Revisions to the Regulation on the Accountability Framework, as part of a package to enhance Board efficiency and strengthen the governance of AIIB. This package, and the roadmap for its implementation, which was developed by Management at the request of Directors, introduced several measures, including the strengthening of Management reporting

## PRESIDENT AND CHAIR OF THE BOARD OF DIRECTORS



Jin Liqun

## VICE PRESIDENT AND CORPORATE SECRETARY

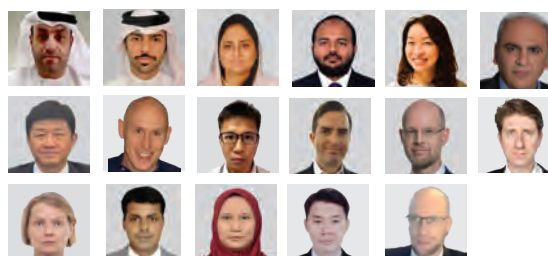


Ludger Schuknecht

## DIRECTORS



## ALTERNATE DIRECTORS



### (FIRST ROW FROM THE TOP, LEFT TO RIGHT)

Abdulmuhsen S. Alkhalaf (Saudi Arabia), Mehmet Alper Batur (Türkiye), Ishwori Prasad Aryal (Nepal), Pavel Snisorenko (Russia), Zhijun Cheng (China), Ahmed Kouchouk (Egypt)

### (SECOND ROW FROM THE TOP, LEFT TO RIGHT)

David Osborne (Australia), Stefan Denzler (Switzerland), Fabrizio Costa (Italy), Manisha Sinha (India), R.M.P. Rathnayake (Sri Lanka), Kyunghee Kim (Korea)

### (THIRD ROW FROM THE TOP, LEFT TO RIGHT)

Adel Al Hosani (UAE), Mohammed Abdullah Al Hashimi (Qatar), Nasira Batool (Pakistan), Mohamed laad Hameed (Maldives), Sukmeena Bhasavanich (Thailand), Kourosh Taherfar (Iran)

### (FOURTH ROW FROM THE TOP, LEFT TO RIGHT)

Bin Han (China), Martin Tabi (Canada), Ian Wong (Singapore), Mark Collins (United Kingdom), Styrkär Hendriksson (Iceland), Camillo von Müller (Germany)

### (FIFTH ROW FROM THE TOP, LEFT TO RIGHT)

Minna Aaltonen (Finland), Prasanna V. Saliyan (India), Era Herisna (Indonesia), Phanomphone Keovongvichith (Lao PDR), Eyal Medan (Israel)

Not in photo: Nurussa'adah Muharram, Alternate Director, Brunei Darussalam

to the Board, the empowerment of Board Committees and increased project approval delegation to the President. This reform agenda is ultimately designed to allow the Board to better undertake its strategic oversight function.

From an operations standpoint, the Bank continued to make progress toward the achievement of its Corporate Strategy's ambitious targets of directing 50% of overall approved investments toward climate finance by 2025, reaching a 50% share of private sector financing by 2030, and achieving 25% to 30% cross-border connectivity financing by 2030. As part of these efforts, the Board of Directors approved the establishment of an Interim Operational Hub, the Bank's first overseas office in Abu Dhabi, with the aim of strengthening client relations and business development, project implementation and monitoring, and the Bank's market position. This Interim Operational Hub will be instrumental in the years ahead as AIB strives to diversify its business portfolio, expand its pool of clients, and better respond to the growing demands of our Members.

The Board of Directors also approved relevant operational strategies and policies, including the Energy Sector Strategy (ESS) Update and the Update to the Operational Policy on Financing (OPF). Both policies and strategies benefited from extensive engagement with a wide array of stakeholders, ranging from Board members, Bank staff, experts, public and private sector clients and civil society organizations. The ESS Update is centered around Sustainable Development Goal 7 and the Paris Agreement. As such, it contributes to addressing climate change and supporting our Members' clean energy solutions,

while clearly excluding any financing of coal and projects functionally related to coal. The Update to the OPF, for its part, introduced Results-based Financing (RBF) in the range of financing modalities offered by the Bank, with the ultimate aim of better responding to clients' needs and achieving the Corporate Strategy's targets.

Partnerships were central to the Bank's work and success in 2022, and we consolidated our position as a partner of choice in the multilateral development bank community through our responsiveness and delivery. While we pursued the expansion of our standalone portfolio, we continued to leverage cofinancing and partnership opportunities and to strengthen international engagement with a range of stakeholders. Our Bank's participation at the United Nations Climate Change Conference of the Parties (COP27) was an opportunity to reaffirm our commitment to climate finance and was marked by the signing of several important cooperation agreements. Held under the theme of "Sustainable Infrastructure Toward a Connected World", the 2022 Annual Meeting of the Board of Governors – the Bank's flagship event – also provided an opportunity to engage partners, business leaders, civil society organizations and experts from a range of fields on topics of mutual interest, with a focus on infrastructure's crucial role in supporting recovery, growth and connectivity.

Looking ahead, we remain more than ever committed to continue supporting our Members in their journey toward sustainable economic development and look forward to further strengthening our collaboration with partners to achieve this objective.

# 2022 FINANCIAL SNAPSHOT

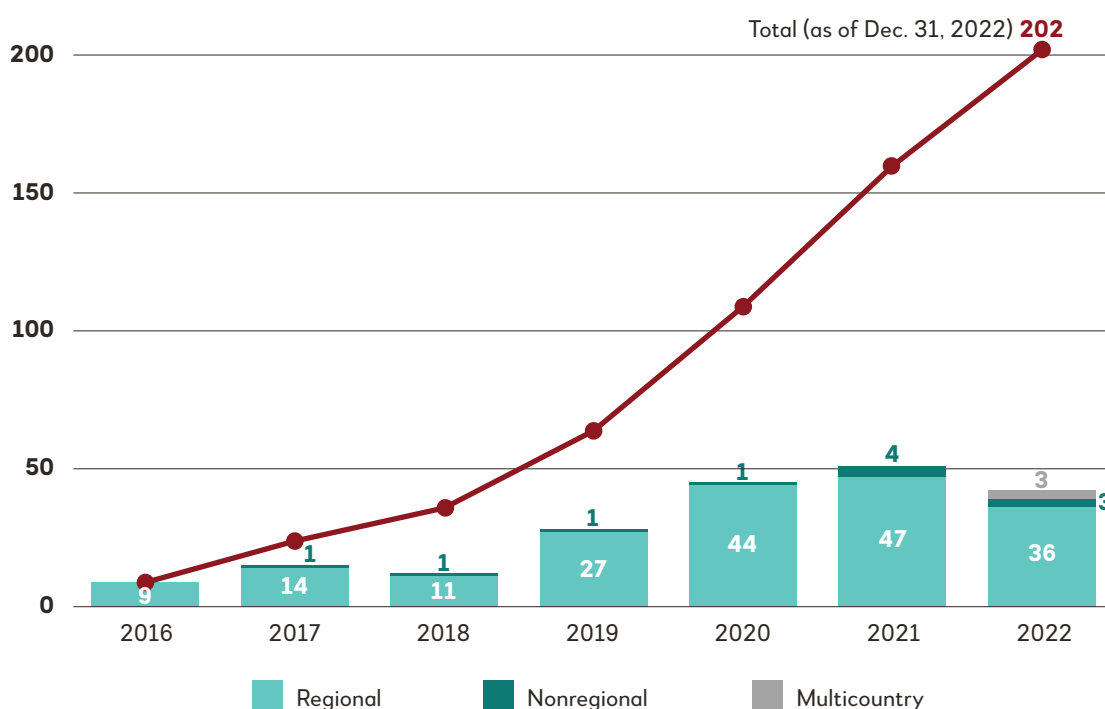
Cumulative Data from 2016 to 2022

## APPROVED PROJECTS, 2016–2022

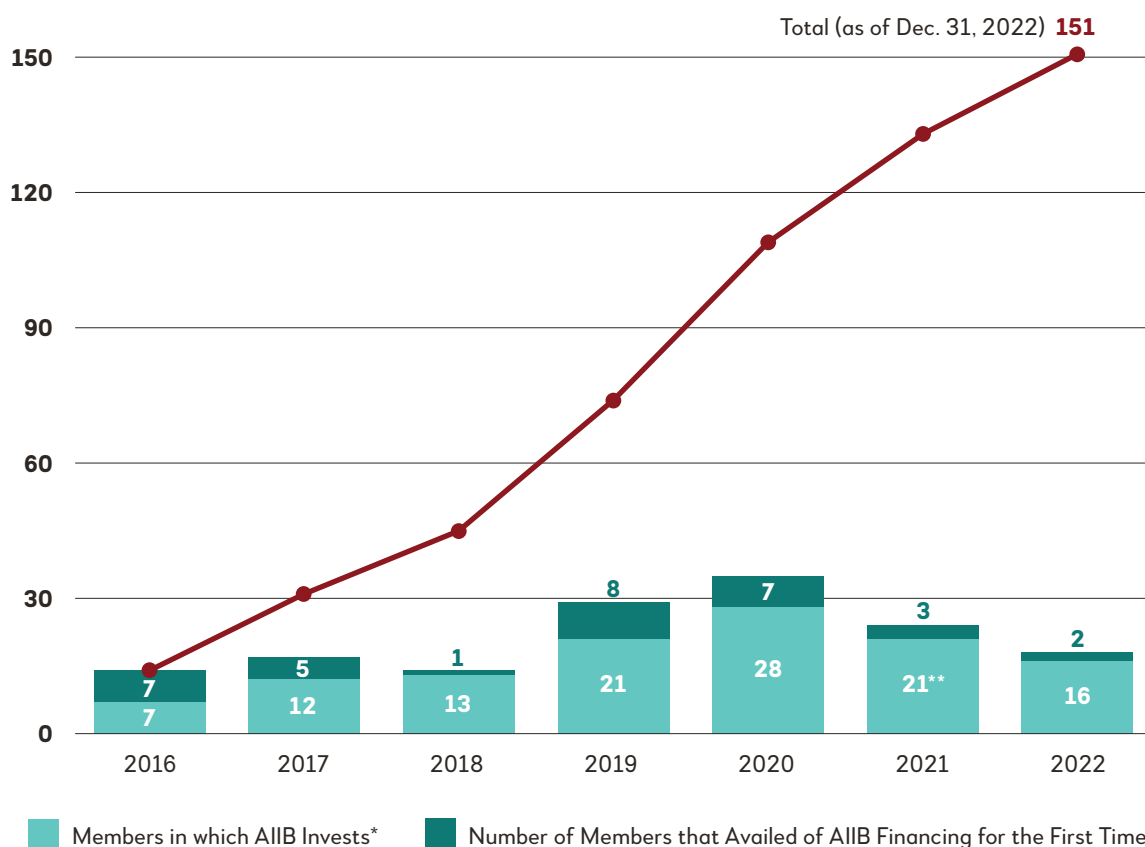
YEAR	ANNUAL APPROVALS	TOTAL AMOUNT OF SOVEREIGN-BACKED FINANCING (IN USD MILLION)	NUMBER OF SOVEREIGN-BACKED FINANCING PROJECTS	TOTAL AMOUNT OF NONSOVEREIGN-BACKED FINANCING (IN USD MILLION)	NUMBER OF NONSOVEREIGN-BACKED FINANCING PROJECTS*
<b>TOTAL (as of Dec. 31, 2022)</b>	202	30,615.4	127	8,192.8	75
2022	42	4,945.4	21	1,860.5	21
2021	51	8,015.4	32	1,823.5	19
2020	45	8,669.5	33	1,311.0	12
2019	28	3,091.1	15	1,555.7	13
2018	12	2,593.4	8	710.0	4
2017	15	1,590.6	10	912.1	5
2016	9	1,710.0	8	20.0	1

Note: Sovereign-backed and nonsovereign-backed financing is defined in the AIIB Operational Policy on Financing.

## APPROVED PROJECTS, REGIONAL OR NONREGIONAL, 2016-2022



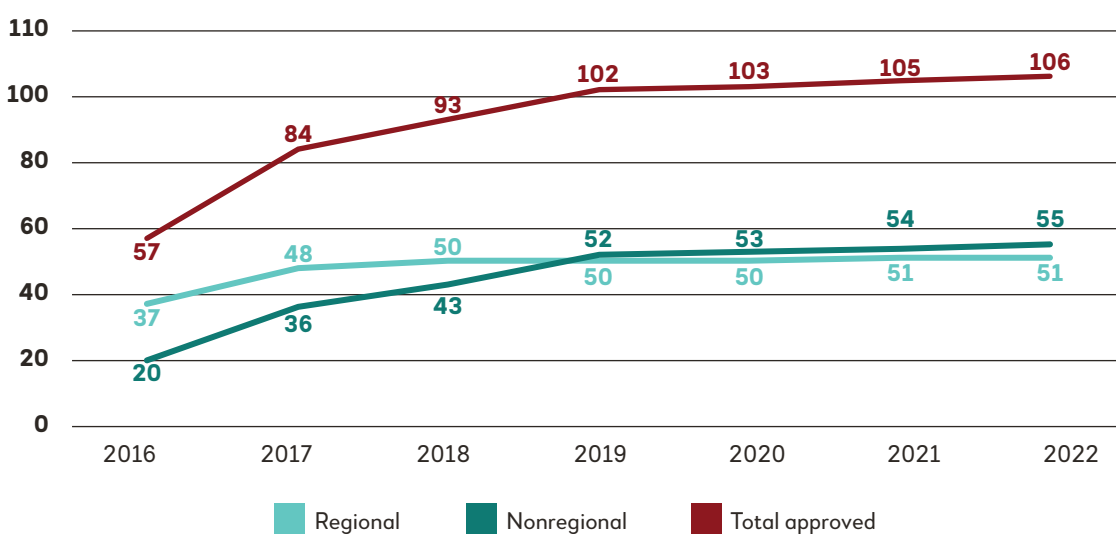
## NUMBER OF MEMBERS IN WHICH AIIB INVESTS, 2016-2022



\* = Represents actual Members, and excludes projects classified as 'Multicountry'

\*\* = Updated to reflect change in methodology















## MEMBERS



Note: Figures are aggregated and include full AIIB Members and approved Members. As of end-2022, AIIB's full membership totals 92 Members, with 14 more that have either signed the AIIB Articles of Agreement (pending ratification), or whose membership applications have been approved by the Board of Governors, pending their ratification of the AIIB Articles of Agreement, or required payment for their subscribed capital stock of the Bank (commonly known as Prospective AIIB Members).







## PROJECTS BY SECTOR, 2016-2022

AIB updated its sector classification in June 2022 to better reflect and align with AIB's evolving business focus and strategies. The figures below reflect the updated sector classifications.

 YEAR	2016	2017	2018	2019	2020	2021	2022	TOTAL (as of Dec. 31, 2022)
 TOTAL	9	15	12	28	45	51	42	202
 ENERGY	4	6	3	10	4	9	8	44
 TRANSPORT	4	3	3	4	5	6	8	33
 WATER	-	2	3	3	3	2	2	15
 MULTI-SECTOR	-	2	2	6	1	6	13	30
 URBAN	1	1	1	2	2	6	-	13
 DIGITAL INFRASTRUCTURE AND TECHNOLOGY	-	1	-	1	3	3	-	8
 RURAL INFRASTRUCTURE AND AGRICULTURAL DEVELOPMENT	-	-	-	1	-	-	-	1
 EDUCATION INFRASTRUCTURE	-	-	-	-	-	1	-	1
 HEALTH INFRASTRUCTURE	-	-	-	-	-	-	-	-
 OTHER PRODUCTIVE SECTOR	-	-	-	-	-	-	-	-
 OTHERS	-	-	-	1	-	-	-	1
 COVID-19 CRISIS RECOVERY FACILITY	CRF-PUBLIC HEALTH	-	-	-	8	6	4	18
	CRF-FINANCE/LIQUIDITY	-	-	-	-	7	2	15
	CRF-ECONOMIC RESILIENCE / POLICY-BASED FINANCING	-	-	-	-	12	5	23

Notes: Key changes to the sector reclassification are: (1) removal of 'Finance' as a sector and introduction of a Multi-sector' category. Intermediary finance projects, previously classified under the 'Finance' sector, and are operating in a single sector, are now classified as an investment in that sector. The Multi-sector category is used to capture intermediary finance projects covering more than one sector by project component or investment thesis; and (2) updates to reflect current sector strategies. The 'ICT' sector is now referred to as the 'Digital Infrastructure and Technology' sector.

## COVID-19 CRISIS RECOVERY FACILITY PROJECTS, 2020-2022

 YEAR	2020	2021	2022	TOTAL (as of Dec. 31, 2022)
 TOTAL	27	18	11	56
 PUBLIC HEALTH	8	6	4	18
 FINANCE/LIQUIDITY	7	6	2	15
 ECONOMIC RESILIENCE / POLICY-BASED FINANCING	12	6	5	23
 MEMBERS WHO AVAILED OF THE FACILITY	19	14	9	26*

\* = represents actual count of number of Members who availed of the Facility per year. Numbers do not sum up because of repeat availments.

Notes: The COVID-19 Crisis Recovery Facility was created in April 2020 to help AIB Members address their diverse emergency health care, liquidity and economic needs. In June 2021, the Board of Directors approved an extension to the COVID-19 Crisis Recovery Facility until April 16, 2022. In February 2022, the Board of Directors approved a further extension of the Facility until end-2023, together with a more focused approach to the scope of Facility financing. The Facility's financing envelope was also increased up to USD20 billion. See the section on COVID-19 Crisis Recovery Facility for more information.



## TOTAL PROJECTS APPROVED, 2016-2022

MEMBER	NO. OF PROJECTS			APPROVED AIIB FINANCING (IN USD MILLION)		
	SBF	NSBF	TOTAL	SBF	NSBF	TOTAL
Azerbaijan	2	–	2	700.0	–	700.0
Bangladesh	15	2	17	3,029.0	170.0	3,199.0
Brazil	–	1	1	–	100.0	100.0
Cambodia	2	3	5	110.0	250.0	360.0
China	6	9	15	2,455.0	990.0	3,445.0
Cook Islands	1	–	1	20.0	–	20.0
Côte d'Ivoire	1	–	1	100.0	–	100.0
Ecuador	1	–	1	50.0	–	50.0
Egypt	3	2	5	920.0	360.0	1,280.0
Fiji	2	–	2	100.0	–	100.0
Georgia	3	1	4	264.0	100.0	364.0
Hungary	1	–	1	216.1	–	216.1
India	26	13	39	7,928.7	1,070.5	8,999.2
Indonesia	10	1	11	2,979.9	150.0	3,129.9
Jordan	1	–	1	250.0	–	250.0
Kazakhstan	1	1	2	750.0	46.7	796.7
Kyrgyzstan	1	–	1	50.0	–	50.0
Lao PDR	2	1	3	70.0	150.0	220.0
Maldives	3	–	3	67.3	–	67.3
Mongolia	3	–	3	221.0	–	221.0
Multicountry*	–	20	20	–	2,820.0	2,820.0
Myanmar	–	1	1	–	20.0	20.0
Nepal	1	1	2	112.3	90.0	202.3
Oman	2	4	6	301.0	408.1	709.1
Pakistan	9	–	9	2,211.8	–	2,211.8
Philippines	4	–	4	1,507.6	–	1,507.6
Russia	1	2	3	500.0	395.0	895.0
Rwanda	2	–	2	200.0	–	200.0
Singapore	–	3	3	–	214.0	214.0
Sri Lanka	3	–	3	460.0	–	460.0
Tajikistan	2	–	2	87.5	–	87.5
Türkiye	10	7	17	3,035.2	611.0	3,646.2
Uzbekistan	9	1	10	1,919.0	100.0	2,019.0
Viet Nam	–	2	2	–	147.5	147.5
<b>Total</b>	<b>127</b>	<b>75</b>	<b>202</b>	<b>30,615.4</b>	<b>8,192.8</b>	<b>38,808.2</b>

SBF = sovereign-backed financing; NSBF = nonsovereign-backed financing.

\* Multicountry covers projects financed through financial intermediaries (e.g., private equity funds, bonds). Projects categorized as "multicountry" may benefit AIIB Members indirectly even though AIIB is not providing direct financing to these beneficiary Members.

Note: This table includes information about AIIB's projects, including projects approved under the COVID-19 Crisis Recovery Facility (CRF).

## USD INVESTMENTS





With the adoption of the Investment Management Information System (IMIS) in 2022 to better manage our growing portfolio, we also realigned our reporting to better reflect the data now available to us and strengthen our ability to make data-driven decisions. The figures for Annual Approvals below reflect updated data based on our revised reporting system.

YEAR	ANNUAL APPROVALS* (IN USD BILLION)	DISBURSED (IN USD BILLION)
<b>TOTAL (as of Dec. 31, 2022)</b>	<b>38.81*</b>	<b>13.76</b>
2022	6.81	6.38
2021	9.84	4.62
2020	9.98	6.23
2019	4.65	1.48
2018	3.30	0.62
2017	2.50	0.79
2016	1.73	0.01

\* = Figures reflect updated data based on AIIB's revised reporting system.

Notes: 'Approved' investment figures reflect the maximum amount approved. 'Disbursed' refers to the amount of cash disbursement and capitalized charges.

## STAFF

 YEAR	 PROFESSIONAL STAFF	 FEMALE PROFESSIONAL STAFF	 ECONOMY REPRESENTATION
End-2022	454	187 (41% of total)	62
End-2021	359	141 (39% of total)	51
End-2020	316	121 (38% of total)	54
End-2019	279	108 (39% of total)	50
End-2018	186	59 (32% of total)	44
End-2017	131	42 (32% of total)	36
End-2016	79	18 (23% of total)	23

## TOTAL SPECIAL FUNDS APPROVED (CUMULATIVE AMOUNTS IN USD MILLION)

YEAR	TOTAL CUMULATIVE SF APPROVED	PPSF	MCDF	GIF	SFW
End-2022	95.38	47.58	7.76	0.35	39.69
End-2021	65.21	33.64	1.83	-	29.74
End-2020	55.18	25.44	-	-	29.74
End-2019	11.31	11.31	-	-	-
End-2018	7.18	7.18	-	-	-
End-2017	1.70	1.70	-	-	-

\* These figures refer to grants provided by AIIB through its Project Preparation Special Fund (PPSF), the Multilateral Cooperation Center for Development Finance (MCDF) special fund, the Global Infrastructure Facility (GIF) special fund from 2021, and the Special Fund Window to support the preparation of projects to be financed by AIIB. See section on [Special Funds](#) for more information.

## PRIVATE CAPITAL MOBILIZED

YEAR	COMMITMENT CONTRIBUTIONS (ANNUAL)	PCM FROM NSBF PROJECT (ANNUAL)	SHARE OF THE PCM FROM NSBF (ANNUAL)	TOTAL (CUMULATIVE)	PCM FROM NSBF PROJECT (CUMULATIVE)	SHARE OF THE PCM FROM NSBF (CUMULATIVE)
	(IN USD MILLION)	(IN USD MILLION)	(%)	(IN USD MILLION)	(IN USD MILLION)	(%)
2022	2,434.9*	2,434.9	100	7,112.14	6,259.2	88
2021	1,332.6	1,285.6	96	4,677.06	3,824.3	82
2020	1,450.1	1,137.6	78	3,344.46	2,538.66	76
2019	1,178.4	685.1	58	1,894.36	1,401.06	74
2018	150	150	100	715.96	715.96	100
2017	561	561	100	565.96	565.96	100
2016	4.96	4.96	100	4.96	4.96	100

PCM = private capital mobilized; NSBF = nonsovereign-backed financing

\* = The 2022 reported private capital mobilization amount included projects approved in previous years. The data is provisional until the submission to the joint MDB group.

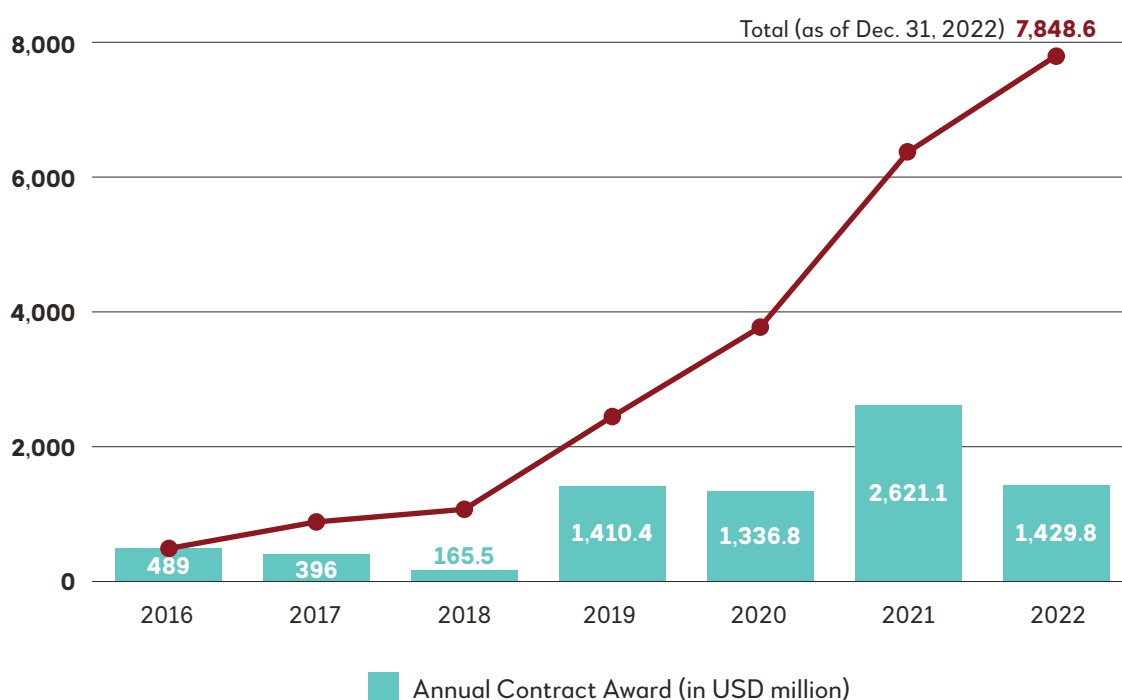
Note: Private capital mobilized includes direct and indirect involvement of AIIB that led to the commitment of private entities' financing.

## NUMBER AND SHARE OF NONSOVEREIGN-BACKED FINANCING PROJECTS, 2016-2022

YEAR	NUMBER OF NSBF PROJECTS (EXCLUDING CRF)	NSBF FINANCING AMOUNT (EXCLUDING CRF)	SHARE OF NSBF OF THE TOTAL PORTFOLIO (EXCLUDING CRF)
		(IN USD MILLION)	
2022	19	1685.5	39%
2021	16	1523.5	26%
2020	9	811	28%
2019	13	1555.7	33%
2018	4	710	21%
2017	5	912.1	36%
2016	1	20	1%
<b>Total</b>	<b>67</b>	<b>7217.8</b>	<b>29%</b>

Note: This table reflects Nonsovereign-Backed Financing (NSBF) projects excluding projects approved under the COVID-19 Crisis Recovery Facility (CRF). For information about the 2022 CRF projects, please see [COVID-19 Crisis Recovery Facility graphs](#).

## INTERNATIONAL OPEN COMPETITIVE TENDERING AND SELECTION (IOCT & IOCS) PROCUREMENT



Note: Contract award amounts are based on the (i) International Open Competitive Tendering method for goods, works and non-consulting services contracts, and (ii) International Open Competitive Selection method for consulting services under sovereign-backed financings and the Project Preparation Special Fund.

## PROJECTS BY THEMATIC PRIORITY, 2016-2022

With the adoption of our Corporate Strategy in 2020, all our AIB investments across infrastructure and other productive sectors are required to add value through one or more of the four cross-cutting themes of our Corporate Strategy to finance Infrastructure for Tomorrow (i4t). In 2021, we realigned our reporting to reflect this and reclassified our projects under these thematic priorities going forward. The figures below represent the distribution of regular projects (excluding projects approved under the COVID-19 Crisis Recovery Facility).

YEAR	GREEN INFRASTRUCTURE	CONNECTIVITY AND REGIONAL COOPERATION	TECHNOLOGY-ENABLED INFRASTRUCTURE	PRIVATE CAPITAL MOBILIZATION
<b>TOTAL (as of Dec. 31, 2022)</b>	121	32	36	66
2022	28 (90.32%)	9 (29.03%)	15 (48.39%)	14 (45.16%)
2021	30 (90.91%)*	8 (24.24%)	13 (39.39%)	16 (48.48%)
2020	15 (83.33%)	5 (27.78%)	5 (27.77%)	8 (44.44%)
2019	24 (85.71%)	4 (14.29%)	3 (10.71%)	15 (53.57%)
2018	9 (75.00%)	—	—	6 (50.00%)
2017	11 (73.33%)	2 (13.33%)	—	5 (33.33%)
2016	4 (44.44%)	4 (44.44%)	—	2 (22.22%)

Note: Some projects may fall within one or more priorities.

\* = Figure updated to reflect the reclassification of one project (Keppel-Pierfront Private Credit Fund) under Green Infrastructure.

Data from Jan. 1 to Dec. 31, 2022

TOTAL PROJECTS APPROVED, 2022

21

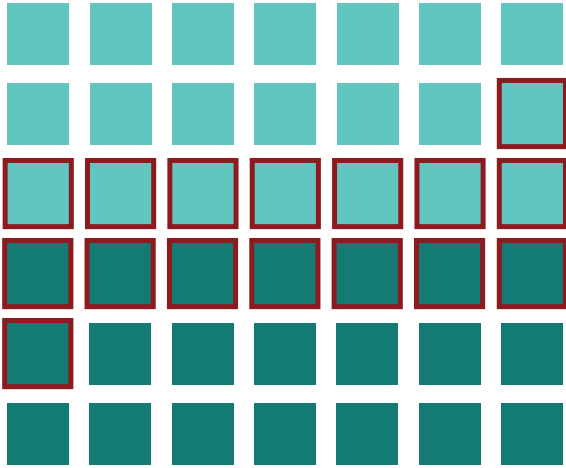
SOVEREIGN

21

NONSOVEREIGN

16

MEMBERS IN WHICH  
AIIB INVESTS



TOTAL PROJECTS APPROVED, REGIONAL OR NONREGIONAL, 2022

36

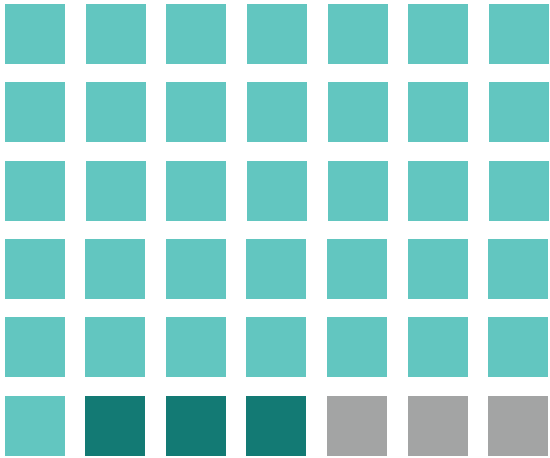
REGIONAL

3

NON-REGIONAL

3

MULTICOUNTRY







## TOTAL NONSOVEREIGN-BACKED FINANCING PROJECTS, 2022

YEAR	NUMBER OF NSBF PROJECTS	NSBF FINANCING AMOUNT (WHOLE PORTFOLIO)	SHARE OF NSBF OF THE TOTAL PORTFOLIO	NUMBER OF NSBF PROJECTS (EXCLUDING CRF)	NSBF FINANCING AMOUNT (EXCLUDING CRF)	SHARE OF NSBF OF THE TOTAL PORTFOLIO (EXCLUDING CRF)
		(IN USD MILLION)			(IN USD MILLION)	
2022	21	1,860.5	27%	19	1,685.5	39%

CRF = COVID-219 Crisis Recovery Facility; NSBF = nonsovereign-backed financing.

## REGULAR FINANCING

### TOTAL PROJECTS BY THEMATIC PRIORITY, 2022

YEAR	 GREEN INFRASTRUCTURE	 CONNECTIVITY AND REGIONAL COOPERATION	 TECHNOLOGY-ENABLED INFRASTRUCTURE	 PRIVATE CAPITAL MOBILIZATION
	<b>TOTAL (2016-2022)</b>	121	32	36
<b>2022</b>	28	9	15	14

Note: Some projects may fall within one or more thematic priorities.

### GREEN INFRASTRUCTURE PROJECTS, 2022

MEMBER	NUMBER OF PROJECTS
Bangladesh	2
Brazil*	1
China	4
Egypt	1
India	8
Indonesia	1
Lao PDR	1
Multicountry	4
Oman	1
Singapore	1
Türkiye	2
Uzbekistan	2
<b>Total</b>	<b>28</b>

\*First time to avail of AIIB financing; the project Brazil: BDMG Renewables and Asia Connectivity Facility also falls within the Connectivity and Regional Cooperation thematic priority.

### GREEN INFRASTRUCTURE PROJECTS, BY REGION, 2022

REGION	NUMBER OF PROJECTS
Central Asia	2
Eastern Asia	4
Multicountry	4
North Africa	1
Oceania	-
South America	1
South-Eastern Asia	3
Southern Asia	10
Western Africa	-
Western Asia	3
<b>Total</b>	<b>28</b>

## CONNECTIVITY AND REGIONAL COOPERATION PROJECTS, 2022

MEMBER	NUMBER OF PROJECTS
Brazil*	1
China	2
India	3
Lao PDR	1
Multicountry	1
Uzbekistan	1
<b>Total</b>	<b>9</b>

\*First time to avail of AIIB financing; the project Brazil: BDMG Renewables and Asia Connectivity Facility also falls within the Green Infrastructure thematic priority.

## TECHNOLOGY-ENABLED INFRASTRUCTURE PROJECTS, 2022

MEMBER	NUMBER OF PROJECTS
China	3
India	6
Multicountry	4
Türkiye	1
Uzbekistan	1
<b>Total</b>	<b>15</b>

## PRIVATE CAPITAL MOBILIZATION PROJECTS, NUMBER OF PROJECTS, 2022

MEMBER	NUMBER OF PROJECTS
Bangladesh	2
China	2
India	2
Lao PDR	1
Multicountry	5
Singapore	1
Türkiye	1
<b>Total</b>	<b>14</b>

## CONNECTIVITY AND REGIONAL COOPERATION PROJECTS, BY REGION, 2022

REGION	NUMBER OF PROJECTS
Central Asia	1
Eastern Asia	2
Multicountry	1
North Africa	-
Oceania	-
South America	1
South-Eastern Asia	1
Southern Asia	3
Western Africa	-
Western Asia	-
<b>Total</b>	<b>9</b>

## TECHNOLOGY-ENABLED INFRASTRUCTURE PROJECTS, BY REGION, 2022














REGION	NUMBER OF PROJECTS
Central Asia	1
Eastern Asia	3
Multicountry	4
North Africa	-
Oceania	-
South America	-
South-Eastern Asia	-
Southern Asia	6
Western Africa	-
Western Asia	1
<b>Total</b>	<b>15</b>

## PRIVATE CAPITAL MOBILIZATION PROJECTS, BY REGION, 2022

REGION	NUMBER OF PROJECTS
Central Asia	-
Eastern Asia	2
Multicountry	5
North Africa	-
Oceania	-
South America	-
South-Eastern Asia	2
Southern Asia	4
Western Africa	-
Western Asia	1
<b>Total</b>	<b>14</b>



## TOTAL NUMBER OF PROJECTS, BY SECTOR, 2022

SECTOR	NUMBER OF PROJECTS, 2022	PERCENTAGE, 2022	TOTAL NUMBER OF PROJECTS (2016-2022)
 ENERGY	8	19.05%	44
 TRANSPORT	8	19.05%	33
 WATER	2	4.76%	15
 MULTISECTOR	13	30.95%	30
 URBAN	-	0%	13
 DIGITAL INFRASTRUCTURE AND TECHNOLOGY	-	0%	8
 RURAL INFRASTRUCTURE AND AGRICULTURAL DEVELOPMENT	-	0%	1
 EDUCATION	-	0%	1
 HEALTH INFRASTRUCTURE	-	0%	-
 OTHER PRODUCTIVE SECTORS	-	0%	-
 OTHERS	-	0%	1
 COVID-19 CRISIS RECOVERY FACILITY			
CRF-PUBLIC HEALTH	4	9.52%	18
CRF-FINANCE/LIQUIDITY	2	4.76%	15
CRF-ECONOMIC RESILIENCE / POLICY-BASED FINANCING	5	11.90%	23
 TOTAL	<b>42</b>	<b>100%</b>	<b>202</b>

CRF = COVID-19 Crisis Recovery Facility

Note: Numbers may not add up to 100% because of rounding.

**ENERGY SECTOR PROJECTS, BY MEMBER, 2022**



**ENERGY SECTOR PROJECTS, BY REGION, 2022**



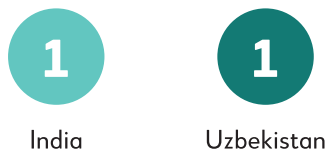
**TRANSPORT SECTOR PROJECTS, BY MEMBER, 2022**



**TRANSPORT SECTOR PROJECTS, BY REGION, 2022**



### WATER SECTOR PROJECTS, BY MEMBER, 2022



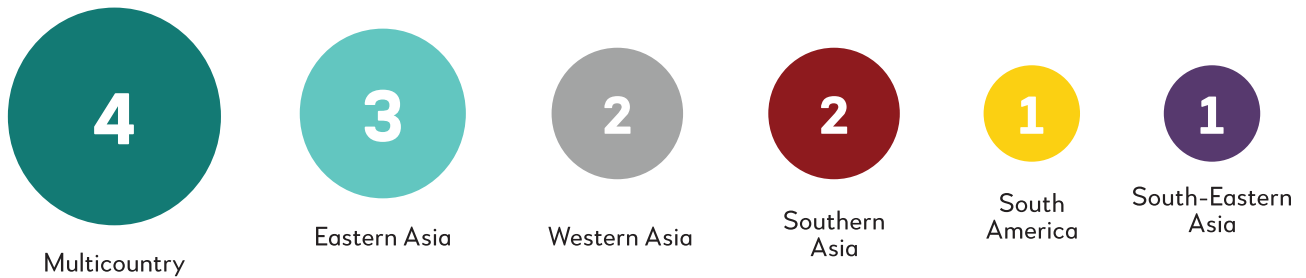
### WATER SECTOR PROJECTS, BY REGION, 2022



### MULTI-SECTOR PROJECTS, BY MEMBER, 2022






### MULTI-SECTOR PROJECTS, BY REGION, 2022



## COVID-19 CRISIS RECOVERY FACILITY

### COVID-19 CRISIS RECOVERY FACILITY PROJECTS, BY SECTOR, 2022

 MEMBER	 REGION	 SECTOR	 AIIB FINANCING (IN USD MILLION)	 NO. OF PROJECTS
Bangladesh	Southern Asia	Economic Resilience/PBF	250	1
Fiji	Oceania	Economic Resilience/PBF	50	1
Mongolia	Eastern Asia	Economic Resilience/PBF	100	1
Pakistan	Southern Asia	Economic Resilience/PBF	500	1
Uzbekistan	Central Asia	Economic Resilience/PBF	530	1
Cambodia	South-Eastern Asia	Finance/Liquidity	175	2
Cambodia	South-Eastern Asia	Public Health	50	1
Côte d'Ivoire*	Western Africa	Public Health	100	1
India	Southern Asia	Public Health	500	1
Türkiye	Western Asia	Public Health	250	1
<b>Total</b>			<b>2,505</b>	<b>11</b>

\* = First time to access AIIB financing

### VACCINE FINANCING PROJECTS

MEMBER	REGION	NUMBER OF PROJECTS
Cambodia	South-Eastern Asia	1
Côte d'Ivoire*	Western Africa	1
India	Southern Asia	1
Türkiye	Western Asia	1
<b>Total</b>		<b>4</b>

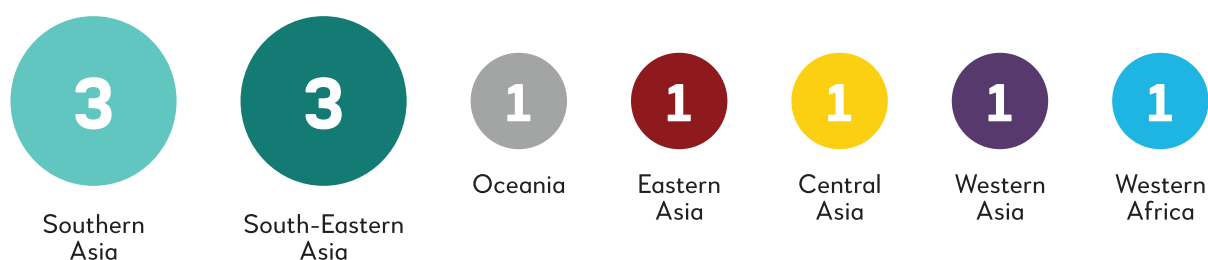
\* = First time to access AIIB financing

Note: Vaccine financing projects are classified under the COVID-19 Crisis Recovery Facility-Public Health sector.

### COVID-19 CRISIS RECOVERY FACILITY PROJECTS, BY MEMBER, 2022



### COVID-19 CRISIS RECOVERY FACILITY PROJECTS, BY REGION, 2022



## **SPECIAL FUNDS**

### **LIST OF PROJECTS SUPPORTED BY THE PROJECT PREPARATION SPECIAL FUND, 2022**

<b>MEMBER</b>	<b>REGION</b>	<b>SECTOR</b>	<b>NUMBER OF PROJECTS</b>
Bangladesh	Southern Asia	Water	2
Bangladesh	Southern Asia	Urban	1
Cambodia	South-Eastern Asia	Water	1

### **LIST OF PROJECTS SUPPORTED BY THE SPECIAL FUND WINDOW UNDER THE COVID-19 CRISIS RECOVERY FACILITY (2022)**

<b>MEMBER</b>	<b>REGION</b>	<b>SECTOR</b>	<b>NUMBER OF PROJECTS</b>
Cambodia	South-Eastern Asia	COVID-19 Crisis Recovery Facility-Public Health	1
Côte d'Ivoire*	Western Africa	COVID-19 Crisis Recovery Facility-Public Health	1

\* = first time to access AIB financing

### **LIST OF PROJECTS SUPPORTED BY MULTILATERAL COOPERATION CENTER FOR DEVELOPMENT FINANCE, 2022**

<b>MEMBER</b>	<b>REGION</b>	<b>SECTOR</b>	<b>NUMBER OF PROJECTS</b>
Indonesia	South-Eastern Asia	Transport	2
Lao PDR	South-Eastern Asia	Transport	1
Multicountry	Multicountry	Environmental and Social Frameworks; Gender Equity; Risk Management	1
Multicountry	Multicountry	Other	1

### **LIST OF PROJECTS SUPPORTED BY THE GLOBAL INFRASTRUCTURE FACILITY, 2022**

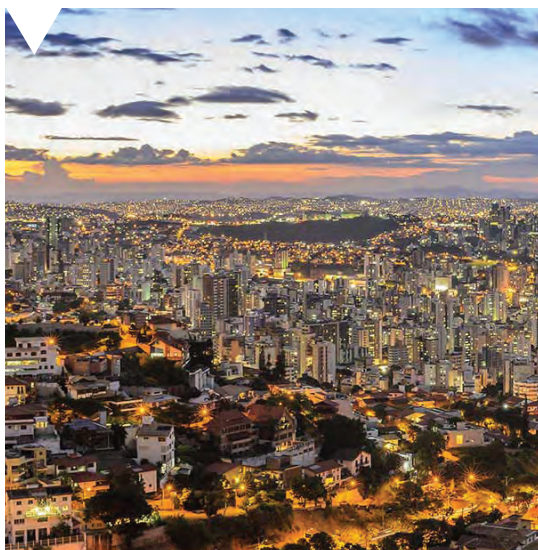
<b>MEMBER</b>	<b>REGION</b>	<b>SECTOR</b>	<b>NUMBER OF PROJECTS</b>
Bangladesh	Southern Asia	Social	1

# 2022 TIMELINE

## JANUARY

**14** Peru becomes a full Member on fulfilling the terms and conditions set out in the Board of Governors Resolution No. 31.

**21** We approved USD100 million for our first project in Brazil. Under the BDMG Renewables and Asia Connectivity Facility, we are going to on-lend funds to Brazilian development bank Banco de Desenvolvimento de Minas Gerais S.A. (BDMG), which will be used to support companies or institutions operating in renewable and infrastructure-related fields in and around Minas Gerais.



## FEBRUARY

**24** We extended our COVID-19 Crisis Recovery Facility until end-2023, with a more focused approach and scope of financing, to continue supporting our Members overcome their most pressing pandemic and recovery challenges. The extension comes with an increase in its financing volume, bringing our total Facility financing from USD13 billion to USD20 billion.

## MARCH

**23** Our Board of Directors approved the Special Fund Window for Less Developed Members (SFW), an extension of the SFW under the COVID-19 Crisis Recovery Facility, to make financing more affordable for our less-developed Members by providing interest rate buy down to eligible sovereign-backed financing projects that are aligned with our Corporate Strategy.

Infrastructure investments and connectivity are crucial for lower-income countries to regain a growth momentum and to achieve long-term sustainable development goals in the post-COVID-19 era, while also dealing with climate change. Through the **Special Fund Window for Less Developed Members**, AIIB can support its less-developed Members with affordable pricing while still being consistent with the core elements of our business model to finance Infrastructure for Tomorrow (i4t).

### JIN LIQUN

AIIB President and Chair of the Board of Directors

## APRIL

**12** We chaired the third Digital Infrastructure Regulatory Risks Forum, organized in the context of the Working Group on Digital Infrastructure Regulatory Risks, with participants from multilateral, bilateral development banks and international organizations. Theme of this year's forum was on data privacy and the implementation challenges, including in the European Union and China.

**29** Tunisia becomes a full Member on fulfilling the terms and conditions set out in the Board of Governors Resolution No. 78.

## MAY

**4** Morocco becomes a full Member on fulfilling the terms and conditions set out in the Board of Governors Resolution No. 72.

**12** We signed an [MOU with the OPEC Fund for International Development](#) to expand our operational and strategic cooperation to finance global public and private sector projects, and promote sustainable, resilient and high-standard infrastructure development



**31** We published our [Statement on Retaliation](#), which describes how we assess and manage risks of retaliation under our Environmental and Social Policy.

## JUNE

**9** At G20, we hosted the Digital Infrastructure High-level Seminar with the theme 'Closing the Digital Divide,' which was attended by all G20 delegates in person and by more than 200 global participants virtually.

**21** We obtained approval for our first [Global Infrastructure Facility \(GIF\) grant](#) to support digital health intervention in Bangladesh, specifically to design and structure a technology-enabled healthcare project. We established our [GIF Special Fund](#) for grants we received as a Technical Partner of GIF.

**28** Our Board of Directors approved the Global Presence program, allowing the eventual establishment of an Interim Operational Hub in Abu Dhabi, United Arab Emirates, our first overseas office.

## JUNE

**28** We received our Economic Dividends for Gender Equality (EDGE) reaccreditation at the Assess Level, which reinforces our commitment toward gender balance across our talent pipeline, pay equity, effectiveness of policies and practices to ensure equitable career flows as well as the inclusiveness of our culture.

## JULY

**12** We initiated the AIIB-China Ministry of Transport Cooperation Program to share experiences and support regional connectivity with international standards through working groups and regular dialogue.

**30** We partnered with Sinovation for the first DeeCamp, to provide workshops to computer scientists working on artificial intelligence solutions for relevant infrastructure sectors.

## AUGUST

**2** Together with Mastercard, we co-hosted the hybrid session on 'Post-Pandemic Future City' in conjunction with the World Cities Summit Singapore. The topic was on exploring the latest technologies for building and running cities and effective application methods.

**4** Iraq becomes a full Member on fulfilling the terms and conditions set out in the Board of Governors Resolution No. 110.

## SEPTEMBER

**28** We launched our second Sustainable Development Bonds Impact Report, which illustrates how the proceeds from AIIB's bonds are used to realize AIIB's mission to finance Infrastructure for Tomorrow. This second edition shares insights on AIIB's financing in key infrastructure sectors, including sustainable energy, transportation, water, digital infrastructure and AIIB's COVID-19 Crisis Recovery Facility.

**28** We welcomed our first Graduate Program cohort of 25 analysts and our second Legal Associates Program cohort of 3 lawyers, representing a total of 16 economies.

## OCTOBER

**10** We published our inaugural [Annual Operational Procurement Report](#), which provides highlights of the procurement profile of projects approved during 2016-2021, covering procurement contracts of sovereign-backed projects and Project Preparation Special Fund grants.

**13** We signed an MOU with the Development Bank of Latin America to enhance our collaboration on promoting renewable energy and green initiatives in Latin America and the Caribbean. The agreement will catalyze additional resources through cofinancing measures to maximize impact and deliver greater value to common Member economies in the region.



**16** We signed an MOU with German national promotional bank KfW to strengthen collaborative ties as a means of facilitating economic, social and environmental support to its Members. The MOU creates opportunities for us to tap into broader client connections and jointly finance projects in line with our thematic priority of Connectivity and Regional Cooperation.

**17** On the basis of AIIB's approval of USD200 million equivalent for the CNY Green On-lending facility to China EXIM (CEXIM) Bank, we signed an MOU with CEXIM to jointly work in various areas including climate and other financing related to the Sustainable Development Goals. Our cooperation with CEXIM is expected to create opportunities for us to tap into wide client connections and jointly finance projects.



## OCTOBER

**26-27** We held our Seventh Annual Meeting of the Board of Governors virtually.

**27** We launched our Asian Infrastructure Finance Report 2022, [Moonshots for the Emerging World: Building State Capacity and Mobilizing the Private Sector Toward Net Zero](#), which examines what state-owned institutions and the private sector can do to achieve net zero, including finding new ways of mobilizing capital and sharing risks.

## NOVEMBER

**1** Together with the Multilateral Cooperation Center for Development Finance and China International Contractors Association, we organized a workshop on MDB's Procurement and Project Finance Policy and Business Opportunities, which was attended by more than 200 participants.

**3** Our Board of Directors approved our participation as one of 13 pre-selected implementing entities to the [Pandemic Fund](#), a financial intermediary fund established for pandemic prevention, preparedness and response (PPR) housed at the World Bank and funded by sovereign donors and philanthropies or private foundations. The Pandemic Fund will provide a dedicated stream of additional financing, channelled through its implementing entities, to strengthen PPR capabilities and address critical gaps in low- and middle-income countries through investments and technical support.

**6** Together with other MDBs, we issued a forward-looking joint statement at the United Nations Climate Change Conference of the Parties (COP27) global climate summit, affirming our commitment to expand our support to countries seeking finance to mitigate climate change and adapt to a warming planet. The MDBs also vowed to address the challenges of sustainable development, climate change and biodiversity loss in an integrated way.

**9** We officially joined the Energy Transition Accelerator Financing Platform, the global climate finance program of the International Renewable Energy Agency (IRENA), aimed at mobilizing capital to scale up renewable project funding in developing countries by 2030. We intend to deploy USD300 million as part of the relationship.



## NOVEMBER

**8** We participated in COP27, with President Jin heading the delegation. We led strategic events and initiatives focused on (1) Scaling Climate Finance—Bridging the Gap Between Concessional and Private Finance, (2) Unleashing the Power of Climate Tech, InfraTech expansion to climate tech and (3) the Role of Capital Markets in Mobilizing Finance for Climate-resilient Infrastructure.

**8** At COP27, we announced a strategic investment partnership with the Global Energy Alliance for People and Planet (GEAPP) to mobilize up to USD1 billion for the financing of green energy transition and renewable energy projects, in both the public and private sectors. The project will identify cofinancing opportunities for projects and programs in grid-based renewables, distributed renewables and energy transitioning areas.



**14** We joined the Coalition for Climate Resilient Investment (CCRI), fostering a strategic partnership to apply climate-resilient solutions. CCRI supports investors and policy makers to better understand and manage physical climate risks. The coalition includes governments, international organizations, technical institutions, ratings agencies and private financial institutions worldwide.

**18** At COP27, we joined development partners in signing a partnership agreement with Egypt's Ministry of Electricity and Renewable Energy, Ministry of Environment and Ministry of International Cooperation, to jointly support the country's efforts to boost renewable energy and stimulate climate action through its country-led program: Nexus on Water, Food and Energy.

**22** Our Board of Directors approved an update to the Bank's Energy Sector Strategy. Under the updated Energy Sector Strategy, we will focus our energy investments on supporting our Members to achieve their long-term climate goals and net-zero/carbon neutrality commitments and to accelerate the just transition toward secure, affordable, and sustainable energy access for all. The Strategy also highlights our commitment to sustainable development and Paris Alignment, and our client-centric approach.

## NOVEMBER

**21-22** President Jin led an AIB delegation to meet with UAE officials to discuss the establishment of the Interim Operational Hub.



## NOVEMBER

**22** Our Board of Directors approved the updates to the Operational Policy on Financing, the Environmental and Social Framework (ESF), and the Procurement Policy to include provisions enabling AIB to provide Results-based Financing (RBF) as a new Sovereign-backed Financing (SBF) modality on a standalone basis. The RBF complements AIB's regular SBF and broadens the choice of financing instruments for our clients. The updated ESF also codifies the Bank's long-standing practice of excluding AIB financing from coal and projects functionally related to coal.

**27-28** The Office of the Controller hosted the 2022 MDB Controller's Forum, in Vienna, Austria with 13 international financial institutions (IFIs) in attendance. One of the key areas of discussion was the developments in ESG (environmental, social and governance) and Sustainability Reporting.

## DECEMBER

**7** We participated in the Montreal Biodiversity COP15 to show support for a shared future of the post-2020 Global Framework for Biodiversity with client countries, IFIs, think tanks and other partner institutions.

**28** Our Board of Governors approved Mauritania's application to join AIB. Mauritania became AIB's 55th nonregional Member, bringing the Bank's approved membership to 106 (92 Members and 14 Prospective Members). As of end-2022, AIB has 21 Members from Africa.

**28** After completing seven fiscal years of operation, we crossed the USD38 billion investment mark and approved 202 projects. By end-2022, we had invested in 33 Members, with two receiving funding for the first time (Brazil and Côte d'Ivoire).

# OUR GROWTH

# 02



## MEMBERSHIP

As of Dec. 31, 2022, we have 106 approved Members (92 ratified and 14 prospective) representing approximately 81% of the global population and 65% of global gross domestic product.

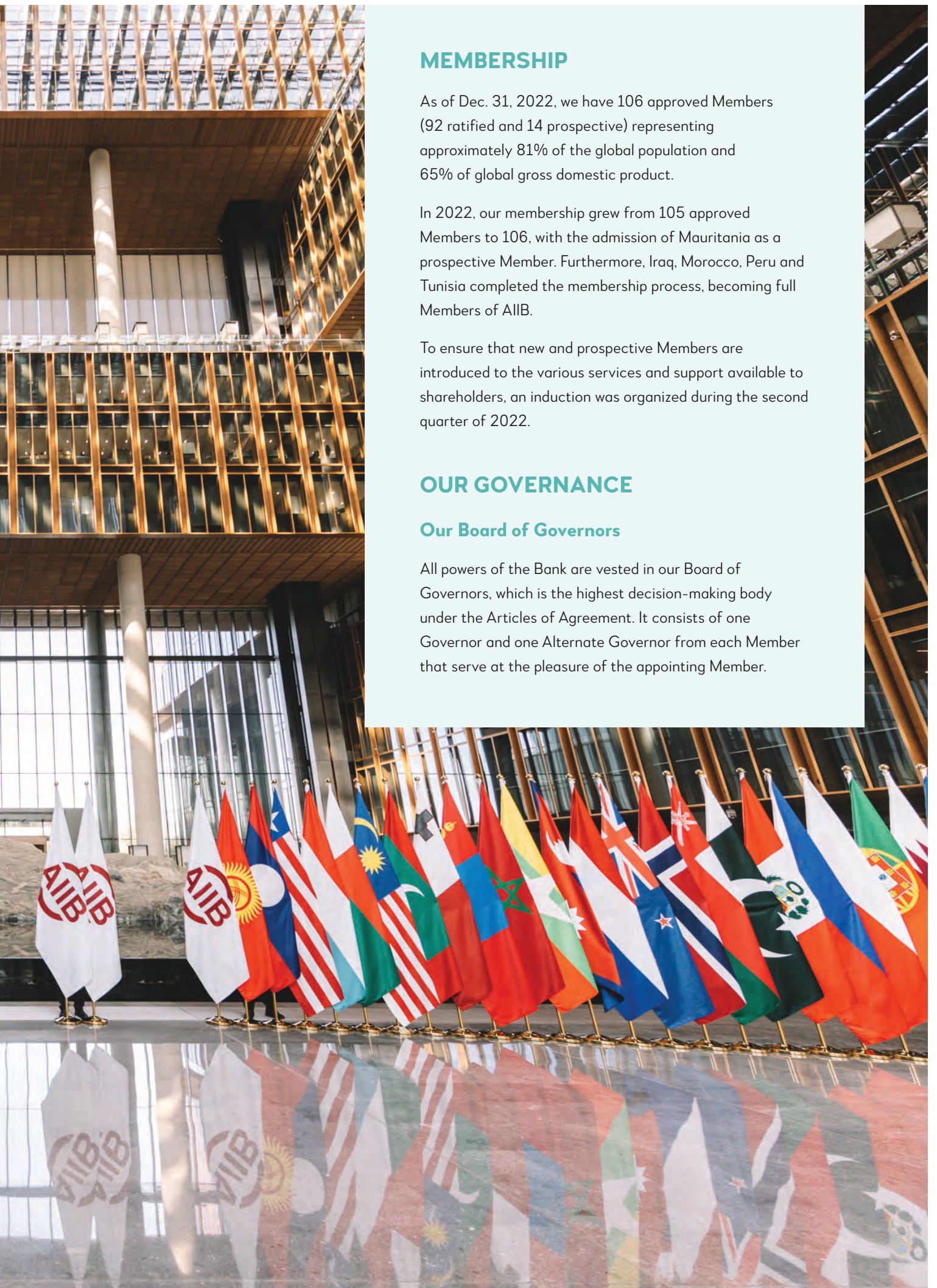
In 2022, our membership grew from 105 approved Members to 106, with the admission of Mauritania as a prospective Member. Furthermore, Iraq, Morocco, Peru and Tunisia completed the membership process, becoming full Members of AIIB.

To ensure that new and prospective Members are introduced to the various services and support available to shareholders, an induction was organized during the second quarter of 2022.

## OUR GOVERNANCE

### Our Board of Governors

All powers of the Bank are vested in our Board of Governors, which is the highest decision-making body under the Articles of Agreement. It consists of one Governor and one Alternate Governor from each Member that serve at the pleasure of the appointing Member.



In 2022, the Board of Governors approved the audited financial statements and the allocation of net income, the election of the Board Directors for 2022-2024, the extension of the deadlines for accessions of prospective Members to the Bank, and the admission of Mauritania to AIIB membership.

### READ MORE

BOARD OF GOVERNORS VOTING POWER

### The Annual Meeting

The Annual Meeting of the Board of Governors is the flagship event of AIIB. Since 2016, this gathering provides a forum for the Board of Governors to provide strategic guidance and facilitate discussions among senior official delegates from AIIB Members, as well as partners, business leaders, civil society organizations and experts from various fields.

The Seventh Annual Meeting of the Board of Governors was held virtually on October 26-27, 2022. Among the business taken up by the

Board of Governors were the acceptance of the invitation from Egypt to host the 2023 Annual Meeting, as well as the election of the Governor of Egypt as Chair and the Governors of Maldives and Portugal as Vice Chairs of the Board of Governors.

During the Annual Meeting, guidance from the Governors was also sought during the Business Roundtable on two areas of business: (i) Financing Infrastructure in a Crisis-Prone World and (ii) Supporting Energy Access and the Net-Zero Transition. Both topics aimed at providing an opportunity for constructive dialogue with the Bank's shareholders and to identify areas in which AIIB could best leverage its resources in support of its Members. Continual strengthening of facilities for our virtual presence and connectivity to foster engagement with Members were also key topics of discussion in 2022.

### Our Board of Directors

Our Board of Directors, comprising 12 members elected by our Governors, is responsible for the strategic direction of our general operations, including setting of policies and strategies and



overseeing their implementation. The Board of Directors is nonresident in line with our lean culture, exercising all powers delegated to it by the Board of Governors. The Board of Directors meets quarterly, with additional meetings scheduled throughout the year, as business requires, and maintains regular communication with Bank Management.

The Board of Directors held 16 virtual meetings in 2022. In addition to project approvals, they discussed and approved several major policies and strategies, including the establishment of the Special Fund Window for Less Developed Members, AIIB's Approach to Global Presence, significant updates to the Energy Sector Strategy and the Operational Policy on Financing (OPF), and approval of the Board Efficiency and Governance Package.

To support the work of Directors and allow thorough review and discussions, 20 briefings

were also organized. Additional events, such as dedicated Directors' Forums and roundtables, were organized to allow in-depth review of various issues including the Accountability Framework, the Performance Review of the President, and review of the Board Efficiency and Governance package.

In accordance with our Articles of Agreement, we held our regular biannual election in 2022 to appoint new Directors. To facilitate the transition between the outgoing and incoming Board of Directors, the Secretariat organized a Board retreat as an occasion for handover. It was an opportunity for outgoing and incoming Directors to dialogue on AIIB's governance, Corporate Strategy implementation and economic environment. In addition, the Secretariat also organized a Board induction to provide members of the Board an in-depth overview of the Bank's work, priorities and modus operandi and a Technical Briefing on our Reporting Tools.



## Board Committees

To ensure that our Bank is operating in a manner that is efficient, effective and grounded in sound strategies and best practices, we rely on the guidance of three committees that operate under the oversight of the Board of Directors. Following the 2022 Election of Directors, the membership of these three committees was recomposed, upon a decision of the Board of Directors. The leadership of the three committees was renewed accordingly.

## International Advisory Panel

The [International Advisory Panel \(IAP\)](#) supports the President and senior management on the Bank's strategies, policies and general operational issues. It comprises world-leading experts on issues related to governance, economics, finance, sustainability and international development. The IAP met twice in 2022 to discuss and advise on issues of strategic importance. The President selects and appoints IAP Members to an initial two-year term renewable on completion. In 2022,

Dean Rachel Kyte was appointed to the panel while Lord Nicholas Stern stepped down on Sep. 22. The total number of panelists remains at 12.

## Accountability Framework Review

In 2018, the Board of Directors approved the [Accountability Framework](#), which came into force in January 2019. The document clarifies the division of responsibility between the Board of Directors and Management, in respect of policy and strategy and the financing operations of the Bank. The framework provides additional tools for the Board of Directors to hold the President and Management accountable.

Following a transparent process, the President may approve projects that fulfil predefined requirements and submit summaries of projects based on predetermined criteria to the Board of Directors. As an important safeguard, any Director can call any of these projects before the Board of Directors if deemed necessary. In 2022, the President approved seven projects.



## READ MORE

- Bukhara-Miskin-Urgench-Khiva Railway Electrification Project
- China Zhengzhou International Logistics Hub Expansion
- GreenCell Electric Bus Financing Project
- Haryana Orbital Rail Corridor (HORC) Project - Part A
- Lionbridge Leasing EV Transport Green Transition Facility
- Unique Meghnaghat IPP
- West Bengal Electricity Distribution Grid Modernization Project

## READ MORE

- Connecting the Center of China to the World: China: Zhengzhou International Logistics Hub Expansion
- Opening New Routes to Ease India's High-Density Rail Networks: India: Haryana Orbital Rail Corridor

As a part of the decision to establish the Accountability Framework, we are required to conduct a comprehensive review of it three years from its adoption. Building on preparation work carried out in 2021, we undertook a comprehensive review of the Accountability Framework in April 2022. The review concluded that the division of labor between the Board and Management set out in the Accountability Framework is appropriate for a modern international financial institution but also highlighted that further efforts would be needed to ensure that this balance can be maintained as the Bank's business grows.

### Board Efficiency and Governance

After the completion of the comprehensive review of the Accountability Framework, the President and Management presented to the Board of Directors a package of proposals designed to allow the Board to better undertake its strategic function and to increase the efficiency of Board operations. After extensive

consultation with the Board members and guidance from experts on AIB's International Advisory Panel, the package was approved by the Board of Directors in December 2022.

The package and the roadmap for its implementation constitute one step in the process to strengthening Board efficiency and governance. The President and the Management team will continue to strategize to ensure that all Members have sufficient support to effectively participate in AIB's governance processes.

### Performance Review of the President

The annual Performance Review of the President is a demonstration of our commitment to sound and effective governance and enables the Board of Directors to appraise the performance of the President in his chairmanship of the Board of Directors and management of the Bank. The Review is carried out pursuant to the Accountability Framework, in line with the highest professional, ethical and corporate governance standards.

In April 2022, our Board of Directors approved the scope and methodology of the Review. It focused on six competencies—strategic vision and implementation, stakeholder and shareholder management, operational and administrative management, leadership behaviors and culture, governance and innovation. The Review also included a consideration of the President's management of the COVID-19 pandemic and geopolitical challenges and their impact on AIB.

The findings of the Review, highlighted, among others, the President's strong leadership and sense of strategic vision, his ability to maintain relationships with different stakeholders and build consensus, his effective management of the Bank in a complex context marked by geopolitical challenges and the COVID-19 pandemic, and his commitment to innovation, all in the best interest of the Bank. The Review found that the President is a decisive leader who is effectively leading the organization toward the delivery of its mandate as per the Bank's Articles of Agreement

and Corporate Strategy. He has been a prudent steward of physical and financial resources, and has successfully preserved the integrity of the Bank's governance.

## Leadership Team

The staff is headed by the President, who is elected by the Board of Governors of AIIB shareholders for a five-year term and may be re-elected once. AIIB's [Senior Management](#) is led by the President, who is supported by five Vice Presidents responsible for policy and strategy, investment operations, administration and the corporate secretariat and the General Counsel, Chief Risk Officer, Chief Financial Officer and Chief Economist.

In 2022, new personnel were appointed to key positions, including Urjit Patel as Vice President for Investment Operations (Region 1), Antoine Castel as Chief Risk Officer, and Rodrigo Salvado as Director General of the newly formed Operational Partnership Department. Gregory Liu assumed the role of Director General of the Infrastructure Investment Department (Region 2) in an acting capacity, and Laval Wong Sick Wah was appointed as Head of Office of the Interim Operational Hub concurrent with his duties as Chief Internal Audit Officer, until the temporary assignment of Alma Dolot as Acting Chief Internal Audit Officer.

## Sanctions Panel

As part of AIIB's two-tier sanctions system, AIIB maintains a three-person Sanctions Panel comprised of a Chairperson (Enery Quiñones) and a member (Muhammad Shoaib Suddle) who are external to the Bank and another member (Nicolette DeWitt), who is a Bank personnel. It reviews appeals of [sanctions](#) imposed by the Sanctions Officer (Vice President Ludger Schuknecht) pursuant to the [Policy on Prohibited Practices](#). The Sanctions Panel's decision is final and cannot be further appealed. In 2022, there were no cases submitted for appeal to the Sanctions Panel.

## Complaints-resolution, Evaluation and Integrity

Our [Complaints-resolution, Evaluation and Integrity Unit](#) (CEIU) was established in 2016 in accordance with our [Articles of Agreement](#) as an independent unit with functions further defined in the Bank's [Oversight Mechanism](#). The provision empowers the Board of Directors to regularly supervise the management and operation of the Bank and establish an oversight mechanism for that purpose in line with the principles of transparency, openness, independence and accountability.

CEIU has three main functions, namely, complaints-resolution, evaluation and integrity. CEIU is led by a Managing Director, and [reports](#) directly to the Board. The CEIU Managing Director is also an observer on the Executive Committee of the Bank. Management can invite CEIU to bring its independent but engaged perspective and experience to the creation or review of Bank policies and strategies. For example, CEIU took part in discussions on updating the Bank's Energy Strategy and the Accountability Framework in 2022.

### Complaints-resolution

CEIU also serves as the focal point for external requests or complaints regarding compliance with our [Environmental and Social Policy](#) (ESP) under the [Project-affected People's Mechanism](#) (PPM).

The PPM team in CEIU responded to a third year of COVID-19 conditions by convening hybrid virtual/in-person outreach sessions with civil society organizations as well as project implementing agencies in various Members of the Bank ([See Related Topics: Outreach to Civil Society Organizations through the CEIU Project-affected People's Mechanism Function](#)).

In addition, the PPM undertook awareness-raising activities for AIIB staff. These included launching a PPM e-learning course, Accountability Alerts that profile selected cases of peer MDB Independent Accountability





Mechanisms (IAM) and developing an associated IAM case dashboard, Practitioner Dialogues with presentations by peer international institutions on topics including responsible project exit and remedy in development finance, and formal training programs for staff. PPM received its second submission in 2022 which is a demonstration that Project-affected People are becoming more aware of CEIU's role and the mechanisms available to report any concerns or complaints. Where applicable, PPM also closely collaborated with independent accountability mechanisms of peer multilateral development banks on cases handled by them on cofinanced projects.

### **Learning and Evaluation**

CEIU also selectively evaluates AIIB's operations in accordance with the Bank's [Learning and Evaluation Policy](#) to support the Bank's continuous improvement, its corporate and learning culture.

An important milestone was achieved in late 2022 when AIIB became an International

Institution Observer of the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) Network on Development Evaluation (EvalNet). EvalNet brings together evaluation managers and specialists from development cooperation ministries and agencies in OECD DAC members, the United Nations and international financial institutions, including nine other MDBs. EvalNet has been instrumental in developing key international norms and standards for development evaluation and promoting agency collaboration. The network's guidance documents on evaluation have a wide influence on development evaluation practice and are frequently used in evaluations of development programs worldwide, including in AIIB's 2021 [Learning and Evaluation Policy](#).

CEIU convened five Practitioner Dialogues with peer MDB independent evaluation department speakers and AIIB staff to inform the Bank's 2022 Energy Strategy Update. Two Early Learning Assessments (ELA) were also completed in 2022, and CEIU's [Annual Activity Review](#) presents the lessons of more general interest.

## Integrity Function

Under its Integrity function, CEIU continued its anti-fraud and corruption work in accordance with AIIB's [Policy on Prohibited Practices](#), which included internal and external training and outreach activities, integrity advisory work, and investigations of alleged Prohibited Practices in AIIB-funded projects and activities.

In 2022, CEIU participated in international anti-corruption events such as the Private Sector Integrity Conference, the Conference

of International Investigators, and the International Anti-Corruption Conference. CEIU also convened Practitioner Dialogues on COVID-19-related corruption and fraud detection tools in MDB operations, which were presented by peer agencies. As part of AIIB's International Anti-Corruption Day celebration, CEIU hosted a lecture by Professor Nikos Passas of Northeastern University on what it means to be 'Lawful but Awful' and produced an [anti-corruption video](#) on Integrity at AIIB.

## RELATED TOPICS

### OUTREACH TO CIVIL SOCIETY ORGANIZATIONS THROUGH THE CEIU PROJECT-AFFECTED PEOPLE'S MECHANISM FUNCTION

#### LEARN MORE

Civil society plays a vital role in holding AIIB to account, pointing to issues where they arise and helping the Bank improve its processes and practices. Despite continued COVID-19-related travel constraints in 2022, the Complaints-resolution, Evaluation and Integrity Unit (CEIU) undertook hybrid digital/in-person outreach with civil society and peer MDBs. Staff of CEIU's Project-affected People's Mechanism (PPM) benefitted from discussion with civil society organizations (CSOs) in these meetings and wish to thank all involved:

**Outreach in Pakistan.** CEIU led a virtual outreach event with CSOs in Pakistan on March 29-30. It was jointly organized with Independent Accountability Mechanisms (IAMs) of the World Bank, the International Finance Corporation (IFC) and the Asian Development Bank (ADB). The event was attended by more than 50 participants from nearly 40 CSOs in Pakistan. Participants mainly focused on environmental and social issues, governance, accountability and human rights in development projects.

**Outreach in Nepal.** On June 7-8, together with IAMs of the World Bank, IFC, ADB and the European Investment Bank (EIB). CEIU also organized a Joint IAM Outreach Event in Nepal. The event was attended by more than 65 participants, including more than 40 from CSOs in Nepal. Indigenous people also attended the session.

**Outreach in Lebanon.** On July 27-28, together with the IAMs of the World Bank, IFC, EIB and the United Nations Development Programme (UNDP), CEIU organized a Joint IAM Outreach Workshop in Lebanon on the margins of the Annual General Assembly of the Arab Watch Coalition (AWC), which also acted as the counterpart organizers of the workshop. It was attended by CSOs from seven countries (Egypt, Iraq, Jordan, Lebanon, Morocco, Tunisia, and Yemen) in the Middle East and North Africa. The workshop covered wide-ranging topics related to independent accountability on development projects and the work of IAMs. CEIU Managing Director Hamid Sharif participated in the workshop in-person and spoke with participating CSO representatives about the origins and evolution of IAMs and PPM.

### OUTREACH TO IMPLEMENTING AGENCIES THROUGH THE CEIU PROJECT-AFFECTED PEOPLE'S MECHANISM FUNCTION

**Outreach in Pakistan.** CEIU conducted a virtual PPM outreach event with implementing agencies in Pakistan on April 14. The event was coordinated by the Economic Affairs Division and implementing agencies from all provinces participated in the event. Implementing agencies asked questions and sought clarifications about PPM Policy and highlighted the challenges of land acquisition in urban areas.

CEIU continued to review and update its [Debarment List](#) that includes AIIB debarments and debarments under the cross-debarment agreement of other MDBs. Entities in AIIB's Debarment List are ineligible to participate in AIIB projects and receive AIIB funds.

### Policy on Public Information

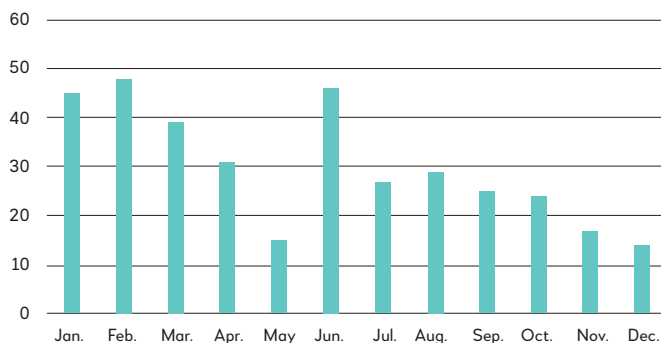
The [Policy on Public Information](#) (PPI) embodies our commitment to transparency. Under the PPI, we regularly monitored our disclosure practices and provides quarterly reporting on the implementation of the PPI.

In 2022, AIIB continued to have high compliance with the PPI and its [Directive](#) in the proactive disclosure of financial, institutional, and operational information, as well as disclosure of information upon requests. We received 360 requests from the Public Information Request portal, up 8% from 2021. All requests were processed within 30 working days as required by the PPI.

We automated the tracking of proactive disclosures of project information with the adoption of our Investment Management Information System (IMIS). The IMIS manages project workflows, project data and documentation across the project cycle. We conducted trainings on the IMIS to facilitate the adoption of the system and increase the awareness of disclosure requirements. We enhanced the Information Disclosure System (IDS), the back-end platform for processing and tracking the requests received from the Public Information Request Form, to facilitate compliance with the PPI and improve data quality.

We maintained engagement with international organizations specialized in the field of transparency. We provided feedback to and shared our disclosure practices with Publish What You Fund during its development of the

**Number of Requests Received from the Public Information Request Portal, 2022**



Development Transparency Initiative (DTI) Transparency Tool. We invited the International Aid Transparency Initiative (IATI) to provide trainings on the IATI standards, which helped raise awareness on IATI among relevant colleagues.

### Policy on Personal Data Privacy

We put considerable efforts in 2022 in implementing our [Policy on Personal Data Privacy](#) (PPDP), which our Board of Directors approved on Oct. 13, 2021. The PPDP strengthens the regulatory environment protecting personal data within the Bank. It helps mitigate reputational risks associated with managing personal data, protect the Bank's privileges and immunities, safeguard the Bank's information technology (IT) infrastructure and facilitate international procurement. It is aligned with the policies and best practices of peer IFIs and MDBs.

In 2022, we carried out a wide range of activities to implement the PPDP effectively. The President approved and issued the [Directive on Personal Data Privacy](#) pursuant to the Policy. In addition, we established our Data Privacy Program and developed and deployed associated procedures and IT tools to responsibly manage personal data under our custody.

## OUR CORPORATE FINANCING

### Treasury

2022 was a challenging year for capital market issuers. Rising interest rates coupled with increased volatilities resulted in a risk-averse market environment. Despite the difficult market conditions, AIB was able to demonstrate our access to global capital markets with a total of USD7.25 billion equivalent issuance amount in 2022. As a frequent United States (US) dollar benchmark issuer, we continued to build our curve with a USD1.25 billion three-year issuance in June and a USD2 billion 5-year issuance in September. With the aim of being a frequent issuer in multiple public markets, we also returned to the Sterling, Kangaroo, and Panda bond market in 2022.

### LIBOR Transition

Carrying over from the transition that began in 2021, we made substantial progress on [shifting from the London Interbank Offered Rate \(LIBOR\) to the Secured Overnight Financing Rate \(SOFR\)](#). All bonds issued in 2022 for US dollar liquidity were priced and managed on a SOFR basis. Additionally, all variable spread loan assets have

made a transition from a LIBOR reference rate to a SOFR reference rate. The basis of liabilities was rebalanced at the balance sheet level to ensure a close match between the basis of assets and liabilities. In 2023, the remaining LIBOR transition milestones will be met, which include the transition of fixed spread loans, transition of nonsovereign guaranteed loans and transition of remaining LIBOR-referenced derivatives.

### Sustainable Development Bonds Impact Report

In September 2022, we published our second Sustainable Development Bonds Impact Report, which covers AIB's overall portfolio and project level results, reflecting environmental and social benefits generated by the Bank's financing activities in 2021. Compared to the case study-based project-level reporting last year, this year's Report includes selective quantitative and illustrative sector-level environmental and social outcome indicators, showcasing our commitment to the Sustainable Development Goals and the Paris Agreement.

#### READ MORE

SUSTAINABLE DEVELOPMENT BONDS  
IMPACT REPORTS

## FINANCIAL HIGHLIGHTS 2022

USD  
**47.41**  
Billion  
**Total Assets**

USD  
**24.48**  
Billion  
**Borrowings**

USD  
**19.39**  
Billion  
**Capital**

USD  
**190**  
Million  
**Operating Profits**



## Investor Interactions

After two years of travel constraints, we were able to resume in-person investor meetings in 2022. We appreciate the opportunity to have face-to-face interactions and provide AIB's most recent developments to our investors.

We also thank our global investor community for their continued support in AIB's capital market issuance and our mission of Financing Infrastructure for Tomorrow.

## Capacity Building

On the Treasury investment side, there has been significant strengthening of the capabilities of the Treasury Investments team in 2022. The team now has extensive experience drawn from fixed income and derivative trading, asset management, structuring, central bank reserve management and MDBs.

## Stronger Portfolio

The portfolio continued to increase sophistication, building out our multi-currency bond investments (hedged back to US dollar), adding a significant number of new credit lines to improve diversification, and reducing the share of the portfolio in term deposits. There was an establishment of a new stable income bond portfolio, based on amortized costs accounting treatment, which will help smooth income volatility associated with the fair valued portfolios.

## External Auditor

The Bank's external auditor is PwC, which has held the role for seven years. The external auditor performs an annual audit to enable them to express an opinion on whether the financial statements of the Bank present fairly the financial position and results of the operations of the Bank. In addition, the external auditor carries out an independent review on the effectiveness of the Bank's internal controls over financial reporting.

At the conclusion of the annual audit, the external auditor prepares a management letter for senior management, which sets out the observations of the external auditor and recommendations for improvements on internal controls and other matters.

The Audit and Risk Committee, which comprises four directors and two external members, meets periodically with the external auditor and individual committee members have independent access to the external auditor. The Committee reviews the external auditor's approach and strategy for the annual audit and receives regular updates from the external auditor on the Bank's financial reporting and internal controls.

The external auditor is not allowed to carry out any work of an advisory nature or act in any other capacity that might compromise the independence of their audit.

## Internal Control Over Financial Reporting

AIB uses the internal control framework promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, 'Internal Control – Integrated Framework (2013)' (2013 COSO Framework) in assessing the effectiveness of the Bank's internal controls over financial reporting. Based on the 2013 COSO Framework, Management has put in place robust systems and controls to ensure the integrity of financial reporting.

Management assesses the effectiveness of the internal controls over financial reporting and issues management's report signed by the President and Chief Financial Officer, as well as the Controller. A separate attestation is provided by the Bank's external auditor, PwC. The external auditor's report expresses an opinion on Management's assessment on the effectiveness of AIB's internal control over financial reporting for the financial year ended Dec. 31, 2022.



## OUR RISK MANAGEMENT

We have been following the best risk governance practices since 2016. Our [Risk Management Framework](#) (RMF) has supported diversified and overall healthy portfolio growth since operations started seven years ago. The RMF follows the three lines of defense model with a clear separation of duties to identify, measure, monitor and control risks. This model has resulted in positive feedback from the three main rating agencies, which noted our commitment and ability to diligently implement the RMF. It is anchored on the [Risk Appetite Statement](#) (RAS), approved by our Board of Directors in 2018. We continued to implement risk identification, mitigation and management measures while identifying opportunities to improve risk management practices, particularly those at the portfolio level.

## How We Manage Risk

In 2022, despite a challenging environment, the well-established risk management framework enabled us to continue to meet our AIIB Member and client needs. Our capacity to run together significant growth with a solid risk approach is key to delivering sustainable growth, particularly important at our stage of development, including in terms of diversification.

### **A Coordinated, Cross-Functional, Bank-Wide Response to Risk**

Our Risk Management Department (RMD) is organized to cover the credit and investment risks, the market and liquidity risks, the non-financial risks including bank compliance and integrity risks and operational risks, as well as the portfolio and model risks inherent to an MDB in line with the most advanced banking practices.

## Credit Ratings, 2022

RATINGS	FITCH RATINGS	MOODY'S	STANDARD & POORS
<b>LONG-TERM</b>	AAA	Aaa	AAA
<b>SHORT-TERM</b>	F1+	Prime-1	A-1+
<b>OUTLOOK</b>	Stable	Stable	Stable

### **Risk Management Framework and Risk Appetite Statement**

As the keystone of our RMF, our RAS promotes active involvement by the Board of Directors and its Audit and Risk Committee in strategic risk consideration.

The RAS defines our level of appetite for core and noncore risks. It also confirms that there is no appetite for risks such as reputational or compliance-related risks that could threaten the institution or jeopardize the Bank's mandate. The statement describes and sets thresholds for key risk indicators in several tiers, which are reported to Management and the Board of Directors. Any breaches or deviations require an action plan to steer either or both investment and treasury operations. The statement is supported by our risk culture and strengthened by training and increasing awareness of the risk environment.

### **Well-Regarded by External Rating Agencies**

For the sixth consecutive year since 2017, Fitch, Moody's and S&P have reaffirmed our AAA rating. Within S&P's assessment, AIB was assigned a 'very strong' enterprise risk profile, with solid liquidity ratios and capital buffers, which underpin its financial risk profile and which S&P deemed to be 'extremely strong.' They noted that AIB has established a comprehensive RMF, and that the Bank's financial strength remains unparalleled among multilateral lending institutions. Fitch noted that AIB has 'excellent' capitalization and a 'low' risk profile,

which translates into an 'aa+' assessment of solvency. They observed that Risk Management Policies are 'strong', as our risk-management limits have not been breached, nor have the limits themselves been relaxed since inception. In addition, it was noted that AIB continues to benefit from 'strong' preferred creditor status. With the liquidity assessment, Fitch awarded AIB their highest score of 'AAA.' Moody's rating evaluation reported that the credit profile of AIB reflects solid capital adequacy, a strong liquidity profile as well as a robust governance framework and very high shareholder support. They noted that AIB's capital base will continue to be very large relative to its assets as the Bank ramps up its lending operations, providing ample financial capacity to fulfill the Bank's mandate.

### **Credit and Investment Process**

The Credit and Investment Risk team screens the projects presented to the various committees from the Screening Committee toward the final review. The team actively engages with the Investment Operations (IO) team on multiple types of projects to optimize the added value brought to every transaction entering the balance sheet of the Bank, be it sovereign or nonsovereign financing.

### **Market and Liquidity Risk**

We have continued to enhance the policy framework, risk assessment methodologies, reporting and relevant systems to support

Treasury business. We enhanced counterparty credit limit framework to support our Treasury to expand our investment universe. To measure counterparty credit risk accurately and timely, we implemented the counterparty credit risk system.

## **Non-financial Risk**

### *Compliance and Integrity Risk*

Following developments arising from geopolitical challenges, the RMD led the identification and management of the Bank's exposure to sanctions risk. The team continues to closely monitor the situation and safeguard the Bank. Operationally, the Department oversaw the Know Your Counterparty (KYC) of more than 150 counterparties across IO, Office of the Treasurer (TRE) and Facilities and Administration Services Department (FAS) and conducted the review of 122 IO projects that pre-dated the development of the KYC Administrative Guidance. Advisory activities were supported by framework enhancements in many areas including sanctions compliance risk, the revision of the TRE and FAS Administrative Guidances and the development of additional guidance materials. The RMD also procured and implemented the SAS KYC system into TRE and the Human Resources Department (HRD) and successfully onboarded key subscription services such as Kharon and Control Risks.

### *Operational Risk*

We are exposed to operational risk through the execution of our typical business functions. While it is not possible to avoid operational risks and the potential for associated financial and non-financial losses, it is possible to mitigate such losses through sound governance and appropriate policies and procedures. The purpose of operational risk management within AIIB is to reduce the likelihood and consequences of avoidable operational risk events. The Bank has a comprehensive approach to business continuity management that addresses our response to a broad range of potential major operational disruptions involving

material unavailability of staff, premises, systems, or key suppliers, or a combination of these.

In 2022, our Legal and other departments worked on how to deal with the impact of geopolitical challenges, including assessment and advice on various sanction and export control-related issues to mitigate potential regulatory risks.

## **Portfolio Management & Model**

At the Portfolio level, we benefit from a solid and recognized RMF and are continuously working to adjust the parameters on concentration, the Weighted Average Credit Rating (WACR), Expected Credit Loss (ECL) and Economic Capital (ECap) on the best practices, be it on quantitative criteria or on the stress analysis performed to the Board. We also benefit from Capital Adequacy Framework Panel Review discussions to help ensure our capital base may be used most efficiently for the purposes of delivering the Bank's mandate, while retaining our AAA rating.

Throughout 2022, the Quantitative Analytics team delivered the analytical mandate to ensure the Bank's risks are appropriately and timely quantified and monitored. The team led the revision to the Bank's Risk Management Policy with a focus on concentration limit and supported communications with Rating Agencies to secure the Bank's AAA rating. To support the Bank's continuous growth, the Quant team also made efforts to further advance the Bank's analytical capacity, including providing analytical and system support to the Bank's development of new products, evaluating and approving additional models to accommodate business needs, and enhancing digitalization of risk dashboards.

## **Restructuring and Workout**

In 2022, we have been managing one non-performing loan, achieving recovery of outstanding fees and periodic partial payments. We also participated in the early warning system development and the improvement of collateral management.





## OUR INTEGRITY PRACTICES

### Internal Audit

Our Internal Audit Office (IAO) provides professional and objective assurance and advisory services designed to add value and improve AILB's operations. The mission of internal audits is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight.

In 2022, the IAO accomplished its objectives by bringing a systematic, disciplined approach in assessing whether the key risks of the Bank are adequately and effectively managed. This year's work program covered providing assurance over our nonsovereign-backed financing (NSBF) products including loans; COVID-19 Crisis Recovery Facility (Facility), environmental, social and governance (ESG) bonds, cybersecurity, and corporate processes. Several engagements, however, will be carried over to the 2023 work program as our operations have experienced unprecedented changes due to COVID-19 during the last two months of the year.

The IAO continued to adjust to these changed circumstances; and to ensure delivery of quality engagements, it carried out a readiness assessment (or gap assessment) to determine its current level of conformance with the Institute of Internal Auditors (IIA) International Professional Practices Framework and carry out course corrections in a timely manner.

The IAO continued to align with the best practices of multilateral financial institutions (MFIs) by participating in the creation of the ESG IFI Auditors Network and MFI Quality Assurance Auditors Network where innovative approaches, good practices, lessons learned and ways to tackle challenges in providing assurance over new asset classes such as ESG and sustainability financial instruments; and in ensuring that the IAO continues to conform to the IIA International Professional Practices Framework. Moreover, sharing of agile audit methodology was carried out during the United Nations Representatives of Internal Audit Services (UNRIAS) annual meeting.

## Ethics

Our Ethics Office promotes an ethical organization based on the Bank's Core Values of Lean, Clean and Green and Basic Standards of Conduct as set out in the Bank's Code of Conduct for Bank Personnel. Its key responsibilities include: (a) developing training and other awareness-raising measures on the Code of Conduct for Bank Personnel; (b) contributing to the Bank's standard-setting and policy development; (c) receiving, assessing and conducting investigations into allegations of misconduct; (d) providing confidential and independent advice to Bank Personnel on any ethical issue; (e) administering the Bank's Statement of Financial Interest Programme; and (f) handling retaliation claims and related requests for protection against retaliation.

In July 2022, the Ethics Office rolled out a mandatory online training course for Bank personnel on Creating and Maintaining a Respectful Work Environment, which aims to create lasting behavioral change by increasing staff awareness on how to build and maintain a respectful workplace. It also developed and offered nine facilitator-led online workshops on the respectful workplace to all Bank Personnel, as well as arranged two facilitator-led online workshops on speaking up and the respectful workplace for the Bank's People Managers. At the end of the workshop, participants individually committed to contribute to a respectful work environment. The workshops were conducted between July and November 2022 and attended by 175 Bank Personnel.

As part of our institutional capacity building efforts in 2022, the Ethics Office also prepared Guidance Notes on the Respectful Work Environment and on Speaking Up and Protection against Retaliation and conducted one-on-one ethics conversations and internal information campaigns to promote awareness. One key achievement was the development of the Respectful Workplace Integrated Action Plan

which has been successfully implemented by the Office of the Ombudsperson, HRD and the Ethics Office, as well as other stakeholders since January 2022.

## Ombudsperson

The Office of the Ombudsperson (OMB) was established on Sep. 15, 2021. Its three main functions are (a) to serve as an informal resource to facilitate resolution of workplace conflicts independently, confidentially and impartially; (b) to identify and analyze trends and broad systemic issues, and make recommendations or alert Management on issues that should be addressed to improve the working environment and (c) to help promote a respectful workplace culture and administers the Respectful Workplace Advisors Program.

The OMB observes the guiding principles of independence, impartiality, confidentiality and informality in delivering its services. The OMB adheres to the Standards of Practice and Code of Ethics of the International Ombudsman Association. To ensure the OMB's autonomy, the Ombudsperson reports directly to the President.

The OMB serves as a confidential resource for the AIIB community to raise or address their workplace-related issues and seek guidance on how to deal with them. Anyone who wants to use the OMB services may contact the Ombudsperson or the Senior Ombuds Services Officer through various physical or digital channels.

To ensure all AIIB staff are aware of the OMB's role and the internal resources available to them, the Ombudsperson introduces the OMB's services to new colleagues during the induction courses, gives presentations to AIIB departments, and organizes other information campaigns. It provided resources and support to those who sought its services. It celebrated its first anniversary on Ombuds Day with a Bank-wide Happy Hour / Fireside Chat.

Externally, the OMB actively participates in meetings and training sessions organized by the Ombuds peers of other MDBs and international organizations (including the United Nations, and ombuds associations). Such efforts help the OMB learn from the experiences of other reputable organizations and align AIIB's OMB services with international standards and best practices.

## Respectful Workplace Advisors

We launched the Respectful Workplace Advisors (RWA) Program in April 2021 as an informal service to foster a respectful workplace environment for all AIIB staff. There are six RWAs, and their role is to provide an informal, confidential, trustworthy and readily accessible source of early assistance for staff who have concerns about a respectful workplace or who need information on how to seek assistance.



## OUR PARTNERSHIPS

We established the Operational Partnership Department (OPD) in August 2022 to strengthen the Bank's efforts to scale-up partnerships and promote regional cooperation in addressing development challenges by working in close cooperation with other multilateral and bilateral development institutions. OPD's main function is to spearhead the Bank's engagement with a variety of development partners and facilitate the Bank's participation in global and regional coordination mechanisms to build relationships. It also administers AIIB's Special Funds resources, manages engagement with global and regional coordination mechanisms and mobilizes additional resources for the Bank's investment operations.

With the establishment of the OPD, we aim to enhance resource mobilization with MDBs, IFIs, development financial institutions and other partners, expand and effectively manage AIIB's special funds resources (Special Funds) and widen AIIB's global and regional presence in G20, COP and other international cooperation forums enhancing AIIB's image.

### **Promoting the Bank's Agenda in the G20 and MDB Heads Meeting**

G20 Finance Ministers and Central Bank Governors endorsed three deliverables presented by AIIB related to digital infrastructure: (a) the Digital Infrastructure High-level Seminar with the theme 'Closing the Digital Divide'; (b) a G20 Blueprint for Scaling Up InfraTech Financing and Development (in collaboration with the Global Infrastructure Hub), accompanied by a Stocktake of Approaches for Scaling Up InfraTech; and (c) a G20 compendium of case studies on digital infrastructure financing. President Jin participated in the MDB Heads Meeting on the side lines of the World Bank-International Monetary Fund Spring Meetings in April 2022, focusing on the role of MDBs in fostering resilient, sustainable and inclusive growth and their role related to climate adaptation and beyond.

### **READ MORE**

#### OUR KNOWLEDGE PRODUCTS

### **Contributing to Global Cooperation on Climate Change**

The 2022 United Nations Framework Convention on Climate Change Conference of the Parties (COP 27) was held on Nov. 6-18, 2022 and hosted by Egypt in Sharm-El-Sheikh. As Asia's climate partner, we bring capital, capacity and convening power to accelerate financing solutions to climate change. We are focusing on increasing investment into climate-resilient infrastructure and technology where it is most needed so that no country is left behind.

We signed partnership agreements with the Global Energy Alliance for People and Planet (GEAPP) and the Energy Transition Accelerator Financing Platform (ETAF) in the margins of COP27. We also joined the GEAPP, marking a step forward in our commitment to developing new, inclusive financial instruments and capacity building tools that help unlock new capital, by bridging the gap between public and private sector resources. Our participation in the ETAF would contribute to our ambitious green and climate commitments, as well as the OPD's aims of providing access to additional resources to support investment operations.

### **Expanding Partnerships to Support Operations**

We signed memorandums of understanding with various partners to expand our operational and strategic cooperation to finance global public and private sector projects and promote sustainable, resilient and high-standard infrastructure development. These partnerships are aligned with AIIB's thematic priorities and will help the Bank support the specific needs and commitments of its Members for sustainable, climate-resilient infrastructure, as well as help the Bank meet its targets, including its climate finance commitments. We signed agreements with the Organization of the Petroleum Exporting Countries (OPEC) Fund



for International Development, the Development Bank of Latin America, KfW, and the Export-Import Bank of China. We also co-initiated and launched the [Mechanism of International Sustainable Infrastructure Promotion](#) (MISIP Initiative) with the China International Contractors Association (CHINCA), GIZ, UN Environment Programme and World Wildlife Fund.

Ongoing collaborations with multilateral and bilateral partners and international concessional and grant facilities such as the Global Infrastructure Facility, the Multilateral Cooperation Center for Development Finance (MCDF), and the Pandemic Fund, among others, would enhance the Bank's expertise and capacity to support its investment operations, in areas including connectivity, private capital mobilization, technology-enabled infrastructure, health infrastructure, and climate-positive and green infrastructure projects going forward.

**Mobilizing Resources to Support Investment Operations**

Our resource mobilization efforts are focused on contributing to the Bank's investment pipeline

by identifying partners, forging partnerships, programs and initiatives that create pathways for business opportunities; as well as enhancing the Bank's reputation as a global infrastructure financier of choice.

Through our participation in multilateral activities such as the World Bank Group/International Monetary Fund Annual Meetings in Washington, D.C., COP27 in Egypt and COP15 in Montreal, and the Water Security and Climate Change Conference in Bangkok, we have successfully built on our partner engagements to develop new markets and new partners for projects (e.g., replicate AIIB's and Gates Foundation's City-wide Inclusive Sanitation infrastructure and digital solution module piloted in 25 towns and cities in Bangladesh), new client segments (e.g., municipalities and urban authorities where the Multilateral Investment Guarantee Agency could de-risk transactions with guarantee tools for AIIB to extend lending in previously underserved or high-risk markets) and access to technical assistance grants (e.g., Global Water and Sanitation Center, Cities Development Initiatives Asia). We also deepened our engagements with the World Economic Forum and other partners.

## OUR ENGAGEMENT WITH CIVIL SOCIETY

Civil society organizations (CSOs) and non-governmental organizations (NGOs) are some of our key stakeholders. Since our inception, CSOs and NGOs have been providing valuable inputs to our strategies, policies and operations. In 2022, we maintained the momentum of engagement with CSOs and NGOs.

### Project-level Engagement

We continued to engage with CSOs/NGOs on concerns about AIIB-financed projects. We shared information about our projects and addressed the questions raised by CSOs/NGOs in writing and via virtual meetings.

### Strategy and Policy Engagement

In 2022, we held a total of 14 sessions and interfaced with 86 CSOs and NGOs during the public consultation on the Energy Sector Strategy Update. We also communicated with civil society on other topics of interest such as biodiversity, gender, human rights and climate change.

[READ MORE](#)

ENERGY SECTOR STRATEGY UPDATE

### AIIB Management Dialogue

The AIIB Management Dialogue with CSOs/NGOs serves as an open, direct platform for CSOs/NGOs to engage with our senior Management, as well as an opportunity for AIIB Management to listen to diverse voices regarding our operations and policies. We held the Dialogue virtually during the 2022 AIIB Annual Meeting. More than 90 CSOs and NGOs registered for the session. During the Dialogue, AIIB's Management, led by President Jin, addressed questions from CSO and NGO representatives on issues of mutual interest covering topics on climate, gender, information disclosure practices, among others.

### Proactive Outreach

We proactively reached out to CSOs to seek their feedback and learn about their expectations for AIIB's CSO/NGO engagement. As the Bank continues to grow, we continue to build up resources and capacity to strengthen engagement and communications with CSOs and NGOs.



## OUR CULTURE AND OUR PEOPLE

### Our Culture

AIIB launched the AIIB Way in 2021. Underpinned by our values of “Lean, Clean and Green”, the AIIB Way is about who we want to be as a Bank and as a team. This is aligned with our Corporate Strategy and defines how we serve our clients and how we work with and treat each other. At AIIB, this means we act with integrity and respect. We welcome diversity, and we create an inclusive environment where everyone can thrive. This is how we will be an ‘employer of choice.’

Our commitment to diversity and equity is reflected in our participation in the Economic Dividends for Gender Equality (EDGE) survey where we have been certified as an EDGE ASSESS Organization in 2022 for the second time. To embed this in our day-to-day work, we defined a set of competencies (five core and three leadership competencies) that apply to all Bank

staff. These align with the culture we want to build and how we want to grow as a team and a Bank.

To track our progress toward becoming an employer of choice, we conduct engagement surveys every two years. This gives us insights into our ways of working and how we might further strengthen and accelerate our culture-building journey.

### Our Staff

As of Dec. 31, 2022, we had 465 staff members onboard, including 454 professional staff and 11 support staff. There are 187 women professional staff and overall representation reached 41%. Bank staff comes from 62 economies, and the percentage of those from regional economies is at 69%. We are committed to a gender-balanced workforce at all levels. In addition to our staff members, we also engage individual consultants and secondees working in different business areas as well as outsourced staff who provide valuable support to business operations.



### **Attracting Talents Worldwide**

Our talent sourcing initiatives has transitioned from physical to largely virtual since 2020 to promote the AIIB employer brand to talents worldwide. In 2022, we hosted or participated in 29 virtual career events to meet talents from various economies and industries. In view of the travel restrictions during the pandemic, the Bank introduced virtual onboarding arrangements to welcome almost half of the new staff hired in 2022. We also formed a dedicated team to support new staff and their families' smooth transition and relocation travel to the Bank's Headquarters.

### **Young Talent Programs**

For young talents who are looking for mentoring and professional guidance, our Young Talent Programs provide them an opportunity to learn valuable skills by virtue of where we are headquartered, the wide range of our products and markets, and our unique business of financing Infrastructure for Tomorrow. Our first

Graduate Program cohort in 2022 comprised 25 analysts while three lawyers were admitted to our second Legal Associate Program. Our 2022 Internship Program, composed of 30 interns, has been our largest cohort so far.

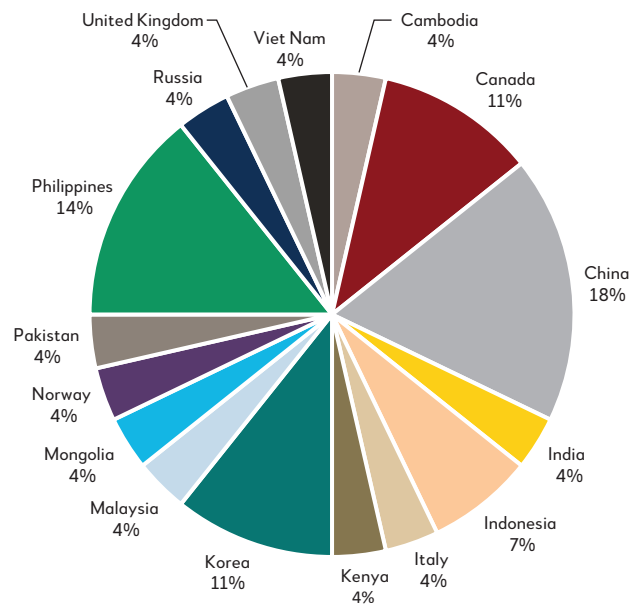
### **Competency Framework**

A critical step forward in our culture-building journey is institutionalizing and embedding the AIIB Way in our day-to-day work environment. To create a common understanding and shared language through a participatory process, we have defined a set of competencies (behaviors) that are important for all Bank staff, regardless of their function or level. These competencies will help us clarify expectations, define future development needs and do more focused recruitment and development planning. Competencies provide a sound basis for consistent and objective performance standards by creating a shared language about what is needed and expected within AIIB.



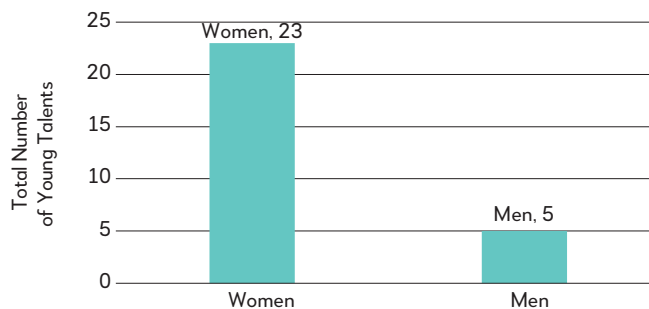


## Young Talents Economy Representation, 2022



Note: The Young Talents Program is composed of Graduate Associates and Legal Associates.

## Young Talents Gender Distribution, 2022



Note: The Young Talents Program is composed of Graduate Associates and Legal Associates.

## Learning and Development

We supported staff learning and development throughout 2022. We partnered with internal and external subject matter experts and organized 21 flagship training programs to over 550 Bank personnel covering a wide range of topics from induction training, operational training, credit and investment, private equity, soft skills, and leadership training. Financial support continued to be available for staff who wanted to avail of training; 110 staff benefited from the scheme and enrolled in training courses and workshops that were not internally available.

The learning solutions remained resilient. While most programs were delivered virtually, staff were encouraged to participate in face-to-face trainings such as the New Staff Induction Program to promote information exchange and networking.

## Supporting Staff Well-being

### Well@AIB

Continuing from the launch of Well at AIB in June 2022, we designed a series of well-being sessions to address different needs of staff and

their partner. Staff have access to an online counsellor as an additional well-being resource. There is a choice of topics and opportunities for those who wish to delve deeper into different topics to develop good habits and apply learnings to their professional and personal life.

We also launched a new legal service to all Bank personnel to have external counsel provide advice on personal legal matters.

### **Supporting Staff during COVID-19**

Since the COVID-19 pandemic outbreak in early 2020, we have taken measures to care for our staff's security, safety and well-being. We have proactively developed and enhanced initiatives to support our staff during this period. We rolled out support measures for home travel to help staff plan and arrange home travel and work with more flexibility and better certainty, such as rollover of unused annual leave to the next year, remote work arrangements during home travel, as well as a subsidy for home travel. We conduct timely and regular communications with staff to understand and address their concerns, and review and update the support measures constantly in view

of the evolving situation and staff feedbacks. By the end of 2022, more than 100 staff benefited from these support measures.

### **Staff Council**

Our Staff Council was established in August 2021 to serve as a platform for engagement between staff members, and for consultations between staff members and Management on relevant matters to employment and general welfare.

In 2022, the Staff Council put in place key governing documents, and successfully held the second election of staff representatives. It engaged with the staff, Management, and the Board of Directors on issues that are critical to the staff's employment and welfare, especially in relation to the impact of COVID-19 restrictions on staff, new joiners, working culture and environment, and compensation and benefits. It held two surveys—on flexible working and compensation and benefits—to obtain supporting data as it represented staff's interests. It launched the first funding drive for AIB social/sports clubs and held cultural events as well as engaged with staff associations of other IFIs for peer learning.





## OUR ORGANIZATION

### Our Headquarters and Our Global Presence

#### Headquarters

Our permanent Headquarters are in Beijing, China, between the Olympic Forest Park and the iconic Bird's Nest Stadium.

We are committed to improving our staff's working environment. In 2022, our Facilities and Administrative Services Department led the renovation of the office lighting and acoustics, as well as refurbishment of the Sky Gardens that serve as a multi-functional space for cultural events and cross-team collaborations.

We are committed to enhancing our sustainable operations in terms of corporate practices by improving our Headquarters building's management in terms of energy and water utilization, waste diversions,<sup>5</sup> use of more efficient materials and resources, and developing and maintaining a healthy environment for

staff. On Oct. 9, 2022, we were awarded the Leadership in Energy and Environmental Design (LEED) Platinum for Operations and Maintenance of Existing Buildings, the most prominent certification from the US Green Building Council for green building standards.



#### Aligning Our Internal Operations with the Paris Agreement

We developed our Carbon Management Plan (2022-2025), which provides a clear roadmap

<sup>5</sup> Each kind of waste (e.g., food waste, recyclable waste) generated by AIIIB is monitored and quantified before processed for recycling, reuse, treatment or conversion into power generation by external suppliers.

and carbon management action plans over the Bank's internal operations. We also prepared the first of our annual [Carbon Footprint Reports](#) to monitor, report and verify the environmental impact of our internal operations.

We announced our first Institutional Carbon Emission Management Plan (ICEM Plan) in January 2022 to help the Bank achieve carbon neutrality by 2025 and align our internal activities with the Paris Agreement goals. The Plan presents a five-year overview of AIIB's institutional greenhouse gas (GHG) management strategy. In addition, it identifies steps for the Bank to monitor, verify, and report its institutional carbon footprint, as well as the high-level strategies the Bank might employ to cut and decarbonize institutional energy use.

In July 2022, we set up an online data management system through our Facilities and Administration Services Department to monitor the daily GHG emissions from our internal operations and to standardize the monitoring of our annual GHG inventory. In November 2022, the British Standard Institution verified that GHG inventory reporting of 2021 accurately and consistently conforms to [ISO 14064-1:2018 on Greenhouse gases](#). This demonstrates that we have the scope of verification activities as required by Paris Alignment Building Block 6 and international standards.

Through multiple carbon emission reduction initiatives in the past year, sources of GHG emissions, such as electricity, water and waste generation, saw a pattern of decline between 2020 and 2023 after we moved to our permanent Headquarters.

### **Social Responsibility as a Global and Local Corporate Citizen of Our Host City**

As an MDB headquartered in Beijing, AIIB is keen to join strategic cooperations and contribute to Beijing's sustainable development. On Sep. 27, 2022, AIIB and the Beijing Municipal Forestry and Parks Bureau signed a Letter of Intent to establish cooperation on climate

change and biodiversity. The agreement aims to promote the implementation of our shared vision and commitment to sustainability, as well as to support Beijing to become a wildlife-rich, wildlife-friendly and low-carbon capital city. Areas of cooperation for both sides include monitoring of migratory birds, developing policy recommendations for Beijing, public education and participation in related activities.

### **Interim Operational Hub**

We have also begun to build AIIB's global presence, to strengthen our client focus and build a high-quality, diverse investment pipeline. Our Board of Directors approved our Global Presence strategy and with it, the establishment of an Interim Operational Hub on June 28, 2022, which will be fully operational in 2023. Expanded global presence will strengthen our client relationships, enhance project preparation and improve project implementation.

The city of Abu Dhabi in the United Arab Emirates (UAE) has been designated as the location for the Hub, chosen for its connectivity to the Bank's global membership. Our first overseas office will help bring us closer to our clients and to global financial centers, as well as enable us to conduct effective supervision of our growing investment portfolio, and strengthen our project monitoring and implementation services across the globe.

### **Our Investments in a Digital-First Future**

To support AIIB in becoming a digital-first MDB in the 21st century, our IT Department (ITD) made steady and consistent progress toward implementing reliable, innovative, and efficient digital solutions that ensured the security and smoothness of the Bank's daily operations.

In 2022, ITD worked on building an IT landscape that is digitally reachable and reliable, and focused on emphasizing consistent information and automated connectivity and optimizing



the client experience with insights, with a focus on digital services, data management and developing IT excellency.

We accelerated our digital capability in terms of enabling streamlined and integrated digital operations and providing coherent business operations data to support core business functions such as investment management, treasury services, and risk management with consistent operations data, while also safeguarding the Bank's security and stability.

Throughout 2022, our data management practices have been transitioning from the initial foundation-setup stage to a more growth-oriented phase. This year, we made significant progress toward establishing a sustainable and robust Bank-wide data ecosystem, thereby future-proofing the Bank's adaptability to the evolving data landscape and meeting clients' diverse needs. We solidified the technical foundation of our data platform, enabling us to ingest data sources from various business systems successfully, and produced data applications for pilot business cases.

With a comprehensive cybersecurity framework in place, we enhanced the Bank's overall cyber protection capabilities by detecting and solving cyber threats in a more timely and accurate manner. As technology continues to evolve, we remain committed to staying ahead of potential threats and maintaining the highest level of digital protection.

We have been promoting digital transformation through learning and innovation experiments to meet business needs. Our Digital Innovation Lab creates practical, experimental business tools using cutting-edge technologies, like the newly launched Smart Translator. This leverages artificial intelligence to translate documents in real-time.

As we develop our digital landscape, we also need to enhance our digital capabilities to ensure operational efficiency and a positive user experience while maximizing digitalization's value. To improve workspace efficiency and echo the core competency model, we provided training opportunities to encourage a digital mindset among staff and help them develop better digital confidence.

## MAJOR INFORMATION TECHNOLOGY PROJECTS, 2022

- **Enhancement of the Investment Management Information System (iMIS) aimed at optimizing and streamlining business processes.** Enhancements include automated cross-system integration to ensure consistent and reliable business data. iMIS, as the central application for investment management, has been successfully integrated with eight surrounding solutions, facilitating daily usage by approximately 400 users.
- **Launch of the new Enterprise Resource Planning (ERP) System S/4HANA.** This serves as an upgrade to the previous solution, enabling more comprehensive system functionality, better extensibility and integration capability.
- **Transition of data management practices from the initial foundation-setup stage to a more growth-oriented phase.** The objective was to build a sustainable and robust Bank-wide data ecosystem, enabling more lines of business to adapt to the evolving data landscape in the years to come. In 2022, the data platform technical foundation was solidified, various data sources were incorporated from business systems, and reporting requirements and data applications were deployed for pilot business cases.
- **Roll-out of the first and second phases of the Operational Risk Management System.** This was done to industrialize and integrate operational risk management processes, enabling better control and monitoring mechanisms.
- **Launch of a 24x7x365 IT Helpdesk Call Center.** Launched on Sep. 1, the Helpdesk is designed to accommodate our global presence, boost productivity in the digital workspace and better support flexible work arrangements.
- **Initiation of the Client Portal and InfraTech portals.** These are designed to optimize the client experience in loan disbursement operations and infrastructure technology-related knowledge exchange and analysis.



## OUR KNOWLEDGE PRODUCTS



### 2021 Annual Report

Each year, we publish an [annual report](#) that summarizes our programs and projects and features highlights of our work with our clients in our thematic priority areas.

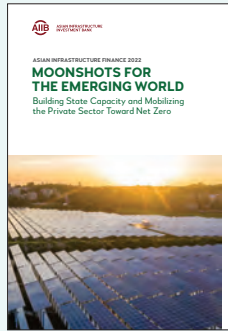


### 2021 Sustainable Development Bonds Impact Report

Under the [Sustainable Development Bond Framework](#), the Bank is committed to annual impact reporting on our overall portfolio- and

project-level results reflecting environmental and social benefits generated by our financing.

We launched our second [Sustainable Development Bonds Impact Report](#) in September. The report illustrates how the proceeds from AIIB's bonds are used to realize AIIB's mission to finance Infrastructure for Tomorrow, and shares insights on AIIB's financing in key infrastructure sectors, including sustainable energy, transportation, water, digital infrastructure and AIIB's COVID-19 Crisis Recovery Facility.



### Asian Infrastructure Finance Report 2022

We launched the Asian Infrastructure Finance (AIF) Report 2022, “[Moonshots for the Emerging World: Building State Capacity and Mobilizing the Private Sector Toward Net Zero](#)” in October at the Annual Meeting, followed by an event at

COP 27. The 2022 AIF examines the main “tools” of the state – the state-owned enterprises, the state-owned financial institutions and public-private partnerships together with national innovation and technology adoption frameworks – and how these can work together to accelerate the net-zero transition.

The net-zero transition is a “moonshot,” and for emerging and developing economies, this “moonshot” is very much about speeding up adaptation and green innovation in a mission-driven purposeful manner. Reaching net zero in time will be the greatest challenge for these economies and the impact of climate change will be most severe where state capacity is in short supply. The state will need to work with all the instruments it has at its disposal, harnessing the private sector and working with development partners, as well as go beyond individual instruments and collaborations to achieve net zero.

**ASIAN INFRASTRUCTURE  
FINANCE REPORT 2022**

## G20 Blueprint and Stocktake for Scaling up InfraTech Financing and Development

Upon the request of the G20 Infrastructure Working Group, AIIB collaborated with the Global Infrastructure Hub to develop the “G20 Blueprint for Scaling Up InfraTech Financing and Development”. The Blueprint provides a set of evidence-based, voluntary, non-binding actions to advance the six elements of the InfraTech Agenda. To complement the blueprint, we created a “Stocktake of Approaches for Scaling Up InfraTech”, which provides case studies of InfraTech that attracted financing for development and implementation and could be scaled and replicated across sectors and jurisdictions.

## G20 Digital Infrastructure Financing: a Compendium of Case Studies

We collaborated with the Indonesian G20 Presidency to develop and launched the “Digital Infrastructure Finance: Issues, Practices and Innovations—G20 Compendium of Case Studies,” which contains several case studies on replicable innovative financing structures in digital infrastructure. The main findings of this report were presented at the G20 Infrastructure Working Group meeting in September and later unanimously endorsed by the G20. The report provides, among others, a view on the issues, practices and innovations in digital infrastructure, and identifies the critical factors that go into the level of innovation, the financial tools available to or used by public and private sectors and the risks and vulnerabilities that may arise.



## Operational Procurement Report

We published our inaugural [Annual Operational Procurement Report](#), which provides a highlight of the procurement profile of projects approved from 2016 to 2021. The report covers procurement contracts of sovereign-backed financed projects and Project Preparation Special Fund grants.



## Working Papers

AIIB Working Papers report on research work in progress by individual staff members and consultants. Research may be in collaboration with external parties and published to share knowledge, seek feedback and encourage debate. They focus on infrastructure development and finance.

A [working paper](#) on the impact of quality infrastructure on trade balances and the need to support infrastructure development alongside trade liberalization was published in 2022.

## Other Knowledge Products

Through our various departments, we convened, cohosted or participated in a number of activities to promote dialogue and knowledge transfers. In 2022, we:



- Convened the extraordinary meeting of the Council of the Chief Economists of the international financial institutions in response to geopolitical challenges.
- Continued building the AIIB Geospatial Platform, adding the first complete analysis of road connectivity within and across states in India, and completed the impact assessment of AIIB's [Gujarat Rural Roads](#) project.
- Engaged in the G20 Joint Finance and Health Task Force on the [Pandemic Fund](#), for which AIIB is one of the initial implementing entities.
- Produced the China Net Zero report in collaboration with an international expert group and two Chinese institutions, and presented it at the Boao Forum in March.
- Organized a series of training sessions on various topics, including on the Cape Town Convention and Its Protocols, the role of law in delivering climate results, international secured transactions law, equity investments and structuring projects in specific jurisdictions.



# IMPLEMENTING OUR CORPORATE STRATEGY

# 03



## OUR INVESTMENT FOR STRATEGIC VISION

2022 was the second year of implementing our Corporate Strategy in an operating environment that remained complex and challenging. We focused our efforts on creating the basis for stronger growth and quality of operations necessary to meet the aspirations of our Corporate Strategy.

Our impact ranged from projects that address the effects of climate change in terms of expanding renewable energy, enhancing electricity transmission and distribution infrastructure and supporting energy efficiency measures; ensure wider access to clean water through water resource management and water supply, sanitation and wastewater treatments; improve affordability, access and quality of digital connectivity; help people and goods reach their destinations by financing the building of roads and deployment of electric vehicles, among others.

In doing so, our projects helped people gain access to basic livelihood necessities, created employment and livelihood opportunities; facilitated the transfer of skills to build a pipeline of diverse talent; enabled people to stay connected, remain in the workforce, continue their schooling online and gain access to health care; and addressed the distinct needs of women and girls and contributed to promoting gender equality when opportunities arise.

AIIB reports on its portfolio-level performance indicators, sector outcomes and selected project stories in the annual Sustainable Development Bonds Impact Report. The Bank is committed to impact reporting, and the information from this reporting help us make data-driven decisions for best results.

**READ MORE**

SUSTAINABLE DEVELOPMENT BONDS  
IMPACT REPORT 2022

A number of major developments to support our strategic vision and implementation of the Corporate Strategy occurred in 2022. These include:

- **Energy Sector Strategy Update.** Our Energy Sector Strategy was updated to address Members' evolving needs and increased focus on climate change and energy transition as well as AIIB's own commitment on climate finance and the Paris Agreement. The update included increased focus to support Members' energy transition and took a stricter approach for the financing of fossil fuel. The six guiding principles for AIIB energy financing were

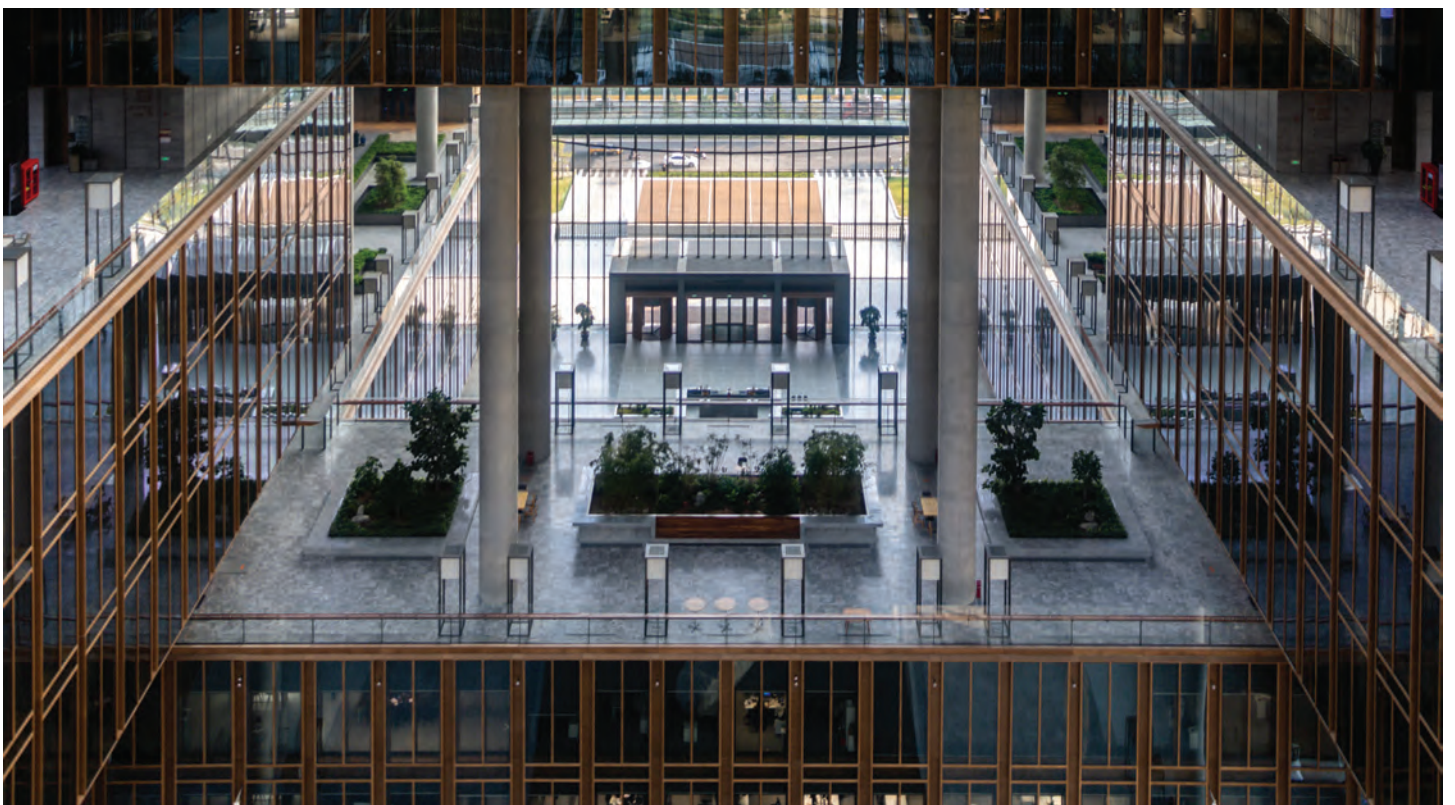
maintained on the basis that they continue to offer sufficient flexibility to represent Members' needs and meet client demand.

**READ MORE**

ENERGY SECTOR STRATEGY UPDATE

- **Update of policies and guidelines.** We continued to update our policies and guidelines to uphold the Bank's high standards and reflect our operational needs as we continue to grow and broaden our financial offerings. In particular, we updated our [Operational Policy on Financing](#) (OPF) in November 2022 to include provisions enabling the Bank to provide results-based financing to sovereign clients on a standalone basis. Associated updates to the [Environmental and Social Framework](#) and [Procurement Policy](#) were also adopted to reflect this new provision. The updates to the OPF demonstrate the evolution of the financing needs of our clients and the Bank's willingness and ability to respond to this demand.

In the coming years, we will continue to bolster our culture, expand our capacity and increase the rigor with which we manage the Bank's funds.





Al Rajef Wind Farm, Jordan (photo from Alcazar Energy Partners).

## WHAT IS INFRASTRUCTURE FOR TOMORROW

AIIB's mission of Financing Infrastructure for Tomorrow (i4t) reflects our firm commitment to sustainability and clear focus on aligning with our thematic priorities. By investing in sustainable infrastructure, AIIB unlocks new capital, new technologies and new ways to address climate change and to connect Asia and the world. It is also a dynamic concept that will be shaped by the operating environment – in the way markets function and people live, move and work. In this regard, how and where I4T is built will continue to evolve to respond to the needs of our clients and Members.

First, our commitment to sustainability is demonstrated by requiring that all investments be:

- Financially and economically sustainable in terms of financial returns and economic impact, which generate positive economic returns and do not exacerbate a country's debt sustainability.

- Socially sustainable and inclusive in terms of addressing direct and indirect impacts, especially on displaced persons, vulnerable groups and community health and safety.
- Environmentally sustainable in terms of addressing direct and indirect impacts on the physical and biological environment, such as water and air quality, biodiversity, local pollution, climate change and water use.

Second, our clear focus is demonstrated by requiring all our investments across infrastructure and other productive sectors to ordinarily add value through one or more of these **four thematic priorities:**

- **Green Infrastructure** encompasses both (i) climate (mitigation and adaptation) and (ii) other environmental activities, such as those that involve water and air quality, biodiversity, and land and water use.
- **Connectivity and Regional Cooperation** encompasses (i) domestic connectivity and cross-border connectivity, that covers both

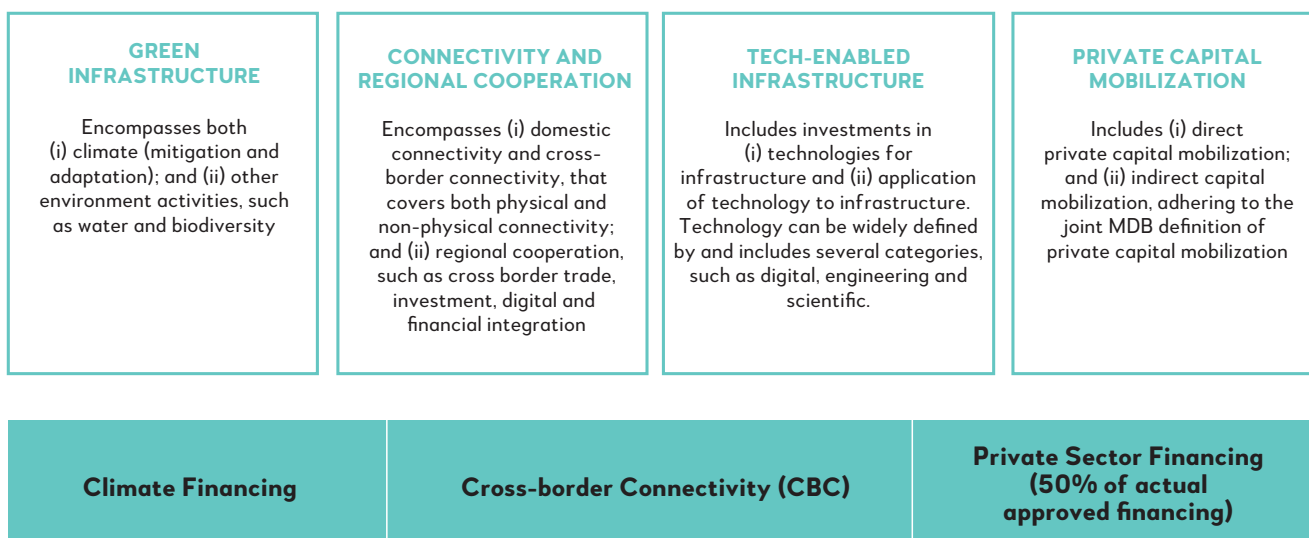
physical and non-physical connectivity; and (ii) regional cooperation, such as cross border trade, investment, digital and financial integration.

- **Technology-Enabled Infrastructure** includes investments in (i) technologies for infrastructure and (ii) application of technology to infrastructure. Technology can be widely defined by and includes several categories such as digital, engineering and scientific.
- **Private Capital Mobilization** includes (i) direct private capital mobilization and (ii) indirect capital mobilization, adhering to the Joint MDB definition of private capital mobilization.

AIIB has identified three corporate strategy targets to monitor and report our progress in realizing our mission. These **corporate strategy targets** reflect the Bank's focus areas and thematic priorities.

- **Climate Financing:** reaching or surpassing by 2025 a 50% share in actual approved financing. This specifically refers to the joint MDB definition of climate finance, including mitigation and adaptation.
- **Cross-border Connectivity:** reaching by 2030 a 25% to 30% share in actual approved financing. This specifically refers to cross-border connectivity and regional cooperation, excluding domestic connectivity.
- **Private Sector Financing:** reaching by 2030 a 50% share in actual approved financing. This refers to the Bank's portfolio composition, consisting of 50% nonsovereign-backed financing.

### AIIB Corporate Strategy: Four Thematic Priorities and Three Corporate Strategy Targets



## HOW WE IMPLEMENTED OUR CORPORATE STRATEGY IN 2022

In 2022, we continued to be committed to its mission pillars and core principles despite the compounded effects of the COVID-19 pandemic, climate crisis, rising inflation and geopolitical challenges that have affected our Members and clients. Taking such an operating environment into consideration, we have adopted the following key principles in 2022:

- Be responsive to client demand, while remaining focused on Corporate Strategy priorities. We continued our crisis response to stay adaptive to client demand while proactively aligning financings with the thematic priorities.
- Adopt a focused approach to scaling up business activities, ensuring that our institutional capacity, high project standards and financial sustainability are not compromised.
- Strive to build our institutional capacity at a pace commensurate with our Corporate Strategy ambition.

The 2022 business plan consisted of five focus areas enabling AIIB to proactively respond to client demand and support the implementation of

the Corporate Strategy: (i) supporting economic recovery and resilience, (ii) advancing green/ climate financing and Paris Alignment, (iii) strengthening client-oriented culture, (iv) ensuring high portfolio quality and (v) bolstering financial sustainability. Additional efforts to increase knowledge and expertise in our thematic priorities, reinforce strong multilateral governance and strengthen the institution's staffing and staff-oriented culture were prioritized.

In particular, we focused our operations to dedicate more efforts and resources to ensure alignment to our thematic priorities. For green infrastructure, we continued to focus on meeting our climate financing target, and commitment to be fully Paris Aligned by July 1, 2023, as well as addressing nature and biodiversity issues. In 2022, global challenges demonstrated the importance of our investments in connectivity and regional cooperation and technology-enabled infrastructure. Project teams dedicated more effort to building the longer-term pipeline for connectivity and regional cooperation projects, especially those that cross borders, and broadening the financing available. We maintained our focus on development and application of technology in projects financed by the Bank to make infrastructure more efficient and resilient. Our InfraTech Portal supports these efforts by proactively positioning AIIB as



facilitator of technology-enabled infrastructure and to transfer knowledge and create a demonstration effect. Finally, we continued to mobilize private capital through a range of financial instruments, particularly through private equity fund investments.

In January 2022, our Culture Steering Group also commissioned a client study to understand how the Bank can become the Preferred Partner of Choice to our clients and understand how we need to adapt to better meet our clients' diverse needs.

In terms of our investment operations, our climate financing in 2022 amounted to USD2.39 billion, or 56% of total approved regular financing,<sup>6</sup> up from 48% in the previous year and surpassing our 2025 target. Of the total climate financing, climate mitigation projects account for 81%, with the remaining 19% being adaptation finance.<sup>7</sup> Despite adaptation ranging between 15-20% annually, we have increased total adaptation from USD557.6 million in 2017 to a cumulative USD3.3 billion in 2022. As an infrastructure bank, the imperative to provide finance that strengthens the resilience and adaption of infrastructure presents opportunities to develop new dedicated financial structures, which will bolster AIIB's climate adaptation agenda.

Further, we made an active effort in increasing representation in international forums, including President Jin Liqun's participation at the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) and high-level delegation to the UN Biodiversity Conference (COP15) while continuing close collaboration with peer MDBs.

## Green Infrastructure

Under the Green Infrastructure thematic priority, the Bank is committed to work on advancing climate financing — to be fully Paris Aligned — as well as nature and biodiversity topics in

an integrated way to efficiently manage the co-benefits and trade-offs among these strategic priorities. In 2022, AIIB continued to originate and structure green infrastructure projects with climate adaptation, climate mitigation and other environmental benefits to support Members' low-carbon, climate-resilient transition and environmental sustainability and, as the crisis subsides, their pursuit of a sustainable economic recovery and development. We engaged with clients to identify climate and green financing opportunities across key infrastructure sectors and work in close coordination with other MDBs and partners to support a green recovery.

Notably, AIIB expanded its approach toward financing for biodiversity and nature. In addition to the application of its biodiversity safeguards and standards in the Environmental and Social Framework (ESF) applicable to all projects, it has started to explore the use of nature-based solutions in key infrastructure sectors, and to develop a strategic approach toward scaling up nature-positive investments and financing natural infrastructure to support Members in implementing their commitments under the Kunming-Montreal Global Biodiversity Framework as well as the Paris Agreement on climate change.

In 2022, 28 approved green infrastructure projects accounted for 90% of the total number of approved regular financing projects.

### READ MORE

- Climate Financing
- Our Partnerships

## Connectivity and Regional Cooperation

To increase support for connectivity and regional cooperation issues we have been steadily working on increasing the number and type of projects

<sup>6</sup> AIIB calculated its 2022 climate financing share excluding financing approved through the COVID-19 Crisis Recovery Facility.

<sup>7</sup> AIIB tracks its climate finance using the joint MDB climate mitigation and adaptation finance tracking methodologies. Five percent of AIIB's climate adaptation finance had dual benefits of mitigation and adaptation.



that help us fulfil this mandate. Under the Connectivity and Regional Cooperation thematic priority, the Bank is committed to prioritize projects that facilitate better domestic and cross-border connectivity and address current challenges to regional cooperation in Asia such as geopolitical challenges and disruption of regional supply chain.

In 2022, the impact of geopolitical challenges and disruptions to the regional supply chain continued to test the resolve for fostering connectivity and regional cooperation. These developments introduced further complexities in the energy and transport markets, particularly affecting trade between Asia and Europe. Unfolding events shed light on the delicate nature of connectivity and the ongoing need to address existing impediments to regional cooperation in Asia.

Despite the downturn in the second half of 2022, the pursuit of connectivity and regional cooperation remains important in Asia, with a particular emphasis on demand for new cross-border connectivity projects in transport, energy, and digital infrastructure sectors. With the reconfiguration of global supply chains, longer-term trends call for more optimized logistics infrastructure in the shipping sector in South, Southeast and Central Asia. This will result in demands for more infrastructure that will enable trade and cross-border connectivity in underdeveloped areas. The Bank's financing in connectivity infrastructure aimed to improve the resilience, flexibility, efficiency and accessibility of both physical and digital connectivity infrastructure.

In 2022, nine approved connectivity and regional cooperation thematic priority projects accounted for 29% of the total number of approved regular financing projects.

## Technology-Enabled Infrastructure

Recent global challenges (such as the COVID-19 crisis, the climate imperative and the problems of energy security) have demonstrated the importance of digital infrastructure and the usage of technology to enhance traditional infrastructure.

As a response, and in line with our Digital Infrastructure Sector Strategy and Corporate Strategy, we continued supporting our Members to address opportunities from digital infrastructure and technology. Firstly, we continued seeking opportunities to strengthen our Members' hard digital infrastructure, which forms the foundation for creating more social, environmental and economic resilience as well as growing the digital economy. Secondly, we invested in soft digital infrastructure, by financing the development and application of technology in infrastructure (InfraTech) to improve efficiency and sustainability, e.g., digitalization of water supply and sewerage, electric buses and electricity distribution grid modernization. In support of these efforts, the InfraTech Portal was developed to promote the application of technology in infrastructure as well as to stimulate innovation.

We also worked closely with reputable market players, including leading fund managers, to finance the development, application and commercialization of digital infrastructure and infrastructure technology.

In 2022, the Bank approved 15 projects across all infrastructure sectors that are aligned to the technology-enabled infrastructure thematic priority. This accounts for 48% of the total number of approved regular financing projects. Out of these, 14 projects focused on application of the technology to infrastructure, bringing the total since 2016 to 32, and two<sup>8</sup> projects focused on development of technology for infrastructure sectors, bringing the total to five.

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<sup>8</sup> One project approved in 2022 financed both application of the technology and development of technology.

## Private Capital Mobilization

AIIB aims to support private capital mobilization for infrastructure financing by leveraging our balance sheet and promoting infrastructure as an asset class. According to our Corporate Strategy, the Bank supports projects that directly or indirectly mobilize private financing into sectors within our mandate.<sup>9</sup>

We continued our efforts to mobilize private capital through a range of financing instruments to meet client needs. In 2022, a total of USD2.4 billion in private capital mobilization<sup>10</sup> was reported, a remarkable increase from USD1.3 billion in 2021.

- The private equity fund investment has become the major financing instrument for NSBF projects' private capital mobilization. Projects that mobilized private capital through investing in funds and developing capital market, served our vision of developing emerging market in infrastructure as an asset class.

- Project loan and intermediary financing projects continued to mobilize private capital and supported the realization of the Bank as a champion and leading institution to catalyze private capital for infrastructure investment in the region.

In 2022, the Bank approved 14 projects aligned to the private capital mobilization thematic priority. This accounts for 45% of the total number of approved regular financing projects.

Aligned with our [Strategy on Mobilizing Private Capital for Infrastructure](#), we have actively pursued the opening of new markets and creating deal flow through its financing. A series of capital markets projects have been developed to establish Asian emerging market infrastructure as an asset class by mobilizing private capital through anchoring the next issuance of infrastructure asset-backed securities. In 2022, AIIB approved investment in the Singapore: Asia Infrastructure Securitization Program III, which is a second issuance of infrastructure asset-backed securities (IABS) following the AIIB-anchored first IABS issuance in June 2021.



<sup>9</sup> Private capital mobilization should be distinguished from private sector financing which means AIIB has extended its own financing for its clients in the private sector (NSBF). Not all private sector financing involves private capital mobilization. In addition, while sovereign-backed financing are loans to, or guaranteed by, an AIIB Member, these types of financing can also have a private capital mobilization component, such as when there is a private sector partner.

<sup>10</sup> Private capital mobilization amount is reported based on project commitment instead of approval. The 2022 reported private capital mobilization amount included projects approved in previous years. The data is provisional until the submission to the joint MDB group by June 2023.

## SUSTAINABLE CAPITAL MARKETS INITIATIVE

The Sustainable Capital Markets Initiative (SCMI) aims to catalyze ESG investing strategies by developing the [ESG Framework](#). It also acts as an engine of change to improve ESG standards and build capacity around responsible investing with various market participants, (such as corporate bond issuers, rating agencies and index providers) to improve disclosure and expand ESG rating coverage in emerging Asia.

It consists of four pillars: (a) AIIB capital markets portfolios, including the [AIIB Asia ESG Enhanced Credit Managed Portfolio](#) and the [Asia Climate Bond Portfolio](#); (b) sustainability research on the emerging issues and key

trends relevant to the portfolios that drive sustainability investing in infrastructure and other productive sectors in Asia; (c) promoting expanded sustainability coverage of corporate issuers from targeted Asian countries with better transparency and disclosure; and (d) deepening the debt capital markets in emerging Asia and improving the understanding of sustainability through knowledge sharing and industry engagement.

### READ MORE

- [AIIB Asia ESG Enhanced Credit Managed Portfolio: An Award-winning ESG Strategy Focused on Asia](#)



## SUSTAINABLE DEVELOPMENT BONDS

Every AIIB financing is aligned with one or more of our thematic priorities. We uphold the use of high international standards and principles, which serve to maximize the financial, economic, environmental and social sustainability of all the projects the Bank supports. Prior to extending financing for a project, we conduct thorough analyses of the project's financial and economic viability, as well as the debt sustainability of our borrowers. Projects financed by AIIB are governed by our ESF, including the ESP, Standards and Exclusion List, reflecting good international practice and in line with standards and principles of peer MDBs.

We report on the results of our financing in our annual [Impact Report](#).

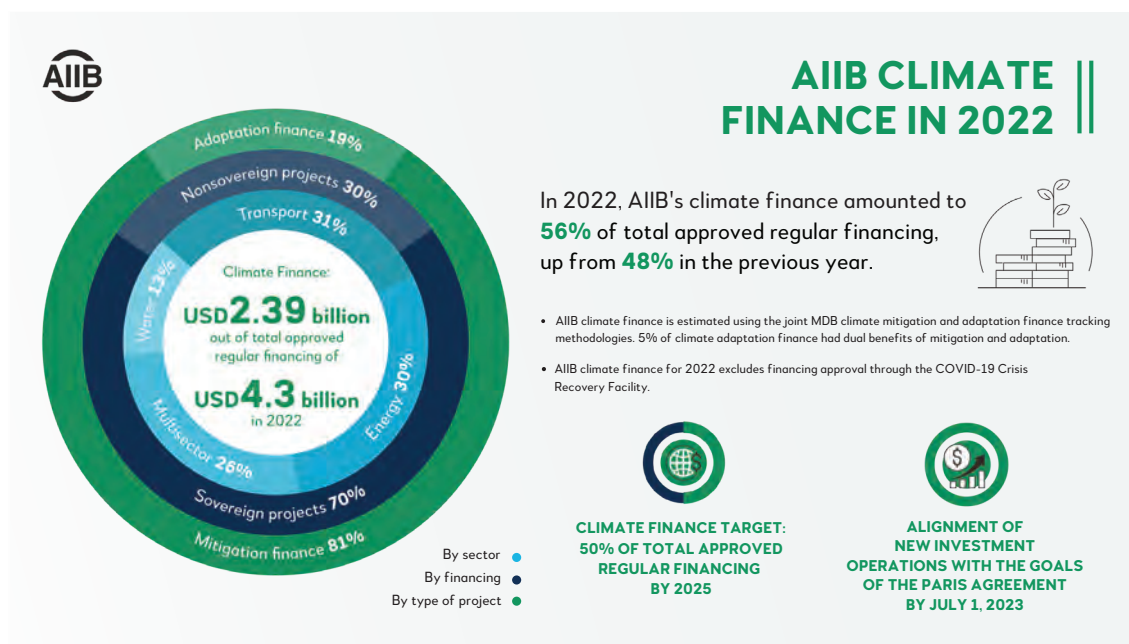
### READ MORE

- Sustainable Development Bonds Framework
- Sustainable Development Bonds Impact Report 2022

## CLIMATE FINANCING

Despite the challenging global economic situation in 2022, investments in sustainable infrastructure to address climate change continued to increase. AIIB advanced ahead to achieve its commitments to scale up annual climate finance approvals to at least 50% by 2025 set in the Corporate Strategy and to achieve full Paris Alignment of its new financing operations by July 1, 2023 as announced by President Jin Liqun during AIIB's 2021 Annual Meeting.

AIIB's climate financing in 2022 amounted to USD2.39 billion, or 56% of total approved regular financing,<sup>11</sup> up from 48% in the previous year and surpassing our 2025 target. Of the total climate financing, climate mitigation projects account for 81%, with the remaining 19% being adaptation finance.<sup>12</sup> We are accelerating adaptation financing by institutionalizing climate adaptation into the project cycle both internally and externally. For example, a series of thematic staff trainings have been conducted and integration of climate risk has been emphasized early on at the time of client engagement. Despite adaptation ranging between 15-20% annually, we have increased



<sup>11</sup> AIIB calculated its 2022 climate financing share excluding financing approved through the COVID-19 Crisis Recovery Facility.

<sup>12</sup> AIIB tracks its climate finance using the joint MDB climate mitigation and adaptation finance tracking methodologies. Five percent of AIIB's climate adaptation finance had dual benefits of mitigation and adaptation.

total adaptation from USD557.6 million in 2017 to a cumulative USD3.3 billion in 2022.

Transport (31%) and energy (30%) sector projects contributed the highest share of climate finance, followed by multi-sector (26%) and water (13%). By client type, the vast majority (70%) of climate financing accrued to sovereign clients, while the balance was approved to private sector and subsovereign clients, presenting the continued need for the Bank to enhance its capability, partnerships and toolkits to work with private sector clients.

The Bank is fully committed to Paris Alignment and has been making significant efforts toward its full operationalization. On the other hand, the Bank considers it a great opportunity to focus and maximize the value-add of the Bank's limited resources on areas that are supporting our Members' domestic and international climate pledges. In 2022, the Bank has been actively building its readiness to take both the opportunities and challenges in the efforts to align with the Paris Agreement goals. Externally, it has closely worked with peer MDBs in contributing to the development of the joint MDB approach for Paris Alignment assessment. The joint MDB approach for direct lending operations has been finalized and made publicly available at COP26. Since then, the Bank has continued its active engagement in the MDB group to finalize the joint approach for indirect lending operations (including those through financial intermediaries),

for which significant progress has also been made. Internally, the Bank has focused its efforts on providing additional sector-specific technical guidance to facilitate the operationalization of the Paris Alignment commitment. To ensure its full implementation, timely and extensive road-testing of potential approaches at the project level has also been conducted in 2022, contributing positively to the awareness-raising and capacity-building efforts of the Bank.

## COP27

AIIB participated in COP27, with President Jin leading the delegation. Our COP27 activities were organized around three main strategic messages aligned with our Corporate Strategy and to achieve our climate targets and commitments. We hosted, co-hosted and participated in several events and activities, signed initiatives and investments, and had bilateral discussions with partners at high levels, clients and with the private sector, MDBs and other international organizations.

The final COP27 decision, the [Sharm El Sheikh Implementation Plan](#), called on MDBs to significantly scale up climate finance and reform.<sup>13</sup> AIIB will continue its effort to diversify the financing tools and products in its toolkit as well as enhancing partnerships with both the public and private sectors to scale up climate finance.



<sup>13</sup> Related paragraphs 37, 38 and 39 of the [UNFCCC COP27 Sharm El-Sheikh Implementation Plan](#).

Further to AIIB signing a joint statement on nature at COP26, AIIB was accredited by the UN Convention on Biological Diversity (UN CBD) in 2022, enabling the Bank to attend COP15 in December 2022 for the first time. AIIB's Delegation participated in high-level panels organized by the CBD Secretariat, UN Environment Programme, Partnership of Biodiversity and Finance (PBF), The Nature Conservancy (TNC), and co-organized the joint MDB side event on Nature at COP15.

AIIB has indicated its readiness to support Members in implementing the Kunming - Montreal Global Biodiversity Framework (GBF), which sets the ambition to halt and reverse biodiversity loss by protecting 30% of Earth's land and sea by 2030. AIIB's aspirations to develop natural infrastructure as an asset class and to scale up financing toward nature-based solutions (NBS) were positively received.

The joint MDB nature working group was launched in November 2022 by MDB presidents, signaling high-level leadership toward nature and biodiversity, similarly to climate change.



## ENERGY SECTOR STRATEGY UPDATE

The Board of Directors of AIIB approved an update to the Bank's Energy Sector Strategy on Nov. 22, 2022. Under the updated Energy Sector Strategy, AIIB will focus its energy investments on supporting its Members achieve their long-term climate goals and net-zero/carbon neutrality commitments and accelerate the just transition toward secure, affordable, and sustainable energy access for all.

Today, AIIB Members continue to face significant challenges in gaining access to secure and affordable energy. The challenge is further compounded by disruptions caused by COVID-19, the energy crisis, and geopolitical challenges. In addition, climate change-related events are threatening billions of lives and economic activities in the most vulnerable economies. Recognizing this, governments in Asia and around the world have been raising their commitments as manifested by the scores of net-zero and carbon neutrality pledges since 2020. Yet, a significant finance gap remains to drive this transformation, requiring the international community to step up their support and mobilize resources at all levels.

AIIB's 2017 Energy Sector Strategy was the first sector strategy developed by the Bank and has been effectively guiding the Bank's energy sector investments over the past five years. The 2022 Energy Sector Strategy builds on and updates the previous version to reflect the evolving energy sector landscape and increased focus by its Members on climate change and energy transition and includes AIIB's latest climate commitments and strategic priorities. It is underpinned by AIIB's vision, mission, and institutional goals set out in the Corporate Strategy and aligns with the climate finance target of 50% of total approved financing by 2025 and the alignment of investment operations with the goals of the Paris Agreement by July 1, 2023.

The updated Energy Sector Strategy presents a heightened focus for AIIB to support Members' energy transition by prioritizing renewable energy, energy efficiency, as well as their supporting infrastructure and technology development. To fully align the Energy Sector Strategy with AIIB's commitment to Paris Alignment, the update also imposes stricter limits on the financing of fossil fuels. Specifically:



# AIIB Energy Sector Strategy Update (2022)

## Summary of the Consultation

September 12, 2022



- The update confirms AIIB's approach to not finance coal and projects functionally related to coal.<sup>14</sup>
- The update excludes oil sector investments with very limited exceptions to ensure basic access in remote island communities and hard-to-reach areas and to reduce methane emissions.
- AIIB will only selectively finance natural gas projects that are transitional in nature based on a stringent set of criteria that considers the evolving global climate pathways as well as the Members' Nationally Determined Contributions and Long-term Low Greenhouse Gas Emissions Development Strategies.

Under the updated Energy Sector Strategy, AIIB's support to its Members will continue to be guided by the following six principles:

- 1: Promote energy access and security.
- 2: Support transition to a clean energy system.
- 3: Realize energy efficiency potential.
- 4: Manage local and regional pollution.
- 5: Mobilize private capital.
- 6: Promote connectivity and regional cooperation.

In the process of implementing the updated Energy Sector Strategy and fulfilling its mission of Financing Infrastructure for Tomorrow, AIIB will continue to grow its energy portfolio to meet the increasing needs of Members and promote sustainable development and economic prosperity in Asia and beyond.

## OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Understanding the Sustainable Development Goals (SDGs) is important for AIIB as an MDB with a mandate of improving economic and social outcomes in Asia to effectively serve its clients. AIIB's Corporate Strategy includes a framework of how we support our Members' efforts toward the SDGs in four broad ways:

- (a) Priority sectors and cross-cutting themes of AIIB's infrastructure investments,
- (b) Project benefits capturing direct and indirect benefits emerging from AIIB Investments,
- (c) Safeguard actions through the application of high standards in AIIB's Environmental and Social Framework, and
- (d) Enablers, by working in cooperation with its partners.

The SDGs are inherently interlinked, and these interrelations are critical to achieving development benefits. An SDG listed under one category does not mean that the impact of AIIB on that SDG is linked only to that category. These four categories, therefore, aim to offer a conceptual framework that captures the most representative and primary alignment of respective AIIB operations with relevant SDGs while acknowledging the interlinkages.

We report on our contributions to the SDGs through our [Annual Impact Report](#).

### READ MORE

- Sustainable Development Bonds Framework
- Sustainable Development Bonds Impact Report 2022

<sup>14</sup> Meaning those associated facilities that are dedicated to enable the mining and use of coal or projects that would not be carried out without dedicated coal-based power supply.



## SOCIAL INFRASTRUCTURE

Our Social Infrastructure Department (SID) further firmed up its approach to be aligned with the four thematic priorities of AIIB, with a specific focus on technology-enabled infrastructure such as in health and education. Technology is transforming social sectors for higher efficiency and performance at an astonishing speed. Technology helps the development of the minds of students through access to unlimited information on the internet. Digitalization combined with artificial intelligence is reforming clinical practices, service delivery, hospital management, and drug research and development. Strong demand for financing is expected in digital health, health data integration, artificial intelligence for pharmaceuticals in research and development and technology verification, and commercial applications of digital technologies in individual health care services.

While continuing its support to pandemic responses of Members, AIIB is also helping prepare a more resilient health system in the post-pandemic world by improving health infrastructure. In its third year of operations, SID's projects under development include diverse technology-based interventions using both SBF and NSBF. For instance, the pandemic exposed that laboratories, primary health centers, and referral hospitals are not adequately equipped with the necessary technologies to combat widespread health crises. AIIB is preparing projects to support the Members to build modern hospitals using the private-public partnership modality, introduce a hub-spoke model of

digital health, and modernize public health infrastructure by upgrading medical equipment. AIIB is also introducing the One Health Approach which leverages the idea that problems impacting human health, animals, plants, and the environment can be effectively resolved through improved coordination, communication, and collaborative actions across disciplines. As part of this effort, AIIB successfully obtained a grant from the newly established Pandemic Fund to support the One Health Project in Cambodia.

The COVID-19 pandemic also disrupted the job market, especially for young people. With the widening job polarization between the traditional informal sector and the new economy, we are focusing on skills development to equip the youth with the necessary mix of skills that promote employment and entrepreneurship and enable them to compete in the job market. Our ongoing [Education Infrastructure and Technology Modernization Program](#) in the Gujarat state of India successfully demonstrates how modern digital technologies can increase school attendance, academic performance monitoring, teacher quality improvement, and access to worldwide knowledge. There are also discussions with potential sponsors to build new schools based on private-public partnerships and replicate the Gujarat experience.

We remain open to the existing and emerging challenges in social infrastructure and other productive sectors. We will carry out extensive consultations with all stakeholders including our Members, peer MDBs and international and bilateral agencies, as we continue to develop and refine our focus in line with our Corporate Strategy.

## ENVIRONMENTAL AND SOCIAL FRAMEWORK

In November 2022, the Board of Directors approved an update to the OPF to expand its SBF modalities to include results-based financing (RBF). The RBF, which is designed to enhance development effectiveness, involves: (a) the financing of the expenditures of a specific development project (Results-based Project or RBP) through the disbursement of the RBF's proceeds on the basis of the achievement of key results under the RBP; (b) using and, as appropriate, strengthening the systems utilized for the RBP to provide assurance that the funds allocated to it are used appropriately and that environmental and social impacts are adequately addressed by the RBP; and (c) strengthening, where appropriate, the institutional capacity necessary for the RBP to achieve its intended results.

Since this modality requires a different type of review of the various fiduciary and environmental and social risks associated with the RBP than is applicable to other Projects supported by SBFs, associated revisions were made to the Procurement Policy and ESF to elaborate on the nature of the procurement and environmental and social reviews and oversight of these Projects.

In addition, to complement the updated Energy Sector Strategy (ESS), the ESF's Environmental and Social Exclusion List was also revised to exclude from Bank financing Projects involving thermal coal mining, coal-fired power and heating plants or Projects that are functionally related to coal.<sup>15</sup>

## GENDER

Gender equality constitutes an integral component of the Bank's development mandate. The Corporate Strategy elaborates on the Bank's intent to improve gender equality outcomes in Asia by translating gender considerations into actual implementation within the projects financed by the Bank. To better operationalize our gender equality approach, we took stock of the extent to which gender considerations were integrated into AIIB's policies and portfolio, with the intent of aligning squarely with the Bank's peer institutions and other development partners to showcase our firm commitment to gender equality in both our policies and our practice. The gender review was presented to the Board in June 2022 and identified areas for further progress in effectively achieving gender equality, including the need to build up staff capacity and develop an operational approach for gender.

## PORTFOLIO MANAGEMENT

In 2022, portfolio management continued to play a pivotal role at AIIB as the world faced multiple unanticipated and systemic challenges, resulting in a complex macroeconomic environment and volatile markets. Many economies in Asia and beyond continued to battle the long-term economic and social consequences of the COVID-19 pandemic while confronting fresh challenges. Against this background, AIIB embarked on a demanding growth trajectory, with an expanding portfolio and an increasing array of financing products being offered to our clients.

<sup>15</sup> Projects functionally related to coal means associated facilities that are dedicated to enable the mining and use of coal or projects that would not be carried out without dedicated coal-based power supply. To assist Clients to reduce their coal use, the Bank may support Projects that aim at early retirement of coal plants, replacement of coal with lower-carbon fuel sources, or Projects for decommissioning, remediation, and redevelopment of affected coal facility sites and communities.

As an increasing number of AIB projects reached the implementation stage and new financial instruments were incorporated, effective client relationship management became crucial for several reasons. First, to ensure that approved operations yield strong results and lessons learned throughout implementation; and second, to pave the way for future successful engagements with strategic clients. Our client-oriented approach was instrumental in meeting the Bank's global challenges in 2022. For example, the Implementation Monitoring Department (IMD) helped private sector clients successfully implement and operate AIB-funded projects while ensuring financial returns and mission-critical outcomes. Given the diversity of the Bank's client base, we differentiated our approach, addressing clients' needs while preserving the Bank's financial sustainability as the ultimate objective. Increased opportunities for travel and physical missions after restrictions started to ease in 2022 facilitated project monitoring and supervision compared with the earlier years of the COVID-19 pandemic. This, in turn, helped us to further strengthen client relationships.

Besides individual project management activities, the Bank could also count on corporate portfolio monitoring functions that supported informed decision-making by Management with robust data and analysis and evidence-based learning from day-to-day portfolio management. Throughout 2022, we continued to report on portfolio performance against operational and corporate targets, provide dashboard-based pipeline forecasts and expected project approvals, stress-test the portfolio for external shocks, and adopt tailored monitoring regimes for projects needing closer attention or remedial action.

2022 was also a critical year when we consolidated and advanced IT-based systems and solutions that were successfully launched in late 2021 to support the Bank's investments across the project life cycle and to facilitate access to portfolio information and analysis. For example, over the past year, the IMD deployed a dedicated equity management and valuation system, extended automated reporting to different financing instruments (including newly introduced ones), optimized the Bank's project reporting schedule, and streamlined and automated several project preparation and monitoring processes. All system enhancements were delivered on a solid technical base, suitable for further expansion and optimization in the years to come.

## ENEL GREEN 300 MW SOLAR PROJECT – RAJASTHAN: FIRST PRIVATE SECTOR INFRASTRUCTURE INVESTMENT IN INDIA

The Enel Green Solar Project is AIIB's first private sector infrastructure investment in India and expands the Bank's renewable energy portfolio in South Asia.

### PROJECT DETAILS:

Project Title:	India: Enel Green 300 MV Solar Project - Rajasthan
Project Number:	000473
Member:	India
Sector:	Energy
Financing Type:	Nonsovereign
Financing:	USD50 million
Financing Approval:	July 15, 2021

### The Project

To promote electricity generation from solar energy resources, the Asian Infrastructure Investment Bank (AIIB) has partnered with the International Finance Corporation (IFC) and British International Investment (BII) in providing financing to Enel Green Power S.P.A (EGP, one of the largest renewable energy developers in the world) and Enel Green Power India for the development, construction and maintenance of a solar power project in the Bikaner district, Rajasthan, India. [The Enel Green 300 Mega-Watt \(MW AC\) Solar Project – Rajasthan](#) is intended to promote electricity generation from solar energy resources, as well as improve access to energy, advance economic development, and mitigate climate change. Offtake of the project is underpinned by a 25-year power purchase agreement with the Solar Energy Corporation of India.

### The Challenge

As a part of its COP26 commitments, the Government of India set an ambitious target of achieving 500 gigawatts (GW) of non-fossil fuel capacity by 2030 with 50% of its energy requirements from renewable energy sources. To achieve this, the Government of India wishes to harness India's vast solar potential.

As reported by the Central Electricity Authority of the Government of India, the installed capacity of renewable energy in the country was 167.75 GW as of Dec. 31, 2022, with solar representing only 15% of the country's 410.34 GW total installed capacity. Despite the small share of solar energy in domestic production, India ranks fourth in the top solar energy markets of the world.<sup>16</sup> Nonetheless, the share of solar power has been increasing from 9.98% of total installed capacity at the end of 2020 to 15.43% at the end of 2022. Solar energy generation has been experiencing rapid growth over the past few years and installed capacity has grown at a compounded annual growth rate of about 35% between 2017 and 2021.

## The Solution

The Enel Green 300 MW Solar Project contributes to India's national commitment for promoting the expansion of renewable energy in the country. AIB has committed USD50 million to fund this project. The Enel Green Solar Project represents AIB's first private sector infrastructure project funded in India, strengthening the Bank's renewables portfolio in South Asia and contributing toward increasing the Bank's visibility and presence in the renewable energy market in India.

Globally, solar technology has become more affordable in the last 10 years due to a steep drop in solar module prices and an almost five-fold increase in production capacity. With the fall in prices of solar modules and balance of systems, there has been a significant reduction in the tariffs bid for solar projects. Large capacity projects (250 MW-500 MW) lead to economies of scale and attract prominent developers with more efficient operations.

Construction began in 2021 in the Bikaner district of Rajasthan, India, which is ideally suited for solar power generation due to its location, which experiences high levels of solar radiation. The project site is largely open scrub desert land and devoid of any vegetation, with no residential settlements or hamlets located close to the project boundary. There are other solar projects nearby under various stages of operation.

The project also sought an acceptable approach to address the environmental and social risks and impacts to mitigate any possible issues. This project was prepared in accordance with IFC's Environmental and Social Performance Standards. After a thorough review, AIB determined that IFC's Performance Standards are materially

consistent with AIB's own [Environmental and Social Policy](#). Additionally, a separate biodiversity study and critical habitat assessment were conducted to determine the presence of any threatened and migratory bird species in the study area. The assessment did not identify any critical habitat areas for these species in the project area and the site does not threaten any protected areas or critical habitats for any endangered migratory bird species. The study also concluded that any negative environmental impacts were highly localized, largely temporary and were not considered material compared to the significant positive social and economic impacts of the project.

In addition, given the scarcity of water in the region, no groundwater was used for any project activity. Instead, water required for civil works and domestic purposes were supplied through authorized water tankers and any generated wastewater was recycled and reused. The project design also implemented dry-cleaning technology to minimize water demand.

## Key Benefits

- Makes a significant contribution to the Government of India's renewable energy target, with additional solar energy capacity of 300 MW<sub>AC</sub> generating power every year from 2023 onwards.
- Generates power from renewable sources that is being distributed to the national power grid.
- Reduces greenhouse gas emissions by approximately 592,174 tons of carbon dioxide (CO<sub>2</sub>) equivalent annually.

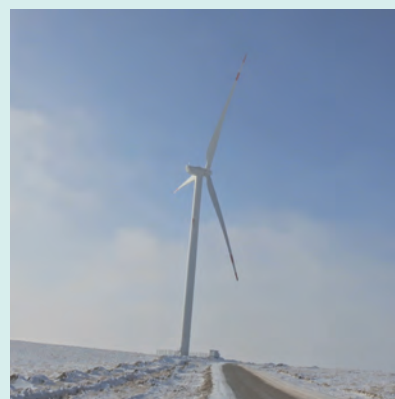
<sup>16</sup> Ministry of New and Renewable Energy, 2022.

## KAZAKHSTAN: ZHANATAS 100 MW WIND POWER PLANT: FIRST WIND FINANCING AS THE LEAD ARRANGER

The Zhanatas 100 MW Wind Power Plant project enabled AIIB to create a pipeline, scale up its renewable energy business, create a structure that the Bank could replicate for similar projects, as well as proved its financing capacity in the renewable energy sector.

### PROJECT DETAILS:

Project Title:	Kazakhstan: Zhanatas 100 MW Wind Power Plant
Project Number:	000225
Member:	Kazakhstan
Sector:	Energy
Financing Type:	Nonsovereign
Financing:	USD46.7 million
Financing Approval:	Dec. 12, 2019



### The Project

The [Zhanatas 100 MW Wind Power Plant](#) is a breakthrough of renewable energy financing in Central Asia and made a significant impact to renewable development in Kazakhstan and Central Asia.

The development of renewable energy projects in Kazakhstan has been slow, largely due to difficulties in obtaining financing for developers. By investing in the development, construction and operation of a 100 megawatt (MW) wind farm in Southern Kazakhstan, the Asian Infrastructure Investment Bank (AIIB) helped build the largest wind power project in the country, as well as in Central Asia. The project was jointly developed by China Power International Holdings (CPIH) and Visor Group.

AIIB was also able to support the Government of Kazakhstan's government's goals in promoting the use of renewable energy sources, enabling the diversification of its current electricity mix, and

facilitating the mobilization of private capital in southern Kazakhstan. Since the announcement of AIIB's financing, more wind projects are being developed in the region and more international developers are attracted to invest in the region.

The project is located approximately nine kilometers southwest of Zhanatas in the Zhambyl region in southern Kazakhstan. The 100 MW wind farm project contributes to the renewable energy development of Kazakhstan by delivering approximately 380 gigawatt-hours (GWh) of clean energy per year (or 0.3% of total electricity generation in the country). The project will also avoid 290 kilotons of greenhouse gas emissions annually.

### The Situation

The Kazakhstan government has been promoting renewable energy since 2013. As part of the Kazakhstan 2050 Strategy, the country aims to diversify its resource-heavy economy and

transition to a green economy. Under this initiative, the government has set a goal for the share of electricity production by solar and wind to reach 3% by 2020 and 10% by 2030, respectively, increasing from less than 2% as of 2018.

However, Kazakhstan's power sector relies heavily on fossil fuels as the country is rich in oil, natural gas and coal reserves. Eighty-seven percent of Kazakhstan's electricity is generated from fossil fuels, with hydropower accounting for 12% and less than 1% generation from solar and wind installations.

Another challenge is the majority of Kazakhstan's generating capacity is in the northeast of the country while the southeast is the main power consumer. While north-south connections for the transfer of power exist, they are insufficient to meet the on-going demand.

The potential for renewable energy in Kazakhstan is strong due to its abundant wind power resources. The estimated potential of wind energy that can be economically developed is about 760 gigawatts (GW). The country's steppe geography makes it suitable for wind energy applications.

### Significance of the Project

The successful implementation of the Zhanatas 100 MW wind power project helped Kazakhstan promote energy access and security, reduce the carbon intensity of energy supply and catalyze private capital investment in renewable energy infrastructure. The local communities also gained from the jobs created by this project. Closing the financing during the challenging time of the COVID-19 pandemic also helped Kazakhstan's economy recover.

For AIB, it marked its first project in Kazakhstan and its first wind power project in Central Asia. It also marked the Bank's entry into renewable energy project financing in Kazakhstan. The country's renewable energy market is still underdeveloped and international financial institutions are not yet sufficiently active in this area.

The participation of Industrial and Commercial Bank of China (ICBC) marks the first-time that a commercial bank participated in project financing of renewable energy projects in Kazakhstan and even in Central Asia. It is the first wind power project in Central Asia for all lenders. To make the project more bankable, the project adopted an innovative financing structure and had the support from local authorities. The Ministry of Energy set up a clear framework and a solid basis for the smooth execution of future renewable projects in Kazakhstan.

Also, AIB contributed to the successful mobilization of financial capital to Kazakhstan by arranging project financing of USD95.3 million from the European Bank for Reconstruction and Development and the Green Climate Fund to cover part of the total project cost of USD139.9 million, with AIB putting up USD34.3 million. AIB was also able to mobilize private capital from local commercial bank Industrial and Commercial Bank of China (Almaty) JSC (IBSC Almaty). Since the project, AIB has gained broader recognition from local authorities and renewable energy developers in Kazakhstan.

Moreover, the active involvement of AIB has led to higher environmental and social (E&S) standards for the project and promoted high E&S standards in Kazakhstan and Central Asia.

As more projects are identified and more clients are engaged through this experience, the success of Zhanatas shows how AIB was able to develop a new market and the benefits of getting into a new market. The project enabled AIB to create a pipeline, scale up its renewable energy business, create a structure that the Bank could replicate for similar projects, as well as proved its financing capacity in the renewable energy sector.

Since Zhanatas, AIB has committed a total of USD760 million for renewable energy projects in Egypt, Nepal, Pakistan, Tajikistan and Türkiye and approved a total of 11,787 GW of installed renewable energy capacity as of 2022.

## AIIB ASIA ESG ENHANCED CREDIT MANAGED PORTFOLIO: AN AWARD-WINNING ESG STRATEGY FOCUSED ON ASIA

The AIIB-abrdn partnership is a fantastic collaboration between asset owners and an asset manager that showcases the successful development of sustainable financing in Asia.

### PROJECT DETAILS:

Project Title:	Multicountry: AIIB Asia ESG Enhanced Credit Managed Portfolio
Project Number:	000152
Member:	Multicountry
Sector:	Multi-sector
Financing Type:	Nonsovereign
Financing:	USD500 million
Financing Approval:	Dec. 18, 2018

### The Project

The [AIIB Asia ESG Enhanced Credit Managed Portfolio](#) promotes the development of Asia's debt capital market with a specific focus on infrastructure-related bonds. The Asian Infrastructure Investment Bank (AIIB) appointed abrdn (an external asset manager) to manage a USD500 million bond portfolio [environmental, social and governance (ESG) Portfolio] following an agreed-upon investment policy (the IMA and ESG Framework). To maximize impact, the ESG Portfolio focuses on bonds issued by corporate (including quasi-sovereign) issuers operating in infrastructure-related sectors, as well as labelled bonds where proceeds are directed toward sustainable infrastructure and other productive sector projects.

### Benefits

The portfolio demonstrates the positive outcomes investors can catalyze. abrdn Chief Executive Officer of Investments Rene Buehlmann remarks, "The

AIIB-abrdn partnership is a fantastic collaboration between asset owners and an asset manager that showcases the successful development of sustainable financing in Asia. From the outset, AIIB aligned their intention for sustainable outcomes to their strategic vision and leveraged abrdn's capabilities to support the improvement of regional ESG standards to achieve tangible portfolio outcomes." Positive ESG impacts from this initiative include:

- **Promoting primary capital market development.** The ESG Portfolio has now deployed 75% of its initial capital via primary issuance. Strong participation in primary markets has driven recognition and importance of the portfolio in the Asian ESG ecosystem, giving AIIB and abrdn the opportunity to positively influence issuers' behavior and build awareness of key sustainability issues.
- **Driving labelled bond growth.** The ESG Portfolio's exposure to labelled bonds (green/social/sustainability) has steadily increased since inception in 2019, and now stands at



56%. This reflects the portfolio's focus on building sustainable capital markets, and the increasing opportunities from the growing supply of such ESG-focused instruments in Asia.

- **Engagement approach driving positive sustainability outcomes, translating into improving ESG scores.** The ESG Portfolio has seen steady improvement – both in terms of coverage and average ESG scores – from ESG rating agencies MSCI, Sustainalytics and RepRisk since its inception. This reflects the positive impacts from AIB's and abrdn's engagement-driven investment approach in identifying companies with positive sustainable trajectories.

### Engagement as a Core Focus

A key focus of the ESG Portfolio is its active forward-looking engagement approach. With most Asian corporates still in the early stages of their ESG journey, the aim of such engagement is to support the progress of sustainability, through closing gaps in ESG standards, disclosure, and awareness around key sustainability issues. Outcomes from engagements with corporates include understanding the changes issuers are implementing to address broader sustainability factors, often involving setting tangible and timebound milestones that align with international expectations.

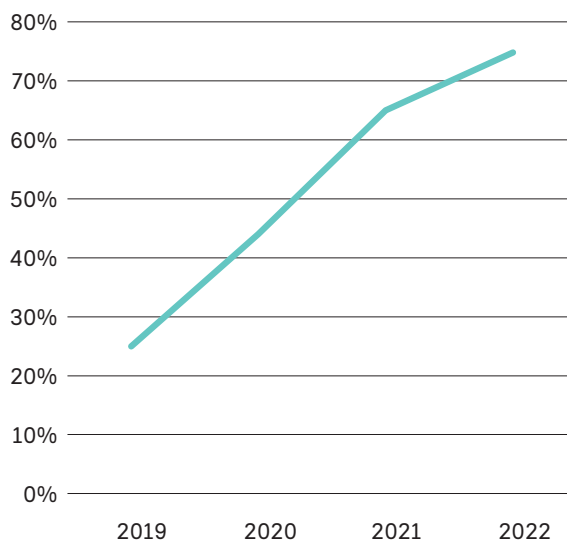
Occasionally, investee companies face temporal declines in their ESG ratings, which may result in certain thresholds being triggered. Some sustainable investing strategies lean on divestment to drive improvement and avoid risks. Rather than opting for immediate divestment, AIB and abrdn believe engagement is also key in these instances, by employing a four-step escalation framework developed as part of the investment policy to determine if a company is aware of the issues and is taking suitable action to address them. This escalation framework articulates assessments of ESG risks, supports more nuanced decision-making, and enables

**Portfolio Composition, by Bond Label, 2019-2022**



Source: abrdn, December 2022.

**New Issue Participation (% of Assets)**



Source: abrdn, December 2022.

focused engagement with clear milestones instead of immediate divestment. In some cases, engagements initially triggered by poor ESG scores may lead to a clarification of data errors – AIB and abrdn work together with issuers and data providers to resolve this.

ESG engagement has been typically thought of as a key sustainable strategy solely for equity investors. However, issuers should not underestimate the importance of debt financing within the capital structure, particularly in infrastructure. Increasingly, issuers are acknowledging that bondholders have a key role in engagement, with the ability to influence ESG policies and practices from early in the financing process, especially through labelled bond issuance. This portfolio is a testimony to

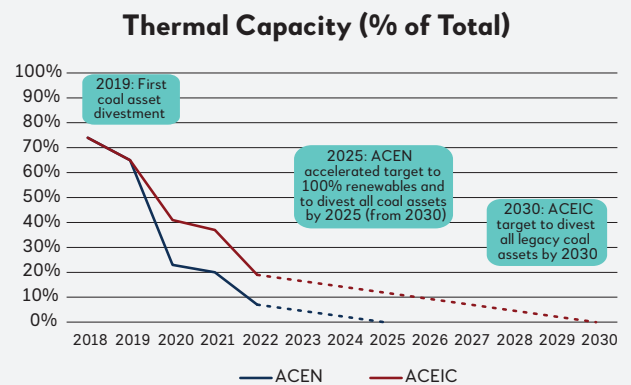
this. BNP's Head of Sustainable Capital Markets APAC, Chaoni Huang believes that "bondholders were the missing piece to elevate the importance of ESG in influencing positive corporate mind-set and behaviour multilateral development banks (MDBs) like AIIB have a unique role to play in this regard with stringent sustainability considerations and can serve as role models for Asia-based financial institutions." Over the years, there have been many examples of engagements leading to positive sustainability outcomes for portfolio holdings.

## Examples of Positive Sustainability Outcomes

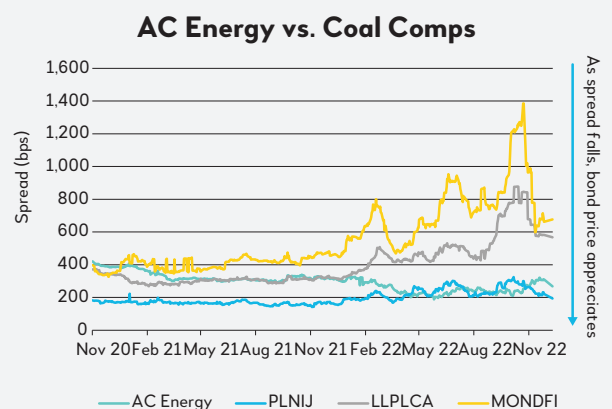
### AC Energy

AIIB and abrdn identified AC Energy (ACEN) as a leader driving energy transition in Asia, with ambitions to become a leading renewable power producer regionally. Since 2020, ongoing engagement with the company not only assessed the credibility of its energy transition strategy, but also involved providing suggestions on how AC Energy can improve ESG management practices to position themselves more firmly as an ESG pioneer. The company has proactively worked with AIIB and abrdn on areas for improvement and has been receptive to feedback such as aligning to the Taskforce for Climate-related Financial Disclosures (TCFD), focusing on Scope 3 emissions, and addressing labor-related supply chain risks. AC Energy CFO Cora Dizon shared that "AC Energy has already attained approximately 4.1 GW of attributable renewables capacity across Asia Pacific. The company achieved this with the help of the banking sector, institutional investors such as abrdn, and multilateral financial institutions."

With the mainstreaming of sustainable investing, such companies that are still early in their transition journey but with credible energy transition strategies provide key opportunities for investors. Identifying companies early in their transition journey allows investors to meaningfully shape and support the company's trajectory, translating into lowered cost of capital for issuers and better portfolio outcomes for investors.



ACEN = AC ENergy, ACEIC = AC Energy and Infrastructure Corporation, the parent company of AC Energy.



LLPLCA = LLPL Capital Pte. Ltd., MONDR = Mong Duong Finance Holdings, PLNJ = PT Perusahaan Listrik Negara.

## Tower Bersama

At the initial engagement with Tower Bersama in late 2019, the company had minimal formalized ESG processes and disclosures in place. AIIB and abrdn encouraged them to provide disclosure on ESG issues that they assessed as most material to the business. The company published their inaugural sustainability report in March 2020. AIIB and abrdn continued engaging Tower Bersama to establish Board-level sustainability oversight, set time-bound targets and assess physical climate risk in line with TCFD requirements.

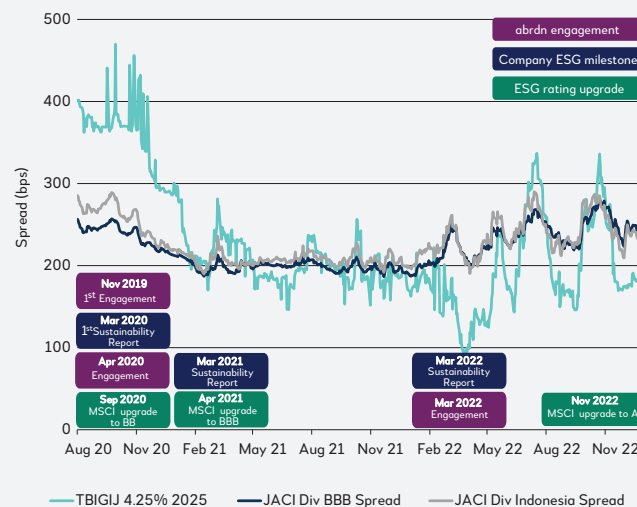
Since this first engagement, Tower Bersama has consistently achieved the milestones communicated to them by AIIB and abrdn. The company has conducted a full ESG assessment, developed a comprehensive sustainability strategy, published sustainability reports in line with international standards, and established commitments around carbon emissions, ESG governance and supply chain oversight. This has translated into a consistent and rapid improvement of ESG scores, with MSCI upgrading the company multiple notches from BB in 2020 to A in 2022.

In a world with varied sustainability-related guidelines and standards, such an engagement approach provides an invaluable opportunity for two-way dialogue. Tower Bersama's President Director and Chief Operating Officer Herman Setya Budi acknowledges the role of such engagement in their development, "Establishing and preserving avenues for active engagement is important to us... Specifically, our engagement with our equity and bond investors have helped shape the development and refinement of our sustainability strategy and communication."

## Driving Development of Other Sustainable Investment Strategies

The experience of managing one of Asia's first ESG-focused portfolios has informed best practices for sustainable investing. Through the partnership, and inspired by the AIIB ESG Framework, abrdn has developed two other Asian-focused sustainable credit strategies – the Asian

## Tower Bersama vs. JACI Diversified Spread



Note: JACI Diversified: J.P. Morgan Asia Credit Index Diversified tracks the performance of US dollar-denominated bonds issued by corporate, sovereign and quasi-sovereign entities in the Asia ex Japan region applying a country diversification methodology.

Legend:

JACI Div BBB Spread: J.P. Morgan Asia Credit Index Diversified BBB Z-spread  
 JACI Div Indonesia Spread: J.P. Morgan Asia Credit Index Diversified Indonesia Z-spread

Credit Sustainable Bond Fund and the Asian High Yield Sustainable Bond Fund. AIIB Director General Ke Fang, congratulated the successful launch of abrdn's Sustainability focused funds and said "These funds are a validation of the adaptability of AIIB's ESG Investment Framework. We look forward to continuing collaborating with abrdn to drive further success in sustainability investments in Asia."

## BANGLADESH COVID-19 EMERGENCY AND CRISIS RESPONSE FACILITY: SUPPORTING THE CRITICAL SECTOR OF SMALLER BUSINESSES

Through its COVID-19 Crisis Recovery Facility, AIIB demonstrated its ability to act quickly and decisively during and in the aftermath of any emergency through rapid financial disbursement and coordination with governments.

### PROJECT DETAILS:

Project Title:	Bangladesh: COVID-19 Emergency and Crisis Response Facility
Project Number:	000415
Member:	Bangladesh
Sector:	COVID-19 Crisis Response Facility – Finance/Liquidity
Financing Type:	Sovereign
Financing:	USD300 million
Financing Approval:	Jan. 28, 2021

### The Challenge

Bangladesh has around 8 million micro, small and medium-sized enterprises (MSMEs). They contribute around 20% to 25% of the gross domestic product<sup>17</sup> and are an important source of economic growth and employment. Already vulnerable in the best of times, these MSMEs were further severely impacted by COVID-19 restrictions in Bangladesh in 2020-2021. Extended lockdown closures and social distancing decimated MSMEs; transitional closures became permanent, and millions of workers lost their jobs.

Operating on tight financial margins and depending on thriving markets, MSMEs face further challenges because they have difficulty accessing finance. They have limited access to financial loans due to stringent borrowing requirements imposed by banks, which typically consider SME loans riskier and more expensive to administer. In fact, only 27.5% of small businesses have bank loans and/or line of credit, compared to 44% of large businesses in Bangladesh.

### The Response

Crucial to keeping MSMEs afloat during the pandemic crisis is the availability of financing schemes and the rescheduling of existing loans. Even before the COVID-19 pandemic, access to capital remained a major bottleneck as SMEs found it difficult to get loans without a good credit history. A 2020 survey<sup>18</sup> of 230 SMEs indicated that more than half (52%) of the respondents asked for soft loans to survive the pandemic crisis as a means of operational capital, followed by requests for working capital (18%) and flexible installment packages (15%) to extend the loan duration and provide installment flexibility. Nine percent expressed the need for government grants to cover salaries and dues while 6% asked for loan rescheduling without any fines via a moratorium of at least six months.

Through the [Bangladesh: COVID-19 Emergency and Crisis Response Facility project](#), the Asian Infrastructure Investment Bank (AIIB) approved a loan of USD300 million under its [COVID-19 Crisis Recovery Facility](#) to the People's Republic

<sup>17</sup> World Bank. 2019. Financing Solutions for Micro, Small and Medium Enterprises in Bangladesh. World Bank. Washington, DC.

<sup>18</sup> Light Castle. COVID-19 Series Impact on Bangladesh's SME Landscape. 2020. [https://www.lightcastlebd.com/wp-content/uploads/2020/05/SME\\_WhitePaper.pdf](https://www.lightcastlebd.com/wp-content/uploads/2020/05/SME_WhitePaper.pdf)

of Bangladesh. The Ministry of Finance, as the executing agency, then on-lent the loan proceeds to Bangladesh Bank (the Central Bank of Bangladesh). The loan allowed the Bangladesh Bank to on-lend to participating local banks as refinancing against their low-interest loans to cottage, micro, small, and medium-sized enterprises (CMSMEs). On this level, the loans are meant to fund employee wages, the acquisition of new inventory, payments against short-term debt, and day-to-day operating expenses. The project not only supported working capital loans for CMSMEs, but also created a multiplier effect and benefited various participants in the SME ecosystem,<sup>19</sup> and ultimately had a positive effect on a macroeconomic level.

This project was initially conceived as a fiscal response to the effect of COVID-19 restrictions on CMSMEs in Bangladesh. But as the crisis lessened, the plan stands as a roadmap of timely financial response of a multilateral development bank (MDB) to catastrophic emergencies, as seen in the following interventions:

- AIB representatives met with the Finance Minister of Bangladesh to work out a plan to move funds in a timelier manner into the hands of the end user, since disbursement of funds proved more challenging at the local level. AIB will continue to monitor the facility's ability to support the end-user and meet approved targets in a timely manner.
- Lending banks extended this funding support to CMSMEs to increase their competitiveness in the market and contribute to the overall growth of the CMSME sector.

With this project, AIB demonstrated its ability to act quickly and decisively during and in the aftermath of any emergency through rapid financial disbursement and coordination with governments. AIB also implemented lessons it learned from previous projects:

- The design of the project's two-step implementation structure follows MDB best practices<sup>20</sup> in engaging with the Bangladesh Bank

which, in its dealings with MDBs, has developed and established a system and procedures for selecting, appraising participating financial institutions (PFI), monitoring their performance, collecting the loans and applying MDBs policies with regards to applicable environmental and social safeguards. The experience of working with other MDBs and learning from capacity building programs has significantly enhanced Bangladesh Bank's technical capacity for implementing the project.

- The project and the Bangladesh Bank agreed on a clear definition of CMSMEs, and the Bangladesh Bank ensured that only properly qualified sub-borrowers could avail of the program. Further, only those PFIs that met the eligibility criteria for financial performance and business practices were allowed to receive refinancing under the facility.
- The project specified standardized loan forms and reporting templates to facilitate the collection and analysis of data related to refinancing, loan disbursements and interest rate subsidies, among others.
- It is important to remain flexible and accommodate changes in project parameters in response to changes in the market conditions and market demands. The project's short implementation period allowed this flexibility and the project team worked constantly with Bangladesh Bank to ensure that the project parameters remained in line with market requirements.

AIB will continue to monitor the Facility's ability to support the client and end-user beneficiaries and meet identified targets.

## Key Benefits

The project:

- Reinforced the government's program to protect affected CMSMEs, save jobs, support the creation of new jobs, and help the country's crucial entrepreneurs to stay afloat.
- Provided previously unavailable funding to meet smaller businesses' needs and helped them avoid business closure and layoffs.
- Increased economic opportunities in the small business sector, including for women entrepreneurs.

<sup>19</sup> Light Castle. COVID-19 Series Impact on Bangladesh's SME Landscape. 2020. [https://www.lightcastlebd.com/wp-content/uploads/2020/05/SME\\_WhitePaper.pdf](https://www.lightcastlebd.com/wp-content/uploads/2020/05/SME_WhitePaper.pdf)

<sup>20</sup> See Japan International Cooperation Agency's two-step loan project to SMEs, the World Bank's Investment Project Financing project, and the Asian Development Bank's SME development project in Bangladesh.



**OUR  
RESPONSE  
TO EMERGING  
NEEDS**

**04**



## COVID-19 CRISIS RECOVERY FACILITY

On April 16, 2020, about five weeks after the World Health Organization characterized the COVID-19 outbreak as a pandemic, AIIB launched the COVID-19 Crisis Recovery Facility (the Facility) with an initial financial envelope of USD5-10 billion over 18 months to help its sovereign and nonsovereign borrowers (Clients) in their immediate response to the fast-evolving global health crisis. To continue assisting clients dealing with the challenging environment brought on by new COVID-19 variants, the lingering socioeconomic impacts of the pandemic, and other compound crises, the Board of Directors approved the extension of the Facility, first in June 2021 and most recently in February 2022. Following the Board's decision, the Facility will be available to clients until December 31, 2023. The two extensions also came with the expansion of the financial envelope to USD20 billion and the refinement of the financing scope to reflect changes in clients' demand and the Bank's refocus on core business in the post-pandemic recovery.

The Facility has provided AIIB with a platform and various instruments to respond swiftly and flexibly to clients facing extraordinary crisis situations – be they existing or new, regional or nonregional. The Facility’s built-in flexibility in terms of coverage and streamlined processes has allowed AIIB to meet the diverse needs of Members across the income spectrum and private sector clients throughout phases of the global health and economic crisis. Some Members have utilized Facility support for urgent public health response induced by the COVID-19 pandemic, including financing the procurement of vaccines and other essential treatments and equipment to combat the virus infection and resurgence and strengthening national health systems for pandemic preparedness in the longer term. Others have accessed the Facility to finance government reforms and initiatives aimed at protecting or restoring livelihoods impacted by COVID-19, and improving social inclusion, financial accountability, climate preparedness and broader economic resilience in Member economies over the longer term. For the first time, AIIB provided liquidity financing to clients through the Facility, thus alleviating working capital shortages and liquidity constraints faced by SMEs and infrastructure-related companies in key economic sectors in times of crisis.

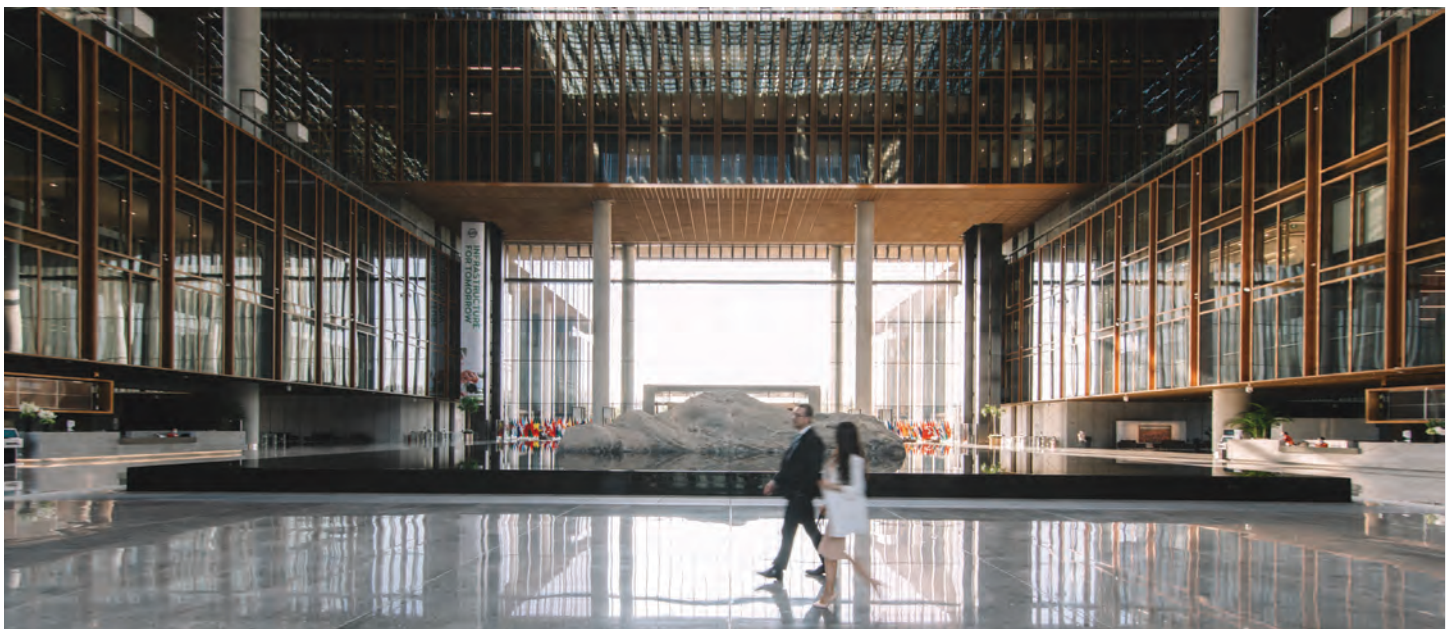
As of Dec. 31, 2022, USD13.56 billion has been committed to 56 projects in 26 Members. The Facility served a broad range of Members, with priority to low- and lower-middle-income borrowers whose financing accounted for 72% of

the total approved Facility financing (USD9.78 billion). The Facility benefitted both regional and nonregional Members of AIIB, with 93% of the Facility portfolio (USD12.63 billion) invested in AIIB regional Members.

With the establishment and extensions of the Facility, AIIB joined forces with other MDBs in the coordinated global crisis response efforts, fulfilling its MDB roles by providing much-needed countercyclical financing to its Members in collaboration with other peer MDBs. Cofinancing in crisis-response projects under the Facility has enabled the Bank to leverage synergistic gains for Members and strengthen partnerships with peer MDBs— the World Bank Group, the Asian Development Bank, and the European Bank for Reconstruction and Development. The Facility development is not only a result but also a manifestation of the Bank’s agility in dealing with external shocks and responsiveness to the evolving needs of clients while retaining its focus on its originally designed mandates and toward achieving Corporate Strategy targets.

#### READ MORE

- Embracing Climate Change Measures to Ensure a More Resilient Economy
- Strengthening Health Systems for the People of Côte d’Ivoire
- A Cooperation between Türkiye and AIIB to Provide Equitable Vaccine Access





## SPECIAL FUNDS

We have multiple Special Funds that support the implementation of AIIB's mandate and Corporate Strategy. Special Funds serve different purposes, including identification and preparation of high-quality bankable projects, capacity building, information sharing and making AIIB loans more affordable through interest buy down.

### Project Preparation Special Fund

Established in June 2016, the Project Preparation Special Fund (PPSF) is a multi-donor facility created to provide technical assistance grants to support the preparation of high-quality bankable projects for AIIB Members, especially less-developed Members. Project preparation activities supported by these grants are critical to improve project quality and ensure economic, environmental and social sustainability and implementation readiness.

#### Status of Commitments and Payments to the PPSF, as of end-2022

Contributor	Committed Contributions (USD)	Paid Contributions (USD)
China	50,000,000	50,000,000
United Kingdom	50,000,000	50,000,000
Korea	18,000,000	18,000,000
Hong Kong, China	10,000,000	10,000,000
<b>Total</b>	<b>128,000,000</b>	<b>128,000,000</b>

At end-2022, total committed contributions to PPSF stood at USD128 million, all of which have been paid to the Bank.

Four new PPSF grants amounting to USD13.94 million were approved in 2022, taking the total number of approved grants to USD45.48 million (net of cancellations) for 19 grants since the Fund's inception.

A total of USD4.60 million was disbursed during 2022 with a cumulative disbursement of USD11.12 million since the inception of the Fund.

#### Projects Supported by the Project Preparation Special Fund, 2022

Member	Sector	Project Name	Financing Amount (USD)
Bangladesh	Water	Bangladesh Integrated Water Supply and Sanitation in Selected Towns Project	4,500,000
Bangladesh	Water	Jamuna River Economic Corridor Development Project	5,000,000
Bangladesh	Urban	Dhaka Urban Regeneration Project	3,000,000
Cambodia	Water	Project preparation for Integrated Water Resources Management	1,439,935

### Special Fund Window for Less Developed Members

In March 2022, the Special Fund Window for Less Developed Members (SFW) was approved by the Board of Directors to make AIIB financing more affordable to its less-developed Members by providing an interest rate buy-down to eligible AIIB financing that are aligned with AIIB's Corporate Strategy. The SFW is funded on a rolling basis through voluntary contributions from AIIB Members. This is an additional effort by AIIB to further support its less-developed Members especially by reducing the cost of lending for i4t.

The SFW incorporates the Special Fund Window under the COVID-19 Crisis Recovery Facility that was created in May 2020, when the Board of Directors approved a carve-out of USD30 million from the PPSF in response to the exceptional circumstances brought about by the COVID-19 pandemic. All resources were allocated in 2020 to support four Facility projects in Bangladesh, Cambodia, Kyrgyzstan, and Maldives.

Recognizing the significant challenges associated with vaccine financing faced by the Bank's less-developed Members, the Board of Directors approved an additional carve out of USD25 million from the PPSF for vaccine financing in May 2021. As of end-December 2022, two vaccine projects have utilized this replenishment with the approved interest rate buy-down amount of USD9.95 million to support vaccine financing in Cambodia and Côte d'Ivoire.

### Projects Supported by the Special Fund Window under the COVID-19 Crisis Recovery Facility, 2022

Member	Sector	Project Name	Financing Amount (USD)
Cambodia	Public Health	Cambodia Rapid Immunization Support Project	4,950,000
Côte d'Ivoire	Public Health	Support for Vaccine Delivery under the COVID-19 Strategic Preparedness and Response Program	5,000,000

#### READ MORE

STRENGTHENING HEALTH SYSTEMS FOR THE PEOPLE OF CÔTE D'IVOIRE

### Multilateral Cooperation Center for Development Finance Special Fund

The Multilateral Cooperation Center for Development Finance (MCDF) Special Fund was established to administer grants received by AIIB as Implementing Partner of the MCDF. The MCDF is a multilateral financial mechanism designed to promote high-quality infrastructure and connectivity investments in developing countries in compliance with IFI standards, including by encouraging other investors and

financial institutions to adopt such standards. The MCDF Special Fund can support project preparation, capacity building, and information sharing activities that align with both AIIB's strategic priorities and the MCDF's objectives.

Five new MCDF grants amounting to USD5.93 million were approved in 2022 for AIIB as Implementing Partner, taking the total number of approved grants from the MCDF to eight for USD7.76 million.

### Projects Supported by Multilateral Cooperation Center for Development Finance, 2022

Member	Sector	Project Name	Financing Amount (USD)
Indonesia	Transport	Indonesia Batam-Bintan Bridge Project	500,000
Indonesia	Transport	Trans-Sumatra Toll Road (Cinto Kenang to Sentjalang) Project	1,380,000
Lao PDR	Transport	Road Development Program	700,000
Multicountry	Environmental and Social Frameworks; Gender Equity; Risk Management	Capacity Building and Information Sharing for E&S Safeguards	790,000
Multicountry	Other	Joint Program Supporting Infrastructure Connectivity in the ASEAN Region	2,563,000

#### READ MORE

PROMOTING BRAZIL'S GLOBAL PUBLIC GOODS AND CONNECTIVITY WITH ASIA (BRAZIL: BDMG RENEWABLES AND ASIA CONNECTIVITY FACILITY)

## Global Infrastructure Facility Special Fund

The Global Infrastructure Facility (GIF) Special Fund was established to administer grants we receive as a GIF Technical Partner. GIF grants can help with the preparation, structuring and de-risking of high-quality, bankable and sustainable infrastructure programs and projects in emerging markets that are attractive to private capital.

In June 2022, the GIF Management Unit approved a USD350,000 grant for Digitalized Urban Health Care Infrastructure in Bangladesh to support project definition activities of a potential AIIB project 'Bangladesh Digitalized Urban Health Care Infrastructure.' This was the first funding approved from the GIF to

support AIIB projects. The grant will promote our thematic priorities of Technology-enabled Infrastructure and Private Capital Mobilization. It will also enable us to design the project loan at the earliest stage, in line with Pillar 3 of our Corporate Strategy, Adding Value along the Project Cycle.

### Projects Supported by the Global Infrastructure Facility, 2022

Member	Sector	Project Name	Financing Amount (USD)
Bangladesh	Social	Digitalized Urban Health Care Infrastructure	350,000





# OUR CLIENTS

05





## THEMATIC PRIORITIES

Member	Project Name	Sector	Financing Type	Thematic Priority Alignment
Indonesia	<a href="#">Development of Pumped Storage Hydropower in Java Bali System</a>	Energy / Hydro	SBF	Green infrastructure
Brazil	<a href="#">BDMG Renewables and Asia Connectivity Facility</a>	Multisector	NSBF	Green infrastructure; Connectivity and Regional Cooperation;
India	<a href="#">Haryana Orbital Rail Corridor (HORC) Part A Project</a>	Transport	SBF	Green infrastructure; Connectivity and Regional Cooperation; Technology-enabled Infrastructure
China	<a href="#">Zhengzhou International Logistics Hub (Previously: Zhengzhou International Hub Expansion)</a>	Transport	SBF	Green infrastructure; Connectivity and Regional Cooperation; Technology-enabled Infrastructure
Multicountry	<a href="#">CITIC Capital Pan Eurasia Fund - Co-Investment Superfreeze Cold Storage Logistics (Multicountry)</a>	Transport / Logistics	NSBF	Technology-enabled infrastructure, Connectivity and Regional Cooperation, Green Infrastructure, Private Capital Mobilization
Uzbekistan	<a href="#">Bukhara Region Water Supply and Sewerage Project - Phase II</a>	Water	SBF	Green infrastructure; Technology-enabled Infrastructure
Lao PDR	<a href="#">Monsoon 600MW Cross-border Wind Power Project</a>	Energy	NSBF	Green infrastructure; Connectivity and regional cooperation; Private Capital Mobilization
Multicountry	<a href="#">Rakiza Fund I</a>	Multisector	NSBF	Technology-enabled Infrastructure; Private Capital Mobilization

## CLIMATE FINANCING

Member	Project Name	Sector	Financing Type
Multicountry (Egypt/Jordan/Türkiye/ Georgia/Uzbekistan/Azerbaijan/ Kazakhstan/Kyrgyzstan/Algeria/Morocco/ Tunisia/Serbia)	<a href="#">Alcazar Energy Partners II</a>	Energy	NSBF

## COVID-19 CRISIS RECOVERY FACILITY

Member	Project Name	Sector	Financing Type
Fiji	<a href="#">Sustainable and Resilient Recovery Program</a>	COVID-19 Crisis Recovery Facility- Economic Resilience/PBF	SBF-PBF
Côte d'Ivoire	<a href="#">Strengthening of Vaccination and Health Systems under the COVID-19 Strategic Preparedness and Response Project</a>	COVID-19 Crisis Recovery Facility-Public Health	SBF
Türkiye	<a href="#">Türkiye COVID-19 Vaccine Project under the COVID-19 Crisis Recovery Facility</a>	COVID-19 Crisis Recovery Facility-Public Health	SBF

SBF = Sovereign-backed Financing, PBF = Policy-Based Financing.

## GREEN INFRASTRUCTURE

# Developing Hydropower to Reduce Fossil Fuel Use

By supporting PT Perusahaan Listrik Negara develop services and storage capacity to enable integration of the Java-Bali grid, AIIB is helping create investment opportunities for variable renewable energy developers and financiers and generate local employment in Indonesia.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Indonesia: Development of Pumped Storage Hydropower in Java Bali System</b>
<b>Project Number:</b>	000512
<b>Member:</b>	Indonesia
<b>Sector:</b>	Energy
<b>Financing Type:</b>	Sovereign
<b>Financing:</b>	USD230 million
<b>Financing Approval:</b>	April 13, 2022

Photos from World Bank/PLN



Despite the negative impact of the COVID-19 pandemic, Indonesia maintains a healthy long-term growth prospect as infrastructure development remains a top priority for the government. To support this growth, the country is looking to tap into its vast renewable energy potential.

### Banking on Hydropower

The Asian Infrastructure Investment Bank (AIIB) is supporting a hydropower project in Indonesia that aims to meet growing demand for electricity in the country while helping reduce its dependence on fossil fuels.

The [Indonesia: Development of Pumped Storage Hydropower in Java-Bali System](#) project will support PT Perusahaan Listrik Negara's (PLN) development of the Upper Cisokan Pumped Storage (UCPS) Hydropower Plant. PLN is the

vertically integrated state-owned electricity utility and the sole off-taker of electricity generated by the hydropower plant.

The project covers the preparation, construction and commissioning of a 1,040-megawatt (MW) pumped storage hydropower (PSH) plant located approximately 150 kilometers (km) southeast of capital city Jakarta at the upstream of the Cisokan River Basin in West Java Province.

It is the first large-scale PSH project in Indonesia, providing improved power generation peaking and storage capacity for the Java-Bali grid. The plant will be connected to the Java-Bali grid system using two 16-km double-circuit 500-kilovolt (kV) transmission lines.

As a top priority project by the Government of Indonesia, the UCPS also serves as a showcase on the viability of hydropower – more specifically, PSH – as a renewable energy source.



A primary concern regarding renewable energy is grid stability. “Pumped storage can address this concern with better balancing to make sure the grid works well,” Ziwei Liao, senior private sector operations specialist for AIB and the project team leader, points out.

### Promoting Green Infrastructure

The UCPS plant makes use of two water reservoirs at different elevations. At times of low electricity demand or when there is abundant generation from clean power sources (such as solar), power from the grid is used to pump water to the upper reservoir. During peak demand when electricity price is high, power is generated by discharging water down to the lower reservoir using a turbine.

The hydropower plant can flexibly switch between pumping and generating modes within minutes, allowing it to meet the system balancing need nearly instantaneously. Thus, it can provide numerous ancillary services to the grid, such as peak shaving and load leveling, provision of spinning reserve, black-start, voltage and frequency control, and energy storage.

In doing so, the plant supports efficient system balancing, especially helping manage the variability of solar generation, resulting in greater absorption of variable renewable energy (VRE) in the system.

“As renewable energy is intermittent, this type of storage is needed to better support demand-side response. Pumped storage can provide a large amount of capacity (in terms of power),” Liao adds.

The project has three components: (i) development of the UCPS plant, which covers the preparation, construction, and commissioning of a 1,040 MW pumped storage hydropower plant; (ii) management of the plant’s environmental and social (E&S) impact, which includes the implementation of various E&S plans as well as development of additional plans to mitigate adverse E&S impacts and (iii) technical assistance and capacity building, which supports the preparation of the Matenggeng Pumped Storage Plant, Pokko Hydropower Project and the Java-Bali System Master Plan.

AIB has committed USD230 million in financing for the project’s first component, which involves the development and construction of the UCPS



plant. The World Bank, as the lead bank, has committed USD333 million in cofinancing.

The World Bank invited AIIB to cofinance the project in late 2020. Since then, the AIIB team has worked closely with the World Bank on technical design, E&S, procurement and economic analysis of the project.

The project is fully aligned with AIIB's thematic priority of promoting Green Infrastructure. It improves reliability and flexibility of the Java-Bali system by providing the least-cost solution and enables the reduction of carbon intensity of power supply in the long run.

### Supporting the Transition to Clean Energy

The UCPS project also aligns with the Government of Indonesia's long-term goal of decarbonization and transitioning to clean energy. While it has fast-growing electricity needs, Indonesia remains highly dependent on fossil fuels for power generation.

The Java-Bali region, in particular, had a total installed power capacity of 41 GW in 2019, representing over 62% of the national installed power capacity. Like the national power system,

the Java-Bali system is dominated by fossil fuels, with coal-fired power accounting for around 60% of the total capacity.

Indonesia, as a whole, has enormous potential in hydropower generation, estimated at around 75 GW; however, hydropower currently only accounts for less than 10% of its total installed capacity. At present, coal- and gas-fired power plants are the main power generation sources in the country, accounting for more than 70% of total installed capacity.

The UCPS plant is part of the least-cost development plan for Indonesia's low-carbon transition by unlocking its hydropower and VRE potential, as well as offering reliability and flexibility to the Java-Bali power grid.

More significantly, the project will contribute to Indonesia's Nationally Determined Contribution, which outlines the country's commitment as part of the 2015 Paris Agreement to reduce greenhouse gas emissions by 31.89% on its own efforts. It also supports the government's Long-Term Strategy for Low Carbon and Climate Resilience 2050, targeting carbon neutrality by 2060 or sooner.

Over the long term, the UCPS project is seen as a catalyst to renewable energy development for Indonesia.





The UCPS plant provides the necessary ancillary services and storage capacity to enable integration of VRE on the Java-Bali grid. As the UCPS enables VRE integration, it will also create investment opportunities for VRE developers and financiers, helping to generate local employment.

Indonesia is just starting to make changes in its regulatory environment by acknowledging the importance of developing renewable energy, including hydropower, according to Donggun Kim, investment analyst for AIIB and a member of the Bank's team working on the project.

In addition, the project is also keen on doing E&S-related work to minimize impact in the local communities.

"For example, in the environment side, there will be forest restoration done with the help of a local company. It will be done in parallel with project construction. There are also biodiversity restoration measures. These kinds of economic developments will benefit the community surrounding this project," Kim adds.

# Promoting Brazil's Global Public Goods and Connectivity with Asia

## Brazil: BDMG Renewables and Asia Connectivity Facility

AIIB's first investment in nonregional Member Brazil will support projects based primarily in Minas Gerais, Brazil's third largest state and home to 21 million people, and will focus on subprojects in renewable energy or infrastructure-related sectors that link Brazil and Asia, thus enhancing trade and investment flows between Latin America and Asia.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Brazil: BDMG Renewables and Asia Connectivity Facility</b>
<b>Project Number:</b>	000491
<b>Member:</b>	Brazil
<b>Sector:</b>	Multi-sector
<b>Financing Type:</b>	Nonsovereign
<b>Financing:</b>	USD100 million
<b>Financing Approval:</b>	Jan. 20, 2022

With a population of 215 million and gross domestic product estimated at around USD2 trillion, Brazil is the largest economy in South America and the 12th largest in the world. Brazil also represents the largest power market in South America with renewables accounting for nearly 85% of energy production. While the country's power mix is currently dominated by hydropower generation, solar and wind capacities are growing rapidly in alignment with Brazil's ambition to cut greenhouse gas emissions by 50% below 2005 levels by 2030 and reach net-zero carbon emissions by 2050. In addition to its support for renewables, the Government of Brazil is introducing new initiatives and reform to support economic growth, including increasing trade openness and improving the business environment. Asia (East Asia and Pacific) is the largest trading partner region of Brazil, accounting for 44% of exports and 33% of imports in 2020, respectively. Around two-thirds of these Asian trade flows were generated in connection with China. Over the past 20 years, Asia has been

rapidly growing as a trading destination for Brazil, with shares of imports and exports consistently increasing.

### Enhancing Trade and Investment Between Asia and Brazil

In January 2022, the Asian Infrastructure Investment Bank (AIIB) approved its first investment in its nonregional Member Brazil with the objective of supporting global public goods as well as trade and connectivity between Brazil and Asia. The BDMG Renewables and Asia Connectivity Facility involves a nonsovereign backed multisector on-lending facility of up to USD100 million to be implemented by subnational development bank Banco de Desenvolvimento de Minas Gerais S.A. (BDMG). This facility aims to support projects based primarily in Minas Gerais, Brazil's third largest state and home to 21 million people, and will focus on subprojects in renewable energy or infrastructure-related sectors that link Brazil

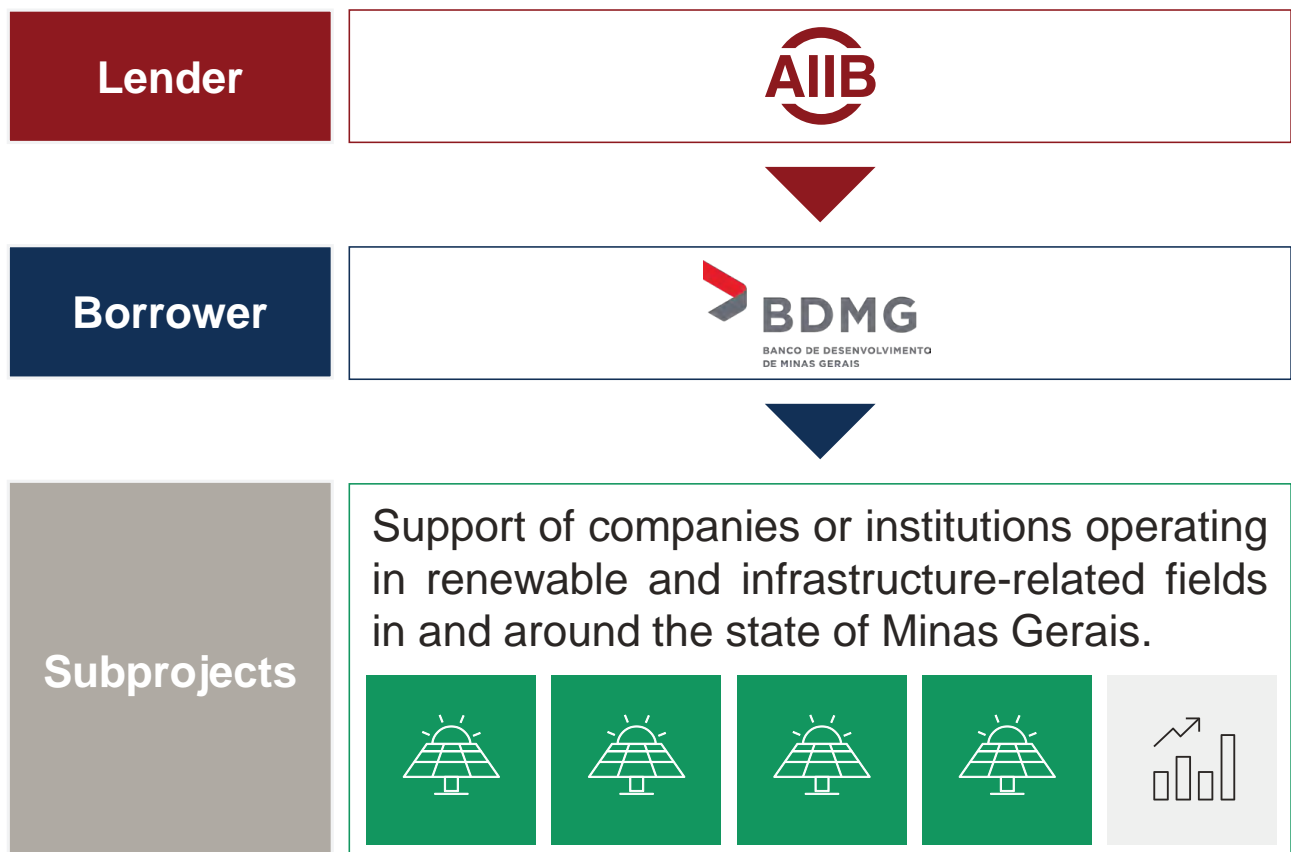
and Asia, thus enhancing trade and investment flows between the two regions. The project aligns with AIIB's thematic priorities of Green Infrastructure as well as Connectivity and Regional Cooperation.

The project also received approval for a grant of up to USD1 million from the Multilateral Cooperation Center for Development Finance (MCDF). The objective of the MCDF grant is to improve BDMG's environmental and social (E&S) framework, management system and practices, which is expected to have a direct impact on the overall effort of BDMG to adopt enhanced E&S standards and systems (at international standards level) in BDMG's wider operations over time, thereby developing a template of best practices to train other banks and institutions in Brazil.

"We are thrilled with this partnership with AIIB. It will foster investments in green infrastructure (renewable energy generation) and enhance trade and connectivity between the State of

Minas Gerais and Asia. The project will contribute to the transition to affordable and clean energy, and local economic development," BDMG CEO Gabriel Viégas Neto said. In helping to accelerate green investments in Minas Gerais through this project, BDMG hopes to reinforce the state's environmental policy. In addition, Viégas Neto pointed out that Minas Gerais is the first state in South America and the Caribbean to join the "Race to Zero" campaign launched by the United Nations in 2019 with the aim of reducing and neutralizing greenhouse gas emissions in the world by 2050. Minas Gerais leads in photovoltaic solar energy development and has the largest area of planted forests in Brazil.

In addition to supporting renewable energy projects, the facility aims to support the government's efforts to attract Asian companies, research institutions and financiers to invest into projects in Minas Gerais to promote trade, technology and knowledge exchange between the two regions. With regards to connectivity-related subprojects supported by the facility,



BDMG expects mainly companies that already import from or export to AIIB's regional Members as well as businesses with headquarters in Asia to benefit from funds under this facility to finance projects in local infrastructure-related industries connected to AIIB's regional Members. Asia is the leading trading partner of Minas Gerais with 45% of exports from the Brazilian state being shipped to Asia (excluding the Middle East).

BDMG has a track record of innovation and is one of Brazil's first development banks with a digital platform. BDMG's digitalization initiative has allowed the bank to foster micro and small enterprises' resilience and growth in the State of Minas Gerais, and enabled the bank to remain operational and accessible during the pandemic. "BDMG's innovative approach to development finance in combination with its impact-focused mandate make it a suitable partner to achieve impact in the region," said AIIB Director General (Banking Region 2) Najeeb Haider.

## Enhancing Environmental and Social Standards

Working with AIIB in the spirit of innovation, BDMG aims to become a pioneer in the adoption of the highest governance and E&S standards in Brazil. For the funds of this facility, BDMG will adopt an E&S framework that is aligned with AIIB's policy requirements. With the help of the MCDF grant in support of this project, BDMG will further enhance its E&S capabilities beyond the scope of this project as it aspires to become a regional leader in implementing global best practices for E&S standards and a role model for other financial institutions to improve their systems and practices in Brazil and the rest of South America.

BDMG believes that its partnership with AIIB will be key in shaping a new international financial architecture, which will be instrumental in facing the current development challenges in emerging economies and in building a more sustainable and inclusive world in the 21st century.



We are thrilled with this partnership with AIIB. It will foster investments in green infrastructure (renewable energy generation) and enhance trade and connectivity between the State of Minas Gerais and Asia. The project will contribute to the transition to affordable and clean energy, and local economic development.

**Gabriel Viégas Neto**

CEO, Banco de Desenvolvimento de Minas Gerais S.A. (BDMG)

## CONNECTIVITY AND REGIONAL COOPERATION

# Opening New Routes to Ease India's High-Density Rail Networks

By creating a new rail line that bypasses Delhi entirely, rerouting much of the freight and a significant number of passengers traveling to destinations outside the city, the Government of India, with financing assistance from AIIB, was able to design a network that decongests Delhi, alleviates crowding, reduces pollution, improves freight traffic and addresses supply chain issues, as well as encourages more economic and social activities in the areas serviced.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>India: Haryana Orbital Rail Corridor</b>
<b>Project Number:</b>	000370
<b>Member:</b>	India
<b>Sector:</b>	Transport
<b>Financing Type:</b>	Sovereign
<b>Financing:</b>	USD128 million
<b>Financing Approval:</b>	Dec. 20, 2022



The Indian Railways network that travels through the National Capital Territory (NCT) of Delhi is extraordinarily overtaxed. Consisting of seven existing railway lines that must accommodate large numbers of both freight and passengers, it is considered a “high-density network” by the Ministry of Railways. At present, traffic moving from the Northern region of the country must pass through the Delhi area to go toward the South and vice versa. Similarly, traffic moving from the Eastern region of the country must pass through the Delhi area to go toward the West and vice versa. Thus, Delhi becomes congested by traffic not destined for Delhi due to the design of its infrastructure.

Moreover, while the rail line passing through Delhi comprises less than 20% of overall kilometers in the network, it carries over 70% of the system's

passenger and freight traffic. With new trains frequently added to accommodate the increasing needs, the speed of the freight trains traveling through the New Delhi city center crawls along at around 17 kilometers (km) an hour. The infrastructure constraints of existing train terminals as well as the urban environment made physical expansion of the Indian Railway network close to impossible and financially unfeasible.

### Building Technology-enabled Green Infrastructure

The answer lies in building a whole new railway network. The National Capital Region (NCR) Planning Board devised an innovative plan: Create a new rail line that bypasses Delhi entirely, reroute much of the freight and a significant



number of passengers traveling to destinations outside the city, design the network using green infrastructure and environmental technology, and create terminals that are safe and accessible. The concept of the [Haryana Orbital Rail Corridor \(HORC\)](#) program was identified in the Regional Plan 2005-2021 for the NCR and proposed again in the report prepared by the Haryana Department of Town and Country Planning in 2010. The Functional Plan on Transport for NCR (2032) highlighted the importance of developing the HORC.

In 2019, the Asian Infrastructure Investment Bank (AIIB) met with the Ministry of Finance of the Government of India, Government of Haryana and Haryana Rail Infrastructure Development Corporation Limited (HRIDC, the implementation agency) to support the construction of the HORC as a solution to the congestion in the Delhi area while also improving rail connectivity in the NCR.

The HORC program encompasses 125.98 km of new infrastructure, including the construction and technology for 17 new railway stations and over 20 km of connectivity to the Indian Railways and the Dedicated Freight Corridor. It also includes the design and construction of 93 major bridges, a 3.54-km viaduct, a 4.69-km tunnel, electrified tracks, telecommunications and signalling works. When complete, HORC will have the capability to service passengers traveling

outside Delhi, but more importantly, it will provide significant freight capacity to promote trade and address supply chain issues.

The HORC benefits both firms and the community by alleviating crowding, reducing pollution and encouraging industry. It will encourage commuters to shift from road-based transportation to cleaner rail transport, and by bypassing Delhi completely, freight traffic conditions and the environment will not only improve, but the new route will stimulate more economic and social activities.

“The HORC program is expected to serve the major logistic hubs and encourage the development of new logistic hubs in the region. It will transform the transportation landscape of Haryana and the NCR,” says Sanjeev Kaushal, Chief Secretary, Government of Haryana and Chair, HRIDC.

The HORC program aligns with AIIB’s thematic priorities of Green Infrastructure, Connectivity and Technology-enabled Infrastructure. The program represents the Bank’s first time financing a greenfield standalone railway project.

“The AIIB team has assumed an important role in the project preparation stage,” says Wenyu Gu, AIIB project team leader. “The support provided to the client covers several areas including technical, procurement, environmental and social. Meanwhile, working with HRIDC also





“The HORC program is expected to serve the major logistic hubs and encourage the development of new logistic hubs in the region. It will transform the transportation landscape of Haryana and the NCR.

### **SANJEEV KAUSHAL**

Chief Secretary, Government of Haryana and Chair,  
Haryana Rail Infrastructure Development Corporation Limited (HRIDC)

strengthened AIIB’s experience in financing high-demand, long-distance railway projects in India and the region; and helps develop a close institutional partnership between AIIB and HRIDC, further consolidating AIIB’s status as a reliable development partner.” As the sole financier, AIIB approved the loan of USD128 million to the Government of India in 2022 and another USD322 million is under preparation as additional AIIB financing for the program.

The project team visited the area in April 2019 and conducted virtual meetings during the lockdown. They engaged locals professionals to consult in the areas of environmental, social, technical and gender issues. As part of the preparation of the social impact assessments, the Bank also encouraged robust stakeholder engagement and public consultations. These consultations enabled the analysis of potential impacts of the HORC program on women and other vulnerable groups and recommended actions to mitigate the adverse impacts related to loss of livelihoods and other significant hardships, as well as increase passenger safety and reduce incidents of gender-based violence, sexual exploitation, and abuse.

As a result, the design process focused on green infrastructure and technology and stations that are safe, gender-friendly and accessible for the elderly and people with disabilities. The Bank also committed to supporting HRIDC, the

implementing entity, integrate environmental and social dimensions in the implementation of the HORC through capacity building activities such as training.

“These activities will help strengthen the institutional capacities within the HRIDC and support not only the planning and implementation of the HORC program but also potential HRIDC projects in the future,” says Anne Ong Lopez, the co-project team leader of AIIB. The program also includes a Gender Action Plan that promotes gender-inclusive technical design, gender sensitization during construction and gender balance through an inclusive human resources policy, among other measures.



## Environmental Benefits

By diverting existing traffic not meant for Delhi, the HORC will allow more road-based passengers to use the railway and bring positive impacts to Delhi and the communities along the new rail network.

For example, transitioning polluting road traffic to a low-carbon electrified railway will reduce GHG emissions and local air pollution in a city that experienced what is known as the “Great Smog of Delhi” in 2016.

The project is fully aligned with the Paris Agreement goals: the HORC program calls for clean, low-emission infrastructure and renewable energy. It integrates green technology features to help lower GHG emissions such as the use of electric powered engines as well as the installation of rainwater harvesting structures and solar panels in the terminals. The design also addressed climate risks, including flooding, global warming and earthquakes, by employing environmentally friendly features such as side drains, curtain walls on bridges, rainwater harvesting and seismic zone technology.

## AIB as an Agile Partner

Originally conceived as a single project, the situation changed as the project preparation progressed. As some sections advanced and became ready for construction, funds remained tied up in the rest of the project that were awaiting initial land acquisition or operating on a later schedule. The client requested a new approach, and AIB delivered.

Rather than wait on other parts of the program to catch up — and to meet client needs — AIB devised a new strategy that split the project into two parts, dedicating USD128 million to Part A out of a total investment of USD450 million. The remaining, Part B loan, is expected to be approved by the Bank in the latter half of 2023. This strategy allowed part of the project to advance toward completion on a faster deadline.

AIB’s quick thinking “demonstrates the Bank’s agile flexibility and client-oriented attitude,” said Gu.

“The association with AIB has proved to be very beneficial for the project,” says Rajesh Agarwal, Managing Director, HRIDC. “The experience of the





AIIB team in dealing with infrastructure projects has helped tremendously in bringing the project to the present state in a very short period.”

This project has strengthened AIIB’s expertise in financing large scale, complex, technology-enabled green transport projects. AIIB has also leveraged the experience it gained from other transportation projects and found innovative solutions to serious, complex issues. At the same time, the project greatly improved conditions for a large community, socially, economically and environmentally.

As the project progresses, the Bank plans to conduct regular onsite visits to monitor progress and ensure that the environmental and social management plans of the project are implemented during the project duration.

The HORC project fostered a fruitful collaboration between AIIB and HRIDC — and the project’s ongoing success has cemented the Bank’s reputation as a strong, reliable development partner.



“The association with AIIB has proved to be very beneficial for the project. The experience of the AIIB team in dealing with infrastructure projects has helped tremendously in bringing the project to the present state in a very short period.

**RAJESH AGARWAL**

Managing Director, Haryana Rail Infrastructure Development Corporation Limited (HRIDC)

## CONNECTIVITY AND REGIONAL COOPERATION

### Connecting the Center of China to the World

By helping the Zhengzhou International Hub Development and Construction Co. Ltd. expand its logistics facilities and upgrade its information platform, AIIB was able to help it implement a series of market-oriented business practices, including expanding sources of returning cargo to reduce empty back-haul; diversifying its revenue sources, and providing more value-added services along the freight value chain. The project is a showcase of how AIIB supports and mobilizes market players to promote cross-border connectivity by enhancing freight logistic handling efficiency.

#### PROJECT DETAILS:

<b>Project Title:</b>	<b>China: Zhengzhou International Logistics Hub (Previously: Zhengzhou International Hub Expansion)</b>
<b>Project Number:</b>	000386
<b>Member:</b>	China
<b>Sector:</b>	Transport
<b>Financing Type:</b>	Sovereign
<b>Financing:</b>	USD150 million
<b>Financing Approval:</b>	Jan. 26, 2022

With its prime geographical location in central China, the city of Zhengzhou in Henan province has long been a logistics and transportation hub for the country of 1.4 billion people. That status over the past decade has been amplified with the launch of the China Railway Express (CR Express), a cross-continent network unfurling throughout China, connecting Central and Southeast Asia and Europe.

The CR Express provides cross-border, containerized railway freight services with dedicated trains, routes and schedules connecting China to Central Asia and Europe. The first train



under the network departed western China for Germany in 2011. Since then, the CR Express has witnessed stellar growth, reaching over 200 cities in 25 European countries.

CR Express services reduce shipping time by two-thirds, from 40-45 days by maritime freight to 12-15 days now by rail. By the end of 2021, CR Express operates in more than 60 cities in China with a total of 15,000 trains carrying 1.46 million twenty-foot equivalent units (TEU). Chengdu, Chongqing, Xi'an and Zhengzhou account for 70% of the train business.



One of China's pioneer CR Express operators is Zhengzhou International Hub Development and Construction Co., Ltd. (ZIH), a state-owned enterprise (SOE) founded in 2013 providing railway solutions for customers. That year, ZIH commenced its freight services under the CR Express between Zhengzhou and Hamburg, Germany, passing through Mongolia, Poland and other areas. The company is witnessing staggering growth. ZIH-operated trips have grown by 63% yearly from 2014 to 2019. In 2020, it operated 1,126 trains with 720,000 tons of cargo and aims to operate 1,500 trains annually by 2024.

During the pandemic, ZIH contributed to the stabilization of the global supply chain with its continuous operations. It added five consolidation depots with dedicated routes serving them in Poland and Italy, among others. In 2021, it successfully commenced its Hanoi (Viet Nam) – Zhengzhou (China) – Hamburg (Germany) operation, enabling the ASEAN-to-Europe transiting corridor. In 2022, it added one rail route from Vientiane, Lao PDR to Zhengzhou, China as well as one sea-rail route commencing at the Qinzhou Port in Guangxi, China to serve Central Asia and Southeast Asian countries.

Despite ZIH's growth, financial and operational challenges remain, including an imbalance in import/export demand between China and countries in Central Asia and Europe, translating into low return trip ratios, affecting revenue and supply of goods. Furthermore, infrastructure constraints have emerged because of the increasing demand for ZIH's intercontinental freight services, with a need to improve bottlenecks and increase route capacity.



## Promoting Cross-border Connectivity

To help ZIH address these issues, in January 2022, the Asian Infrastructure Investment Bank (AIIB) approved a loan of EUR132.5 million (equivalent to USD150 million) to ZIH to help it [expand its logistics facilities and upgrade its information platform](#). Through AIIB's support, ZIH can implement a series of market-oriented business practices, including expanding sources of returning cargo to reduce empty back-haul; diversifying its revenue sources, and providing more value-added services along the freight value chain. The project is a showcase of how AIIB supports and mobilizes market players to promote cross-border connectivity by enhancing freight logistic handling efficiency.

This is AIIB's first engagement with the fast-growing CR Express market. AIIB will finance 58.9% of the project cost, with the remainder financed through counterpart funds provided by ZIH. The project is expected to create 145 new operational jobs, of which more than 51%

would be women employees, and support ZIH's transition to a fully commercialized entity.

"Zhengzhou is one of the first batch of Hub Cities for CR Express in China," said Chen Yanna, Deputy General Manager of ZIH and Project Leader. "AIIB financing will promote the construction of the Zhengzhou Multi-modal Transport Logistics Hub, enhance the capacity of comprehensive service of CR Express as well as accelerate regional connectivity."

The project aligns with AIIB's thematic priority of Connectivity and Regional Cooperation by facilitating trade among China, Europe and Central Asia and enhancing connectivity, as well as AIIB's mandate to finance Infrastructure for Tomorrow. Between 70% and 80% of network trains terminate in Europe, and future demand growth on the continent remains promising. Meanwhile, rail plays a crucial role in China's trade to other markets and will maintain relatively stable future growth.





“Zhengzhou is in the center of China,” said AIB’s Senior Private Sector Operations Specialist Edwin Yuen, who heads the project. “So rail is at its core and heart.” The project came about following collaborative discussions with China’s Ministry of Finance. AIB went on mission to Henan in December 2019 to conduct due diligence before starting project preparations.

Because Zhengzhou is the only city in central China chosen as a CR Express consolidation hub, AIB is directly participating in ZIH’s development and ambitions to expand Henan province’s cross-border connectivity through trade. This superior geographical location enables the city to gather cargo from many regions, including CR Express terminals too far from exit ports to serve as consolidation centers. Nine cities along China’s eastern and southern coasts are network terminals but send much of their cargo to Zhengzhou for further transit to global destinations.

The project finances components that make moving cargo by rail possible. One component includes expanding freight distribution center operations, with a planned area of 17.4 hectares.

The current turnover with existing on-site storage facilities is about 150,000 TEU. The long-term target is 300,000 TEU. Construction would consist of two new multi-story cold storage facilities supporting 50,000 tons (static volume) of refrigerated and frozen goods, with a total floor area of 58,179 square meters. Once complete, both facilities would expand ZIH’s capacity to handle perishable imported goods from Europe.

“When people think of cross-border connectivity, they think about things that connect two countries, for example, a bridge or a train,” said AIB’s Transport Specialist Runze Yu, the co-Project Team





Leader. “But actually, warehouses, while less visible, are key because without warehouses and cold storage, trade would not happen.”

Yanna said that ZIH has created CR Express with Henan characteristics including “digital trains,” “cold chain trains” and “trains with integrated transport and trade” by providing various service modes such as “door-to-door” service, less-than-container load (LCL) service, special container service, among others. Over the years, ZIH has developed and established a favorable market image and reputation. “AIB financing will help us improve the construction

of infrastructure such as cold storage, and further strengthen our advantages,” added Yanna.

Other components of the project are a logistics center, and a Vehicle Imports Facility with an import capacity of 30,000 vehicles annually serving Henan and neighboring central China provinces.

### Enhancing Operational Efficiency

The fourth component is a CR Express Logistics Information Platform Upgrade to support ZIH’s overall operational efficiency. The upgrade would involve establishing a data exchange mechanism and providing real-time quotes, thereby reducing booking handling times from 60 minutes to 10 minutes. The last component aligns with the Bank’s thematic priority of constructing Technology-enabled Infrastructure.

“ZIH is well organized, fully dedicated and they know their business really well,” said Yuen. “It is still early stages, but ZIH appreciates the rigor of AIB project preparation work to achieve a high-standard project.”







“AIB financing will promote the construction of the Zhengzhou Multi-modal Transport Logistics Hub, enhance the capacity of comprehensive service of CR Express as well as accelerate regional connectivity.”

**CHEN YANNA**

Deputy General Manager, Zhengzhou International Hub Development and Construction Co., Ltd. (ZIH) and Project Leader

Financing for ZIH aligns with another AIB thematic priority, Green Infrastructure, by adopting energy-efficient designs and reducing substances harmful to the environment. AIB's focus on green infrastructure projects with climate adaptation, climate mitigation and

other environmental benefits support Members' low-carbon, climate-resilient transition and environmental sustainability. AIB engages with clients like ZIH to identify climate and green financing opportunities across key infrastructure sectors and works in close coordination with its partners to support a green recovery.

## TECHNOLOGY-ENABLED INFRASTRUCTURE

# Superfreeze: Shaping the Cold Chain of the Future

Temperature-controlled warehouses (cold storage) where products can be stored, packaged and distributed are the critical engine of the cold chain. The project ticks all four of the Bank's thematic priorities, three AIIB Corporate Strategy targets, as well as highlights the social benefits of cold chain logistics to health, food safety and vaccine distribution. In addition, 100% of AIIB's financing will qualify as climate mitigation finance, which marks an important step toward achieving AIIB's climate finance goals.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Multicountry: CITIC Capital Pan Eurasia Fund – Co-Investment Superfreeze Cold Storage Logistics</b>
<b>Project Number:</b>	000217-CI01
<b>Member:</b>	Multicountry
<b>Sector:</b>	Other
<b>Financing Type:</b>	Nonsovereign
<b>Financing:</b>	USD15 million
<b>Financing Approval:</b>	July 15, 2022

Photos from EMP Belstar Superfreeze Group Holdings LLC



Sustaining an unbroken cold chain for fresh foods is critical to limiting food loss and wastage, which will also result in fewer greenhouse gas (GHG) emissions. Studies have shown that food wastage account for around 4.4 gigatons or approximately 12% of global carbon emissions annually, with 60% of this attributable to food products that can benefit from cold storage, such as seafood, meats, fruits and vegetables. To put this in context, 45% of fruits and vegetables are wasted every year. Of this, almost 50% occurs during the processing and distribution phase, mostly in developing countries.

Equally as important, 50% of vaccines are wasted globally,<sup>21</sup> largely due to failures in the cold-chain and the difficulty to provide specialized “ultra-cold” temperatures below -60°C.

Temperature-controlled warehouses (cold storage) where products can be stored, packaged and distributed are the critical engine of the cold chain. On the back of growing demand from e-commerce platforms and overnight delivery, online food sales, packaged meals replacing homecooked meals, and imports and exports of fresh produce, as well as pharmaceutical products, the industry is poised for strong growth.

<sup>21</sup> United Nations Environment Programme. [Why Optimized Cold-chains Could Save a Billion COVID vaccines](#), citing World Health Organization. 2005. [Monitoring Vaccine Wastage at Country Level: Guidelines for Programme Managers](#).

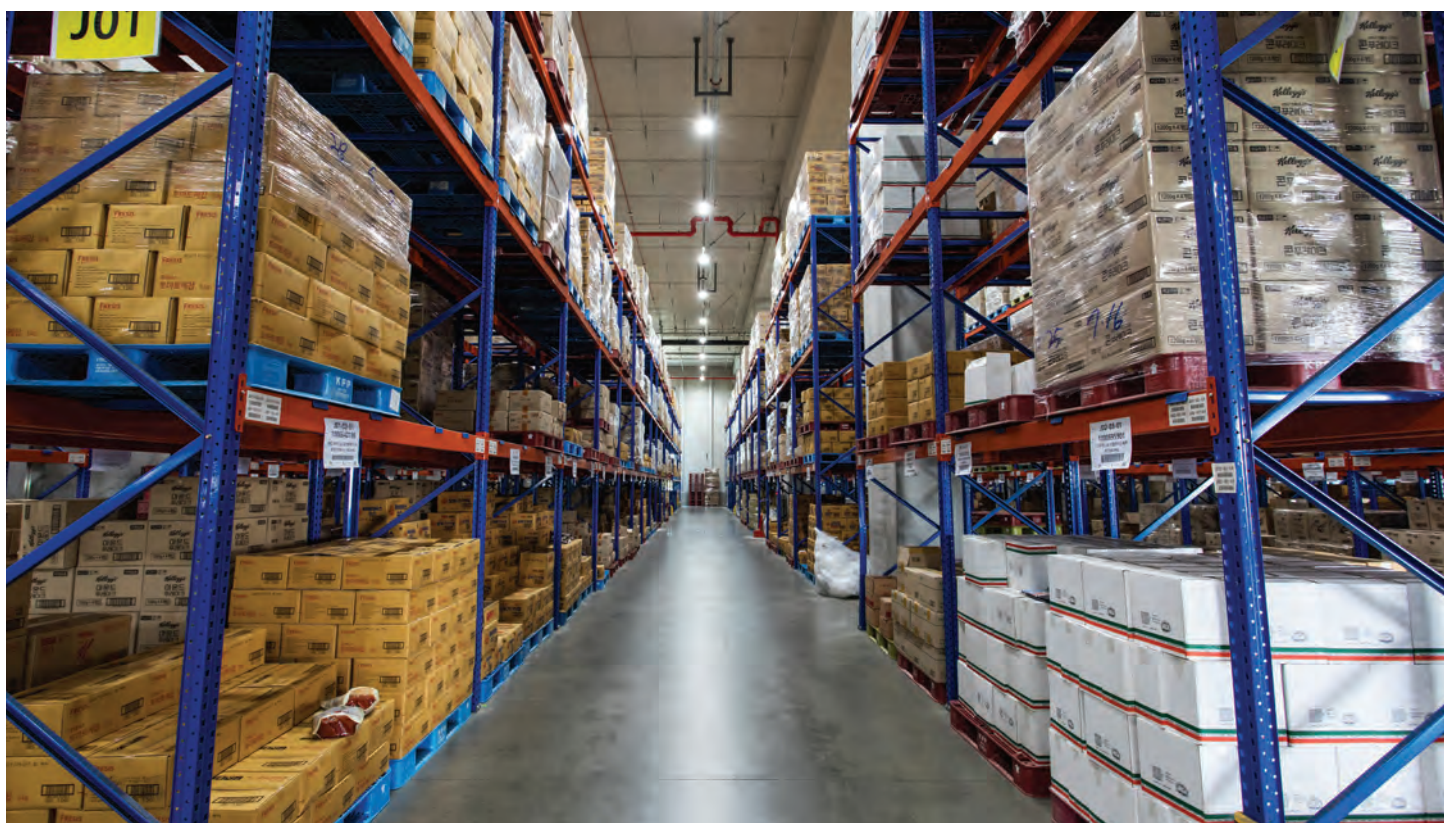
Despite robust leasing demand for cold storage facilities across Asia-Pacific, cold storage capacity overall is limited compared to that in developed western markets. For Asia-Pacific to reach the same cold storage capacity per urban capita as the United States, it would require the addition of 411 million cubic meters of new supply, a figure almost double the existing stock. The main barriers to investment are capital costs, the scarcity of investible assets, necessity of operational expertise, and inadequate infrastructure in developing economies. Cold storage in Asia is still an emerging investment class.

Seeing the robust leasing demand for cold storage facilities in Asia-Pacific amid limited cold storage capacity, the Asian Infrastructure Investment Bank (AIIB) has partnered with CITIC Capital Pan Eurasia Fund (the Fund) to invest in EMP Belstar Superfreeze Group Holdings (Superfreeze), which is [developing and operating a portfolio of cold chain storage facilities](#) in Korea, while utilizing a patented, climate-friendly technology to do so.

Superfreeze opened its first cold storage facility in Pyongtaek in 2019, and currently offers cold logistics services from three sites in Korea. Superfreeze develops, builds and operates

high-quality, modern cold storage facilities, including hyper-storage facilities such as the one in Pyongtaek, which uses the company's patented technology involving the use of waste cold energy emitted from liquefied natural gas (LNG) regasification to provide low-carbon, high-quality and ultra-cold cooling. Its next hyper-storage facility, situated adjacent to an LNG regasification terminal in Incheon, is currently in its late stage of development. AIIB's co-investment equity is allocated to primarily fund investment in the Incheon facility and support the project's expansion in international markets, as Superfreeze grows its operations outside of Korea and establishes a regional network of sustainable LNG regasification sites and LNG cold storage operators across Asia, particularly China, Indonesia, the Philippines, Singapore, Thailand and Viet Nam.

"We see ourselves as helping to shape and decarbonize the cold chain of the future in Asia," said Collins Roth, Senior Managing Director of Superfreeze. "We have proven we can fill existing gaps in the cold chain with large, high-quality cold storage and logistics services for customers in the food and healthcare industries. Our LNG cold waste energy technology allows us to not only





contribute to decarbonization, but also to lower our operating costs and provide unique services such as  $-70^{\circ}\text{C}$  vaccine storage and superfast blast freezing.”

### AIIB as Equity Investor

“This is one of the first co-investments that AIIB has transacted. What we like about this project is the use of innovative technology with beneficial impacts to society and its strong alignment with our mandate,” Thomas Walenta, AIIB Senior Investment Officer and Project Team Leader, said, noting that the project ticks all four of the Bank’s thematic priorities (technology-enabled infrastructure, green infrastructure, connectivity and regional cooperation, and private capital mobilization), as well as the three targets of AIIB’s Corporate Strategy: cross-border connectivity, climate finance and private sector finance. Further, the project highlights the social benefits of cold chain logistics to health, food safety and vaccine distribution.

### Technology-enabled Infrastructure

Superfreeze employs a unique technology to utilize waste cold energy from LNG regasification processes to cool storage warehouses. On the back of that technology, Superfreeze is a

specialized, full-service provider of cold logistics services including distribution/customs services, blast freezing, handling services, third-party logistics services, and transportation services to food and pharma businesses. It offers industry best practices such as an integrated monitoring system across four temperature storage zones: super freeze (below  $-60^{\circ}\text{C}$ ), frozen (below  $-25^{\circ}\text{C}$ ), refrigerated ( $0-10^{\circ}\text{C}$ ), and ambient ( $10-25^{\circ}\text{C}$ ).

The cold energy technology allows for two delivery models. In its Pyongtaek facility, Superfreeze purchases and regasifies LNG on-site after delivery by truck from state-owned Korea Gas Corporation’s (KOGAS) terminal. The gas is then used alongside fuel cells on-site, generating net positive electricity, which is sold back to the grid. The Incheon warehouse will co-locate with an existing KOGAS terminal, enabling Superfreeze to extract the cold energy as part of KOGAS’ routine regasification process without taking possession of the LNG.

### Green Technology

According to Superfreeze, LNG regasification requires 202 kilocalories per kilogram of heat energy to warm the LNG and condense it into usable natural gas. The process creates a “cold energy” byproduct, which is normally captured

by seawater and discharged into the ocean. The company's technology allows half of the waste cold produced to be captured and used to cool its warehouse. Consequently, Superfreeze can reduce its annual electricity consumption by 80% to 90% from a comparable electrically refrigerated facility. This distinct energy-efficient and cost-saving technology has captured the interest of both local and international investors such as Korea's second-largest conglomerate SK Group, and global financier Goldman Sachs.

According to Jingyi Zhang, AIIB Investment Officer, Private Equity and Co-Project Team Leader, "100% of AIIB's financing will qualify as climate mitigation finance under the draft Joint MDB Methodological Approach for Assessment of Paris Agreement Alignment (November 2022), as the project relies on LNG cold energy, which is released during regasification process, to power the cold chain warehouses. The project will contribute toward AIIB's target of achieving 50% climate finance by 2025."

### Connectivity and Regional Cooperation

Overseas interest in this project also stems from its potential to enhance regional connectivity by increasing capacity to support the developing regional cold chain. The facility's location in

Incheon is geographically advantageous given its strategic proximity to major ports in China. Incheon also sees strong trade flows with Malaysia, the Philippines, Singapore, Thailand and other markets in the region. China and Viet Nam are the largest and third-largest exporter of seafood products to Korea (USD1.279 billion), respectively. There is also robust trade in fruits and vegetables in the region, including from Southeast Asia to Korea.



Superfreeze is first focusing on the Korean market to prove the business model in a lower-risk environment with well-established infrastructure including existing LNG import facilities at high-value trade locations, an existing cold chain with good market data, strong partners, and a supportive government. Superfreeze then intends to leverage its Korea experience to drive growth into other Asian markets. It will bring established logistics, energy, vendor and government partnerships, improving the efficiency of the business and showcasing the value of the solution. Superfreeze has already started discussions with major governments and other strategic players in the region.

### Private Capital Mobilization

“Working with AIIB has been a good experience for our developing company,” noted Daniel Yun, Chairman of EMP Belstar. “AIIB has challenged us to support and document our sustainability achievement and potential. Their explicit endorsement through a direct investment is a powerful statement to private sector investors about our sustainable credential and has helped us as we mobilize capital for further growth.”

As a co-investor, AIIB hopes to leverage on its relationships and role in regional connectivity

to mobilize private capital both via the potential upsizing of commitments of current investors and potentially supporting the mobilization of new investors, especially for future expansion beyond Korea where the risk profile will be more complex.

“We are a very focused investor. We are focused on Asia and on infrastructure, meaning we actually have expertise in this sector and geography. We also have excellent government relationships in the infrastructure sector so those who want to expand—like in this case to emerging market and developing economies—may get comfort when they partner with AIIB. We also bring to the table our solid governance and international best practices that are on par with other multilateral financial institutions,” Walenta said.

With the market for cold storage facilities expected to expand in the future, interest in this sector is poised to grow. AIIB plans to engage in more co-investment deals and Walenta noted “there is a lot of appetite from the Bank to do more in the space of cold chain logistics.”

### Social and Health Benefits

Beyond the strategic alignment, the project has two additional developmental benefits related to health. First, the project enhances food safety. Modern cold





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Chairman, EMP Belstar



storage infrastructure allows for meats and seafood to be processed in central slaughterhouses, where safety standards can be enforced and can reduce pathways for the transmission of viruses. Foods frozen in an LNG-chilled cold storage facility freeze significantly faster than in electrically generated refrigeration facilities.

Second, the project is a critical infrastructure for vaccine distribution. Promoting the development of cold storage chains in Asia not only supports international trade in food products during normal times, but also pre-emptively builds the infrastructure necessary to quickly deploy vaccines to address public health crises in the future.

## TECHNOLOGY-ENABLED INFRASTRUCTURE

# Modernizing Water Infrastructure in Bukhara to Improve Quality of Life and Address Climate Change

AIIB's water projects in Bukhara support the Government of Uzbekistan in achieving close to universal access to piped water supply in the region and roll out sewerage systems for district centers. Now on its second phase, the project will use digitally enabled infrastructure to enable water utility Bukhara Suvtaminot to address nonrevenue water and improve its service quality and performance.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Uzbekistan: Bukhara Region Water Supply and Sewerage Phase II (BRWSSP II)</b>
<b>Project Number:</b>	000374
<b>Member:</b>	Uzbekistan
<b>Sector:</b>	Water
<b>Financing Type:</b>	Sovereign
<b>Financing:</b>	USD248.4 million
<b>Financing Approval:</b>	April 13, 2022



Characterized by an arid climate, Uzbekistan has been identified as one of the most water-stressed countries by the World Resources Institute, with climate change expected to increase the water stress. The old city of Bukhara, a historic center of trade, scholarship, culture and religion, is surrounded by the rocky desert of Kyzyl Kum and the sandy desert of Sundukli. Most of Bukhara's water resources come from the Amu Darya River, a 2,400-km long transboundary river originating at the confluence of the Vakhsh and Panj rivers at the border of Afghanistan and Tajikistan.

Today, about one-third of Bukhara region's residents lack access to safely managed water. Sewerage systems only exist in the

cities of Bukhara and Kagan with around a third and more than half of households lacking access, respectively. The water distribution infrastructure, largely inherited from Soviet times, is in poor condition and characterized by high water losses. Uzbekistan has undertaken significant efforts in upgrading its water supply and sanitation infrastructure in recent years, but challenges remain.

### Changing Lives

Shohrukh Ali Sadillaev, director of the regional water company Bukhara Suvtaminot, shares: "Hearing firsthand the change that our work makes, the value that we bring for the people, reminds me what all this effort is required for and





inspires me to do more. One morning I woke up for the Fajr Salah prayer and an old lady called me to say, 'thank you son for what you are doing, today was the first time I could perform ablution in the comfort of my own home, without needing to wake up earlier to go fetch the water or having to go elsewhere to do the washing ceremony. This made me very happy. In my prayer, I will ask Allah to bless you and your family and all those who are helping you do what you do.'

The [Bukhara Region Water Supply and Sewerage Project](#) aims to provide access to safely managed water and sanitation services and strengthen the operational performance of the region's water utility Bukhara Suvtaminot.

Now on its [second phase](#), the project supports investments to extend and improve water supply and sewage services to comprehensively cover the remaining districts of Bukhara region.

### **Digitally Enabled Infrastructure for Enhanced Services**

The Asian Infrastructure Investment Bank (AIIB) is providing USD248 million in loan financing

to support the project's three components: (i) investment in water supply infrastructure, (ii) investment in sewage infrastructure and (iii) project implementation and management support.

The project's second phase will use digitally enabled infrastructure to enable Bukhara Suvtaminot to address nonrevenue water and improve its service quality and performance. Smart metering will be introduced in production and key distribution facilities, while mechanical meters will be installed in households. Automated readable metering will allow the water utility to establish a water balance and run water loss reduction campaigns. Previously, the water utility only estimates how much water is produced and distributed, based on pumping capacity, without knowing exactly how much water goes through its distribution system.

"The high responsiveness and close collaboration of AIIB's project team, coupled with their great support, facilitates our better understanding of the international regulatory requirements, as well as helps us in adopting new working methods to meet the higher standards of practice set by

AIIB for their clients. All positively contributes to our capacity building.” said Sakhil Saifnazarov, Chairman of JSC Uzsvtaminot. “It is this client-oriented approach that makes AIIB a partner of choice in support of the Government’s efforts to improve water supply and sewerage in Bukhara and other regions in Uzbekistan.”

Less than a quarter of Uzbekistan’s population of about 36.2 million people remain unconnected to the water supply system, and few urban households receive water 24 hours per day. The situation is exacerbated in smaller cities and rural areas.

Addressing nonrevenue water is key to improving the service level and financial performance of the regional water company Bukhara Svtaminot, according to Zacharias Ziegelhöfer, senior investment specialist and project team leader for AIIB.

“This project reduces nonrevenue water in two ways. First, the replacement of obsolete pipes brings down water losses through investments. Smart metering of water production and

distribution centers allows the water company to run regular leak detection campaigns. Second, the introduction of household meters allows the company to transition to consumption-based billing and collection of the water tariff,” Ziegelhöfer says.

### An Innovative Approach

AIIB’s investments follow a phased approach where activities were prioritized according to need and technical readiness. The first phase was approved in April 2020 while the second phase was approved in April 2022. The two Bukhara projects will support the government in making progress toward the government’s objective of universal access to piped water supply in the Bukhara region and rolling out sewerage systems for district centers.

“The uniqueness of this project lies in its complex scope and large scale. It is the first sector-wide project in Bukhara and the first region-wide project in Uzbekistan”, said Kapitalina Ivanovna Tsarevskaya, the design institute’s lead engineer.





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**SAKHIB SAIFNAZAROV**  
Chairman, JSC Uzsvtaminot

"The successful collaboration between AIIB and Uzsvtaminot is a precedent and can encourage the implementation of similar holistic and comprehensive infrastructure projects across other regions of the country, by showing how they can effectively apply the lessons learned, for a sustainable tomorrow."

The Bukhara region, which covers approximately 39,400 square kilometers and hosts a population of 2 million people, has been identified by the government as a priority region in terms of developing water and sanitation infrastructure.

"It is in the western part of the country that's particularly dry and surrounded by deserts. Water resources are scarce so using these in an efficient way is very important. The water stress is expected to increase further due to climate change," Ziegelhöfer adds.

"It is very important to build water supply (infrastructure) hand in hand with sewerage because more water supply leads to gray water. Generally, around 80% of water consumed is coming back as wastewater, which needs to be captured and treated properly so that there are no environmental issues emerging," Ziegelhöfer says.

### Gender Dimensions

The project is expected to benefit 1.2 million residents in the Bukhara region and has strong socioeconomic benefits as households gain access to piped water and benefit from improved service quality.

Households that do not have access to piped water connections often rely on purchasing water from tanker trucks, which are unreliable, and charge more for water of uncertain quality. They also need to transport the water from a nearby pickup point to their home, treat it to prevent water-related disease and store it adequately in their home.





The lack of access to piped water comes with significant coping costs to the households, including additional expenditures and time spent to treat and handle water as well as sick days due to water-related diseases.

“In households, women and girls especially benefit most in the provision of water supply because they carry the highest burden on obtaining water when it’s not in good condition. People who are not connected to piped water supply pay a high price for water of uncertain quality. Those connected can benefit from paying less, better health and gain time, which can be put to other productive uses.” Ziegelhöfer says.

The Bukhara project aligns with AIIB’s key thematic priority areas of Green Infrastructure and Technology-Enabled Infrastructure, and fits within the strategic investment focus areas

of water services and resource management of the Bank’s water sector strategy. Investments under this project will increase access to safe drinking water and sanitation services through a comprehensive and integrated approach.

As climate change brings about greater risks of heat waves and major flood events, these crises put additional stress on existing infrastructure, making climate-resilient infrastructure ever more critical. In response, AIIB is also involved in numerous projects in the region, such as the [Nurek Hydropower Rehabilitation project](#) in Tajikistan, the [Zhanatas 100 MW Wind Power Plant](#) in Kazakhstan, and the [Karakalpakstan and Khorezm Water Supply and Sanitation project](#) also in Uzbekistan, which aim to help stabilize water and energy supplies in the region to mitigate the negative effects of climate change.

## Strengthening Cross-Border Renewable Energy Trade in Southeast Asia

As Viet Nam's greenhouse gas emissions have been steadily increasing due to the country's rapid economic growth, urbanization and industrialization, the project, which will export electricity generated from the 600 MW onshore wind power plant in Southern Lao PDR, will be an important source of clean energy supply to Viet Nam to help meet the country's growing energy demand.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Lao PDR: Monsoon 600 MW Cross-border Wind Power Project</b>
<b>Project Number:</b>	000515
<b>Member:</b>	Lao PDR
<b>Sector:</b>	Energy
<b>Financing Type:</b>	Nonsovereign
<b>Financing:</b>	USD150 million
<b>Financing Approval:</b>	Nov. 9, 2022

Photos from Monsoon Wind



With its central position in the Greater Mekong Subregion, electricity export to neighboring countries has been a pillar of economic policy – to be the “Battery of Southeast Asia” – and a major source of revenue for Lao PDR.

A USD72.55 million loan to Monsoon Wind Power Company Limited (MWPCL) from the Asian Infrastructure Investment Bank (AIIB) will help expand new renewable energy resources in the Lao PDR while strengthening cross-border energy trade in Southeast Asia.

The [Monsoon 600 MW Cross-Border Wind Power Project](#) involves the development, construction and operation of a 600-megawatt (MW) onshore wind power plant in the Sekong

and Attapeu provinces in Southern Lao PDR. The generated electricity will be exported to neighboring Viet Nam. This project will be the first wind power project in the Lao PDR, the largest in Southeast Asia with 133 wind turbines installed, and the first cross-border wind power project in Asia.

A total syndicated loan amount reached USD692.55 million, with eight lenders involved, including the Asian Development Bank (ADB) and the Japan International Cooperation Agency. ADB is the mandated lead arranger and mobilizes concessional resources to mitigate potential bankability issues, particularly curtailment risk.



## Unlocking Viet Nam's Wind Resource Potential

Over the last few years, Viet Nam has increased its domestic renewable energy capacity by introducing a favorable feed-in tariff scheme. However, considering the country's future economic growth, that is not enough. Viet Nam's electricity demand is expected to increase by an average of 8% a year in this coming decade.

As Viet Nam's greenhouse gas (GHG) emissions have been steadily increasing due to the country's rapid economic growth, urbanization and industrialization, the project will be an important source of clean energy supply to Viet Nam to help meet the country's growing energy demand. The project will reduce annual GHG emissions by at least 749 kilotons of carbon dioxide equivalent.



"Under the 25-year Power Purchase Agreement of Vietnam Electricity (ENV) and the Concession Agreement with the Government of the Lao PDR, the 600 MW Monsoon Wind Power will be the largest wind farm and the first of its kind to trade wind power across the border in the region," said Nat Hutauwatr, Managing Director of MWPCCL. "MWPCCL is very proud to represent all sponsors, to have a close collaboration with the lender group, and be able to execute the extra-ordinary non-recourse financing documents in such a short period of time."

"EVN, an off-taker of the project, will be able to purchase the electricity from the project for 25 years at a competitive tariff. While many of the domestic renewable projects are concentrated in the southern part of Viet Nam, this project will supply renewable energy to Central Viet Nam through its 500-kilovolt transmission line," said Toshifumi Kazaoka, Investment Operations Officer at AIIB and Project Team Leader.

The project will also contribute to the Lao PDR's economy. Based on the Concession Agreement it signed with MWPCCL, the Government of the Lao PDR will receive a royalty fee and corporate income tax from MWPCCL throughout the concession period of 25 years. In addition,



Under the 25-year Power Purchase Agreement of Vietnam Electricity (ENV) and the Concession Agreement with the Government of the Lao PDR, the 600 MW Monsoon Wind Power will be the largest wind farm and the first of its kind to trade wind power across the border in the region.

### **NAT HUTANUWATR**

Managing Director, Monsoon Wind Power Company Limited

MWPCL will engage in various activities to improve the quality of life of the communities through its community development program.

It is also worth noting that the project helps unlock the untapped wind resource potential in the Lao PDR. According to a report published by the United States Agency for International Development (USAID) and National Renewable Energy Laboratory Partnership (NREL), the technical potential for utility-scale wind in the Lao PDR is estimated to be 691 gigawatts. There is a huge potential for wind power projects in the Lao PDR. The Monsoon 600 MW project would open up potential development opportunities for similar projects for both export and domestic supply.

### **Diversifying the Renewable Energy Mix**

“We have always known that Lao PDR possesses strong natural resources. This project also shows its carbon credentials. We are part of the global fight against climate change and the journey to uplift the well-being and happiness of the local communities in which we operate,” said Peck Khamkanist, CEO of Impact Electrons Siam Company Limited and the project initiator.

Hydropower accounts for around 80% of a total installed capacity in the Lao PDR as the country has abundant water resources derived from the Mekong River. To diversify the generation mix,

the Government of Lao PDR has set a target of increasing a share of non-hydropower renewable energy generation.

“Rainfall is countercyclical to wind in Lao PDR and Viet Nam, so wind power generation is highly complementary to the extensive hydropower generation in both countries.” Kazaoka explained.

Thailand has been a main off-taker of the exported electricity for Lao PDR, but the Government of Lao PDR has signed a memorandum of understanding (MOU) with neighboring countries including Viet Nam to diversify its export destinations. This project is recognized as one of the cross-border transactions under the MOU signed by both governments.





“Electricity has traditionally been locally produced and then locally consumed. However, as many countries have announced their ambitious targets to achieve net zero emissions in recent years, it would become more and more common to trade renewable electricity in the region. This is because renewable resources are not evenly distributed,” said Kazaoka.

“A multilateral development bank like AIIB should support such cross-border transactions, which is

usually considered high risk by the private sector,” he added.

The project is well-aligned with AIIB’s Corporate Strategy and three of its thematic priorities: Green Infrastructure, Connectivity and Regional Cooperation and Private Capital Mobilization. Further, 100% of AIIB’s financing will qualify as climate mitigation finance as per the Joint MDB Methodology.



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**PECK KHAMKANIST**

CEO, Impact Electrons Siam Company Limited





AIIB draws on its previous experience with the [Zhanatas 100 MW Wind Power Project](#) in Kazakhstan. It is also engaged in various ongoing onshore wind power projects in Viet Nam and an offshore wind power project in China. The knowledge gained from these projects has helped AIIB with project design, technical due diligence,

and environmental and social assessment to ensure that appropriate standards are applied to the project's preparation and implementation.

"In addition, the project will generate employment for Lao PDR nationals, thus making a positive impact on the local economy," said Khamkanist.

## PRIVATE CAPITAL MOBILIZATION

# Investing in Infrastructure to Support Economic Diversification in Oman and Saudi Arabia

Investing in the Rakiza Fund, a private equity infrastructure fund that will invest in core infrastructure in Oman and Saudi Arabia, allows AIIB to partner with an entity committed to investing in similar infrastructure priority sectors, including telecommunications and digital connectivity, transportation, renewable energy, waste management, regulated utilities, social infrastructure, and logistics.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Multicountry: Rakiza Fund I</b>
<b>Project Number:</b>	000432
<b>Member:</b>	Multicountry
<b>Sector:</b>	Multi-sector
<b>Financing Type:</b>	Nonsovereign
<b>Financing:</b>	USD50 million
<b>Financing Approval:</b>	Nov. 9, 2022

Photo from Rakiza Fund



Located at the crossroads of important international trade routes between Asia, Europe and Africa, both Oman and Saudi Arabia are focusing on diversifying their economies to be less reliant on hydrocarbons and leveraging their geographic locations to develop their transport and logistic sectors to become regional logistics hubs. Both governments are also seeking further private sector investment in infrastructure to enable their economic diversification strategies.

In support of these strategies, the Asian Infrastructure Investment Bank (AIIB) has committed USD50 million to the [Rakiza fund](#), a private equity infrastructure fund that will invest in core infrastructure in Oman and Saudi Arabia in approximately equal proportions.

Rakiza envisions investing across infrastructure categories, including telecommunications and digital connectivity, transportation, renewable energy, waste management, regulated utilities, social infrastructure and logistics, provided these assets meet the investment criteria of the fund. The fund, which raised approximately USD1 billion, is the second private equity fund investment undertaken by AIIB in the Middle East to date. Rakiza is structured as a joint venture between Oman Infrastructure Investment Management (OIM) and Equitix Holdings Limited (Equitix).

“We are privileged to partner with AIIB, as a strategic and like-minded investor, bringing complementary experience and expertise to



“We are privileged to partner with AIB, as a strategic and like-minded investor, bringing complementary experience and expertise to the Rakiza investor community, which greatly enhances strategic value for all our stakeholders.”

## MUNEER AL MUNEERI

CEO, Oman Infrastructure Investment Management

the Rakiza investor community, which greatly enhances strategic value for all our stakeholders,” says Muneer Al Muneeri, OIM CEO. “Together, we aim to deliver on our common goals and Rakiza’s return objectives, as we continue to invest in and develop essential infrastructure projects in Oman and Saudi Arabia.”

The fund seeks to become a regional leader in the adoption of the highest governance and environmental and social (E&S) standards. The fund has adopted an E&S framework that is aligned with AIB’s policy requirements. This framework has already received recognition in the form of an Oman country ESG award from an external party, reflecting the fund’s dedication to applying rigorous and transparent ESG principles within its investment process, assets under management, and the communities in which it operates.

### Supporting Economic Diversification

Both Oman and Saudi Arabia have published vision documents that highlight the need for economic diversification.

Oman Vision 2040 is a roadmap developed by the government to transition to a knowledge-based economy and reduce reliance on oil. Oman’s shift toward a more resilient economy has brought about real increases to production capacity across a range of non-oil sectors

targeted to advance Oman’s diversification strategy, including transport and logistics, manufacturing, mining, tourism and fisheries. Saudi Arabia’s Vision 2030 includes the goal of becoming a regional logistics hub by maximizing the benefits from its geographic location at the crossroads of important international trade routes between Asia, Europe and Africa. Having made a number of investments in the construction of ports, railways, roads and airports, Saudi Arabia plans to work with the private sector and enter into a new series of international partnerships to complete, improve, and link its infrastructure assets internally and across borders to take full advantage of these investments.

Both Oman’s and Saudi Arabia’s visions for economic diversification include a focus on expanding renewable energy generation. Oman targets a 39% renewable energy generation by 2040. Saudi Arabia, on the other hand, is looking to substantially increase the contribution of renewable energy resources, increasing the combined share of natural gas and renewable sources to 50% by 2030.

“Oman and Saudi Arabia are highly focused on investing in infrastructure and diversifying their economies,” said AIB Director General (Banking) Najeeb Haider. “These investments necessitate the involvement of leading strategic and financial investors, and Rakiza will play an important role in catalyzing their participation.”

One of Rakiza's recent investments was the acquisition of a portfolio of telecommunication towers in Oman. The fund acquired this asset together with Helios Towers, a leading independent telecommunications infrastructure company with operations across Africa and the Middle East. This transaction will contribute to the growth in telecommunications infrastructure in Oman. The investment also aligns with AIIB's thematic priorities of technology-enabled infrastructure and green infrastructure, with one of the operational goals targeting an increase in energy-efficient renewable solutions across the portfolio.

Rakiza also invested in Oman's main import/export container port, Oman International

Container Terminal, located in the Port of Sohar, outside the Strait of Hormuz in the Gulf of Oman. This is a modern container-handling facility, capable of accommodating the newest generation of mega-vessels. The fund has acquired a stake of over 31% in the company, which also includes Hutchison Ports Holdings, a leading global port operator, within its shareholder base.

Other noteworthy projects funded by Rakiza include an investment in the Khazaen Fruit and Vegetable Central Market, a modern logistics hub for the wholesale trade of fresh produce in Oman. The project includes a logistics complex to provide facilities for importers and exporters, such as warehouses and cold storage.

# Attracting Private Equity in Renewable Energy

As part of its climate financing efforts, AIIB is investing in green energy development in the Middle East, North Africa and Türkiye and Eastern Europe and Central Asia. Investing in Alcazar Energy Partners II aligns with AIIB's green infrastructure strategy and the fund's sole focus on renewable energy complements the Bank's thematic priority.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Alcazar Energy Partners II</b>
<b>Project Number:</b>	000622
<b>Member:</b>	Multicountry
<b>Sector:</b>	Energy
<b>Financing Type:</b>	Nonsovereign
<b>Financing:</b>	USD50 million
<b>Financing Approval:</b>	Aug. 25, 2022

Photos from Alcazar Energy Partners



Countries worldwide have prioritized renewable energy, given the urgency of climate change and the need for energy security free from conventional fuel sources. For some Asian Infrastructure Investment Bank (AIIB) Members, renewable energy development remains nascent; for others with more developed markets, international financing is urgently needed to meet the fast-growing demand for clean energy. AIIB is ready to support Members in realizing their renewable energy and de-carbonization ambitions.

As part of its climate financing efforts, AIIB is investing USD50 million in green energy development in Bank Members in the Middle East, North Africa and Türkiye (MENAT) and Eastern Europe and Central Asia (EECA).

### Investing in Green Energy

In August 2022, AIIB approved an equity investment in Alcazar Energy Partners II (AEP-II, or the Fund) as a limited partner. The investment marks a key milestone for AIIB, becoming its first climate-focused equity investment in EECA and MENAT. The Fund received commitments of USD336.6 million at first close in November 2022 and targets raising USD500 million, with a hard cap of USD650 million. Commitments were received from eight public and private institutional investors from Asia, Europe and North America, including the European Bank for Reconstruction and Development; the European Investment Bank; Emerging Market Climate Action Fund, managed by Allianz Global Investors and advised by the European Investment Bank; the International Finance Corporation, a member of the World Bank Group; the German Development Institution, a member of KfW

Group; the French Financial Development Institution (Proparco), partially owned by the French Development Agency; and the Dutch Entrepreneurial Development Bank. The Fund has a tenor of 10 years.

Alcazar Energy's advisory team is based in the United Arab Emirates, with its AEP-II sustainable infrastructure fund domiciled in Luxembourg. The Fund will invest, develop, build and operate utility-scale renewable energy capacity in selected MENAT and EECA energy markets, primarily focusing on onshore wind power and solar photovoltaic energy projects, but may also consider investment opportunities for other proven and bankable renewable energy technologies.

With a limited number of qualified developers and disciplined asset managers pursuing mid-sized green projects, AEP-II aims to target this market segment in both regions, providing much-needed funding to develop renewable energy capacity.

"Alcazar Energy will continue to develop and invest in utility-scale renewable energy projects, mobilizing approximately USD2 billion of foreign direct investment from private and

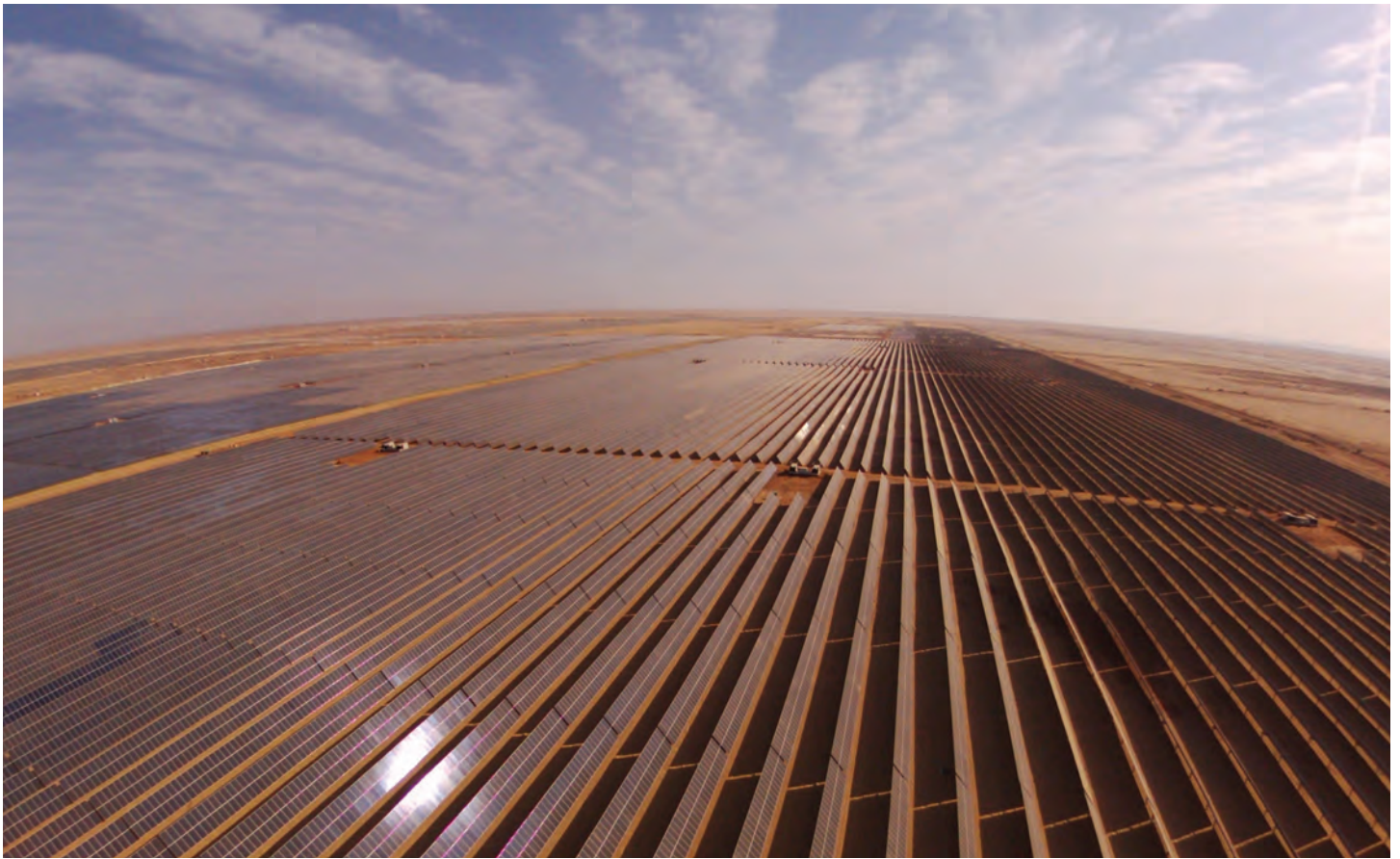
public institutional investors into projects in communities across selected emerging markets who need it the most," said Daniel Calderon, co-founder and Managing Partner of Alcazar Energy.

With a target of nine to 15 renewable energy projects and an installed renewable capacity of 2 gigawatts, AEP-II aims to contribute to climate change mitigation and reduce greenhouse gas emissions by over 2.5 million tons annually through its clean energy infrastructure assets. During the construction of the assets, it is estimated that over 11,000 workers will be engaged. Once online, AEP-II's assets should create enough clean energy to power over 700,000 households in its operating countries.

### Private Capital Mobilization

The investment is aligned with AIB's thematic priority of private capital mobilization. Given AIB's commitment and reputation in the infrastructure space worldwide, the Fund could draw in other institutional investors or increase their investment commitments. Some private sector investors have shown keen interest in participating following the Fund's first close





among international and development finance institutions, including the Bank. In fact, AIIB began discussions with Alcazar well ahead of many of the other institutions that eventually joined the Fund.

“What we bring to a fund of this nature is a stamp of approval. When you invest in a fund, you are making a statement that you believe in the people running it. You believe they are people of integrity with a certain level of professionalism and experience,” said Zulfiqar Ali, Principal Investment Officer - Private Equity at AIIB, who is overseeing the project. “AIIB’s participation in this fund is a seal of approval that their processes make sense, that their environmental and social provisions and governance are of a particular standard. That is a critical factor for other private-sector investors because they can then be comfortable that these risks will be well-managed.”

A fund must meet several criteria before receiving an equity injection from AIIB, including transparency, diversification and management with a stellar reputation.

Led by a group of professionals steeped in the knowledge of renewable energy from several perspectives, Alcazar Energy’s track record in developing and financing renewable energy projects speaks for itself. Established in 2014, Alcazar’s first investment vehicle, AEP-I, raised USD711 million and had 411 megawatts of operational renewable energy capacity. Projects included the Al Rajef Wind Farm in Jordan and the Horus Solar Photovoltaic Plant in Egypt. The funds raised helped develop several of the first renewable energy projects in both countries. By 2018, the vehicle, with its five solar photovoltaic and two onshore wind projects, created the Middle East and North Africa’s largest independent renewable energy project portfolio at the time, with an average of over 445,000 tons in greenhouse gas emissions reductions annually. Operational metrics were outstanding, with the portfolio completing a full exit with a 2.1 times gross multiple on invested capital and a 24% gross internal rate of return in 2021.

AIIB has previous positive experience working with Alcazar as a lender of AEP-I’s underlying projects. The Bank takes on a new focus as an

equity player with AEP-II. Target economies for energy projects are AIIB Members Egypt, Jordan, Türkiye, Georgia, Uzbekistan and Azerbaijan while exploring opportunities in Kazakhstan, Kyrgyzstan, Algeria, Morocco, Tunisia and Serbia. AEP-II will, through its investments in renewable energy infrastructure, enable the response of those target economies toward climate change mitigation and support them in meeting their commitments to reducing greenhouse gas (GHG) emissions. Transitioning to a decarbonized energy sector would also increase their energy security and independence.

## Green Infrastructure

A 2019 McKinsey study on *Global Energy Perspectives* shows that post-2035, more than 50% of power generation globally is expected to come from renewable sources. Several arguments support this trend: (i) renewable energy became significantly more cost-efficient than conventional power in most emerging markets; (ii) renewable energy facilities have shorter implementation periods as compared to conventional power plants; (iii) renewable energy contributes to climate change mitigation.



Alcazar Energy will continue to develop and invest in utility-scale renewable energy projects, mobilizing approximately USD2 billion of foreign direct investment from private and public institutional investors into projects in communities across selected emerging markets who need it the most.

**DANIEL CALDERON**

Co-founder and Managing Partner, Alcazar Energy





Green Infrastructure is a strategic priority for AIIB, and AEP-II's sole focus on renewable energy complements the Bank's thematic priority. The Fund will invest exclusively in renewable energy projects in several AIIB Members, contributing to GHG emission reduction and climate change mitigation. As such, it is considered 100% climate finance (mitigation). The Fund will help AIIB achieve its target of 50% of financing directed to climate matters by 2025. The Fund also aligns with several AIIB strategies, including its Sustainable Energy Strategy for Asia, to increase access to clean, safe and reliable electricity. The equity investment in AEP-II further supports the Bank's core mandate of investing in infrastructure

for tomorrow and will help Members pursue national and international climate change targets. AIIB stands ready to offer the Fund technical guidance on managing climate risk and building climate-resilient operations.

"Alcazar Energy is privileged to have the confidence of AIIB once again, now as an institutional public investor to our second investment vehicle, AEP-II. We are looking forward to continuing working with AIIB to invest and develop renewable energy assets in selected emerging markets and to do so in a diligent and responsible manner in line with AIIB's standards," said Calderon.

# Embracing Climate Change Measures in Fiji to Ensure a More Resilient Economy

AIIB's support to Fiji's Sustainable and Resilient Recovery Program integrates climate-resilience measures to enhance the adaptive capacity of communities to manage the impact of climate change and future shocks. It pays particular attention to the conservation of communities and the rights and welfare of vulnerable communities who are acutely exposed to the impacts of climate change.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Fiji: Sustainable and Resilient Recovery Program for Fiji</b>
<b>Project Number:</b>	000663
<b>Member:</b>	Fiji
<b>Sector:</b>	COVID-19 Crisis Recovery Facility-Economic Resilience/PBF
<b>Financing Type:</b>	Sovereign
<b>Financing:</b>	USD50 million
<b>Financing Approval:</b>	Aug. 25, 2022

Photos from the Republic of Fiji



Fiji's economy faces constraints common to small island developing states. Tourism contributed about a third of its gross domestic product, employed about a quarter of the workforce and was a major driver of growth.<sup>22</sup> Its economy was growing at an annual rate of 3.3% between 2010 and 2019, with most of it coming from the tourism sector. However, the effects of the global pandemic, the travel restrictions that soon followed and the sudden halt in tourism contracted its economy by 17.2% in 2020 and a further 4.1% in 2021.

After a successful mass vaccination campaign and the elimination of quarantine requirements, Fiji reopened its borders in December 2021.

<sup>22</sup> World Travel and Tourism Council. 2021.

While its economy has been recovering—Fiji was named the strongest performing Pacific economy in 2022 by the World Bank—the Government of Fiji needed support to restore fiscal sustainability as well as promote climate-resilient private sector-led economic growth.

“Fiji is very grateful to the support from AIIB in co-financing the Sustainable and Resilient Recovery Program, which also represent our second financing program with AIIB during the coronavirus disease (COVID-19) pandemic. The financing helped the Government of Fiji in strengthening public financial management for fiscal resilient and debt sustainability, improving

public policy for community resilience and creating an enabling environment for resilient private sector recovery,” said Shiri Gounder, Permanent Secretary for Finance, Government of Fiji.

The Asian Infrastructure Investment Bank (AIIB) granted a loan of USD50 million to support the [Sustainable and Resilient Recovery Program for Fiji](#) under AIIB’s [COVID-19 Crisis Recovery Facility](#). The Program comprises three reform areas: (i) public financial management for fiscal resilience and debt sustainability, (ii) public policy for community resilience and (iii) enabling environment for resilient private sector recovery. The program is co-financed by the Asian Development Bank (ADB).

### Public Financial Management Reforms

The program supports the government’s public financial management reforms for fiscal resilience and debt sustainability. According to Bo Zhang, AIIB Investment Operations Officer and Program Team Leader, outcome indicators are in place to ensure improvement is made in the coming years.

“For example, in the debt management area, we requested that 70% of the government agencies need to submit their procurement plans and cash flow forecast to the Minister of Economy within two weeks after the commencement of each fiscal year. This has never been done before,” she shared. “We also requested the government’s borrowing to comply with target risk indicators and target costs.”

### Climate Mitigation as Part of Economic Recovery

An important component of the program is its climate mitigation aspects. The country is extremely vulnerable to climate-related risks, including cyclones, flooding and the expected rise in sea level that threatens people living in coastal areas and on low-lying islands. A [climate vulnerability assessment](#) led by the Government of Fiji in 2017 estimated that by 2050, an additional 3.8% of the population is likely to fall into poverty because of climate change, unless more is invested in infrastructure, coastal protection, ecosystems and social protection programs that improve social and climate resilience.



Fiji is very grateful to the support from AIIB in co-financing the Sustainable and Resilient Recovery Program, which also represent our second financing program with AIIB during the COVID-19 pandemic. The financing helped the Government of Fiji in strengthening public financial management for fiscal resilient and debt sustainability, improving public policy for community resilience and creating an enabling environment for resilient private sector recovery.

**SHIRI GOUNDER**

Permanent Secretary for Finance, Government of Fiji



Thus, the program integrates climate-resilient measures to enhance the adaptive capacity of communities to manage the impact of climate change and future shocks. It pays particular attention to the conservation of communities and the rights and welfare of vulnerable communities who are acutely exposed to the impacts of climate change.

The Program builds on the achievements of an earlier USD50 million loan from AIIB in 2020 under the [Sustained Private Sector-Led Growth Reform Program](#) to support the Government of Fiji's 2020-2021 budget, including its response to COVID-19.

From its previous work, AIIB saw the importance of flexibility in planning, budgeting, financing and promoting reforms beyond short-term COVID-19-related challenges. The 2022 Sustainable and Resilient Recovery Program for Fiji therefore focuses on the policy actions prioritized by the government and accommodates political economy considerations in its design.

## Gender-Responsive Social Assistance Programs

The second aspect of the program covers initiatives intended to support and protect women, the poor and vulnerable people, and help them respond to climate-related disasters more effectively. This includes the government's efforts to institutionalize a new gender-responsive budgeting methodology that enables a more equitable allocation of resources. In addition, the program supports the Ministry of Women, Children and Poverty Alleviation to implement an overarching policy that guides gender-responsive targeting of social assistance programs.

"The program design takes into account a lot of gender aspects, and I am particularly proud of how we are helping the Government of Fiji mainstream gender into its national policy," said Zhang.

Another new product to encourage community resilience under this program is microinsurance. To provide immediate financial relief to vulnerable people—including farmers, fishers, and market vendors and particularly women—following disasters caused by natural hazards, the



Government of Fiji launched a new market-based climate risk parametric microinsurance product that transfers risks from individuals and small businesses to the private (re)insurance market, in partnership with local private sector insurance companies. The target is for at least 1,000 people, including at least 500 women, to take out microinsurance policies by June 2023.

### Resilient Private Sector Recovery

Aiming to create an enabling environment for resilient private sector recovery, the program includes the establishment of a loan facility with a two-year interest rate subsidy to help businesses access working capital; the reduction of customs duties on machinery; reduction of regulatory requirements for businesses; and the support for a digital payment system for efficient transactions by cutting transaction costs for businesses and enabling the transfer of funds in real time.

“Payment systems play an important role in the response to disasters and extreme weather events by ensuring that affected communities,

especially those in climate-vulnerable locations, quickly and efficiently receive payments. If people have access to finance, they can better cope with impacts and recover faster,” said Gounder.

In addition, to helping the businesses recovery and the creation of new enterprises, the government is seeking to provide working capital to at least 5,000 businesses, with 35% of those businesses owned or managed by women.

With the help of this program, Fiji has cushioned the macroeconomic impact of the pandemic through a strong fiscal policy response. It is now adopting a wide array of reforms designed for medium- and long-term reforms to help it remain resilient in the face of climate change and other future shocks.

Established in 2020, AIIB’s COVID-19 Crisis Recovery Facility was designed to support AIIB Members in their dealing with economic, financial, and public health pressures arising from the fast-evolving COVID-19 pandemic, and in their pathways toward rapid and sustainable post-pandemic recovery.

## COVID-19 CRISIS RECOVERY FACILITY

# Strengthening Health Systems for the People of Côte d'Ivoire

AIIB's COVID-19 Crisis Recovery Facility projects focus not just on vaccine financing and deployment as an immediate response to the COVID-19 pandemic but also on reinforcing the systems and structures to be able to deal with future health emergencies.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Côte d'Ivoire: Strengthening of Vaccination and Health Systems under the COVID-19 Strategic Preparedness and Response Project</b>
<b>Project Number:</b>	000560
<b>Member:</b>	Côte d'Ivoire
<b>Sector:</b>	COVID-19 Crisis Recovery Facility-Public Health
<b>Financing Type:</b>	Sovereign
<b>Financing:</b>	USD100 million
<b>Financing Approval:</b>	May 25, 2022

Photos from Health Projects Coordination Unit of the World Bank, 2022.



Côte d'Ivoire's health system was put to the test when the global coronavirus disease (COVID-19) pandemic struck three years ago. Like the other countries in the sub-region, it was greatly affected by the pandemic. Abidjan, the epicenter of the epidemic, experienced pressure on its emergency care and resuscitation system. The number of observed cases and deaths in the country could be explained in part by the low vaccine coverage as well as the poor application of barrier measures (social distancing, hand washing and wearing of masks) that led to the saturation of health services. As a result, Côte d'Ivoire needed support to expand its immunization coverage and to continue to strengthen its health system to respond to the immediate emergency while building resilience to deal with future epidemics.

### Expanding Work in Africa

Côte d'Ivoire is aiming to accomplish this with the help of [USD100 million in sovereign financing](#) from the Asian Infrastructure Investment Bank (AIIB), in co-financing with the World Bank. The financing supports the Government of Côte d'Ivoire in its target to attain 70% vaccine coverage and provide booster coverage to 35% of the population. It also goes toward strengthening the country's health systems to effectively prevent, detect and respond quickly and effectively to future disease outbreaks. This program aligns with AIIB's COVID-19 Crisis Recovery Facility's (Facility) that focuses on enhanced pandemic response, preparedness and recovery. This project is AIIB's first financing for this Member.



The project also received a grant amount of USD5 million under the Special Fund Window under the COVID-19 Crisis Recovery Facility to buy-down the interest of 21.8 basis points from the applicable interest.

“We welcome the interest that AIIB has shown in our country by agreeing to finance operations here. Côte d’Ivoire is the third African country in which AIIB has operations, after Egypt and Rwanda. It is a real honor and a mark of confidence in our country,” said Siaka Bakayoko, Coordinator of the Project Coordination and Monitoring Unit for World Bank-financed Projects and Programs.<sup>23</sup> “This funding is an opportunity for the Government of Côte d’Ivoire to operationalize the policy of regional health centers of excellence,” he added. “The government has particularly appreciated the quality of the technical support provided by AIIB during the development of the project.”

### Community-Centered Approach

According to AIIB Infrastructure Sector Economist and Project Team Leader, Suzanne Shaw, “The project has a community-centered approach, and focuses on bringing health services to populations where they live and work, reducing the time, effort and expense for individuals to seek out health services. This has been particularly important to reach vulnerable groups. For instance, market vendors, who are mostly women, would typically have to forego a day’s income to travel to fixed health centers; under the project, vaccination services are being brought in proximity to markets. As a result, vendors no longer need to make the choice between protecting their health and making a living.”

In line with this approach, one project initiative is the use of mobile clinics, which not only increase the number of vaccination sites at the community level, but also enable health workers to work opportunistically target large events. The project is

<sup>23</sup> Quotes translated from the original French.

financing the deployment of 10 additional mobile vaccination units and the logistic support for the transportation and deployment of vaccines.

At the same time, the project is helping to reduce vaccine hesitancy through the implementation of strong and agile communication and community mobilization campaign.

The local implementation team highlighted, “We partnered with the national television station, Radiodiffusion Télévision Ivoirienne (RTI), to organize their flagship school-vacation cultural program under the theme of COVID-19 vaccination. In this way, we were able to target 12-17 year olds, through entertainment and cultural activities of the program, to raise their awareness on health issues, COVID-19 prevention and the importance of vaccination, while offering them the opportunity to be vaccinated at the various venues. We also partnered with an international media group to implement an awareness campaign, through sports, in about 30 health districts with less than 30% COVID-19 vaccination coverage. The main program,

the Youth, Sport and Vaccination COVID-19 competition, targeted youth aged 12-17, as well as the 18-49 age group, and included the mobilization of mobile COVID-19 vaccination trucks at the competition sites.”

Separately, the project is engaging with community level leaders, from village leaders to religious leaders, to encourage persons to seek out the health services being delivered through the project.

## Supporting Digitization

The project also includes support for the digitization of the country’s COVID-19 vaccination records and integration of these records, together with the patients’ COVID-19 history, within the national digital health information system. This will increase efficiency in the management of vaccine deployment.

“Digitization and centralization of vaccination records means, for instance, more efficient programming of vaccination doses where





reminders for patients to schedule second doses or booster shots are automated and generated through the central health system,” said Shaw.

From the government’s perspective, digitization and centralization will also improve real-time monitoring of the vaccination campaign and thus responsiveness to deal with new situations as they arise. It will also facilitate availability and use of data to guide policy decisions and implementation of the campaign. This will contribute to the longer term strengthening of the health system, by enhancing the capacity to track a person’s health history, thus improving emergency preparedness.

“This project focuses not just on the immediate need to respond to the COVID-19 pandemic but also on reinforcing the systems and structures to be able to deal with future health emergencies,” said Shaw. “Vaccine acquisition and deployment has been important in the earlier stages of the project to meet immediate needs but positioning the health system to be strong in the longer term will be important for sustaining improved health outcomes in the country.”

In line with the longer-term approach, the project is strengthening clinical care capacity, in particular outside of the major city of Abidjan, to enhance the country’s capacity to deal with the re-emergence of COVID-19, other pathogens of animal origin, and future emergencies. This includes renovating or equipping 60% of Côte d’Ivoire’s health facilities, and training of approximately 8,000 healthcare workers—half of whom are women—on prevention, preparedness and response to COVID-19 infections.

Bakayoko noted that it may take a few years before the full effect on the country’s health systems will be felt. “However,” he added, “it is obvious that the availability of resources to continue the COVID-19 response is very welcomed by the Ivorian authorities and operational actors.”

Established in 2020, AIIB’s [COVID-19 Crisis Recovery Facility](#) was designed to support AIIB Members deal with the economic, financial, and public health pressures arising from the fast-evolving COVID-19 pandemic, and in their pathways toward rapid and sustainable post-pandemic recovery.



We welcome the interest that AIIB has shown in our country by agreeing to finance operations here. Côte d’Ivoire is the third African country in which AIIB has operations, after Egypt and Rwanda. It is a real honor and a mark of confidence in our country.

**SIAKA BAKAYOKO**

Coordinator of the Project Coordination and Monitoring Unit for World Bank-financed Projects and Programs

## A Cooperation between Türkiye and AIIB to Provide Equitable Vaccine Access

With the implementation of the COVID-19 Vaccine Project, Türkiye reaffirmed its commitment to providing vaccinations to the largest share of its population, including refugees. According to Dr. Fahrettin Koca, Türkiye’s Minister of Health, “Our government has always intended to provide the citizens, refugees, and migrants with the same equitable access to vaccines.”

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Türkiye: COVID-19 Vaccine Project under the COVID-19 Crisis Recovery Facility Project</b>
<b>Project Number:</b>	000640
<b>Member:</b>	Türkiye
<b>Sector:</b>	COVID-19 Crisis Recovery Facility-Public Health
<b>Financing Type:</b>	Sovereign
<b>Financing:</b>	250 million
<b>Financing Approval:</b>	June 29, 2022

Türkiye occupies a position as Europe’s doorway to Asia, and as Asia’s doorway to Europe. Not only is Türkiye a popular tourist destination for its vast wealth of cultural and historical treasures, it also remains to be a vital hub for several important international trade corridors, and a meaningful player in global supply chains, specifically for automotives and consumer durables. Türkiye, the homeland of nearly 85 million people, is also home to refugees.

When the pandemic began, the Government of Türkiye’s quick and decisive actions mitigated the impact of the coronavirus disease (COVID-19) on the population through mobility restrictions, social distancing and social and economic stimulus measures, such as cash transfers and unemployment insurance benefits.<sup>24</sup>

Accordingly, USD82.6 million was financed within the scope of the loan package approved by the Asian Infrastructure Investment Bank (AIIB)

on Aug. 27, 2020 and used in the COVID-19 Medical Response Project in Türkiye.

By 2021, Türkiye’s cases were spiking again, aided by the deadly Delta variant and the highly contagious Omicron variant. Türkiye’s spikes began between March and April 2021, with 414,312 cases in mid-April. By the time winter hit in January-February 2022, weekly cases were at 712,019 with a total of just over 17 million cases as of November 2022. And yet by the same date, Türkiye has only recorded 101,419 deaths – a remarkable 0.59% of its total cases. This is more than 30% below the global fatality rate of 0.9%.<sup>25</sup>

Credit, yet again, goes to the Government of Türkiye’s and the Ministry of Health’s decisive actions in acquiring vaccines, having signed multiple vaccine contracts by end-2020 for a total of 120 million doses, or one initial dose and one booster for its entire adult population, including the elderly.<sup>26</sup>

<sup>24</sup> United Nations High Commissioner for Refugee. 2022. COVID-19 in Türkiye and Livelihoods of Vulnerable People and Refugees: A Synthesis Report <https://reliefweb.int/report/turkiye/covid-19-turkiye-and-livelihoods-vulnerable-people-and-refugees-synthesis-report-10-october-2022>

<sup>25</sup> World Health Organization. COVID-19 Dashboard. <https://covid19.who.int/>

<sup>26</sup> World Bank Data. Population Ages 65 and above (% of total population) -- Türkiye. <https://data.worldbank.org/indicator/SP.POP.65UP.TO.ZS?end=2021&locations=TR&start=2017>

## Enabling Rapid Crisis Response

As in the whole world, Türkiye was also affected by the economic stagnation caused by the global pandemic, and therefore the Government of Türkiye, through its Ministry of Treasury and Finance, approached AIIB to support the COVID-19 Vaccine Project.

Working with the World Bank as a cofinancier, AIIB provided USD250 million to Türkiye's [COVID-19 Vaccine Project](#) under its COVID-19 Crisis Recovery Facility (Facility), which was designed to support AIIB members deal with economic, financial, and public health pressures arising from the fast-evolving COVID-19 pandemic, and in their pathways toward rapid and sustainable post-pandemic recovery.

With the implementation of the COVID-19 Vaccine Project, Türkiye reaffirmed its commitment to providing vaccinations to the largest share of its population, including refugees. "Our government has always intended to provide the citizens, refugees, and migrants with the same equitable access to vaccines," noted Türkiye's Health Minister Dr. Fahrettin Koca.

"Vaccine financing is a humanitarian imperative," said Zhaojing Mu, AIIB Senior Operations Management Officer and Project Team Leader. "In this context, and in our discussions with Türkiye, we note that the government moved quickly to secure the vaccines during the vaccine shortage period. This enabled a rapid vaccination rollout. The project will support Türkiye to replenish its resources to support regular health system activities. This is extremely important under the global context of the COVID-19 exit."

Retroactive financing allowed Türkiye to steer its resources to support its recovery plans instead of vaccine procurement. Also, the liquidity provided with the financing avoids disruption of other projects already underway to fund the COVID-19 Vaccine Project.

"During the pandemic, timely support to governments for wider coverage and easy access to vaccines was a top priority for AIIB, especially under the extended Facility. In the post-pandemic era, AIIB, as a responsible multilateral development bank, is committed to supporting health systems strengthening along with other peer institutions, to prevent and be better prepared for another global health crisis," said Hun Kim, Director General, Social Infrastructure Department of AIIB.

Six months after Türkiye reopened for tourism, their February 2023 figures showed a 21.35% year-on-year increase in tourist arrivals, according to Culture and Tourism Ministry official data.<sup>27</sup> The Government of Türkiye was also able to replenish the resources in regular health system activities whose funding over the past two years was redirected to fighting the COVID-19 pandemic. The Ministry of Health reinforced key reform activities under other programs, such as the Health System Strengthening and Support Project, which seeks to improve primary and secondary prevention of selected non-communicable diseases and increase the efficiency of public hospital management.

While the effects of the pandemic continued, a 7.8-magnitude earthquake occurred on Feb. 6, 2023, affecting 11 provinces in Türkiye. The Ministry of Health provided urgent response to the disrupted healthcare services in the earthquake-affected regions and took the necessary measures.

"Health services were provided to 4.8 million in the 45 days since the earthquake, including more than 24,500 mobile service visits to places with no established health services," said Dr. Koca.<sup>28</sup> Experts have noted that Türkiye is strong enough to manage the health system well.<sup>29</sup>

Türkiye will continue looking forward, starting with building up its personnel and infrastructure. Through all these trials, Türkiye is committed to providing for its family and guests. Its allies, including AIIB, are prepared to continue to support them.

<sup>27</sup> <https://www.travelandtourworld.com/news/article/turkiyes-tourism-industry-shows-signs-of-recovery/>

<sup>28</sup> Koca, Fahrettin (@drfahrettinkoca). 2023. "Deprem bölgesinde 45 günde, 4 Milyon 800 Bin kişiye sağlık hizmeti sunuldu. Yerleşik sağlık hizmeti imkânı bulunmayan yerlere sunulan mobil hizmet ziyaret sayısı ise 24 Bin 500'ü geçti. Bu kapsamda 780 Binden fazla kişinin ayağına gidildi." Twitter, March 23, 2023, 8:40 p.m. <https://twitter.com/dfahrettinkoca/status/1638596647704829966?ctx=HHwWnlC9yYW-u70tAAAA>

<sup>29</sup> Travel and Tour World. 2023. "Türkiye's Tourism Industry Shows Signs of Recovery." March 27. <https://www.washingtonpost.com/health/2023/02/09/medical-care-turkey-earthquake-survivors/>



# OUR TOMORROW

# 06



In 2023, AIIB will focus on the following areas:

## SUPPORT OUR MEMBERS' SUSTAINABLE RECOVERY

As our Members strive toward sustainable recovery at varying speeds and different paths in an uncertain and challenging environment, we will be ready to support a broad range of their efforts through our expanding toolkit, in line with our Corporate Strategy priorities. We will focus efforts on broadening and diversifying our financing offers to public and private sector clients, continuing our support to Members through various crises and expanding our range of operational partnerships to mobilize and blend a wider range of sources of finance. We will strengthen business development efforts and capacity to enhance our value addition in our thematic priorities of green infrastructure, cross-border connectivity and private capital mobilization.

On the matter of advancing green and climate financing, to complete the internal preparation

to fully operationalize the Paris Alignment commitment to be effective from July 1, 2023, we will continue to develop and publish our own methodology for assessing the alignment of our investment operations with the Paris Agreement, based on the joint approach developed by the Joint MDBs group. Internal technical training and capacity-building sessions will be organized for the entire Bank and additional resources will also be made available to ensure smooth implementation. Along the course, we will conduct active client engagements as we believe the Paris Alignment presents a good opportunity for us to focus and maximize the Bank's value-add of its limited resources on areas that support our Members' domestic and international climate pledges.

We will continue the good momentum in institutionalizing climate consideration in its full project cycle to maximize climate finance, particularly in the area of adaptation, by the development of more structures, frameworks and products for climate adaptation and resilience.



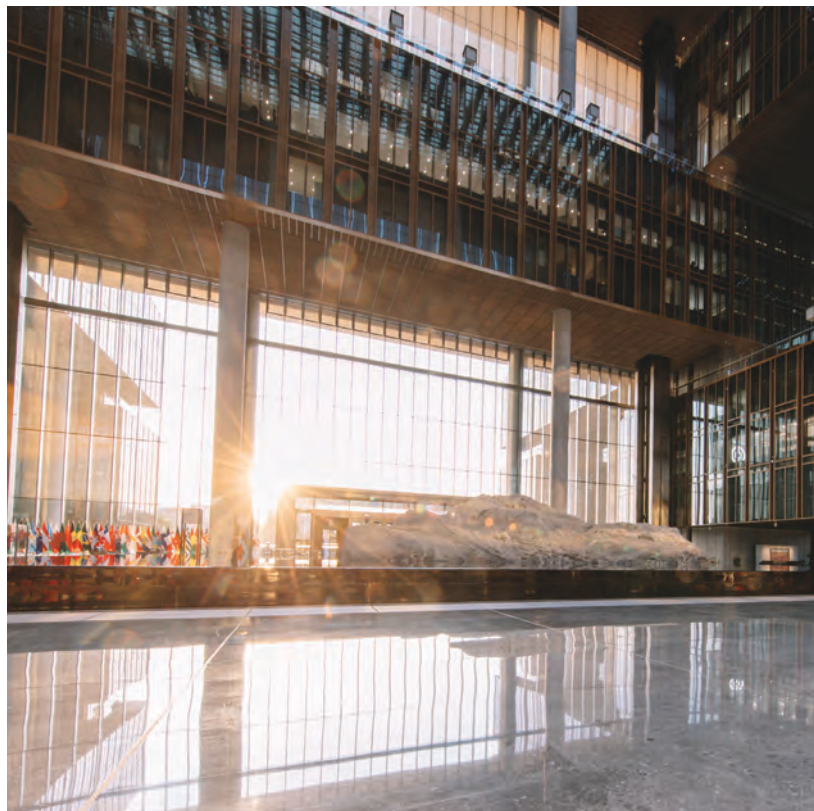
## BUILD STRONG CLIENT RELATIONSHIPS

To build a more stable and effective pipeline strongly aligned with our Corporate Strategy priorities, we will build longer-term relationships with a wider range of clients in our core sectors and deepen such relationships and build trust with clients by clearly demonstrating our value addition. Although strategic relationship building needs time, we are confident that over the years, and through a strategic business development and client-centric approach, our efforts will result in stronger and faster pipeline development for our Members and private sector clients.

We will also leverage partnerships to help strengthen support for upstream engagement through more effective utilization of special funds and donor funds, expanding partnerships to mobilize concessional financing, and collaboration with peer MDBs and regional development banks for co-financing and business development. Our Interim Operational Hub will further play a key role in adding synergy to our business development and client relationship building by enhancing our regional and global presence.

## CONTINUE TO STRENGTHEN THE QUALITY OF OUR INVESTMENT OPERATIONS

As our portfolio grows in volume to meet our Corporate Strategy objectives and matures over time, we must deploy greater resources and attention to ensure project quality at entry and during implementation. We will focus efforts on reinforcing project quality at entry through ensuring sound project design and development objectives, developing a gender approach, incorporating biodiversity considerations and strengthening project risk awareness and due diligence processes. We will continue to enhance project implementation quality by gradually shifting operational focus from approval to commitments and enhancing portfolio-level monitoring. Fostering a strong learning culture to create a positive feedback loop across the project cycle is one of our priorities.



## CONTINUE TO BOLSTER OUR FINANCIAL SUSTAINABILITY

We will continue to bolster long-term financial sustainability while optimizing our financial strength to support client needs and Corporate Strategy implementation and strengthen portfolio quality to be more resilient against the impact of short-term market fluctuations. We will foster a risk management culture that enables growth while continuing to enhance asset and liability management and diversify liquidity holdings to optimize risk return from the liquidity portfolio.

## STRENGTHEN THE INSTITUTION AND THE AIIB WAY

A clear and shared understanding of AIIB is required for the Bank to be a preferred partner for clients and employer of choice for staff. We will continue improving the AIIB Brand; strengthening our multilateral governance and Member relations; improving workforce planning, recruitment, and retention; shaping the corporate culture; and enhancing systems to support a digital-first Bank.





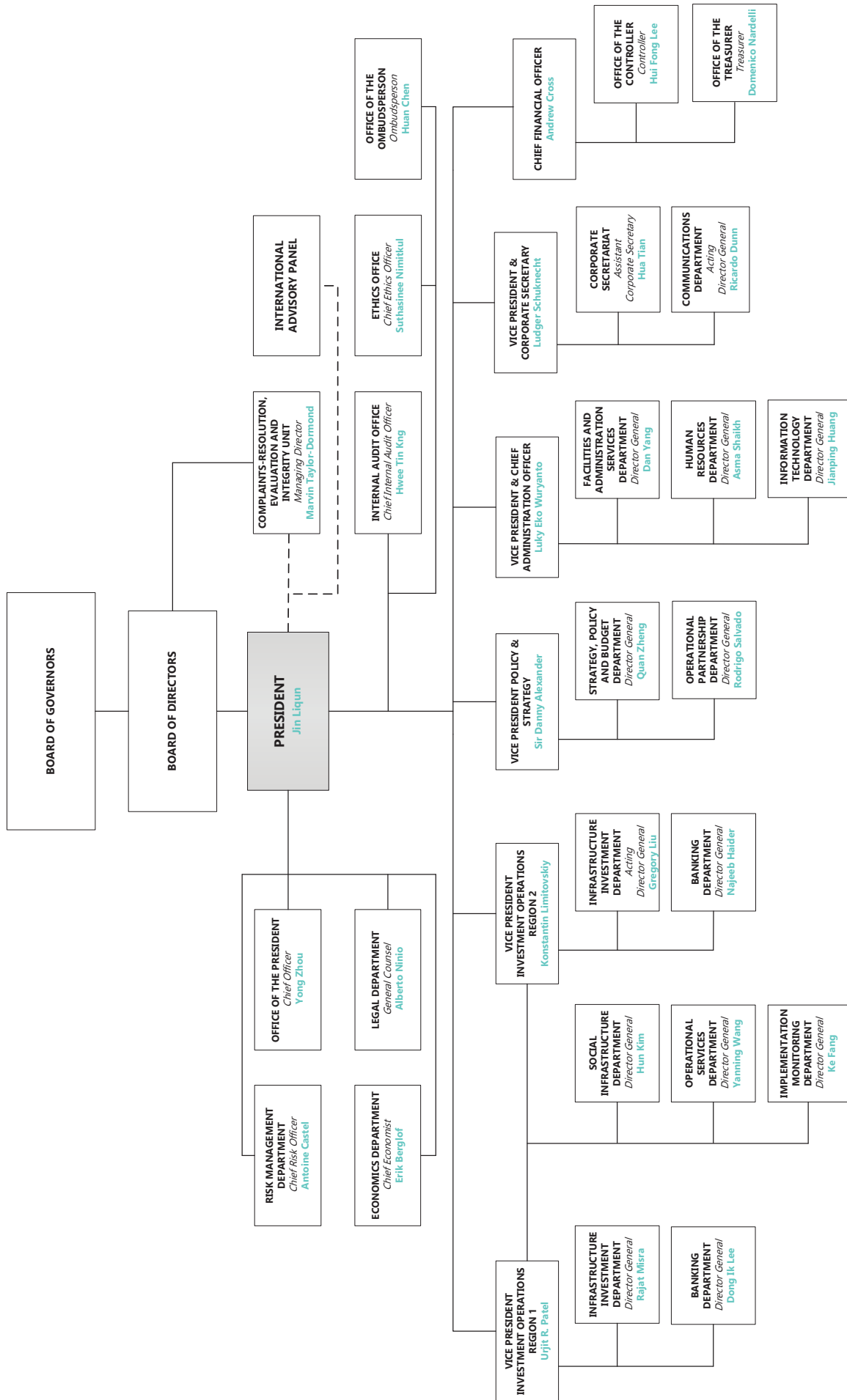
### Annex 1: Board of Governors Voting Power (as of Dec. 31, 2022)

	Member	Membership Date	Voting Power
	Regional		
1	Afghanistan	Oct. 13, 2017	0.1765%
2	Australia	Dec. 25, 2015	3.4561%
3	Azerbaijan	June 24, 2016	0.4089%
4	Bahrain	Aug. 24, 2018	0.2223%
5	Bangladesh	March 22, 2016	0.7692%
6	Brunei Darussalam	Dec. 25, 2015	0.2301%
7	Cambodia	May 17, 2016	0.2388%
8	China	Dec. 25, 2015	26.5856%
9	Cook Islands	June 1, 2020	0.1309%
10	Cyprus	June 25, 2018	0.1481%
11	Fiji	Dec. 11, 2017	0.1415%
12	Georgia	Dec. 25, 2015	0.2314%
13	Hong Kong, China	June 7, 2017	0.8087%
14	India	Jan. 11, 2016	7.6017%
15	Indonesia	Jan. 14, 2016	3.1630%
16	Iran	Jan. 16, 2017	1.0245%
17	Iraq	Aug. 4, 2022	0.1526%
18	Israel	Jan. 15, 2016	0.8484%
19	Jordan	Dec. 25, 2015	0.2893%
20	Kazakhstan	April 18, 2016	0.8302%
21	Korea	Dec. 25, 2015	3.4982%
22	Kyrgyzstan	April 11, 2016	0.1979%
23	Lao PDR	Jan. 11, 2016	0.2217%
24	Malaysia	March 27, 2017	0.2807%
25	Maldives	Jan. 4, 2016	0.1900%
26	Mongolia	Dec. 25, 2015	0.2200%
27	Myanmar	Dec. 25, 2015	0.3712%
28	Nepal	Jan. 13, 2016	0.2553%
29	New Zealand	Dec. 25, 2015	0.5928%
30	Oman	June 21, 2016	0.4134%
31	Pakistan	Dec. 25, 2015	1.1004%
32	Philippines	Dec. 28, 2016	1.0516%
33	Qatar	June 24, 2016	0.7194%
34	Russia	Dec. 28, 2015	5.9783%
35	Samoa	April 3, 2018	0.1323%
36	Saudi Arabia	Feb. 19, 2016	2.4395%
37	Singapore	Dec. 25, 2015	0.4052%
38	Sri Lanka	June 22, 2016	0.4221%
39	Tajikistan	Jan. 16, 2016	0.2083%
40	Thailand	June 20, 2016	1.4492%
41	Timor-Leste	Nov. 22, 2017	0.1446%
42	Tonga	Jan. 5, 2021	0.1315%
43	Türkiye	Jan. 15, 2016	2.4974%

	<b>Member</b>	<b>Membership Date</b>	<b>Voting Power</b>
44	United Arab Emirates	Jan 15, 2016	1.2348%
45	Uzbekistan	Nov. 30, 2016	0.3785%
46	Vanuatu	March 6, 2018	0.1309%
47	Viet Nam	April 11, 2016	0.7717%
	<b>Total Regional</b>		<b>72.8944%</b>
<b>Non-Regional</b>			
48	Algeria	Dec. 27, 2019	0.1348%
49	Argentina	March 30, 2021	0.1348%
50	Austria	Dec. 25, 2015	0.6276%
51	Belarus	Jan. 17, 2019	0.1872%
52	Belgium	July 10, 2019	0.3827%
53	Benin	May 25, 2020	0.1348%
54	Brazil	Nov. 2, 2022	0.1880%
55	Canada	March 19, 2018	0.8364%
56	Chile	July 2, 2021	0.1393%
57	Côte d'Ivoire	Feb. 26, 2020	0.1304%
58	Croatia	Dec. 17, 2021	0.1348%
59	Denmark	Jan. 15, 2016	0.5112%
60	Ecuador	Nov. 1, 2019	0.1348%
61	Egypt	Aug. 4, 2016	0.7603%
62	Ethiopia	May 13, 2017	0.1629%
63	Finland	Jan. 7, 2016	0.4587%
64	France	June 16, 2016	3.1763%
65	Germany	Dec. 25, 2015	4.1591%
66	Ghana	Feb. 21, 2020	0.1340%
67	Greece	Aug. 20, 2019	0.1393%
68	Guinea	July 12, 2019	0.1331%
69	Hungary	June 16, 2017	0.2191%
70	Iceland	March 4, 2016	0.1992%
71	Ireland	Oct. 23, 2017	0.2468%
72	Italy	July 13, 2016	2.4636%
73	Liberia	Jan. 4, 2021	0.1304%
74	Luxembourg	Dec. 25, 2015	0.2454%
75	Madagascar	June 25, 2018	0.1348%
76	Malta	Jan. 7, 2016	0.1957%
77	Morocco	May 4, 2022	0.1348%
78	Netherlands	Dec. 25, 2015	1.0979%
79	Norway	Dec. 25, 2015	0.6717%
80	Peru	Jan. 14, 2022	0.2675%
81	Poland	June 15, 2016	0.9210%
82	Portugal	Feb. 8, 2017	0.2412%
83	Romania	Dec. 28, 2018	0.2661%
84	Rwanda	April 16, 2020	0.1348%

	<b>Member</b>	<b>Membership Date</b>	<b>Voting Power</b>
85	Serbia	Aug. 15, 2019	0.1348%
86	Spain	Dec. 15, 2017	1.7453%
87	Sudan	Sep. 13, 2018	0.1412%
88	Sweden	June 23, 2016	0.7421%
89	Switzerland	April 25, 2016	0.8099%
90	Tunisia	April 29, 2022	0.1348%
91	United Kingdom	Dec. 25, 2015	2.8918%
92	Uruguay	April 28, 2020	0.1348%
	<b>Total Non-Regional</b>		<b>27.1056%</b>
	<b>Grand Total</b>		<b>100.0000%</b>

## Annex 2: AIIB Organizational Structure (As of Aug. 8, 2023)



# ABBREVIATIONS

ADB	-	Asian Development Bank
AIIB	-	Asian Infrastructure Investment Bank
CEIU	-	Complaints-resolution, Evaluation and Integrity Unit
CMSME	-	cottage, micro, small, and medium-sized enterprises
CO <sub>2</sub>	-	carbon dioxide
COP15	-	UN Biodiversity Conference
COP27	-	United Nations Climate Change Conference of the Parties
CS	-	Corporate Strategy
CSO	-	civil society organization
DAC	-	Development Assistance Committee
DTI	-	Development Transparency Initiative
EDGE	-	Economic Dividends for Gender Equality
EECA	-	Eastern Europe and Central Asia
ESF	-	Environmental and Social Framework
ESG	-	environmental, social and governance
ESP	-	Environmental and Social Policy
ESS	-	Energy Sector Strategy
FAS	-	Facilities and Administration Services Department
GEAPP	-	Global Energy Alliance for People and Planet
GHG	-	greenhouse gas
GIF	-	Global Infrastructure Facility
GW	-	gigawatt
GWh	-	gigawatt-hours
HORC	-	Haryana Orbital Rail Corridor
HRD	-	Human Resources Department
i4t	-	Infrastructure for Tomorrow
IABS	-	infrastructure asset-backed securities
IAM	-	Independent Accountability Mechanisms
IAO	-	Internal Audit Office

IAP	-	International Advisory Panel
IATI	-	International Aid Transparency Initiative
ICEM	-	Institutional Carbon Emission Management Plan
IDS	-	Information Disclosure System
IFC	-	International Finance Corporation
IFI	-	international financial institutions
IMIS	-	Investment Management Information System
IO	-	Investment Operations
IOCS	-	International Open Competitive Selection
IOCT	-	International Open Competitive Tendering
IRENA	-	International Renewable Energy Agency
IT	-	information technology
ITD	-	Information Technology Department
KM	-	kilometers
KYC	-	Know Your Customer
LEED	-	Leadership in Energy and Environmental Design
LNG	-	liquefied natural gas
MCDF	-	Multilateral Cooperation Center for Development Finance
MDB	-	multilateral development bank
MENAT	-	Middle East, North Africa and Türkiye
MOU	-	memorandum of understanding
MSME	-	micro, small and medium-sized enterprise
MW	-	megawatt
NGO	-	nongovernmental organizations
NSBF	-	nonsovereign-backed financing
OECD	-	Organisation for Economic Co-operation and Development
OMB	-	Office of the Ombudsperson
OPD	-	Operational Partnership Department
OPEC	-	Organization of the Petroleum Exporting Countries
OPF	-	Operational Policy on Financing
OPF	-	Operational Policy on Financing
PLN	-	PT Perusahaan Listrik Negara
PPDP	-	Policy on Personal Data Privacy

PPI	-	Policy on Public Information
PPM	-	Project-affected People's Mechanism
PPSF	-	Project Preparation Special Fund
RAS	-	Risk Appetite Statement
RBF	-	Results-based Financing
RMD	-	Risk Management Department
SBF	-	Sovereign-backed Financing
SCMI	-	Sustainable Capital Markets Initiative
SFW	-	Special Fund Window for Less Developed Members
SME	-	small and medium-sized enterprises
TRE	-	Office of the Treasurer
UAE	-	United Arab Emirates
USD	-	US Dollar

# 2022 AIIB ANNUAL REPORT

The Asian Infrastructure Investment Bank (AIIB) annual report is a comprehensive report of AIIB's activities for the previous year. In 2022, we implemented our Corporate Strategy, which defines the way we do things and marks a new development stage for us as we mature as we leave our startup phase and mature as an institution. This year's Annual Report reflects our progress, the lessons we learned from the challenges of the previous years and our partnerships with our clients, stakeholders, and beneficiaries.