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## 2024 Business Plan and Budget Summary December 2023

1. The Asian Infrastructure Investment Bank (AIIB or the Bank) launched its [Corporate Strategy \(CS\) for 2021-2030](#) in September 2020. The annual business plan and budget (BPB) serves as a key tool for implementing the CS.
2. **Operating Environment in 2024.** Macroeconomic challenges such as below-trend growth, high interest rates, and geopolitical tensions will put immense stress on AIIB Members in 2024. Developing economies, especially those in Asia, are particularly vulnerable. These pervasive issues are stretching Members' capacity to invest in essential long-term infrastructure projects as financial resources get diverted to address more immediate needs.
3. Efficient and effective coordination among the public sector, development finance institutions, the private sector and other relevant stakeholders is necessary to mobilize affordable finance at a larger scale to effect change. The international community has reached a consensus that multilateral development banks (MDBs) must evolve and strengthen, working better as a system to speed up and scale up their financing.
4. With client responsiveness and partnership as defining features of its business model embedded in the CS, AIIB is well positioned to finance the Infrastructure for Tomorrow in a cohesive manner across all four thematic priorities<sup>1</sup>. The Bank's unique focus on infrastructure reflects the central role it plays in sustainable economic and social development, and its special focus on the integration of climate considerations across all infrastructure sectors.
5. **Key Principles and Focus Areas.** AIIB Members continue to have large but divergent financing needs in 2024. As such, the 2024 Business Plan and Budget (BPB) will focus on growing the Bank's capacity to add value across its thematic priorities and in core infrastructure sectors, building on progress made in 2023. The following three principles will guide the focus areas of AIIB's actions in 2024.
6. First, **actively responding to the needs of clients for MDBs to scale up climate and sustainable infrastructure financing**, by continuing to expand reach and product offerings.

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<sup>1</sup> Green Infrastructure, Connectivity and Regional Cooperation, Technology-enabled Infrastructure, Private Capital Mobilization.

7. Second, **deepening relationships with existing clients and developing new ones in both the public and private sector**, with the aim to develop a longer-term, stronger, more diversified, high-quality projects in CS priority areas.
8. Third, **continuing to strengthen capacities and building resources** to accelerate growth to achieve impact at scale and ensure longer-term financial sustainability, as guided by the CS.
9. AIIB's 2024 business plan focuses on six areas, guided by the three key principles above. The focus areas are: (1) Grow AIIB's business across infrastructure sectors; (2) Enhance client relationships for strategic business development; (3) Further safeguard and strengthen the quality of investments; (4) Leverage growth as a driver for financial sustainability; (5) Build the staff and foster the corporate culture; and (6) Continue to strengthen the institution. Table 1 provides a high-level summary of the six focus areas and their key objectives, mapped to the CS pillars<sup>2</sup> and principles<sup>3</sup> to facilitate CS implementation monitoring.

**Table 1: 2024 Focus Areas**

<b>2024 Focus Areas</b>	<b>Key Objectives</b>	<b>Corporate Strategy Alignment</b>
Focus 1: Grow AIIB's business across infrastructure sectors	<ul style="list-style-type: none"> <li>Enhance AIIB's market position in identified priority areas by scaling up infrastructure financing across all four thematic priorities.</li> <li>Provide clients with a range of financial offerings tailored to their evolving needs by introducing new instruments such as Climate Policy-based Financing (PBF), subject to Board approval, better utilizing available instruments and expanding local currency financing.</li> <li>Make AIIB financing more accessible and affordable to borrowers such as by mobilizing more concessional resources.</li> <li>Develop a health strategy to increase the positive health outcomes of AIIB financing.</li> </ul>	<ul style="list-style-type: none"> <li>Pillar 1 – Establishing market position.</li> <li>Pillar 2 – Achieving impact at scale.</li> <li>Pillar 4 – Serving a broad range of Members</li> </ul>
Focus 2: Enhance client relationships for strategic business development	<ul style="list-style-type: none"> <li>Develop multi-year rolling pipelines with more Members.</li> <li>Expand AIIB's Non-sovereign-Backed Financing (NSBF) client base and cultivate opportunities for repeat business.</li> <li>Enhance and strengthen relationship with underserved Members by working with partners and peer MDBs, and deepen client engagement including by leveraging the Interim Operational Hub (the Hub).</li> <li>Enhance AIIB's ability to respond promptly to client needs by improving operational efficiencies such as through streamlining the investment process and gaining insights into AIIB's market standing</li> </ul>	<ul style="list-style-type: none"> <li>Pillar 1 – Establishing market position.</li> <li>Pillar 2 – Achieving impact at scale.</li> <li>Pillar 4 – Serving a broad range of Members.</li> </ul>
Focus 3: Further safeguard and strengthen the	<ul style="list-style-type: none"> <li>Reinforce project quality from the beginning by providing upstream support to clients, enhancing the quality of project Results Monitoring Frameworks,</li> </ul>	<ul style="list-style-type: none"> <li>Principle – High project standards.</li> </ul>

<sup>2</sup> They are establishing market position, achieving impact at scale, adding value along the project cycle, serving a broad range of members, and building the corporate culture.

<sup>3</sup> They are high project standards, financial sustainability and sound banking, and strong multilateral governance and oversight.

quality of investments	<p>enhancing AIIB's value add, and strengthening project risk assessments.</p> <ul style="list-style-type: none"> <li>• Strengthen project quality during implementation by bolstering environmental and social (E&amp;S) monitoring and procurement support, improving control measures to expedite disbursements, and focusing on delivery of commitment.</li> <li>• Enhance project results monitoring and reporting, and take concrete steps to ensure AIIB is ready for reporting against sustainability and climate-related disclosure standards.</li> <li>• Launch AIIB's Gender Action Plan to strengthen the integration of gender considerations across all operations.</li> </ul>	<ul style="list-style-type: none"> <li>• Pillar 3 – Adding value along the project cycle.</li> </ul>
Focus 4: Leverage growth as a driver for financial sustainability	<ul style="list-style-type: none"> <li>• Expand and diversify the investment operations portfolio while improving overall portfolio credit quality.</li> <li>• Manage the treasury portfolio to sustain a strong balance sheet growth while effectively managing the Bank's assets and liabilities.</li> <li>• Implement AIIB's funding strategy to secure and provide competitive financing to clients amidst the prevailing market volatility.</li> <li>• Maintain judicious use of the budget to invest in key capacities while ensuring long-term financial sustainability and remaining agile to evolving business needs and opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• Principle – Financial sustainability and sound banking.</li> <li>• Pillar 2 – Achieving impact at scale.</li> <li>• Pillar 4 – Serving a broad range of Members.</li> </ul>
Focus 5: Build the staff and foster the corporate culture	<ul style="list-style-type: none"> <li>• Strengthen strategic resource planning, expand talent outreach, optimize recruitment processes, and address staff attrition through a staff engagement approach.</li> <li>• Invest in staff development and training.</li> <li>• Ensure performance and reward structure effectiveness through job evaluation and compensation and benefits review.</li> <li>• Cultivate the corporate culture by enhancing multiple avenues for staff well-being and creating a respectful workplace environment.</li> </ul>	<ul style="list-style-type: none"> <li>• Pillar 5 – Building the corporate culture.</li> </ul>
Focus 6: Further strengthen the institution	<ul style="list-style-type: none"> <li>• Safeguard AIIB's governance framework and strengthen shareholder relations.</li> <li>• Amplify AIIB's presence in global and multilateral fora through partnership.</li> <li>• Elevate AIIB's branding through a cohesive communications approach, increased visibility in global and multilateral fora, and proactive engagement with civil society organizations (CSOs).</li> <li>• Provide a supportive work environment.</li> <li>• Bolster AIIB's entire IT system to support the core business and growth of the Bank.</li> </ul>	<ul style="list-style-type: none"> <li>• Principle – Strong multilateral governance and oversight.</li> <li>• Pillar 5 – Building the corporate culture.</li> </ul>

10. AIIB will measure its progress through several annual business indicators, which comprise the Corporate Scorecard indicators as set out in the CS and several additional indicators that reflect and reinforce the focus areas highlighted for the year. Table 2 provides the projections of the annual business indicators for 2024. The projections reflect the Bank's expectations based on currently available information and may be subject to change based on evolving circumstances.

11. **Budget.** An administrative budget of USD280.5 million was approved by AIIB's Board of Directors to support the implementation of the multifaceted 2024 business plan and accelerate efforts in building AIIB's institutional capacity for growth, while ensuring financial sustainability. In addition, a capital budget of USD5.6 million was approved to fund investments in certain information technology systems and property improvement projects that will deliver economic value for several years, with expenditure for such investments being amortized over their economic life.

**Table 2: 2024 Projected Annual Business Indicators**

Indicators / unit		2024 projections	
<b>Corporate Scorecard indicators</b>			
<b>Impact</b>	<b>Portfolio volume</b>	<b>Total capital mobilization</b> (USD billion of capital mobilized by AIIB's annual financing approvals plus capital mobilized by AIIB from private and public sources)	USD9.5 – 13.6 billion
		<b>Annual financing approvals</b> (USD billion / number of projects)	USD7.0 – 10.0 billion / 55 – 75 projects
		<b>Capital mobilization<sup>2</sup></b> (USD billion of capital mobilized by AIIB from other private and public sources; ex-Facility <sup>1</sup> )	USD2.5 – 3.6 billion
		<b>Private sector projects<sup>3</sup></b> <b>(Target by 2030: 50%)</b> (Percent of actual approved financings)	25 – 40%
	<b>Portfolio alignment</b>	<b>Climate financing<sup>4</sup></b> <b>(Target by 2025: 50%)</b> (Percent of actual approved financings)	49 – 53%
		<b>Cross-border connectivity</b> <b>(Target by 2030: 25-30%)</b> (Percent of actual approved financings)	18 – 23%
	<b>Portfolio performance</b>	<b>Implementation readiness</b> (Number of months elapsed from approval to first cash disbursement; ex-Facility <sup>1</sup> )	SBF: 12 months Private: 9 months
		<b>Annual disbursement for sovereign projects</b> (Percent of disbursed amount during a fiscal year to undisbursed balance at the beginning of that fiscal year; ex-Facility <sup>1</sup> )	15 – 20%
		<b>Share of projects without severe or unresolved issues</b> impacting implementation performance and results (Percent of number of projects)	80%
	<b>Diversity</b>	<b>Workforce diversity – Gender</b> (Percent of women professional staff)	42 – 43%
<b>Other indicators</b>			
<b>Pipeline building and diversification</b>	<b>SBF: economies with multi-year programs</b> (Number of economies)	Tracking indicator	
	<b>NSBF: new clients added to the Rolling Investment Pipeline</b> (Number of clients)	Tracking indicator	
<b>Institution-building</b>	<b>Headcount</b> (Number of staff)	640 – 660 staff	
	<b>Administrative budget</b> (USD million)	USD280.5 million	

<sup>1</sup> The COVID-19 Crisis Recovery Facility (Facility) concludes by the end of 2023. For those indicators that capture the projects that was approved during the period of the Facility, a note is given to indicate that the indicators track excluding Facility.

<sup>2</sup> Includes the amount of capital: (a) directly and indirectly mobilized by AIIB from private sources; and (b) directly mobilized by AIIB from public sources. Calculation for private capital mobilization adopts the joint MDB private investment mobilization methodology, which measures capital mobilization upon commitment. The figures reported are provisional.

<sup>3</sup> As per the CS, “private sector financing” refers to financing operations defined as NSBF in other Bank documents and includes financing operations with public entities which are not backed by a sovereign guarantee.

<sup>4</sup> A project qualifies as climate financing if it includes elements of climate mitigation and/or climate adaptation based on the joint MDB terminology. Calculation for climate financing adopts the joint MDB climate finance tracking methodology, where only the financing portion for the climate financing elements (vs. total financing amount for the project) is counted as climate financing.