

2023 AIIB ANNUAL REPORT



ASIAN INFRASTRUCTURE
INVESTMENT BANK

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2023

AIIB

ANNUAL

REPORT



ASIAN INFRASTRUCTURE
INVESTMENT BANK

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HOME



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, 2023, we have 109 approved Members comprising 95 full Members and 14 prospective ones, of which there are 52 regional Members (47 full Members and 5 prospective) and 57 non-regional Members (48 full Members and 9 prospective). These Members collectively represent approximately 81% of the global population and 65% of global gross domestic product (GDP). 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.

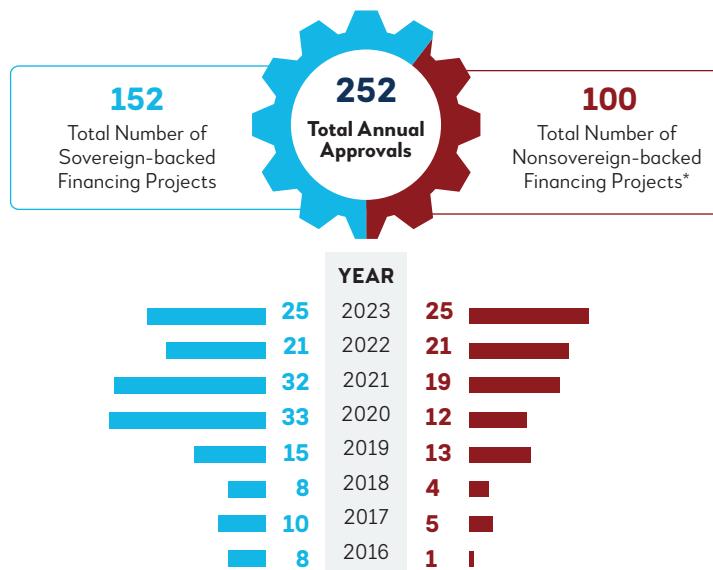
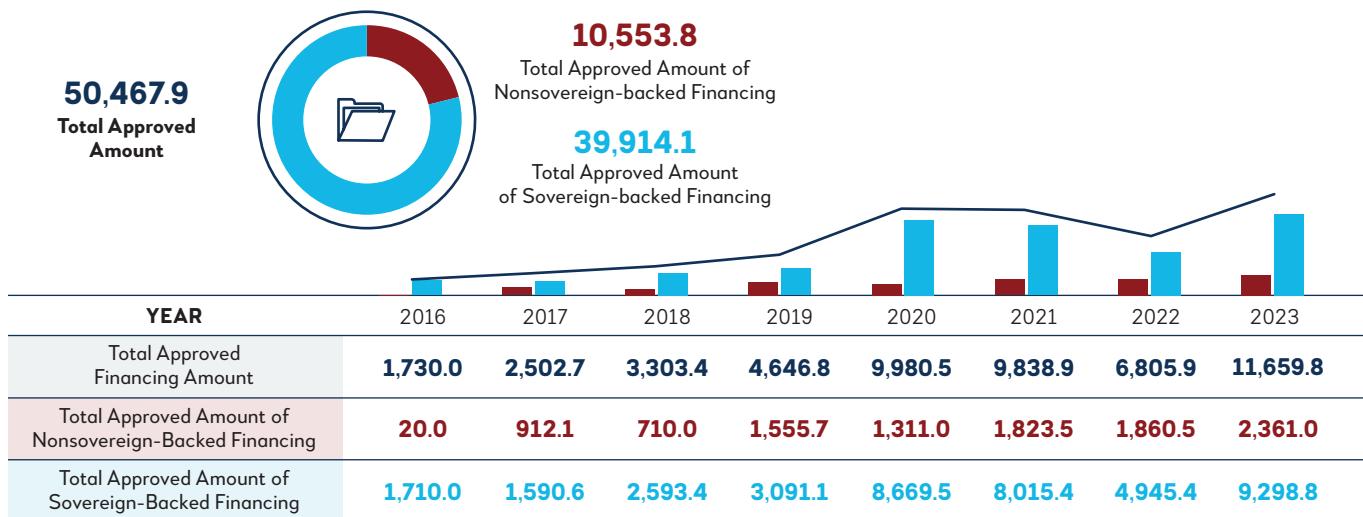
Our MISSION is Financing Infrastructure for Tomorrow. By investing in sustainable infrastructure, we unlock new capital, new technologies and new ways in which to address climate change and connect Asia and the world. We will achieve this by working in partnership. By being agile and adaptable, the Asian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



2023 FINANCIAL SNAPSHOT

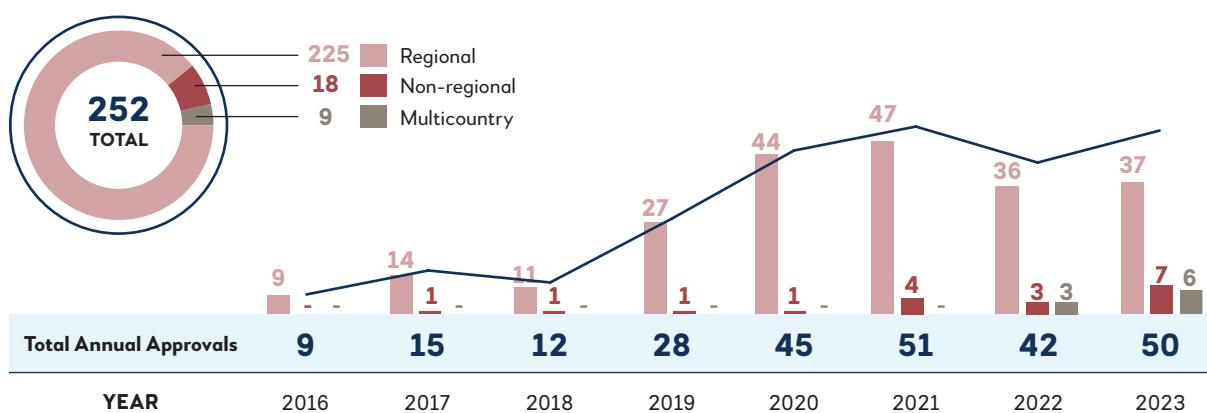
APPROVED PROJECTS, SNAPSHOT, 2016-2023

(as of Dec. 31, 2023) (USD million)



Note: The terms "sovereign-backed financing" (SBF) and "nonsovereign-backed financing" (NSBF) are defined in the AIIB [Operational Policy on Financing](#).

APPROVED PROJECTS, REGIONAL OR NON-REGIONAL, 2016-2023



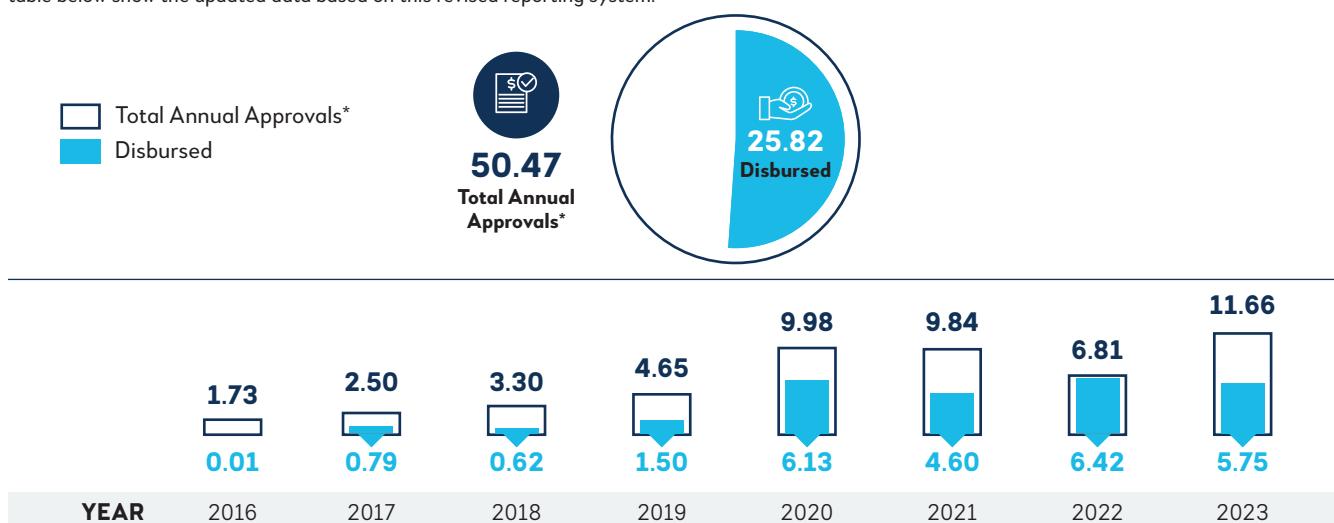
NUMBER AND SHARE OF SOVEREIGN- AND NONSOVEREIGN-BACKED FINANCING PROJECTS, 2016-2023

EXCLUDING FACILITY PROJECTS	INCLUDING FACILITY PROJECTS	EXCLUDING FACILITY PROJECTS	INCLUDING FACILITY PROJECTS
SOVEREIGN-BACKED FINANCING		NONSOVEREIGN-BACKED FINANCING	
EXCLUDING FACILITY PROJECTS	INCLUDING FACILITY PROJECTS	EXCLUDING FACILITY PROJECTS	INCLUDING FACILITY PROJECTS
Number of Projects	Approved Financing Amount (USD million)	Number of Projects	Approved Financing Amount (USD million)
13	4,378.8 (65%)	25	9,298.8 (80%)
12	2,615.4 (61%)	21	4,954.4 (73%)
17	4,338.3 (74%)	32	8,015.4 (81%)
9	2,094.6 (72%)	33	8,669.5 (87%)
15	3,091.1 (67%)	15	3,091.1 (67%)
8	2,593.4 (79%)	8	2,593.4 (79%)
10	1,590.6 (64%)	10	1,590.6 (64%)
8	1,710.0 (99%)	8	1,710.0 (99%)
		YEAR	
		2023	
		25	2,361.0 (35%)
		21	1,860.5 (27%)
		19	1,823.5 (19%)
		13	1,555.7 (33%)
		4	710.0 (21%)
		5	912.1 (36%)
		1	20.0 (1%)

Note: This table covers Sovereign-backed Financing (SBF) and Nonsovereign-backed Financing (NSBF) projects, and also showing the figures for when projects approved under the COVID-19 Crisis Recovery Facility (CRF) are excluded. For information about the 2023 CRF projects, please see the tables on COVID-19 Crisis Recovery Facility Projects, 2023.

USD INVESTMENTS, 2016-2023 (as of Dec. 31, 2023) (USD billion)

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 in the table below show the updated data based on this revised reporting system.



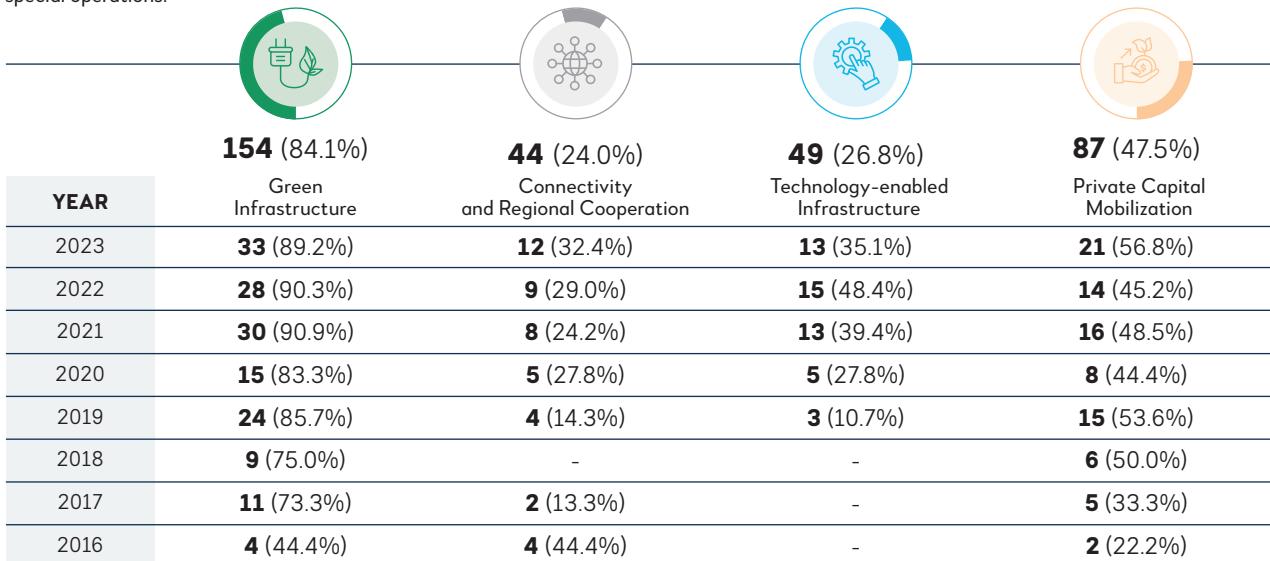
* = Figures reflect updated data based on AIIB's revised reporting system.

Note: "Annual Approvals" reflect the maximum amount approved while "Disbursed" refers to the amount of cash disbursement and capitalized charges.

PROJECTS BY THEMATIC PRIORITY, 2016-2023

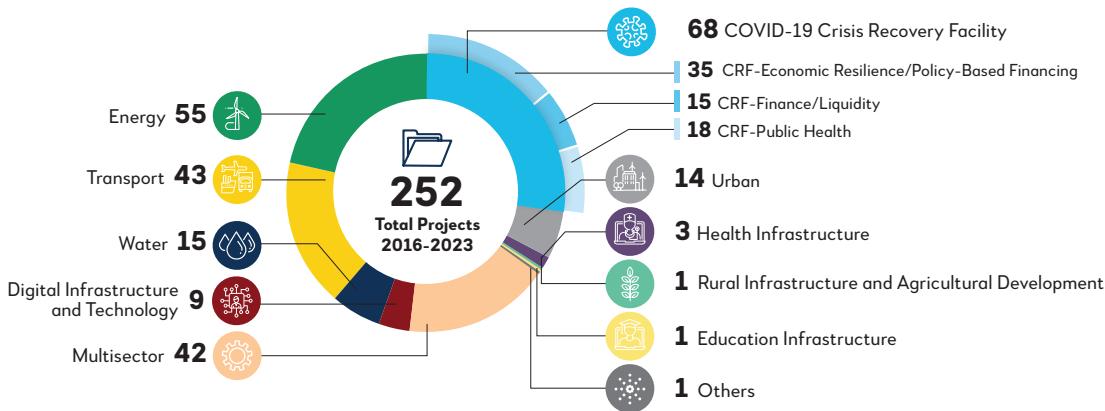
With the adoption of our Corporate Strategy in 2020, all our AIIB investments across infrastructure and other productive sectors are required to add value through one or more of the four cross-cutting themes of our Corporate Strategy to finance Infrastructure for Tomorrow (i4t).

The figures below represent the distribution of regular projects, excluding projects approved under the COVID-19 Crisis Recovery Facility and special operations.



Note: Some projects may align with more than one thematic priority, and the data on the four thematic priorities are not mutually exclusive. More information about the USD1 billion guarantee (IBRD project) extended by AIIB to the International Bank for Reconstruction and Development (IBRD) [here](#).

PROJECTS BY SECTOR, 2016-2023 (as of Dec. 31, 2023)



SECTORS		2016	2017	2018	2019	2020	2021	2022	2023	Total
Energy		4	6	3	10	4	9	8	11	55
Transport		4	3	3	4	5	6	8	10	43
Water		-	2	3	3	3	2	2	-	15
Digital Infrastructure and Technology		-	1	-	1	3	3	-	1	9
Multisector		-	2	2	6	1	6	13	12	42
Education Infrastructure		-	-	-	-	-	1	-	-	1
Rural Infrastructure and Agricultural Development		-	-	-	1	-	-	-	-	1
Health Infrastructure		-	-	-	-	-	-	-	3	3
Urban		1	1	1	2	2	6	-	1	14
COVID-19 Crisis Recovery Facility	CRF-Economic Resilience/Policy-Based Financing	-	-	-	-	12	6	5	12	35
	CRF-Finance/Liquidity	-	-	-	-	7	6	2	-	15
	CRF-Public Health	-	-	-	-	8	6	4	-	18
Others		-	-	-	1	-	-	-	-	1
TOTAL (as of Dec. 31, 2023)										252

CRF = COVID-19 Crisis Recovery Facility.

PRIVATE CAPITAL MOBILIZED, 2016-2023

(USD million)



ANNUAL

YEAR	2016	2017	2018	2019	2020	2021	2022	2023*
Commitment Contributions	4.96	561.0	150.0	1,178.4	1,450.1	1,332.6	2,609.1	3,122.0
PCM from NSBF Project	4.96 (100%)	561.0 (100%)	150.0 (100%)	685.1 (58%)	1,137.6 (78%)	1,285.6 (96%)	2,534.1 (97%)	2,943.0 (94%)



CUMULATIVE

YEAR	2016	2017	2018	2019	2020	2021	2022	2023*
Total	4.96	565.96	715.96	1,894.36	3,344.46	4,677.06	7,286.16	10,408.16
PCM from NSBF Project	4.96 (100%)	565.96 (100%)	715.96 (100%)	1,401.06 (74%)	2,538.66 (76%)	3,824.3 (82%)	6,358.4 (87%)	9,301.4 (89%)

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

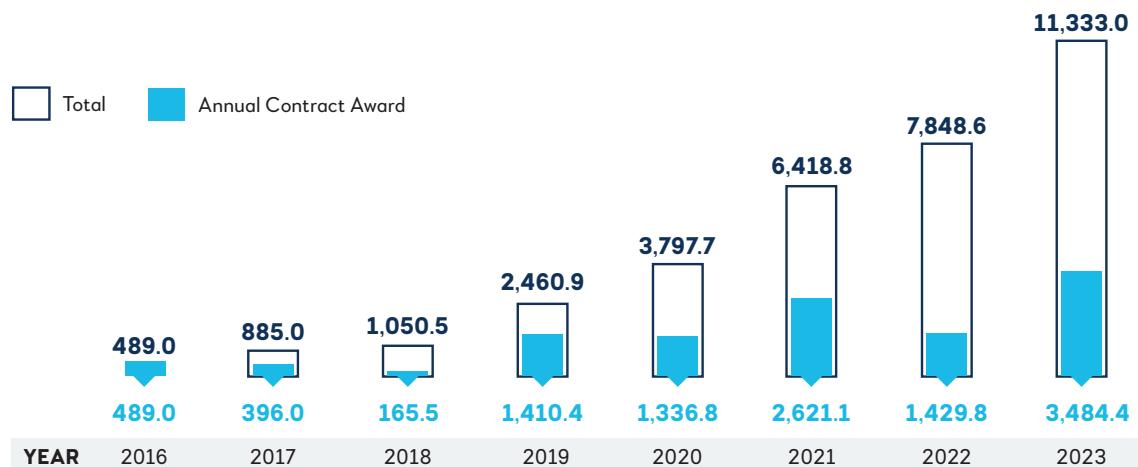
* Compared to the 2022 report, the PCM amount has been updated to USD2.6 billion following its submission to the group by December 2023.

** The 2023 PCM data reported is provisional until the 2023 joint MDB PCM report is finalized.

Note: Private capital mobilization includes the commitment of private entities' financing due to the direct and indirect involvement of AIIB.

INTERNATIONAL OPEN COMPETITIVE TENDERING AND SELECTION (IOCT & IOCS) PROCUREMENT, 2016-2023

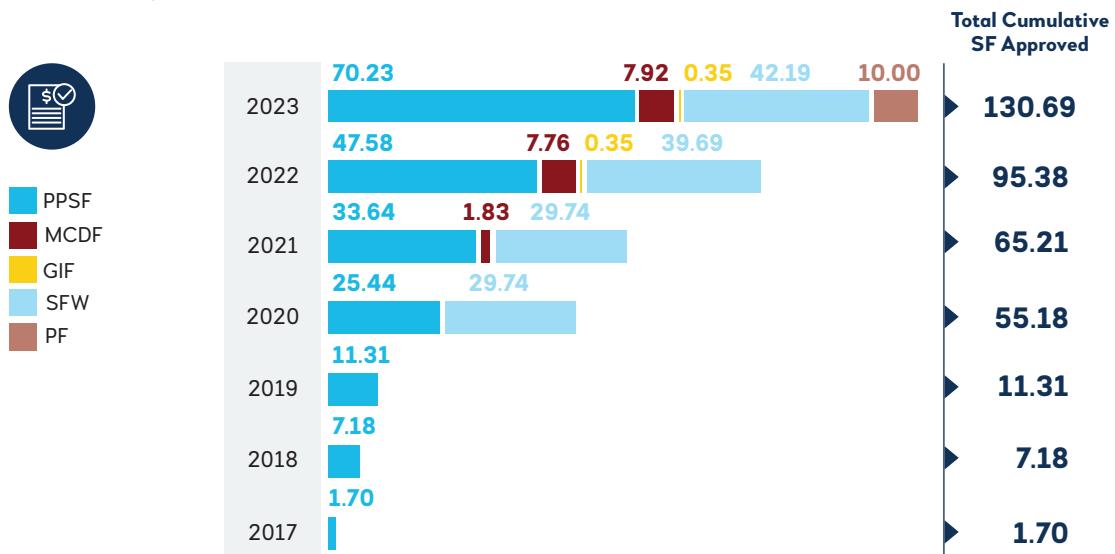
(USD million)



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

TOTAL SPECIAL FUNDS APPROVED, 2017-2023

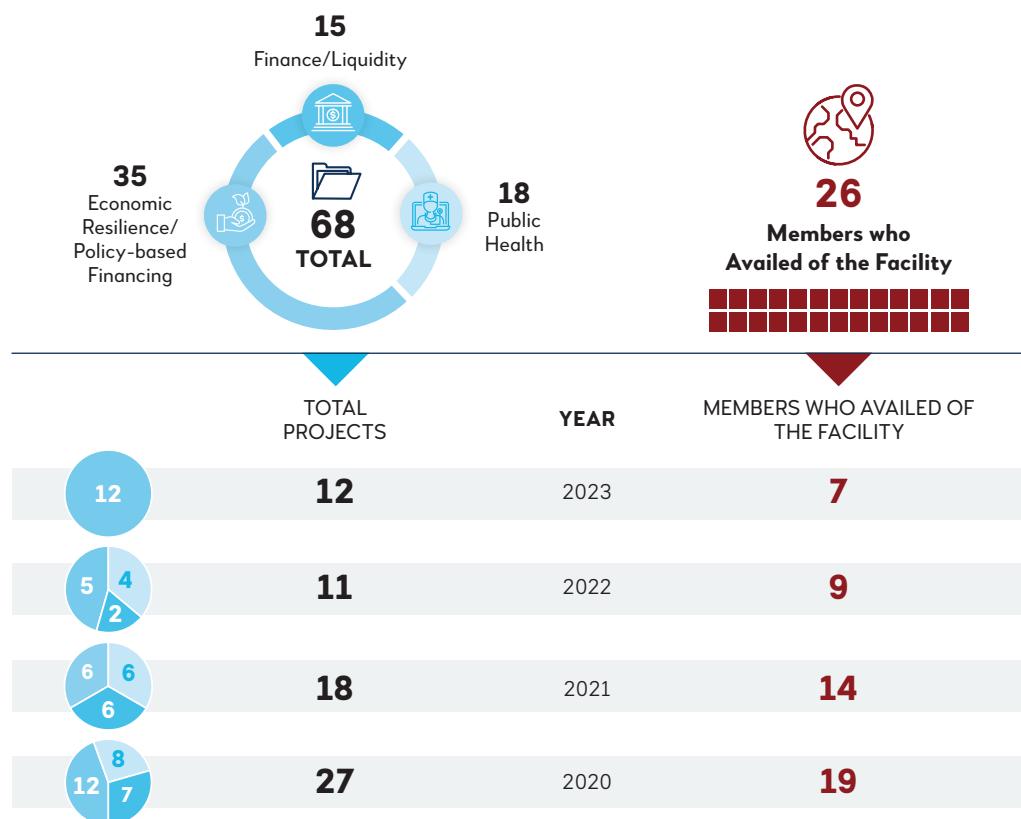
(USD million)



Note: 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, and the Global Infrastructure Facility (GIF) special fund from 2021, to support the preparation of projects to be financed by AIIB. See section on Special Funds for more information.

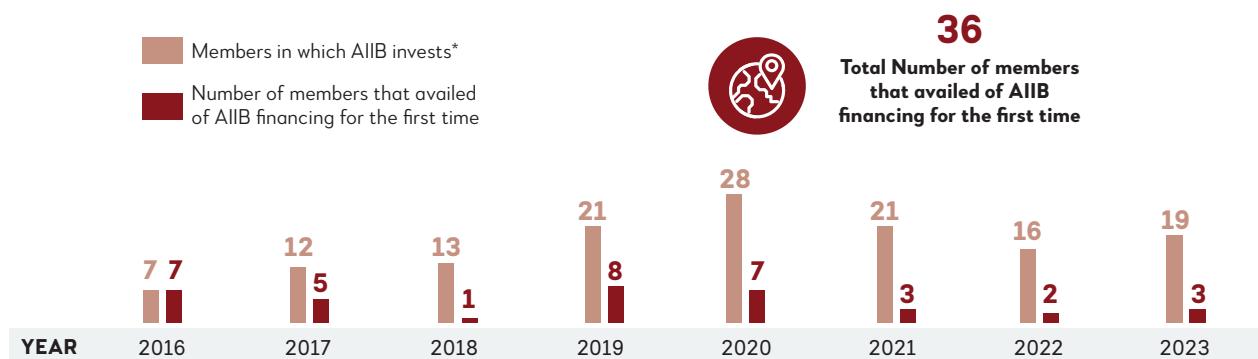
COVID-19 CRISIS RECOVERY FACILITY PROJECTS, 2020-2023

(as of Dec. 31, 2023)



Notes: The COVID-19 Crisis Recovery Facility (Facility) was created in April 2020 to help AIIB Members address their diverse emergency health care, liquidity and economic needs. In June 2021, the Board of Directors approved an extension of the 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 section on [COVID-19 Crisis Recovery Facility](#) for more information.

NUMBER OF MEMBERS IN WHICH AIIB INVESTS, 2016-2023

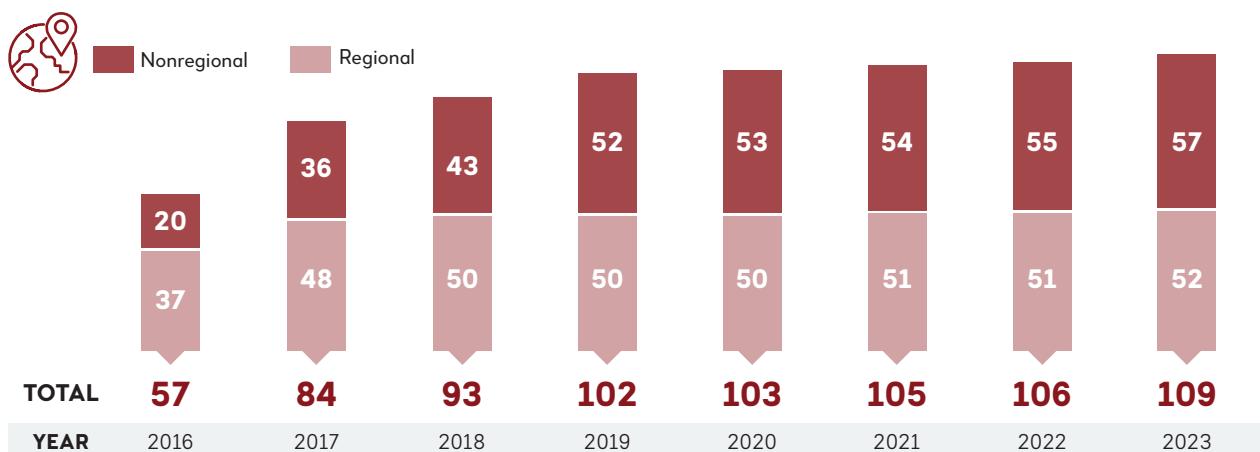


*Represents actual Members, and excludes projects classified as 'Multicountry.'

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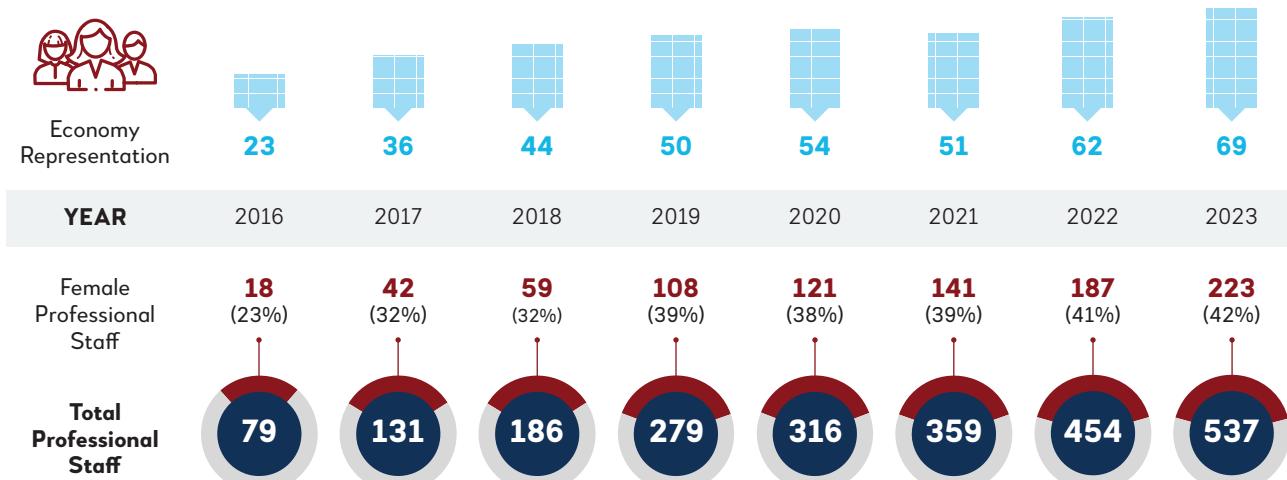
Total Number of members
that availed of AIIB
financing for the first time

MEMBERS, 2016-2023



Note: Figures are aggregated and include full AIIB Members and approved Members. As of end-2023, AIIB's full membership totals to 95 Members, with 14 Prospective AIIB Members that have either signed the AIIB Articles of Agreement or whose membership applications have been approved by the Board of Governors but are pending their ratification of the AIIB Articles of Agreement or required payment for subscribed capital stock of the Bank.

STAFF, 2016-2023



FINANCIAL HIGHLIGHTS, 2023 (USD billion)



19.41
Capital

1.03
Net Profits

30.53
Borrowings

CREDIT RATINGS, 2023

RATINGS	FITCH RATINGS	MOODY'S	S&P GLOBAL RATINGS
Long-term	AAA	Aaa	AAA
Short-term	F1+	Prime-1	A-1+
Outlook	Stable	Stable	Stable

TOTAL PROJECTS APPROVED, 2023



NO. OF PROJECTS			MEMBER	APPROVED AIIB FINANCING (USD million)		
TOTAL	SBF	NSBF		SBF	NSBF	TOTAL
1	1	-	Argentina	65.0	-	65.0
2	1	1	Bangladesh	400.0	75.0	475.0
2	-	2	Brazil	-	250.0	250.0
1	1	-	Cambodia	33.0	-	33.0
3	1	2	China	500.0	75.0	575.0
1	1	-	Côte d'Ivoire	200.0	-	200.0
2	1	1	Egypt	200.0	100.0	300.0
1	-	1	Georgia	-	30.0	30.0
1	-	1	Hong Kong, China	-	300.0	300.0
6	3	3	India	916.8	203.0	1,119.8
3	3	-	Indonesia	1,999.0	-	1,999.0
1	1	-	Jordan	200.0	-	200.0
2	1	1	Kazakhstan	350.0	40.0	390.0
6	1	5	Multicountry*	1,000.0	390.0	1,390.0
1	1	-	Pakistan	250.0	-	250.0
5	5	-	Philippines	2,050.0	-	2,050.0
1	-	1	Romania	-	108.0	108.0
2	-	2	Singapore	-	150.0	150.0
5	3	2	Türkiye	465.0	225.0	690.0
4	1	3	Uzbekistan	670.0	415.0	1,085.0
50	25	25	GRAND TOTAL	9,298.8	2,361.0	11,659.8

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

*Multicountry covers projects financed through financial intermediaries (e.g., private equity funds, bonds) and includes AIIB's special operations. 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 and special operations (more information on the USD1 billion guarantee extended by AIIB to IBRD [here](#)).

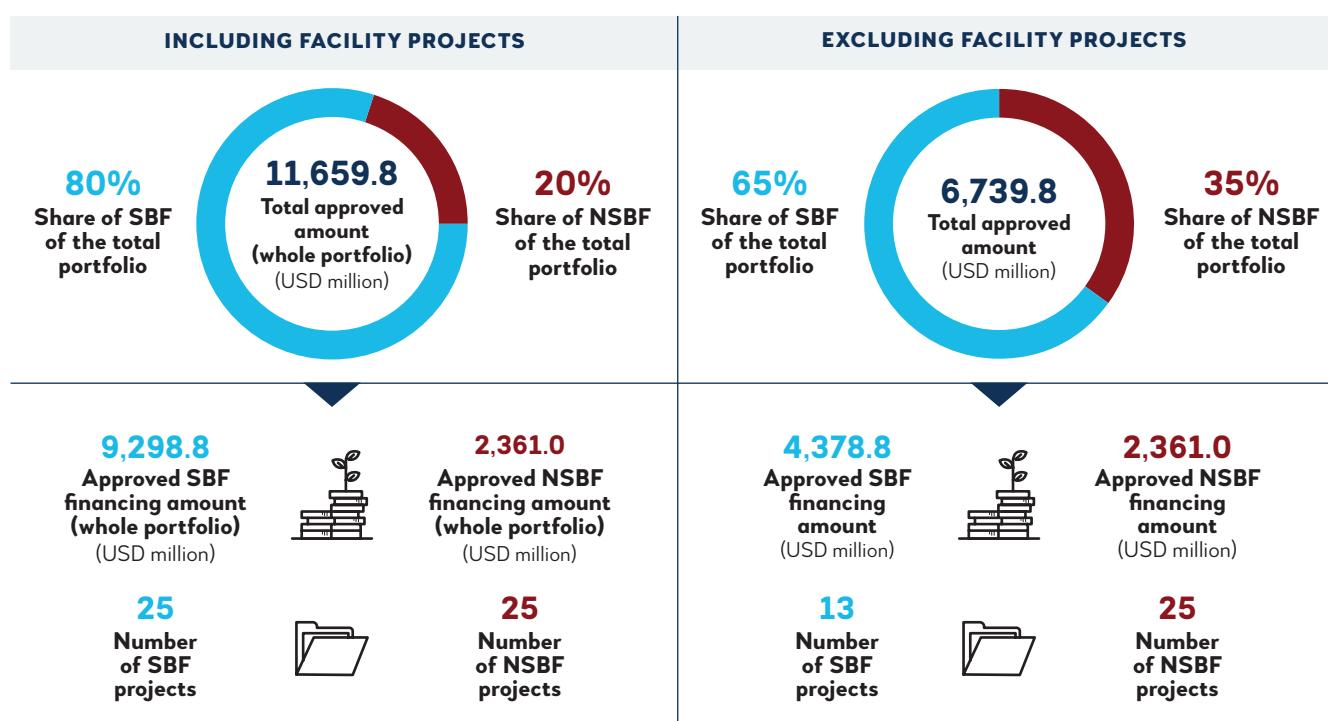
TOTAL PROJECTS APPROVED, 2023



TOTAL PROJECTS APPROVED, BY REGION, 2023



TOTAL SOVEREIGN-BACKED AND NONSOVEREIGN-BACKED FINANCING PROJECTS, 2023



Facility = COVID-19 Crisis Recovery Facility; NSBF = nonsovereign-backed financing; SBF = sovereign-backed financing

TOTAL NUMBER OF PROJECTS, BY SECTOR, BY THEMATIC PRIORITY, 2023



GREEN INFRASTRUCTURE PROJECTS, 2023

MEMBER	NUMBER OF PROJECTS
Argentina	1
Bangladesh	1
Brazil	2
Cambodia	1
China	2
Côte d'Ivoire	1
Egypt	1
Georgia	1
Hong Kong, China	1
India	5
Indonesia	1
Kazakhstan	1
Multicountry	4
Romania	1
Singapore	2
Türkiye	5
Uzbekistan	3

BY REGION, 2023

REGION	NUMBER OF PROJECTS
Central Asia	4
Eastern Asia	3
Eastern Europe	1
Multicountry	4
Northern Africa	1
South America	3
South-Eastern Asia	4
Southern Asia	6
Western Africa	1
Western Asia	6



CONNECTIVITY AND REGIONAL COOPERATION PROJECTS, 2023

MEMBER	NUMBER OF PROJECTS
Bangladesh	1
Cambodia	1
China	2
Côte d'Ivoire	1
Egypt	1
India	1
Multicountry	3
Singapore	1
Türkiye	1

BY REGION, 2023

REGION	NUMBER OF PROJECTS
Eastern Asia	2
Multicountry	3
Northern Africa	1
South-Eastern Asia	2
Southern Asia	2
Western Africa	1
Western Asia	1



TECHNOLOGY-ENABLED INFRASTRUCTURE PROJECTS, 2023

MEMBER	NUMBER OF PROJECTS
Cambodia	1
China	2
Egypt	1
India	3
Indonesia	1
Multicountry	4
Uzbekistan	1



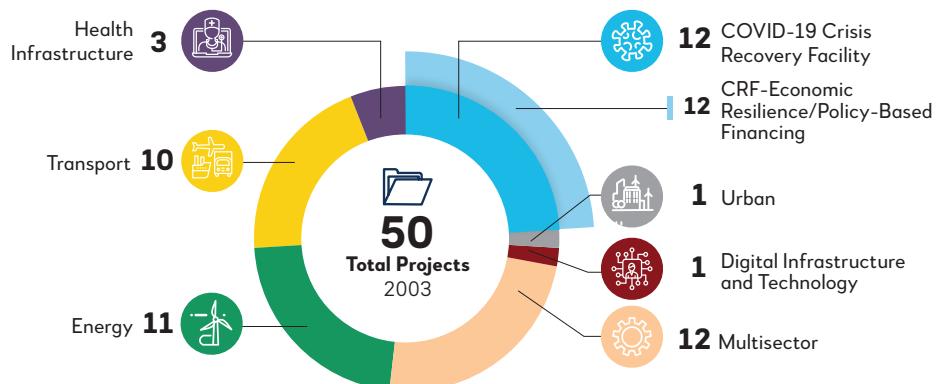
PRIVATE CAPITAL MOBILIZATION PROJECTS, 2023

MEMBER	NUMBER OF PROJECTS
Bangladesh	1
Brazil	1
China	2
Egypt	2
Georgia	1
Hong Kong, China	1
India	2
Kazakhstan	1
Multicountry	4
Singapore	1
Türkiye	3
Uzbekistan	2

BY REGION, 2023

REGION	NUMBER OF PROJECTS
Central Asia	3
Eastern Asia	3
Multicountry	4
Northern Africa	2
South America	1
South-Eastern Asia	1
Southern Asia	3
Western Asia	4

TOTAL NUMBER OF PROJECTS, BY SECTOR, 2023



CRF = COVID-19 Crisis Recovery Facility

ENERGY SECTOR PROJECTS, 2023

MEMBER	NUMBER OF PROJECTS
Argentina	1
Brazil	2
China	1
Georgia	1
India	1
Kazakhstan	1
Romania	1
Turkiye	1
Uzbekistan	2

BY REGION, 2023

REGION	NUMBER OF PROJECTS
Central Asia	3
Eastern Asia	1
Eastern Europe	1
South America	3
Southern Asia	1
Western Asia	2

TRANSPORT SECTOR PROJECTS, 2023

MEMBER	NUMBER OF PROJECTS
Bangladesh	1
China	1
Côte d'Ivoire	1
Egypt	1
India	4
Singapore	1
Turkiye	1

BY REGION, 2023

REGION	NUMBER OF PROJECTS
Eastern Asia	1
Northern Africa	1
South-Eastern Asia	1
Southern Asia	5
Western Africa	1
Western Asia	1

MULTISECTOR PROJECTS, 2023

MEMBER	NUMBER OF PROJECTS
China	1
Egypt	1
Hong Kong, China	1
India	1
Multicountry	4
Singapore	1
Turkiye	2
Uzbekistan	1

BY REGION, 2023

REGION	NUMBER OF PROJECTS
Central Asia	1
Eastern Asia	2
Multi-region	4
Northern Africa	1
South-Eastern Asia	1
Southern Asia	1
Western Asia	2

COVID-19 CRISIS RECOVERY FACILITY PROJECTS, 2023

MEMBER	NUMBER OF PROJECTS
Bangladesh	1
Indonesia	2
Jordan	1
Kazakhstan	1
Pakistan	1
Philippines	5
Uzbekistan	1

BY REGION, 2023

REGION	NUMBER OF PROJECTS
Central Asia	2
South-Eastern Asia	7
Southern Asia	2
Western Asia	1

URBAN SECTOR PROJECTS, 2023

MEMBER	NUMBER OF PROJECTS
Turkiye	1

BY REGION, 2023

REGION	NUMBER OF PROJECTS
Western Asia	1

HEALTH SECTOR PROJECTS, 2023

MEMBER	NUMBER OF PROJECTS
Cambodia	1
Indonesia	1
Multicountry	1

BY REGION, 2023

REGION	NUMBER OF PROJECTS
Multi-region	1
South-Eastern Asia	2

DIGITAL INFRASTRUCTURE AND TECHNOLOGY SECTOR PROJECTS, 2023

MEMBER	NUMBER OF PROJECTS
Multicountry	1

BY REGION, 2023

REGION	NUMBER OF PROJECTS
South-Eastern Asia	1

FROM OUR PRESIDENT



JIN LIQUN

President and
Chair of the Board of Directors

This past year has been a testament to the resilience and dedication of our AIIB community. Despite daunting challenges on a global scale throughout 2023, we at AIIB unwaveringly stayed the course to make steadfast progress towards our mission of investing in Infrastructure for Tomorrow.

The global landscape remained complex in 2023. Developing countries were particularly affected by growing geo-economic fragmentation, the pervading atmosphere of a gloomy macroeconomic environment, and the severe impacts of climate change rarely seen before. In the face of such a precarious situation, AIIB's firm support for its Members was critical. Our efforts will make a meaningful difference in their economic and social growth, including uninterrupted investment in infrastructure, job creation, gender equity and improved diversity and inclusion.

Since our establishment in 2016, AIIB has made tremendous efforts to focus on strategic targets that we set for ourselves at the very outset. We have achieved more than we dared to hope, exceeding the

expectations of our shareholders and stakeholders. 2023 saw the approval of USD11.66 billion in financing, bringing the Bank's total cumulative financing approvals to USD50.47 billion. The financing covered 19 Members, of which Argentina and Romania benefitted from the Bank's financing for the first time, while the first multi-country project that originated in Hong Kong, China, will benefit neighboring Members. The 50 projects approved for the year were evenly split between sovereign and non-sovereign projects, bringing the total number up to 252 projects. Finally, we grew our staff to 537, up from 454 in 2022. Altogether, our staff now represent 69 economies, with women professionals comprising 42% of our professional staff. These accomplishments are a testament to the soundness of the strategic guidance provided by our Board of Directors, the collective efforts of our talented team and the trust placed in us by our partners and stakeholders.

Despite growing global tensions, 2023 saw the international development community come together in closer collaboration than ever. In partnership with our fellow multilateral development banks (MDBs), we agreed on a series of joint initiatives to improve the way MDBs work as a system. These initiatives aim to increase our collective financing capacity, boost joint climate action, enhance country-level collaboration, strengthen co-financing and catalyze private sector engagement. AIIB has shown dedication and innovation in driving this agenda forward. Most notably, we partnered with the International Bank for Reconstruction and Development (IBRD) to establish a new USD1 billion guarantee facility. Through this facility, AIIB guaranteed sovereign-backed loans issued by IBRD, enabling IBRD to provide fresh lending while diversifying and enhancing AIIB's own portfolio. We will continue dedicating ourselves to advancing the G20 agenda into next year and beyond.

We have also taken further innovative approaches to enhance the effectiveness of our operations. We launched two major digital projects: (a) the AIIB Client Portal, which promotes a more seamless, accessible client experience and improved operational efficiency; and (b) the InfraTech Portal, a new platform that facilitates the discovery, adoption and development of infrastructure technology, enhancing the ability of our clients and other infrastructure partners to meet the needs of the communities we all serve.

In 2023, we continued to make great strides in achieving our corporate strategy targets in climate financing, cross-border connectivity and private sector financing, which reflect our focus areas and thematic priorities.

AllIB's climate finance activities in 2023 exhibited many commendable achievements. Strong, committed and collective action is urgently needed to mitigate the disastrous effects of changing climate on people's lives and livelihoods. This year, we launched our Climate Action Plan (CAP), which consolidates our commitments as set out in our key strategies and policies. The CAP reaffirmed our commitment to aligning all new financing operations with the Paris Agreement. We attained this target in the second half of the year, with all new financing fully aligned with the Paris Agreement from July 1 onwards. This is a significant milestone. Beyond this signpost, all new investment operations will be consistent with low-carbon and climate-resilient development pathways. The CAP also clarifies the principles of our climate financing and identifies key actions to guide our investments. As part of this, we developed our own detailed technical methodology, which guides the application of the joint MDB methodological framework to AllIB operations.

AllIB's climate financing volumes continue to grow year on year. In 2023, climate finance amounted to USD3.43 billion, or 60% of total approved regular financing, up from 56% in 2022 and surpassing our target of 50% climate financing by 2025. Not only did climate finance increase as a share of the approved financings, such financing also jumped significantly in absolute value, up by USD1 billion from 2022. This reflects our continuous effort to mainstream climate financing across our investment operations—indeed, of the 37 regular financing projects this year, 31 involved climate financing as an integral component. This was driven by sizable growth in climate mitigation projects, which comprised 90% of climate financing. Going forward, we will further increase financing for climate change adaptation, particularly relevant at a time when a number of our clients are grappling with the consequences of the climate change.

Cross-border connectivity remains woefully inadequate in many Members in Asia. There is a palpable pent-up demand for new cross-border projects in transport, energy and digital infrastructure. In 2023, 32% of the total number of approved regular financing projects fell within the connectivity and regional cooperation thematic priority. More needs to be done in this area.

We continued to support projects that directly or indirectly mobilize private infrastructure financing by leveraging our balance sheet and promoting infrastructure as an asset class. In 2023, we mobilized an estimated USD3.1 billion in private capital in total, up from USD2.6 billion in 2022. This year, the major financing instruments for mobilizing private capital through non-sovereign backed projects were project loans, together with private equity fund investments.

Nonetheless, capital markets remained a crucial contributor to private capital mobilization in 2023, particularly projects supporting the continued development of infrastructure asset-backed securities (IABS) market in Asia. These projects are a crucial element of our strategy to catalyze private capital for infrastructure investment in the region by developing Asian infrastructure as an asset class for global institutional investors.

I am immensely proud of the AllIB staff who continue, year on year, to deliver our programs with unqualified commitment and esprit de corps. Our performance in 2023, thanks to the Board's guidance and the staff's hard work, has inspired confidence in the Bank as an institution and in the many impressive capabilities of our staff. We have further strengthened our governance, increased our staffing and enhanced our overall capacity. A steadily maturing AllIB is here for everyone to see. I expect that 2024 will bring its own challenges; we remain alert to these, and I am confident that we will address these challenges head on just as we did in 2023.

I thank our Board of Directors for continuing to provide strategic oversight and direction. AllIB's growth and trajectory testify to the effectiveness and soundness of our governance. The close collaboration between the Board and the Bank's Management team is the ultimate assurance that AllIB will continue to adapt and develop innovative solutions to meet the challenges of the 21st century.

It is our great privilege to work under the guidance provided by our Board of Governors and Board of Directors. We cherish the relationship with our shareholders, clients, peer institutions, CSO and NGO stakeholders, and project beneficiaries. We at AllIB will continue to deliver on our commitment to our mission of financing Infrastructure for Tomorrow in Asia and beyond.

FROM OUR BOARD OF DIRECTORS

AIIB pursued its upward trajectory in 2023, further cementing its position as a premier multilateral development bank (MDB), underpinned by its robust shareholder structure, excellent capital standing, sound balance sheet, solid portfolio and pipeline, and AAA-rating reaffirmed by the three major credit rating agencies.

The Board considered and approved several important transactions and operations during the year. One noteworthy transaction was the signing of the USD1 billion guarantee facility between the Bank and the International Bank for Reconstruction and Development (IBRD), in response to the recommendation of the G20 Capital Adequacy Framework (CAF) working group for MDBs to expand the use of financial innovation to provide additional lending headroom. The year 2023 also saw the sunset of the COVID-19 Crisis Recovery Facility (the Facility) which overall was successful and effective in meeting its objectives of helping sovereign and nonsovereign borrowers with pandemic response and recovery. By the time it closed on Dec. 31, 2023, the Facility had approved 68 projects in 26 Members, for a total amount of USD18.48 billion, enabling AIIB to mobilize resources and deploy financing swiftly as part of the multilateral system.

In the ongoing efforts to enhance the Bank's support to Members in line with its Corporate Strategy, the Board of Directors considered AIIB's Approach to Emergency Response and adopted decisions to extend Policy-Based Cofinancing as part of the Bank's broader approach to help Members respond to and recover from future eligible crises. With the Board's guidance and impetus, the Bank on July 1, 2023 also issued its methodology for assessing the alignment of its investment operations with the Paris Agreement (PA). This was followed by the launch of the first AIIB Climate Action Plan (CAP), a framework designed to guide AIIB's climate ambition from

2024 to 2030, bringing together the principles governing the Bank's climate financing while identifying crucial action areas to steer AIIB's investments in its Members.

In addition, the Board reaffirmed the Bank's robust governance. The Board had an opportunity to discuss the stock-take of progress in strengthening the Bank's governance and Board efficiency in preparation for the 2024 Comprehensive Review of the Accountability Framework. Furthermore, as reflected in the Board-commissioned Board Effectiveness Review, the Directors expressed broad satisfaction with the functioning of the Board of Directors, including the functioning of Committees, support from the Secretariat, and the Bank's culture of accountability. An external assessment of AIIB's Performance Review process for the President also noted that the Bank was at the forefront of leadership performance review practices among international financial institutions.

A key highlight of the year 2023 for our Board of Directors was the resumption of physical quarterly Board meetings and events, following a hiatus in in-person engagement due to the COVID-19 pandemic. These physical gatherings provide Board members with a valuable opportunity to engage, not only with Management and staff but also among themselves, and discuss issues, policies, strategies and projects of notable importance to the Bank, in both formal and informal settings.

Other important highlights of 2023 included the inauguration on Sep. 19 of the Bank's interim operational hub in Abu Dhabi, UAE, following the Board's approval of the Bank's Approach to Global Presence in June 2022. Likewise, there were signings of several important partnership agreements and the admission of new Members to the AIIB family.

The Board of Directors is proud of the progress made by the Asian Infrastructure Investment Bank and the achievements realized throughout the past year. We extend our gratitude to Bank staff, Management and stakeholders for their unwavering commitment and support. As we look to the future, we are excited about the opportunities ahead and remain steadfast in our mission to drive sustainable development and make a positive impact. Together, we will continue to build on our successes and work toward a brighter and more prosperous future for our Members.

**PRESIDENT
AND CHAIR
OF THE BOARD
OF DIRECTORS**



Jin Liqun

DIRECTORS

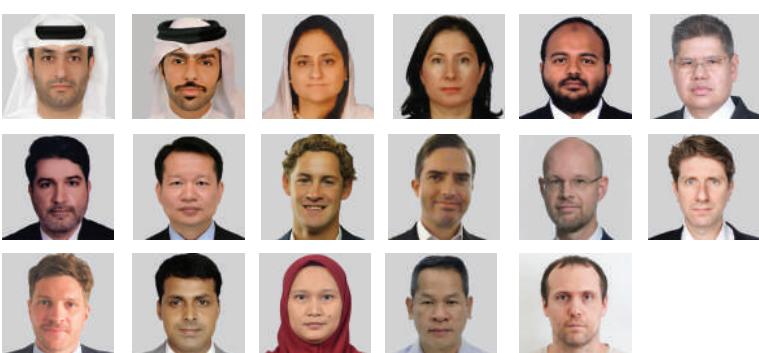


**VICE PRESIDENT
AND CORPORATE
SECRETARY**



Ludger Schuknecht

ALTERNATE DIRECTORS



(FIRST ROW FROM THE TOP, LEFT TO RIGHT)

Abdulmuhsen S. Alkhalfaf (Saudi Arabia), Bengü Aytekin (Türkiye), Shreekrishna Nepal (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), Jaehwan Kim (Korea)**

(THIRD ROW FROM THE TOP, LEFT TO RIGHT)

Adel Al Hosani (UAE), Mohammed Abdullah Al Hashimi (Qatar), Nasira Batool (Pakistan),
Cansel Şermet Kilincaslan (Türkiye), Mohamed Iaad Hameed (Maldives), Rit Syamananda (Thailand)

(FOURTH ROW FROM THE TOP, LEFT TO RIGHT)

Hossein Kashiri (Iran), Jin Lu (China), Hugo Van Dyke (New Zealand), Mark Collins (United Kingdom), Styrkär Hendriksson (Iceland), Camillo von Müller (Germany)

(FIFTH ROW FROM THE TOP, LEFT TO RIGHT)

Kevin Besancon (France), Prasanna V. Salian (India), Era Herisna (Indonesia), Angkhansada Mouangkham (Lao PDR), Asaf Shirman (Israel)

Notes: There were two By-Elections with two directors changed.

Not in photo: Yerzhan Abish, Alternate Director, Kazakhstan.

* From February 2023 onwards, succeeding Ishwori Prasad Aryal, who resigned in February 2023.

** From October 2023 onwards, succeeding Kyunghee Kim, who resigned in October 2023.

2023 SNAPSHOT OF ACTIVITIES

FEBRUARY

1

Launched our Inaugural Euro Commercial Paper Program to expand short-term funding options.

13

At the annual Host Country Engagement Workshop in Beijing, we met with representatives from China's central and provincial governments and other organizations to discuss the implementation of the Host Country Agreement and investment opportunities with local governments, financial institutions and other partners and clients in China. Participants also explored how AIIB could further contribute to its Host Country as a global corporate citizen.

9

VC Program for Green, Technology-enabled Infrastructure initiated to provide capital to early-stage companies through small-scale venture capital funds, and thus promote innovation in green and technology-enabled infrastructure for our Members.

Our inaugural Five-Year EUR Sustainable Development Bond received strong market support. Reflecting AIIB's commitment to sustainable development, bond proceeds will be used to support AIIB's mission of Financing [Infrastructure for Tomorrow](#) according to the Bank's operational and financial policies, including policies addressing the environmental and social impacts of AIIB-financed projects.

MARCH

8

Agreements to invest in the Southeast Asia Women's Economic Empowerment Fund were signed for financing small and medium-sized enterprises in Southeast Asia. This investment signifies our commitment to closing the gender gap, enhancing gender equality and maximizing the beneficial impact of our investments. Our contribution to the fund is also expected to mobilize more private capital from investors who seek to support gender-focused investments in emerging Asia.

**20-
23**

Held our first in-person Board of Directors meeting at our Headquarters since pandemic-related travel restrictions were lifted.

APRIL

**10-
16**

Joined the week-long World Bank Group-International Monetary Fund Spring Meetings to engage with global leaders, the private sector, development partners and civil society organizations to deepen and broaden international partnerships in tackling pressing global challenges and to promote concerted action to address the climate crisis in line with AIIB's own climate agenda.

19

Signed the host member agreement with the United Arab Emirates (UAE) to officially open our first overseas office in Abu Dhabi, also called the Interim Operational Hub (the Hub).

MAY

11

First issuance of the Climate Adaptation Bond, a thematic bond under the AIIB Sustainable Development Bond Framework. The 5-year bond raised AUD500 million to be allocated to projects that have an estimated climate adaptation finance portion of 20% or greater of the total project financing.

30

We joined the Asian Transport Outlook (ATO) initiative to strengthen the knowledge base on transport in the Asia-Pacific region. ATO is an open data resource that creates an institutionalized process for transport data and policy information, collection, analysis and documentation. We are supporting Phase 3 of the ATO, which runs until Nov. 30, 2024.

JUNE

6

Inaugural CHF bond debuted on the Swiss Stock Exchange and attracted strong interest from Swiss investors. The issuance attracted more than CHF200 million in investor orders, with the book closing after 20 minutes from open. The joint lead managers were BNP Paribas and Credit Suisse.

9

We approved the commitment of USD25 million to Lok Capital IV LLC – a closed-end private equity fund experienced in impact investment – with a cap of 20% of the Fund's total capital commitment and a co-investment sleeve of up to USD5 million. This is our first purely impact-focused investment in India.

JUNE

22

President Jin met with World Bank Group President Ajay Banga at the Summit for a New Global Financing Pact in Paris, France to discuss the establishment of a new guarantee facility to address G20 Capital Adequacy Framework recommendations. AIIB issued USD1 billion in guarantees against sovereign-backed loans made by the International Bank for Reconstruction and Development (IBRD), providing relief against capital constraints, thus enabling IBRD to provide fresh lending. The facility is also expected to diversify and enhance AIIB's portfolio, enabling it to increase lending to low-income borrowers.

23

MOU signed with the Agence Française de Développement (AFD) to strengthen AIIB and AFD collaboration in achieving impactful and common objectives in sustainable, resilient, and inclusive development.

26

Held the High-level Seminar on Creating Sustainable and Livable Cities in Rishikesh, India in collaboration with the G20. The seminar aimed to support policymakers in addressing the issue of sustainable and livable cities.

JULY

10

MOU signed with the China International Development Cooperation Agency (CIDCA) to jointly accelerate the attainment of the United Nations Sustainable Development Goals (SDGs). CIDCA's grant resources will support the preparation and financing of AIIB projects. The partnership is also expected to fully leverage each other's strengths and support joint strategic priorities and activities related to the SDGs.

19

Published our third Sustainable Development Bonds Impact Report, which discloses the percentage of climate finance of total project financing and SDGs mapping for all projects with initial disbursements in 2022.

AUGUST

30

Signed a partnership with Bloomberg Philanthropies to advance clean energy investment in Asia, and in particular to increase the pace and scale of clean energy deployment and capital mobilization. By leveraging our respective financial and technical resources, the partnership complements our ongoing work in supporting green initiatives across regions, developing viable pathways to net-zero and accelerating deployment of renewable energy—all geared to deliver on UN Secretary-General António Guterres' call for clean energy access for all by 2030.

SEPTEMBER

1

500th staff member onboarded. This significant growth milestone reflects our strategic business development approach to long-term sustainable growth.

19

Inaugurated the Hub in Abu Dhabi, UAE, which reinforces our commitment to strengthen regional partnerships, promote sustainable development, and support infrastructure projects for our Members. Choosing Abu Dhabi for our first overseas presence brings us closer to the front lines of our sustainable development work in the Middle East and Africa and lays the groundwork for future regional projects.

SEPTEMBER

25-
26

Eighth Annual Meeting held in Sharm El Sheikh, Egypt – our first in-person Annual Meeting since 2019 and the first hosted in the African continent.

26

AIIB grew to 109 Members with the Board of Governors' approval at the Eighth Annual Meeting of the applications of El Salvador, Solomon Islands, and Tanzania.

The Board of Governors declared Samarkand, Uzbekistan to be the venue of our Ninth Annual Meeting in September 2024.

We welcomed the USD10 million contribution of Saudi Arabia to our Special Fund Window for Less Developed Members (SFW), a facility that aims to make AIIB loans more affordable for our less developed Members by providing interest rate buy down.

We partnered with PT PLN and PT SMI to work toward achieving Indonesia's greenhouse gas reduction target and facilitate the country's transition from conventional energy sources to renewable and sustainable alternatives.

OCTOBER

14

With other multilateral development banks, we released a statement on the Marrakech Principles for Global Cooperation to strengthen collaboration for greater impact in five critical areas: scaling up financing capacity, boosting joint action on climate, enhancing country-level collaboration, strengthening cofinancing and catalyzing private-sector engagement.

16

Formalized a partnership with the UAE COP28 Presidency to mobilize much-needed climate investment capital and accelerate clean energy investments to address critical resource gaps in Asia and beyond. AIIB and the COP28 Presidency intend to develop innovative financial structures to scale up private and institutional capital mobilization, including a new blended finance structure which will drive capital into green initiatives.

NOVEMBER-DECEMBER

10

President Jin participated in the 6th edition of the Paris Peace Forum, joining French President Emmanuel Macron to report on MDBs' progress on working together as a system and scaling up much needed development and climate finance. Other high-level participants included Kenyan President William Ruto, International Monetary Fund Managing Director Kristalina Georgieva, and N.K. Singh, co-author of the G20 IEG Panel Report on MDB Reform. The session recording is available at <https://youtu.be/pr27my-uJvo>.

**30-
13**

We took part at COP28 and hosted over 28 curated events—five of which were flagship events—at the AIIB pavilion over two weeks and signed partnership agreements with several new partners including but not limited to the Food and Agriculture Organization, the United Nations Development Programme (UNDP), the United Nations Industrial Development Organization, and the United Nations Department of Safety and Security. We also signed agreements with FONPLATA Development Bank and the OPEC Fund for International Development, signifying AIIB's commitment to further exploring investment opportunities around energy transition.

DECEMBER

2

As part of our COP28 participation, we launched the [2023 Asian Infrastructure Finance report](#), titled Nature as Infrastructure, with a panel discussion. Drawing on extensive data and case studies from all over the world, the report points to opportunities to maximize nature as the most critical infrastructure. The panel discussion also explored potential solutions toward a nature-positive future.

3

At COP28, we joined other MDBs in issuing a [joint statement](#) which presented concrete and urgent actions to scale up finance and enhance climate outcomes measurement, strengthen country-level collaboration, and increase cofinancing and private-sector engagement.

31

We reached our eighth year of operation, crossed the USD11.7 billion investment mark and approved 50 projects, bringing our total projects to 252 since establishment in 2016. By end of 2023, we have invested in 19 Members, upping the total to 36 since establishment. We implemented projects in three of our Members for the first time: Argentina; Hong Kong, China; and Romania.

02

OUR GROWTH

MEMBERSHIP

In 2023, our membership expanded from 106 to 109 approved Members, comprising 95 fully ratified Members and 14 prospective ones. We now have 52 regional Members (47 fully ratified Members and 5 prospective) and 57 nonregional Members (48 fully ratified Members and 9 prospective). These Members collectively represent approximately 81% of the global population and 65% of the global gross domestic product (GDP).

Our membership grew this year with the admission of El Salvador, Solomon Islands and Tanzania as prospective Members. They are set to transition into full membership once they fulfil the necessary domestic procedures and submit their initial capital instalment to the Bank.

Moreover, Libya, Togo and South Africa have completed their membership processes, thus attaining full membership. Their accession grants them the ability to engage in AfDB's governance processes and participate in discussions regarding financing operations.







OUR GOVERNANCE IN 2023

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. The Board of Governors consists of one Governor and one Alternate Governor from each Member who serve at the pleasure of the appointing Member.

In 2023, the Board of Governors approved the audited financial statements and the allocation of net income through the procedure for voting without meeting. It also approved the extension of the deadlines for accessions of both prospective Members and prospective founding Members. Furthermore, during the 2023 Annual Meeting, under the chairmanship of the Arab Republic of Egypt (Egypt), the Board of Governors elected the Governor of the Republic of Uzbekistan (Uzbekistan) as Chair, along with the Governors of the Islamic Republic of Pakistan (Pakistan) and the Federative Republic of Brazil (Brazil) as Vice Chairs, until the next Annual Meeting in 2024.

[See Appendix 1 on the Board of Governors Voting Power \(as of Dec. 31, 2023\)](#)

Annual Meeting. The Annual Meeting of the Board of Governors is the flagship event of AIIB. Since our establishment, it has served as a platform for fostering strategic dialogues among AIIB Members and facilitating extensive engagement with key partners, business leaders, civil society organizations and experts across diverse sectors.

In preparation for the 2023 Annual Meeting, we organized lead-up events across the Middle East and North Africa. These included a session on Aug. 29, 2023 in Abu Dhabi, UAE on mobilizing finance for climate change from sovereign wealth funds and institutional investors. On Sep. 7, 2023 at the New Administrative Capital, Egypt, we held discussions with the Egyptian private sector in matters pertinent to AIIB's mission and operations with the aim of fostering cooperation.

The Eighth Annual Meeting, held in Sharm El-Sheikh, Egypt on Sep. 25-26, 2023 marked a significant milestone not only as the first in-person gathering of our Board of Governors since 2019 but also for being the first to be hosted on the African continent. The Opening Ceremony, attended by President Abdel Fattah El-Sisi of Egypt, featured a high-level panel of

Governors and business leaders. The Meeting focused on the importance of mobilizing private-sector financing for infrastructure investments to address the financing gap. We also launched our first Climate Action Plan, affirming our commitment to addressing pressing environmental challenges worldwide.

In the Governors' Official Session, the Board of Governors reviewed the 2022 Annual Report and admitted El Salvador, Solomon Islands and Tanzania as new prospective Members, expanding the Bank's membership to 109 economies. Then the Board of Governors accepted the offer to have Uzbekistan host the 2024 Annual Meeting, scheduled to convene in Samarkand on Sep. 25-26, 2024. The Governor of Uzbekistan was elected as Chair of the Board of Governors, and the Governors of Pakistan and Brazil were elected to serve as Vice Chairs.

During the Governors' Business Roundtable, discussions were held, focusing on ways AIIB could scale-up financing efforts to assist Members in tackling multifaceted challenges and transitioning toward low-carbon development pathways. While most of the discourses emphasized the importance of infrastructure development, climate action and private-sector mobilization, the nuanced insights provided by individual Members highlighted the unique challenges and opportunities faced by each. Other public engagements complemented these discussions. These included 21 public seminars on topics ranging from climate action, connectivity, governance, partnership and gender equality. The livestreams and playbacks of the public program have attracted millions of views on AIIB's social media platforms. In addition, we held at least five engagement sessions with the media and civil society, reaffirming the Bank's position as a transparent and accountable MDB of high governance and operational standards. More than 180 formal bilateral meetings and numerous informal engagements were likewise conducted.

The program also included the AIIB President's Reception, the Handover Ceremony to the Government of Uzbekistan as the host of the next Annual Meeting, signing ceremonies for several AIIB loan agreements, the reinvigoration of the sustainability initiative Act Green Together and exhibition booths of AIIB, Egypt and Uzbekistan.

Shareholder engagements. AIIB Management made significant headway in 2023 in engaging shareholders through official visits across Asia, Africa, Europe, Oceania, and North and South America. Primarily on the agenda was to hold

high-level meetings and consultations with ministers, clients and national stakeholders on AIIB's strategic direction and operations, as well as nurturing new and existing partnerships. The bilateral meetings gave a platform for interacting with senior officials, allowing them to obtain insights into AIIB's policies, strategies, and innovations. Likewise, these engagements deepened AIIB Management's understanding of Members' needs and priorities—thus ensuring that AIIB's operations align with those requirements.

Furthermore, we organized numerous events to keep an open and constructive dialogue with all our Members:

- **AIIB Forum.** Inaugurated in February 2023, the forum serves as a platform for AIIB to engage with the international community, local entities, and relevant stakeholders based in Beijing. Three forums held this year focused on debt sustainability, capital mobilization, and AIIB's Climate Action Plan, and featured panelists from international organizations such as the International Monetary Fund and the United Nations Development Programme, AIIB Member representatives, and prominent private-sector entities. The Forum has garnered significant participation from the diplomatic community, AIIB Member representatives, directors of international organizations, and leading Chinese private institutions, attracting around 100 participants at each instance.
- **AIIB Member Day.** This series, launched in 2020, aims to provide Bank staff with opportunities to deepen their understanding of AIIB Members. In 2023, the spotlight was on Egypt, being the host of the Eighth Annual Meeting. The event was organized in partnership with the Embassy of Egypt in Beijing and showcased a panel discussion with Assem Hanafi, Ambassador of Egypt to China, and Beate Trankmann, UNDP Resident Representative in China. Robust discussion expounded on how AIIB can support the UN's 2030 Agenda for Sustainable Development by investing in Members in Africa. The event also featured an exhibition of cultural artifacts and AIIB projects in Egypt.
- **AIIB Talk Series.** Distinguished speakers from AIIB Member governments are regularly invited to share insights with Bank staff.

Previous events touched upon global topics such as climate change and the importance of global foreign direct investment for national development. Past speakers included Caroline E. Wilson, Ambassador of the United Kingdom; Mahmoud Mohieldin, UN Climate Change High-Level Champion for Egypt; and Mohamed Elbadri, Ambassador of Egypt to China. In 2023, AIIB Governor and Minister for Economic Development of Hungary, Márton Nagy, spoke on global foreign direct investment, de-coupling and de-risking in the context of AIIB's thematic priorities.

- **Ambassador Luncheon Series.** Held regularly since the establishment of the Bank, this series offers an opportunity to exchange views on how AIIB could better support and deepen the collaboration with diplomatic missions of Members in Beijing.

In 2023, the Bank hosted luncheons in Beijing with ambassadors of AIIB regional Members: Azerbaijan, Brunei Darussalam, Georgia, Kyrgyzstan, Pakistan and Türkiye, as well as with representatives from non-regional Members such as Argentina, Brazil, Chile, Ecuador, Peru and Uruguay.

- **Host Country Engagement Workshop.** Held since 2022, the workshop supports structured and constructive dialogues between AIIB and major stakeholders in China where AIIB is headquartered. The workshop brings together key policymakers and partners, including representatives from central and local governments and leading business and financial institutions.

The Second AIIB-Host Country Engagement Workshop was held on Feb. 9, 2023 where President Jin and Wang Dongwei, Vice Minister of Finance and AIIB Alternate Governor for China, delivered opening remarks. AIIB Management introduced the Bank's governance, strategy and operations. Keynote speakers from the Beijing Municipal Government, the Chinese Ministry of Foreign Affairs and the China Export-Import Bank shared their vision on the strategic partnership between the Bank and the Host Country. The program also included three parallel thematic discussions: (a) strategic cooperation with local governments; (b) partnership with financial institutions and institutional investors; and (c) the role of AIIB as a global and local corporate citizen.

- **New Year Reception.** Hosted by the AIIB President, this year-end event is an opportunity for the Bank to express gratitude, foster engagement and strengthen partnerships with external stakeholders. Invitations are extended to senior officials from the government of our host country and host city, senior representatives from diplomatic missions and international organizations in Beijing, as well as a selection of clients and partners. The 2023 reception held on Dec. 14 welcomed over 600 attendees.

Board of Directors

Our Board of Directors, consisting of 12 Directors elected by our Governors, is responsible for guiding the strategic direction of our operations. This includes the formulation of policies and strategies, along with overseeing their implementation. Operating as a non-resident board in line with our lean culture, the Board of Directors exercises powers delegated by the Board of Governors. Quarterly Board meetings, supplemented by other formal and informal meetings, when necessary, ensure regular engagement with AIIB Management.

On March 20-23, 2023, the Board of Directors resumed the in-person quarterly meetings at the AIIB Headquarters in Beijing, following the end of the COVID-19 pandemic. Directors discussed the 2022 Capital Adequacy Year-end Assessment, AIIB's Approach to Emergency Response, the Review of the Oversight Mechanism and the Update to the CEIU terms of reference. AIIB Management briefed the Board of Directors on the Annual Report on the Decision on the Accountability Framework and considered the 2022 Annual Financial Statements and two investment operations at this meeting. Informal meetings included in these briefings were on the G20 Capital Adequacy Framework Review, Paris Alignment, and Private Capital Mobilization through Infrastructure Securitizations; a Board Retreat on Corporate Strategy Implementation; and a Directors' forum.

The second quarterly meeting took place on June 12-16 to update the Board of Directors on the 2023 Annual Meeting and AIIB's Approach to Emergency Response as well as two investment operations. Board briefings were likewise held on Grievance Management Practices in AIIB funded projects and the report *Asian Infrastructure Finance 2023: Nature as Infrastructure*. Two Board retreats were held: one on climate ambition

and the other on governance, alongside a Fireside Chat with the President. The Board meeting week concluded with a project visit to the Beijing-Tianjin-Hebei Low Carbon Energy Transition and Air Quality Improvement Project.

The third quarterly Board meeting for 2023 was held on Sep. 22-23 in the New Administrative Capital in Egypt, ahead of the Bank's Annual Meeting. There, Directors discussed the 2024 Business Plan and Budget Outline and approved two investment operations. Informal meetings included Board Retreat on the Business Plan and Budget, along with another Fireside Chat session with the President.

The final quarterly meeting on Dec. 11-14 took place at the AIIB Headquarters, during which the Directors approved the 2024 Business Plan and Budget and four investment operations. They then discussed AIIB's Climate Policy-Based Financing and the Proposal for Establishing an AIIB Project-Specific Window. The Board Retreat sessions for this quarter covered the Health Strategy and Stock-take toward the second Comprehensive Review of the Accountability Framework planned for 2024. The following informal meetings also took place: Board Briefings on Capital Markets & Structured Products Update, MDB Collaboration and AIIB Engagement under G20 and COP 28, Increase of Share Subscription, and External Assessment of the Process for the President Performance Review.

Further, the Board conducted two reviews, one on the 2023 Performance Review of the President, and the other on Board Effectiveness. The scope and methodology of these reviews were endorsed by the Board in March 2023. As in previous years, an independent consultant facilitated the exercise and applied a robust methodology that included a desk review, surveys and interviews with the President, Board members, Senior Management and staff representatives. The Performance Review of the President noted, inter alia, the President's strong and capable leadership and management style and his ability to detect changes in landscape and adapt to new and emerging challenges. The review also highlighted that the President effectively implements strategies approved by the Board, champions accountability and proactively reaches out to the stakeholder community. The President also seeks to build alignment during crises and appropriately promotes the continued development of AIIB's governance and operations via strategic discussions with the Board. The Board

Effectiveness Review emphasized the high level of trust in the Bank and the satisfaction in the ability of the Board to provide strategic direction while performing the right level of financial and programmatic oversight.

Board Committees

To ensure our efficient, effective and strategically grounded operation, we depend on the guidance of three committees that operate under the oversight of the Board of Directors. These committees are the Audit and Risk Committee (ARC), the Budget and Human Resources Committee (BHRC) and the Policy and Strategy Committee (PSC), which are integral components in our governance structure. They focus on financial oversight and risk management, budgeting and HR policies, and policy development with strategic alignment, collectively contributing to our commitment to operational excellence.

In 2023, the ARC engaged in key discussions on financial oversight, risk management, and strategic alignment with the overarching goals of our Bank. It ensured the integrity and transparency of AIIB's financial reporting, assessed the effectiveness of internal controls, and addressed key risks. The Committee facilitated exchanges between Management and the Board during Board Meeting Weeks, providing governance insights and recommendations on risk mitigation. In 2023, the ARC also held briefings on tax transparency, the effects of recent market dynamics on AIIB sovereign loan pricing, and ISSB reporting. Through its oversight, the ARC supported the Bank's commitment to sound financial, audit and risk management.

The BHRC advised on the development of AIIB's annual Business Plan and Budget as well as its implementation in the areas under its Terms of Reference. The Committee further facilitated discussions on personal data privacy, the staff grievance mechanisms review, staff engagement survey and the Ethics Office Strategic Action Plan.

Meanwhile, the PSC contributed to the development of the Bank's annual Business Plan and Budget and continued overseeing its implementation. The Committee received regular updates from Management on the implementation of sector strategies and the Policy on Public Information and held regular engagements with CEIU on Learning and Evaluation Activities and the Project-affected

People's Mechanism (PPM). On the latter, the Committee also initiated a review process of the PPM. Furthermore, the Committee provided insights and early comments on the development of the Health Strategy and the Climate-Focused Policy-Based Financing and held discussions on gender.

Enhancing the Bank's Governance

In 2023, Management implemented a range of Board efficiency and governance measures agreed by the Board of Directors in December 2022. These included a return to physical meetings after the COVID-19 pandemic; streamlined reporting by Management to the Board; strengthening the Committees of the Board; enhancing pre-Board briefings on projects; strengthening of e-platforms to streamline communication and enhance transparency; and greater delegation of project approval by the Board to the President.

Management actively engaged the Board in consultations throughout 2023 and, at the Board's request, launched additional initiatives to further strengthen the Bank's governance, including measures to support the capacity of Board constituencies. Following the events surrounding the departure of the former Director General of Communications in June 2023, a Board-overseen Internal Review was prepared, and the implementation of its recommendations has been reported to the Board of Directors. In December 2023, the Bank conducted a stock-taking exercise to assess progress on governance and Board efficiency in preparation for a review of the second Comprehensive Review of the Accountability Framework, due for completion in 2024. Included in this stock-take was a report on an external assessment of the process around the President's Performance Review. The report revealed that the review process is transparent and inclusive and allows the Board of Directors to effectively hold the President accountable for his performance in leading AIIB. The assessment found that this process puts AIIB at the forefront of performance reviews among international financial institutions.

International Advisory Panel

The International Advisory Panel (IAP) advises the President and senior management on the Bank's strategies, policies and general operational issues. It is composed of world-leading experts on issues related to economics, finance, business development, sustainability

and international development. The President selects and appoints IAP Members to an initial two-year term renewable on completion. In 2023, Ngaire Woods and Andrey Bugrov completed their terms, and Scott Morris stepped down after taking up an executive role in a peer institution, bringing the number of panelists to nine. In its two meetings, the IAP advised on the strategic positioning of the Bank in debates on the roles of MDBs in meeting clients' needs in areas such as climate finance.

Accountability Framework

A key element of AIIB's governance is its Accountability Framework, approved by the Board of Directors in 2018. It came into force in January 2019 and clarifies the division of

responsibility between the Board of Directors and Management, with respect to 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 to the Board of Directors project summaries based on predetermined criteria. The Board of Directors oversees the implementation of the Accountability Framework. As an important safeguard, any Director can call in any of these projects for the Board's approval if deemed necessary.

Under the Accountability Framework, the President approved 19 of the 50 projects approved in 2023.

Projects Approved by the President under the Accountability Framework

Bangladesh	Bangladesh Sustainable Economic Recovery Program (Subprogram 2)
Bangladesh	Rampura-Amulia-Demra (RAD) Expressway Project
Cambodia	Cross-border Livestock Health and Value-chain Infrastructure Improvement Project
China	Chongho Bridge Green Facility
Côte d'Ivoire	Inclusive Connectivity and Rural Infrastructure Project
Egypt	Damietta Port - Container Terminal II
Georgia	Georgia Capital Sustainability Linked Financing Facility
India	Mumbai Urban Transport Project 3A - Station Improvement
India	LOK Capital Fund 4
India	Sustainable Transport Financing
Indonesia	Boosting Productivity through Human Capital Development Program-Subprogram 2
Jordan	Additional Financing for Inclusive, Transparent and Climate Responsive Investments Program
Kazakhstan	Fiscal Governance and Financial Sector Reforms Program
Kazakhstan	Shokpar 100 MW Wind Power Project
Philippines	Build Universal Health Care Program (Subprogram 2)
Singapore	Regional Transport Connectivity Project
Türkiye	Istanbul Seismic Mitigation and Emergency Preparedness Additional Financing Project
Uzbekistan	UzPSB Energy and Water Efficiency, and Renewables Bond Investment
Uzbekistan	Masdar 897 MW Solar PV Portfolio (Samarkand, Jizzakh and Sherabad Solar PV Plants)

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 2023, new personnel were appointed to key positions, including Marvin Taylor-Dormond as Managing Director, Complaints-resolution, Evaluation and Integrity Unit, and Asma Shaikh as Director General of the Human Resources Department. Alma Dolot served as Acting Chief Internal Audit Officer until the appointment of Hwee Tin Kng as Chief Internal Audit Officer. Ricardo Dunn assumed the role of Director General of the Communications Department in an acting capacity. Finally, Hua Tian, Assistant Corporate Secretary, was appointed to head the Corporate Secretariat office.

Sanctions System

AIIB's Policy on Prohibited Practices (PPP) established a two-tier sanctions system that consists of the **Sanctions Officer** and the **Sanctions Panel**.

The Sanctions Officer, Ludger Schuknecht, was appointed by the AIIB President as AIIB's Sanctions Officer in August 2021. He is also concurrently an AIIB Vice President and Corporate Secretary. The Sanctions Officer is responsible for reviewing investigations conducted by the Complaints-resolution, Evaluation and Integrity Unit (CEIU), imposes appropriate sanctions against parties that engaged in Prohibited Practices, and reviews debarments by major MDBs under the **Agreement for Mutual Enforcement of Debarment Decisions (AMEDD)** or cross-debarment. In 2023, there were no investigations submitted for decision by the Sanctions Officer. The Sanctions Officer approved 345 cross-debarred entities for inclusion in AIIB's Debarment List.

The Sanctions Panel is composed of a Chairperson, Enery Quinones, and a member, Shoaib Suddle, who are external to the Bank and another member from AIIB, Nicolette De Witt. Members of the Sanctions Panel are

appointed by the President and are responsible for reviewing Appeals submitted by Respondents that have been sanctioned by the Sanctions Officer. The Sanctions Panel's decision is final and cannot be further appealed. In 2023, there were no cases submitted for appeal to the Sanctions Panel. During its two meetings, the Sanctions Panel worked on the development of its Rules and Procedures.

The Sanctions Officer and the Sanctions Panel joined a Bank-wide Anti-Corruption Day event on Dec. 11 to raise awareness of its work and the Bank's two-tier sanctions system.

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 our 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: complaints-resolution, evaluation and integrity. It may additionally provide independent input to the Board of Directors and the President when Management formulates and/or reviews operational policies and strategies or when otherwise agreed in the Board-approved CEIU work program. It is led by a Managing Director, who reports directly to the Board and also sits as an observer on the Bank's Executive Committee. CEIU can provide its independent and engaged perspective to the formulation creation or review of AIIB policies and strategies.

One of CEIU's current priorities, initiated in 2023, is the review of the Policy on Project-Affected Peoples Mechanism (PPM). CEIU is on track to complete this process in 2025 following a planned extensive consultation process in 2024. CEIU has advanced the delivery of two firsts in the Learning and Evaluation function: the first process assessment on the project-level Grievance Redress Mechanism and the first process evaluation on an AIIB project approved by the President under the Board's delegated authority. CEIU supported the operations of AIIB's independent Sanctions Panel and took important steps towards joining the cross-debarment agreement as required under the PPP. Additional details can be found in CEIU's Annual Activity Report for 2023.

OUR CORPORATE FINANCING

Treasury

The year 2023 saw robust funding activity, in both issuance and investor marketing, with cumulative total of USD10.03 billion equivalent funds used to service maturing debt and new disbursements to investment operations. We maintained strong access to capital markets as a premier issuer, demonstrated by our inaugural EUR and CHF benchmark transactions and our record-breaking USD 3-year SEC-registered benchmark global bond.

LIBOR Transition. We completed our transition from London Interbank Offered Rate (LIBOR) to the Secured Overnight Financing Rate (SOFR), concluding the Bank-wide LIBOR transition project that we began in 2021. As a result, we have successfully transitioned our balance sheet onto a SOFR basis for our USD assets and liabilities and addressed major residual risks.

Treasury Investment Portfolio. The Treasury Investment Portfolio (TIP), which holds the funds for the Bank's short- and long-term liquidity in various risk-appropriate instruments, yielded its strongest year in terms of returns. This was a direct result of the build out of the Treasury Investment team's capabilities and that team's locking in of higher rates over the course of the increasing rate environment of 2023. Further, our TIP is stronger in terms of continued diversification efforts and the build out of the stable income bond portfolio, established on amortized costs accounting treatment, which helps to smooth income volatility associated with the fair valued portfolios.

Office of the Controller

The Office of the Controller has oversight over the Bank's financial operations, financial reporting and internal control framework of the Bank.

External Auditor. PwC has held the role of the Bank's external auditor for the last eight years. The external auditor performs an annual audit of the Bank's financials to assess if the financial statements reflect the financial position and results of the Bank's operations in a fair manner. The external auditor also carries out an independent attestation on the effectiveness of the Bank's internal controls over financial reporting. Based on their findings, the external auditor issues a management letter to Senior Management, which sets out their observations

and recommendations for improvements on internal controls and other financial matters.

The Audit and Risk Committee 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 also receives regular updates from the external auditor on the Bank's financial reporting and internal controls.

The external auditor is prohibited from carrying out any work of an advisory nature or act in any other capacity that might compromise the independence of its audit.

Internal Control Over Financial Reporting

Reporting. AIIB uses the internal control framework promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, the 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 expressed an opinion on Management's assessment on the effectiveness of AIIB's internal control over financial reporting for the financial year ended Dec. 31, 2023. AIIB's financial statements are available online on AIIB's website.

OUR RISK MANAGEMENT, MONITORING AND EVALUATION

Our Risk Management Framework. Since the Bank's establishment in 2016, we have diligently adhered to the best risk governance practice. Our Risk Management Framework (RMF) has been instrumental in fostering a growing, diversified, and resilient portfolio, ensuring overall health since the inception of our operations eight years ago. The Bank's Risk Management Department (RMD) operates within the well-established "three lines of defense" model, with our Risk Appetite

Statement (RAS) serving as the cornerstone. This RAS has received approval from our Board of Directors. Our commitment extends to continuous enhancement of risk management practices, with a keen focus on benchmarking the best practices of our MDB peers, keeping in mind the specificities of our operating model and our limited track record.

How We Manage Risk. In 2023, despite formidable challenges, our steadfast risk management framework empowered us to consistently serve the needs of our Members and clients. Our ability to simultaneously drive substantial growth while maintaining a robust risk approach crucial for achieving sustainable expansion, especially given our current state of development and imperative of diversification.

A Coordinated, Cross-Functional, Bank-wide Response to Risk. The department is structured to address a comprehensive range of risks, including credit and investment risk, markets and quantitative risk, portfolio and framework risk, and compliance and operational risk specific to a multilateral development bank (MDB). The framework ensures effective risk mitigation and supports AIIB's mission. RMD's Restructuring and Workout Unit supervises investments where risks have materialized with a mandate to limit the impact on the Bank's capital base and reputation.

Risk Management Framework and Risk Appetite Statement. The cornerstone of our RMF lies in the Bank's RAS, which has received approval from our Board of Directors. This statement actively engages the Board and its Audit and Risk Committee in strategic risk deliberations.

The RAS not only defines our appetite for core and noncore risks but also underscores our low tolerance for risks that could jeopardize the institution or compromise the Bank's mandate, such as reputational or compliance-related risks. It establishes thresholds for key risk indicators across multiple tiers, which are then regularly reported to management and the Board of Directors. Any breaches or deviations trigger action plans to steer both Investment and Treasury operations. Our risk culture reinforces the RAS and is complemented by ongoing training and heightened awareness of the risk landscape.

Since 2016, AIIB has consistently adhered to best practices in risk governance. Our RMF has been instrumental in fostering a diversified and robust portfolio, supporting healthy growth over the past

eight years. The RMF is comprehensive enough to cover a wide spectrum of risks. Following the three lines of defense model, we maintain a clear separation of duties to effectively identify, measure, monitor and control risks. Our diligent implementation of the RMF has garnered positive feedback from the three major rating agencies.

Well Regarded by External Rating Agencies.

Over the past seven years, starting from 2017, Fitch, Moody's, and S&P Global Ratings have consistently reaffirmed our AAA rating. Within S&P Global Ratings's assessment, AIIB was assigned a 'very strong' enterprise risk profile and an 'extremely strong' financial risk profile. It acknowledged that AIIB's financial strength remains among the strongest in multilateral lending institutions. In addition, it was noted that AIIB's preferred creditor treatment was tested and remains very strong. Fitch emphasized AIIB's 'excellent' capitalization and 'aaa' liquidity assessment, while Moody's acknowledged the Bank's solid capital adequacy, strong liquidity and very high shareholder support. It acknowledged that AIIB has established its risk management practices with the highest standards in mind, on par with the strongest MDBs.

Credit and Investment Process. The Credit & Investment Risk team works closely with the Investment Operations teams and acts as an effective second line of defense by ensuring that transaction level risks are identified, assessed and mitigated through appropriate structuring to ensure the robustness of the credit quality of the portfolio.

Capital Markets Risk and Quantitative Analytics.

To provide support and increase the capabilities of the Market Risk team, a reorganization took place involving the Quantitative Analytics team. This reorganization aimed to facilitate the Bank's continued business growth. As a result, a comprehensive review was conducted on the RMF, risk assessment methodologies, reporting and relevant systems to strengthen the management of market, liquidity, and counterparty credit risk across the Bank's balance sheet. Furthermore, in 2023, we established governance and risk processes to initiate non-USD funding pools. This strategic move was made in response to the growing demand from our clients. Enabling non-USD funding pools will allow us to better serve our clients and expand our offerings.

We also made efforts to further advance the Bank's analytics, enhancing the digitalization

of risk dashboards. This will contribute to the Bank's continuous growth by enabling better risk management, improved decision making, increased efficiency and better client service.

Compliance and Operational Risk. The mission of the Compliance and Operational Risk (COR) function is to protect the integrity and reputation of the Bank, and to strengthen the Bank's accountability and transparency. The COR team assists in the identification, assessment, management and monitoring of compliance and operational risks arising from the Bank's activities or from the occurrence of external events. It is responsible for efficient management and oversight of the Bank's exposure to compliance and operational risk and provides advice to the Chief Risk Officer (CRO) and Senior Management on how the Bank can effectively manage such risks.

In May 2023, we were granted Observer status at the [Global Forum on Transparency and Exchange of Information for Tax Purposes](#). This milestone aligns with our efforts to develop and implement a robust tax transparency framework that will support our investment operations teams in effectively addressing related issues and facilitate discussions with our Members.

Portfolio Management and Framework. At the Portfolio level, we have a solid and well-regarded RMF in place. We are continuously working on adjusting various parameters to ensure effective risk management. This includes concentration limits, Weighted Average Credit Rating (WACR), Expected Credit Loss (ECL), Loss Given Default (LGD) and Economic Capital (ECap), based on best practices in the industry. We also conduct stress analysis to assess potential risks and report findings to the Board of Directors.

We responded to the G20 CAF Working Group recommendations, taking into account the unique characteristics of AIIB and its Aaa rating. Furthermore, we amended our metrics and parameters to align to industry and peer best practices. This helps maximize the Bank's lending potential. Collectively, these initiatives have increased our lending capacity for lower-rated borrowers by USD15 billion over a period of 10 years.

Restructuring and Workout. We have a dedicated team of recovery specialists who deal with non-performing exposures, participate in the identification of projects with potential issues and feed lessons learned from problem projects back into the new investment process.

CREDIT RATINGS, 2023

Ratings	Fitch Ratings	Moody's	S&P Global Ratings
Long-term	AAA	Aaa	AAA
Short-term	F1+	Prime-1	A-1+
Outlook	Stable	Stable	Stable





OUR INTEGRITY PRACTICES

Ethics Office

Our Ethics Office advocates for and implements ethical standards among Board Officials and Bank Personnel. As administrator of the Code of Conduct for Board Officials, and custodian of AIIB Values and Code of Conduct for Bank Personnel, the Ethics Office proactively commits to instilling ethics and compliance across the organization, thus contributing to institutional development aligned with AIIB's Corporate Strategy.

Strategic Plan. In 2023, the Ethics Office formulated a Three-Year Strategic Plan to cover July 2023 to June 2026 and prepare AIIB for its first decade of operations. The strategy prioritizes enhancing policy effectiveness, fostering an ethical workplace culture through awareness-raising and engagement, preventing ethical breaches, strengthening compliance through accountable ethical risk management and promoting professional and business ethics within the Bank. The Ethics Office issued its first Annual Report to communicate its efforts and achievements according to the Strategic Plan. This Annual Report represents the Ethics Office's commitment to disclose its operations and activities transparently with all stakeholders, which is the standard practice of ethics offices of MDBs.

Policy Formulation. The Ethics Office contributed to the revision of the Staff Grievance Mechanisms and formulation of scope for the operation of the Grievance Coordination Committee, which will help the Bank respond to systemic issues that may impact its reputation and the well-being of its personnel.

The Ethics Office has taken proactive measures to enhance ethical practices within the Bank. These initiatives aim to establish robust policies that offer additional safeguards, especially for individuals in integrity-sensitive roles. The objective is to ensure that all Bank Personnel maintain high standards of ethical and market conduct in their daily activities related to financial and capital market investments. As part of these efforts, the Ethics Office is currently developing rules and procedures for declarations of financial interest for integrity-sensitive positions and for business conflicts of interest. This is expected to be completed and implemented in 2024.

SPEAKING

ENCOURAGED

PROTECTED AGAINST RETALIATION?

REPORT RETALIATION REQUEST PROTECTION AGAINST SAME?

Constructively dissenting with management decisions.

In AIIB, the Ethics Office is mandated to receive and handle retaliation claims and related requests for protection against

Read more ethicsoffice@aiib.org

Ethics Guidance Note.

AIIB

Internal Activities. Following AIIB's Lean core value, the Ethics Office also streamlined its operational system, employing a case management system to ensure the efficiency, consistency and confidentiality of various functions, including advisory and authorization services, financial statement declarations and investigations.

Office of the 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 Ombuds Association (IOA). 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 and visits the Interim Operational Hub, gives presentations to AIIB departments, and organizes information campaigns and training courses.

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

Respectful Workplace Advisors. The Respectful Workplace Advisors (RWA) Program was established in April 2021 as an informal service to foster a respectful workplace environment for all AIIB staff. RWA's 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. The term of the inaugural RWAs expired in early 2023. A selection committee was formed to select six RWAs as replacements and decided that their tenure should be changed from two years to three years to enhance continuity.

Internal Activities. OMB regularly disseminates a newsletter to promote awareness about the OMB and the RWA Program, to ensure that Bank staff are aware of OMB's mandate and how it can help with workplace concerns. To promote a respectful workplace culture, it also produced a video to promote a speak up culture and provided training on conflict resolution.

Internal Audit Office

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

In 2023, the IAO accomplished its objectives by bringing a systematic and disciplined approach in assessing whether the key risks of the Bank

are adequately and effectively managed. IAO also welcomed the new Chief Internal Audit Officer (CIAO) who brings with her more than 30 years of commercial banking experience as the Executive Director and CEO of the China subsidiary of a leading Singapore bank.

Providing Internal Audit Assurance. This year's work program covered providing assurance over our nonsovereign-backed financing (NSBF) equities, AIIB's administrator role in Multilateral Cooperation Center for Development Finance (MCDF), outsourcing services management, cybersecurity, legal and corporate secretary processes. IAO also undertook a review and update of the Risk Assessment and Audit Planning Methodology and commenced the Audit Methodology Update and Transformation Project.

IAO aligned with the best practices of multilateral financial institutions (MFIs) by actively participating in and sometimes leading discussions in evolving topics like ESG. It also provided timely comments to two exposure drafts of global standards such as the Global Internal Audit Standards and International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements.

RESPECTFUL WORK ENVIRONMENT

DO

- ✓ Be aware of diversity
- ✓ Treat colleagues the way they can reasonably expect to be treated: with respect and dignity
- ✓ Be mindful of your words and actions and how they might have a negative impact on others
- ✓ Be respectful with your colleagues and manage disagreements in a constructive manner
- ✓ Familiarize yourself with the Bank's rules and procedures on Respectful Work Environment, including the Guidance Note on the same topic:
 - to be able to identify inappropriate and unacceptable behavior and
 - to know how to respond and get help when needed
- ✓ Speak up so incidents of inappropriate behavior can be addressed

DON'T

- ✗ Use culture as an excuse for inappropriate behavior
- ✗ Engage in any rude behavior, temper tantrums or gossip-mongering
- ✗ Be dismissive of other people's ideas or be insulting
- ✗ Engage in unacceptable behavior, such as discrimination, harassment, sexual harassment, bullying or abuse of authority

AVAILABLE RESOURCES

- Supervisors.** Supervisors can address staff complaints about conflicts and unacceptable behavior within the team.
- Human Resources Department.** HR Business Partners can advise on any question related to the Respectful Work Environment.
- Respectful Workplace Advisors.** Respectful Workplace Advisors can be consulted on a confidential basis to explore options to address conflicts.
- Ethics Office.** The Ethics Office is mandated to provide confidential informal advice on a respectful work environment and to receive complaints of unacceptable behavior.
- Office of the Ombudsperson.** The Office of the Ombudsperson facilitates the informal resolution of workplace disputes in an independent, impartial and confidential manner.

AIIB's CLEAN VALUE requires Bank Personnel to always act in good faith and treat colleagues with dignity and have respect for the rights and dignity of persons. The Bank has established a zero-tolerance policy on unacceptable behavior.

MANAGEMENT commits to take active steps to prevent any unacceptable behavior at the workplace, and to act promptly whenever reports of unacceptable behavior are received.

OUR PARTNERSHIPS

Our partnership work aims to mobilize external technical and financial resources to support AIIB's investment operations, as well as optimize the Bank's engagement in the global development architecture and with regional cooperation mechanisms. To strengthen our efforts in this regard, we created the Operational Partnership Department (OPD) in August 2022.

We work closely with peer MDBs, IFIs, UN agencies, global and regional fora and programs, multilateral and bilateral development institutions, and philanthropic organizations to mutually leverage resources, share knowledge, build capacities and coordinate efforts in infrastructure financing. A list of partners whom AIIB signed partnership agreements with can be found at [Partnerships \(aiib.org\)](https://aiib.org/partnerships).

Contributing to Global Policy Discussions on MDB Reforms

MDB Reforms. We have been actively engaged in global discourse surrounding MDB reforms, working closely with fellow MDBs through the Heads of MDBs Group and engaging with the G20 Independent Experts Group (IEG) on how to strengthen the MDBs as a system. During the 2023 World Bank Annual Meetings in Marrakesh, we joined nine fellow MDBs in issuing an historic joint statement to strengthen collaboration in five critical areas: increasing financing capacity, boosting joint climate action, enhancing country-level collaboration, strengthening cofinancing and catalyzing private-sector engagement.

Throughout the year, we also took a proactive approach to implementing the recommendations of the G20 CAF Review. We worked closely with the World Bank to guarantee USD1 billion of sovereign-backed loans by the International Bank for Reconstruction and Development (IBRD).

This strategic move signifies our commitment to maximizing synergies with our peer MDBs and is intended to free up IBRD's lending headroom and alleviate capital adequacy constraints. It also enabled us to diversify our portfolio while increasing our Bank's capacity to lend to lower-rated borrowers.

Promoting the Bank's Climate Agenda at COP28

The 2023 United Nations Framework Convention on Climate Change Conference (COP28) was held from Nov. 30 to Dec. 12, 2023 at Expo City, Dubai, hosted by the UAE. This year marked the first time that we had our own pavilion, strategically located in the Blue Zone. At the conference, we sought to develop strong partnerships to boost climate action, deliver holistic approaches across climate mitigation, adaptation and nature and boost tailored innovation for greater impact.

AIIB's active role at COP28 reflects our commitment to serving as Asia's climate partner, and financing infrastructure investments that address the climate challenge within the region and beyond. Having our own pavilion also provided us with a platform to showcase our brand, mission and accomplishments, while fostering meaningful engagement with key stakeholders through the conference's networking opportunities. We hosted over 28 curated events at the AIIB pavilion over the span of two weeks, of which five were flagship events, and signed partnerships agreements with several new partners including but not limited to the Food and Agriculture Organization, the United Nations Development Programme, the United Nations Industrial Development Organization, and the United Nations Department of Safety and Security. We also signed agreements with FONPLATA Development Bank and the OPEC



Fund for International Development, signifying AIIB's commitment to further exploring investment opportunities around energy transition.

AIIB Senior Management participated in several high-level speaking engagements, further promoting AIIB's climate agenda. We also partnered closely with other MDBs, contributing to nine events at the joint MDB Pavilion. MDBs decided we should ensure consolidation, therefore, the joint MDB statement for COP28 included a summary on water and climate, health and climate, and gender and climate. As a member of the MDB community, we endorsed the [Joint MDB COP28 statement](#), as well as two additional documents: the Common Principles for Tracking Nature, Positive Finance and the Health and Climate roadmap. Finally, we also endorsed the [COP28 Declaration on Climate, Relief, Recovery and Peace](#).

Expanding Partnerships for Resource Mobilization.

To meet the need for greater cofinancing opportunities and unlock access to concessional blended resources and TA finance, we expanded our range of partners, formalizing our collaboration with priority institutions to access over USD152 million in concessional resources. These partnerships reflect the thematic priorities listed in our Corporate Strategy. They will help the Bank meet its committed targets and bring additional value to meet Members' needs.

During 2023, AIIB signed an agreement with the Chinese Development Cooperation Agency (CIDCA) to mobilize CIDCA's grant resources to support the preparation and financing of AIIB projects. We also formalized a partnership with Bloomberg Philanthropies to jointly develop innovative structures to mobilize private-sector capital. We continued our engagement with the International Renewable Energy Agency (IRENA) and the Global Energy Alliance for People and Planet (GEAPP) on clean energy investments.

This year marked a first for us in establishing partnership agreements with UN and technical agencies to scale up external technical expertise and help build a quality project pipeline. As an example, our newly signed partnership with UNDP will allow us to:

- (a) Access over USD50 million in concessional funding from vertical climate funds, such as the Global Environment Facility (GEF) and the Green Climate Fund (GCF);

- (b) Adopt, where relevant, development impact monitoring tools; and
- (c) Access expertise in innovative financing mechanisms of the UNDP's Sustainable Finance Hub.

Through an innovative "retail to wholesale" approach to resource mobilization, a number of small-scale (less than USD1 million) project preparation agreements were reached with partners such as the Alliance to End Plastic Waste, the Cities Climate Finance Gap Fund, the Cities Development Initiative Asia and the Global Center for Adaptation. We have plans to double down on these partnerships to scale up the volume and impact of these resources against our pipeline over the next two to three years.

Enhancing the Bank's Reputation in Regional and Technical Forums.

During 2023, AIIB actively engaged with regional platforms such as the Association of Southeast Asian Nations (ASEAN), the Greater Mekong Subregion Economic Cooperation Program (GMS) and the Central Asia Regional Economic Cooperation (CAREC) program to promote regional cooperation and development with key development partners. An example is our new partnership with the Islamic Development Bank and MCDF for supporting the identification and early development of regional connectivity initiatives in Central Asia.

AIIB continues to chair the Digital Infrastructure Regulatory Risk (DIRR) Forum, initiated three years ago as an informal platform for MDBs to exchange knowledge on risk management and regulation related to the digital economy. We are working on institutionalizing the MDB-led DIRR Forum by bringing in strategic partners and donors that have pioneered groundbreaking cyber regulations and digital public infrastructure solutions. With a formalized structure and governance in place, the Forum will be able to better influence and advise on digital infrastructure regulatory requirements.

Enhancing Our Global Presence through the Interim Operational Hub.

AIIB's Interim Operational Hub is strategically located to facilitate connectivity to the Bank's global membership. This year, we leveraged the Hub's advantageous geographical location to further boost our Bank's global presence and build impactful partnerships. The Hub played a pivotal role in facilitating AIIB's participation at COP28 and our first partnership agreements with the Abu Dhabi Global Market (ADGM) and the National Infrastructure Fund (NIF) of Saudi Arabia.

PARTNERSHIP DASHBOARD

AIIB Partners with Signed Cooperation Instruments



AIIB ALSO ENGAGES WITH REGIONAL AND GLOBAL PLATFORMS:

- Group of 20 (G20)
- United Nations Climate Change Conference* (COP)
- MDB Heads Group
- United Nations General Assembly (UNGA)
- Finance in Common Summit (FICS)
- Association of Southeast Asian Nations (ASEAN)
- South Asia Subregional Economic Cooperation (SASEC)
- Greater Mekong Subregion (GMS)
- Central Asia Regional Economic Cooperation Program (CAREC)
- Greater Tumen Initiative (GTI)
- Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT)



Note: Institutions are mapped based on the location of their headquarters. The map and any boundaries depicted are not true to scale and are visual representations of the partners' locations provided for reference only. This map does not represent the view of AIB as to the legal or other status of any territory or area.



OUR ENGAGEMENT WITH CIVIL SOCIETY

Our engagement with civil society organizations (CSOs) continues to evolve considering their diversity, capacities and the crucial role that they play – from local and grassroots organizations complementing service delivery within communities to international advocacy networks engaged in AIIB's policies and operations. At our 2023 Annual Meeting, AIIB Management Dialogue—a dedicated platform for CSOs to engage with AIIB leadership—close to 30 CSO representatives participated in open exchanges on issues of concern to CSOs, ranging from projects to policies and topics such as the Project Affected Peoples' Mechanism (PPM) review, climate, gender and information disclosure, among others.

Throughout the year, we reached out to CSOs to seek their feedback and align on shared priorities as well as address project-related concerns. For one, we conducted a survey between March and May 2023 to solicit input on CSOs' and NGOs' experiences and perspectives regarding their engagement with AIIB. Their valuable input in turn informed our thinking and approach to enhancing engagement with them.

OUR CULTURE AND OUR PEOPLE

By Dec. 31, 2023, the Bank had 551 staff members, including 537 professional staff and 14 support staff. There were 223 women professional staff, representing 42% of total staff. Our professional staff are from 69 economies, with 70% from regional economies.

In addition to staff members, our individual consultants and secondees contribute across various business areas. Likewise, a group of outsourced staff providing crucial support on administrative and technical works are indispensable to the Bank and ensure seamless day-to-day operations across the organization.

At AIIB, our commitment to supporting our people extends beyond professional growth to encompass their overall well-being. In 2023, we continued to prioritize initiatives aimed at fostering our culture that celebrates diversity and inclusion, and provide our people with the necessary resources to harmonize their work responsibilities, personal commitments and overall well-being.

Young Talent Programs. In 2023, our Young Talent Programs (YTP) demonstrated exceptional growth and impact, solidifying our commitment to nurturing the next generation of international development professionals. The 2023 YTP Cohort, comprising the Graduate Program (GP) and Legal Associate Program (LAP), welcomed 44 talented individuals from 24 economies. Notably, 64% of the participants were women, reflecting our dedication to foster gender diversity and inclusion. These promising individuals underwent rigorous training tailored to their respective fields, equipping them with the skills and knowledge necessary to excel in their roles. On the other hand, our Internship Program continued to thrive as we welcomed aspiring international development professionals, both onsite and remotely, to engage in immersive on-the-job learning experiences. This dynamic program provided participants with invaluable opportunities to gain firsthand insights and practical skills across multiple business functions, nurturing the next generation of global leaders in development finance. Through tailored assignments and workshops, interns were empowered to contribute meaningfully to our organization's mission while they hone their talents and expand their professional networks. We remain committed to continually fostering talent and cultivating a diverse pipeline of development professionals who will drive positive impact and innovation within AIIB and beyond.

Staff Well-being. Since its inception in 2022, the Well at AIIB program has raised awareness and equipped our staff with resources to support their wellness at work and beyond. In 2023, we expanded the program by collaborating with international providers to offer a diverse range of workshops, information sessions and counseling services. These sessions covered popular topics such as "Managing Emotions for Our Wellbeing," "Mindfulness," "Financial Wellbeing," "Strengthening Boundaries to Relieve Stress" and "Sleeping and Health." As an extended coverage of existing medical insurance plan, AIIB launched a fertility support program to staff who need fertility-related medical assistance and treatments.

Flexible Working Arrangements. Recognizing the challenges faced by staff during the pandemic, a series of flexible working arrangements were initiated, particularly during the period when international travel was challenging. As the situation evolved, we further enhanced these arrangements to provide increased flexibility across locations. Staff were given the option to work remotely from any location, with no cap on working within the



city of their scheduled working location (SWL). Additionally, they can work outside their SWL city for up to 30 working days per calendar year. This initiative was overwhelmingly well-received, with over two-thirds of our staff availing themselves of these arrangements since its launch in September 2023.

Diversity and Inclusion Initiatives. In our ongoing commitment to diversity and inclusion, we launched two significant programs in 2023: the AIIB Women Speaker Program and the Women Mentorship Program. The former program provides intensive training opportunities to women staff to support their increased participation and exposure in presentations, panel discussions and other public engagements. The mentorship program, on the other hand, pairs senior women professionals with Senior Management mentors to foster leadership development. Both are complemented by a series of webinars on topics such as executive presence, confidence-building and personal branding. These initiatives underscore our dedication to promoting gender diversity and supporting the professional growth of women within AIIB.

Fostering Continuous Growth and Excellence. In 2023, we continued our commitment to recognize and reward high-performing staff and support their learning and development needs to foster a culture of continuous growth and excellence.

We introduced "Applause," our innovative online employee reward and recognition platform, to allow staff to acknowledge each other's achievements and celebrate each other's journeys at AIIB. We organized training programs to equip staff with the expertise necessary to excel in the

dynamic field of infrastructure development. Throughout the year, more than 460 personnel benefited from the collective total of 104 days of internal training while over 159 personnel received sponsorship for external learning.

A wide range of comprehensive training programs, encompassing technical, soft skills and leadership development, were offered to enrich the knowledge and capabilities of our staff. Our technical training initiatives aim to equip staff with specialized knowledge and expertise essential for infrastructure development. Recognizing the significance of soft skills in facilitating effective communication, collaboration and diversity and inclusion, AIIB invested in enhancing these competencies among its workforce.

Staff Council. Established in August 2021, the Staff Council serves as a platform for engagement between staff members and for consultations between staff members and Management on matters relevant to employment and general welfare. In 2023, the Staff Council

continued to solidify its institutional footing, through revising its Terms of Reference, updating election regulations, conducting its third election cycle, and facilitating the smooth transition of new Representatives into their roles. As the Bank transitioned from COVID-19 to a new normal, the Staff Council has successfully advocated for advancements in flexible working arrangements.

Furthermore, the Staff Council continuously engaged this year with staff, Management and the Board of Directors on issues critical to staff employment and welfare, especially in relation to compensation and benefits, staff grievance redress mechanism, support for spouses and partners, changes to the salary increase implementation, performance management and recognition, among others. It also engaged with other IFIs' staff associations for peer learning and has enriched the AIIB community with its active facilitation of staff-led clubs and initiatives ranging from fund drives to organizing various cultural, historical, well-being and charity events.



Personal Data Privacy

Our Policy on Personal Data Privacy (PPDP) and Directive on Personal Data Privacy (DPDP) set forth the key principles and guidelines of how AIIB will manage personal data responsibly. In 2023, the Data Privacy Program adopted a holistic approach to protect personal data. As a first step, per the provision of DPDP, we filled the position of the Bank's Data Privacy Officer (DPO) through an open competition, following the practices of other MDBs. We identified data privacy-related risks and taken measures to strengthen organizational capacity to mitigate them. To this end, we conducted the Privacy Impact Assessment (PIA) of the Bank's key processes and systems. We also added Privacy Notices, Privacy Statements and Consent provisions to major events, portals and systems of the Bank. Additionally, we put considerable effort into data protection measures through integrating privacy requirements in corporate procurement contracts and establishing Bank-wide data breach notification and management practices. We also organized data privacy training and awareness sessions for key departments and staff handling sensitive personal data to enhance awareness.

As a significant element of the Data Subject's rights, we responded timely to all Data Subject Access Requests (DSAR) as received through various channels. In addition, we continued to participate actively in the MDB Data Privacy Forum and Symposium to remain aligned with the policies and best practices of our peer IFIs.

Policy on Public Information

2023 marked the fifth year of the adoption of the Policy on Public Information (PPI)—AIIB's policy to promote transparency on Bank operations.

In addition to leveraging IT systems to track disclosure, we organized continuous awareness-raising campaigns and capacity building to maintain high compliance with the PPI. In terms of proactive public disclosure of information, almost all financial, institutional and operational information was disclosed in a timely manner under relevant requirements. In terms of responses to information requests, we processed 421 (17%) more information requests in 2023, compared with 2022 within the required timeframes.

To strengthen oversight of the Board of Directors on the PPI, beyond submitting quarterly PPI reports in full, we introduced a dynamic dashboard to the Board that provides an overview of quarterly PPI results. The dashboard also serves as a PPI knowledge repository with flowcharts on the information disclosure process and related terms.

As part of ongoing efforts, we provide Bank-wide training on the PPI and relevant policies governing information disclosure leveraging multiple communication channels and drawing experiences from peer multilateral institutions, as we continue to enhance our IT systems and improve the user experience for access to information.

OUR ORGANIZATION IN 2023

Our Headquarters and Other Offices

Headquarters

In 2023, we made significant improvements and various renovation projects to improve the working environment for Bank personnel at the AIIB Headquarters in Beijing and to meet the growing demands of our employees. These included services and facilities, including new vegetarian self-service options at the staff canteen and new recreational facilities, such as a new badminton court and table tennis court, to enrich the leisure time of our employees. Additionally, we implemented a new workplace strategy report through active communication with management and staff.

Aligning Our Internal Operations with the Paris Agreement

We are committed to following the best practices of MDBs in accounting for greenhouse gas (GHG) emissions. We aim to lead by example in managing our own carbon emissions and align our internal activities with the objectives of the Paris Agreement. In line with this commitment, we published the 2022 AIIB Carbon Footprint Report, which provides comprehensive information on our organization-wide GHG emissions.

To reduce our carbon footprint, we initiated a transition from purchasing electricity from the state grid, which is predominantly coal-based, to procuring green electricity. We signed power purchase agreements with local electricity

suppliers to provide green electricity to our Headquarters starting from Jan. 1, 2024 and installed solar panels.

As part of our efforts to promote the concept of low carbon, we organized an art exhibition at the AIIB Headquarters building. A large number of Bank employees, visitors and members of the community interacted with the exhibition.

Social Responsibility as a Global and Local Corporate Citizen of the Host City

As an MDB headquartered in Beijing, AIIB actively participates in strategic cooperations and contributes to the sustainable development of the city. In collaboration with the Beijing Municipal Forestry and Parks Bureau, we implemented initiatives focused on climate change and biodiversity. One of these initiatives involved the construction of the Beijing Bird Intelligent Monitoring Platform, which uses artificial intelligence voice recognition technology for real-time monitoring of the species, distribution and activity patterns of birds in Beijing. The platform provides valuable data for bird conservation and decision-making in the city. We also compiled a book titled "100 Common Birds of Beijing," which will be officially published in January 2024 by the China Forestry Publishing House. Further, we co-organized various public welfare activities, including the International Day for Biological Diversity, climate change initiatives and hiking events with minimal environmental impact. These activities attracted the participation of more than 2,000 members of the public and aimed to support Beijing in becoming a wildlife-rich, wildlife-friendly and low-carbon capital city.





Supporting Corporate Culture Building

In 2023, we organized nine staff events and actively participated in 32 small and medium-scale activities, including the Year-end Party Orchestra Concert, Tree Planting Family Day, Table Tennis Competition, Staff Photography Competition, Art Exhibition and New Year Concert. These activities played a crucial role in fostering our corporate culture by promoting diverse cultural experiences, music and art appreciation, and raising awareness on carbon emission reduction, environmental protection and physical and psychological well-being. The activities created multiple avenues for staff well-being and contributed to the development of a respectful workplace environment.



In collaboration with the Staff Council and cultural community, we hosted events such as the Diwali Celebration, Thai New Year, Eid Celebration, Africa & Caribbean Day and Travel Day Charity Auction. These events celebrated the diversity of cultures within our staff and members. The traditional yet innovative form and content of these events received high praise and appreciation from our staff.

Furthermore, we organized themed art exhibitions in collaboration with the Central Academy of Fine Arts and photography exhibitions highlighting the diversity of birds in partnership with the Beijing Academy of Forestry and Landscape Architecture. These exhibitions facilitated discussions among AIIB staff on important environmental issues such as the historical impact of human activities on the environment and nature's biodiversity. The activities imparted a deeper understanding of these issues and cultivated environmental awareness.



Interim Operational Hub

We signed a Host Member Agreement with the UAE on April 19, 2023 to open our first overseas office in Abu Dhabi, the Interim Operational Hub (the Hub). The Hub officially began operations on Sep. 19, 2023 and as of Dec. 31, 2023, 26 out of 27 staff members had completed their relocation. The office is piloting Activity-Based Workspaces to promote optimal efficiency, collaboration and adaptability. The establishment of the Hub has facilitated our operations and strengthened our support for our clients and our projects.

Our Investments in Technology

Our IT Department (ITD) focuses on enhancing the customer experience and upholding operation and IT excellence. In 2023, ITD continued to accelerate AIIB's digital capabilities, streamlining and collaborating on digital operations while providing coherent business operation data. Through various initiatives, ITD expanded the Bank's digital capabilities while fostering a culture of continuous learning and collaboration.

System Integration. The integration of the Investment Management Information System (iMIS) with nine distinct business applications resulted in a streamlined investment process, improving AIIB's client responsiveness and operational efficiency. Also implemented was the budget control functionality with real-time budget checks and controls to ensure accurate and up-to-date budget commitment data and promoting transparency and timely control in budget utilization. The data platform was connected to over 10 business applications with automated data pipelines and orchestration mechanisms. The system loads and transforms data daily, enabling more reporting and data insights capabilities.

Enhancing User Experience. In 2023, the second phase of the Project Procurement Management System (PPMS) was completed, providing a user-friendly interface for borrowers to exchange information during the project procurement process. The Digital Transformation Working Group kicked off two pilot projects, the AIIB Client Portal Project (ACP) and the InfraTech Portal. The ACP, which was launched in mid-2023, will upgrade the way AIIB interacts with its clients and introduce a level of efficiency and accessibility that matches the best practices of our peers in the development finance sector. The InfraTech Portal, on the other hand, is a free, neutral and public digital platform developed to increase adoption and development of infrastructure technology. InfraTech solution providers, among others, may upload and share their solutions and use cases, which in turn can be explored by infrastructure owners or operators, investors and other interested parties. Both projects are envisaged to enhance the client experience.

We also prioritized the automation of operations and efficient resource management, offering better digital offerings for various stakeholders. The beta versions of Chatbot for AIIB, powered by AI and ChatGPT, improved daily operational efficiencies for AIIB personnel. Likewise, the Digital Twin use case of the AIIB HQ building showcased the potential of digital technology in ongoing and future projects.

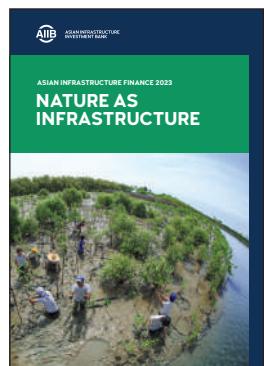
Outfitting the Hub. ITD played an integral role in the opening of AIIB's first overseas office in the UAE. By actively participating in the planning, design, fit-out, installation and inspection, we were able to deliver comprehensive IT services, ensuring seamless operation at the Hub.

Promoting Innovation. We introduced the "Dive into Digital" series, which explores digital trends to inspire colleagues with innovative ideas. Through this program, innovative products or demos were built, including on the use of AI mixed reality in projects and ChatBot for AIIB. The series also showcased four disruptive technology solutions in events and hosted the sharing of digital innovation trends and experiences around themes such as AI/ChatGPT, mixed reality, digital twin and decarbonization of the cloud.

Increasing Security. Also launched this year were holistic solutions and automation to identify and mitigate potential cyber threats, enhancing cyber threat perception. The completion of the Cyber Security Maturity Assessment (CSMA) laid out a roadmap for security development over the next three years, safeguarding AIIB's digital landscape in areas such as innovation and cloud infrastructure.

OUR KNOWLEDGE PRODUCTS

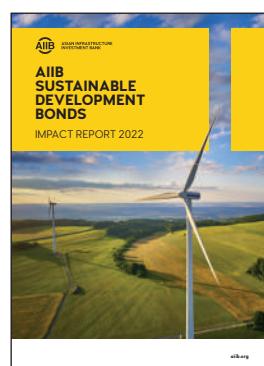
2022 Annual Report. Each year, we publish an annual report that summarizes our programs and projects and features highlights of our work with our clients in our thematic priority areas.



advanced and developing economies will have to invest in this type of infrastructure not only as part of the net zero transition but also because it is imperative to reverse the degradation of

Asian Infrastructure Finance Report 2023: Nature as Infrastructure. The *Asian Infrastructure Finance 2023* (AIF) report examines how nature as infrastructure can be a transformative concept for development. It explores how both

nature. Infrastructure development must be part of the solution, through leveraging infrastructure, nature-based solutions and mitigation efforts. The report provides detailed examples of where nature can provide infrastructure-like services and where investments into nature should be incorporated. Recognizing that traditional infrastructure will always be needed, the report proposes solutions to design and locate these better. The report also highlights the need to channel more financial flows to nature and to low-income economies and how MDBs can play a catalytic role in achieving this. We launched the AIF in November as part of our COP28 activities in Dubai, UAE.



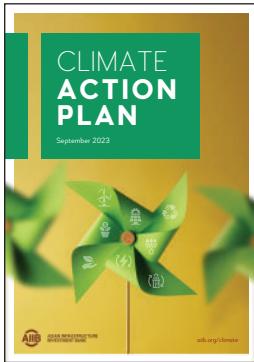
environmental and social benefits generated by our financing.

We launched our third *Sustainable Development Bonds Impact Report* in July. The report illustrates how the proceeds from AIIB's bonds are used to realize AIIB's mission to finance Infrastructure for Tomorrow, and the environmental and social benefits generated by the Bank's financing activities. It includes insights on AIIB's financing

Sustainable Development Bonds Impact Report

Under our *Sustainable Development Bond Framework*, we are committed to annual impact reporting on our overall portfolio- and project-level results reflecting

in key infrastructure sectors, including sustainable energy, transportation, water, digital infrastructure and AIIB's COVID-19 Crisis Recovery Facility. The report also demonstrates how AIIB has been taking steps toward its Corporate Strategy's ambitious targets of directing 50% of overall approved financing toward climate finance by 2025, reaffirms AIIB's commitment to be Paris-aligned. Further, the 2023 report documents AIIB's major efforts toward these goals in 2022 and how we supported the sustainable development of our Members in an ever-changing post-pandemic environment. This issue includes analyses of the economic impacts of AIIB's transportation project in Gujarat, India and the Tata Cleantech Capital Limited for insights into the impact of AIIB's nonsovereign projects. The report also maps out key highlights of the Bank's journey toward sustainability and the actions it has taken to further promote environmental and social sustainability in development finance.

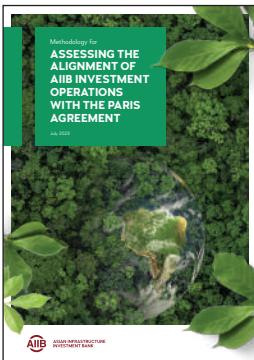


governing the Bank's climate financing while identifying crucial action areas that will steer AIIB's investments in support of its Members.

The CAP's four guiding principles were developed based on the Bank's understanding of evolving Member needs together with an assessment of where and how it can add the most value. Together, the principles form the approach that guides our solutions and climate financing to be fit for purpose in addressing the climate crisis with urgency and scale:

Climate Action Plan. We launched our inaugural [Climate Action Plan \(CAP\)](#), a milestone in the Bank's ongoing commitment to combatting climate change. Designed to guide AIIB's climate ambition from 2024-2030, the CAP brings together the principles

- (a) **Client focused.** To deliver differentiated and tailored solutions adapted to the needs and circumstances of all AIIB's Members in a balanced and equal manner.
- (b) **Impactful.** To deliver holistic solutions, supporting Members' low-carbon, climate-resilient transition and environmental sustainability by financing infrastructure projects that mitigate climate change, support adaptation efforts and maximize co-benefits for nature and biodiversity conservation, notably through the financing of nature-based solutions.
- (c) **Catalytic.** To increase climate finance by mobilizing the private sector.
- (d) **Innovative.** To accelerate the pace of innovation and deployment of effective solutions and technologies to support Members to meet their climate objectives.



Methodology for Assessing the Alignment of AIIB Investment Operations with the Paris Agreement

On July 1, we issued our [methodology](#) for assessing the alignment of our investment operations with the

Paris Agreement. We [first announced on Oct 26, 2021, that it was going to fully align with the Paris Agreement](#) by July 1, 2023. With the adoption of the methodology, we met our commitment to actively support infrastructure projects that contribute to climate change mitigation, adaptation and resilience, and reinforces our mission to promote sustainable infrastructure development in Asia and beyond. This means that as of July 1, all of AIIB's new investment operations will be consistent with low-carbon and climate-resilient development pathways.

We have been actively engaged in the joint MDB efforts in developing a framework for aligning our financing operations with the goals of the Paris Agreement. In line with this, we developed

our own detailed technical methodology, which provides guidance on the application of the joint MDB methodological framework to our operations. Specifically, AIIB investment operations will:

- Align with the overall mitigation goals (BB1) of the Paris Agreement, that is, to be consistent with a low GHG emissions development pathway for the respective country and not undermine a transition to a decarbonized economy, in that country or globally, by considering countries' common but differentiated responsibilities and respective capabilities.
- Align with the overall adaptation goals (BB2) of the Paris Agreement, by actively managing material physical climate risks, based on systematic and robust risk screening and assessment, in a manner consistent with climate-resilient development pathways. In addition, we will seek to support the enhancement of climate-related disaster resilience of clients and their communities to the adverse impacts of climate change.

AIIB's methodology will be applied to all projects financed through direct lending and financial intermediaries.



AIIB Carbon Footprint Report

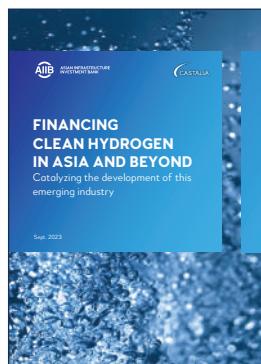
We published our second [AIIB Carbon Footprint Report: Greenhouse Gas Emissions Resulting from AIIB Internal Operations](#), which provides a detailed and transparent account of our institutional

environmental footprint, data management and auditing processes. It also outlines our intention to create a GHG inventory consistent with the principles and guidance of the World Resources Institute (WRI) and the World Business Council for Sustainable Development's (WBCSD) GHG Protocol Initiative. This is part of our efforts to implement our first Climate Action Plan, where we commit to tracking our internal activities related to facility management and staff travel and achieve carbon neutrality prior to 2025.

Although our institution and our operations have been growing steadily since our establishment in 2016, we have observed a decline in energy

and resource consumption at our Permanent Headquarters in the past years, particularly in electricity, heating and water use. This reduction is the result of deliberate efforts to integrate energy-saving measures and implement sustainable initiatives.

2022 Joint Report on Multilateral Development Banks' Climate Finance. We contributed to the [Joint Report on Multilateral Development Banks' Climate Finance](#), an annual collaborative effort to publish MDBs' climate finance figures, together with a clear explanation of the methodologies for tracking climate finance. This joint report, alongside the MDBs' publication of climate finance statistics in their respective corporate media, is intended to track progress in relation to their joint climate finance targets such as those announced during COP21, and the greater ambition pledged for the post-2020 period. This year's report brings the Council of Europe Development Bank and New Development Bank's climate finance fully into the MDB reporting, so that for the first time, all 10 MDBs' climate finance is included in the aggregated data reported.



Financing Clean Hydrogen in Asia and Beyond: Catalyzing the Development of this Emerging Industry.

We published a [report](#) prepared by Castalia on how developing a robust clean hydrogen sector will enable developing countries

in Asia and beyond to decarbonize hard-to-abate sectors and accelerate their transition to a clean energy system. To support the development of clean hydrogen, the report assesses the critical pathway for the commercialization of clean hydrogen value chain and how IFIs can effectively deploy their financial instruments to support clean hydrogen along each phase.



Operational Procurement Report.

We published our second [Annual Operational Procurement Report](#), which provides a highlight of the procurement profile of projects approved until

2022. The report covers procurement contracts of sovereign-backed financed projects and Project Preparation Special Fund grants.



They focus on infrastructure development and finance. In 2023, we published working papers:

- (a) on the effects of a [statewide rural roads project in Gujarat, India](#), on three aspects of the local economy: output, employment and agricultural trade;
- (b) providing [new evidence of lower borrowing costs for state-owned enterprises \(SOEs\)](#), thus confirming that SOEs can, with the right conditions, be an effective conduit for state-related capital raising; and
- (c) on [road transport performance in India](#) using a transport assessment framework recently implemented in European Union countries.

Other Knowledge Products. Through our various departments, we convened, cohosted or participated in several events to promote dialogue and knowledge transfers.

In 2023, we held the **First Rail & Metro Knowledge Exchange Event** from Oct. 30–Nov. 3 at the AIIB Headquarters. Twenty-five experts from China, India, Uzbekistan and Viet Nam

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.

participated in a series of seminars and visits to research institutes, rail construction, operating companies and manufacturers. Participants also experienced firsthand urban, intercity and high-speed rail developments in China. In Beijing, they visited the construction site of one of the largest subway stations of Beijing Metro that is expected to connect four metro lines. In Shanghai, participants learned about the design and operating challenges of the Hongqiao transportation hub, an integrated intermodal hub connecting more than one million daily passengers to air, high-speed rail, metro and other modes. The participants also met with a European-Chinese signaling equipment supplier and visited the factory of one of the world's largest rolling stock manufacturers. At the event, participants learned innovative methods and technologies to design, construct and operate safe, efficient and resilient rail and metro systems. Likewise, they studied the lessons learned from international rail developments while exchanging knowledge and experience of their own metro and rail projects. On the sidelines, the event also offered a networking opportunity for AIIB's partners, high-level transport researchers, and private and public sector professionals. Rail and metro investments are fully aligned with AIIB's Green Infrastructure Thematic Priority and can contribute to decarbonizing transport systems and improving economies' productivity. Since AIIB's inception in 2016, nearly USD3 billion has been approved for metro and rail investments in Asia and other regions. Our ambition is to consolidate AIIB's position as a leading financing partner in the rail and metro sector. Due to the success of the first event, AIIB hopes to continue conducting such study tours in the future.



03

OUR CORPORATE STRATEGY





OUR INVESTMENT FOR STRATEGIC VISION

2023 was our third year implementing the Corporate Strategy in an operating environment with structural challenges and headwinds. We continued our focus on the strategic business development to ensure steady progress toward achieving the Corporate Strategy goals. Considering the Bank's strategic vision and client-driven business model, we remain committed to serving our Members and clients while continuing to implement our Corporate Strategy.

We are committed to support sustainable infrastructure and other productive sectors to promote economic growth, improve people's lives and improve infrastructure connectivity. Consistent with the Sustainable Development Goals, we recognize the need to address the three dimensions of sustainable development – environmental, social and economic – in a balanced and integrated manner to make an impact at scale.

- Our impact in environmental development has ranged from projects that address climate change impacts in terms of water resource management and water supply, sanitation and wastewater treatment; to projects that expand renewable energy, enhance electricity transmission and distribution infrastructure and support energy efficiency, and improve air quality and biodiversity.
- In terms of social development, our projects have improved affordability, access and quality of livelihood, and thus, helped people gain access to basic livelihood necessities and opportunities, including to education and health care; addressed the distinct needs of women and girls; and contributed to promoting gender equality.
- In terms of economic development, our projects have facilitated improvements to human capital development and the creation of employment opportunities; enabled people to stay connected, or remain in the workforce; and eased the movement of people and goods to their destinations as we helped finance roads, electric buses and electric vehicles, among others.

We report on portfolio-level performance indicators, sector outcomes and selected project stories in our [Sustainable Development Bonds Impact Report](#). We are also committed to continue with our impact reporting and use the information therein to make data-driven decisions, for the best results.

A number of major developments in 2023 to support our strategic vision and implementation of the Corporate Strategy include:

- **Approach to Emergency Response.** Building on the lessons learned from the COVID-19 Crisis Recovery Facility, we have defined the principles for the overall approach to help Clients respond to and recover from future crises. This includes extending Policy-Based Cofinancing (PBCF) to Members in eligible crisis situations, reaffirming that a broader range of regular financing along with PBCF is needed to support Clients effectively and predictably. This approach also draws upon the considerable experience of crisis response at peer MDBs so that the Bank may better respond to client demand for emergency support as part of an internationally coordinated financial response.

- **Paris Alignment.** We delivered on our commitment to align all our new financing operations with the Paris Agreement by July 1, 2023. To support this, and in line with the approach of the joint MDBs, we have developed and published our methodology on assessing the alignment of our new financing operations with the Paris Agreement. This methodology allows us to meet the commitment to support infrastructure projects that contribute to climate change mitigation, adaptation and resilience; and reinforces our mission to promote sustainable infrastructure development.

- **AIIB's Climate Action Plan.** The Climate Action Plan (CAP) for 2030 is our direct response to the global call for action. It articulates how, as a client-demand-driven financier, we translate climate ambition into key actions for a more effective partnership to meet our Members' needs. The CAP consolidates commitments as set out in our key strategies and policies, clarifies the principles of our climate financing, and identifies key actions to guide our investments. The CAP also leverages our operational experience, increased understanding of climate change both globally and particularly in Asia and evolving Member needs and lessons learned, all while aligning our climate actions with the implementation of the Corporate Strategy.

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.

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 (a) climate (mitigation and adaptation) and (b) other environmental activities, such as those that involve water and air quality, biodiversity and land and water use.
- **Connectivity and Regional Cooperation** encompasses projects that (a) cross a physical border; (b) are an integral part of a regional or international network or corridor involving two or more countries; (c) are a node infrastructure that facilitates the flow of international traffic (e.g., airports, ports, data centers); and/or (d) generate direct additional outcomes in enhancing cross-border trade, investment and/or financial integration with at least one AIIB Member, as reflected by quantified and qualified results indicators.
- **Technology-enabled Infrastructure** includes the (a) application of technology to infrastructure and (b) development of technologies for infrastructure. Technology can be widely defined and includes categories such as digital, engineering and scientific.
- **Private Capital Mobilization** includes (a) direct and (b) 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.** By 2025, reach or surpass 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.** By 2030, reach 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.** By 2030, reach a 50% share in actual approved financing. This refers to the Bank's portfolio composition, consisting of 50% NSBF.

HOW WE IMPLEMENTED OUR CORPORATE STRATEGY IN 2023

In 2023, we remained committed to our mission pillars and core principles despite the compounded effects of various crises, high inflation, supply chain disruptions, conflicts and climate change. Taking such an operating environment into consideration, we adopted three key principles in 2023:

- Continue to proactively respond to our clients' evolving and diversified needs as they pursue their varied paths toward sustainable recovery.
- Broaden and deepen our relationship with existing and new clients in both public and private sectors to develop a stronger, higher quality, more diversified and longer-term pipeline and portfolio in Corporate Strategy priority areas that could generate repeat business in the future.
- Allocate resources guided by the need to develop the capacity and capabilities necessary to implement the Corporate Strategy. The enablers identified for Corporate Strategy implementation will guide the allocation of human and financial resources to meet AIIB's need to achieve sustainable and high-quality growth.

The 2023 business plan consisted of five focus areas enabling AIIB to proactively respond to client demand and support the implementation of the Corporate Strategy: (a) support Members' sustainable recovery; (b) build strong client relationships; (c) continue to strengthen the quality of investment operations; (d) continue to bolster AIIB's financial sustainability; and (e) strengthen the institution and the AIIB Way.

Responding to Client Needs. We have provided a diverse range of support, including supporting sustainable recovery of both public and private-sector clients, to help each Member address their own unique circumstances. We strengthened our operations to dedicate more efforts and resources to ensure alignment to our thematic priorities. For green infrastructure, we have fully operationalized our commitment for aligning new financing operations with the goals of Paris Agreement (Paris Alignment) from July 1, 2023. Global challenges in 2023 demonstrated the importance of investing in cross-border connectivity and technology-enabled infrastructure, including the cross-cutting nature of our thematic priorities. Our pipeline in cross-border connectivity has increased through efforts in upstream engagements such as regional partnership initiatives and strategic business development with major public and private-sector infrastructure sponsors with regional and global reach. In terms of Technology-enabled Infrastructure, we have continued developing the InfraTech Portal that will build on our work in promoting the adoption and development of innovative infrastructure technologies. We continued to mobilize private capital through a range of financial instruments, particularly through private equity fund investments.





Cairo Metro. Photo: Ministry of Finance, Egypt.

Broadening and Deepening Client Relations.

We continued building strong relationships and positioning ourselves as a trusted partner in supporting our Members in developing high-quality infrastructure projects. To this end, we have begun the development of multi-annual sovereign-backed financing pipelines designed to better match Member needs with AIIB's thematic priorities. Additionally, the Bank has focused on strategic business development approaches for NSBF, combining increased capacity to identify and assess needs and opportunities in infrastructure sectors with more effective client engagement to build long-term financing relationships. In response to the G20 CAF's working group recommendations to improve collective lending capacity to clients, the Bank supported the USD1 billion AIIB-IBRD guarantee program that has improved diversification and Weighted Average Credit Rating (WACR).

Strengthen the Institution. To strengthen the institution, we focused on enhancing the quality of our investment operations, bolstering financial sustainability, and reinforcing our institution and culture. Measures included reinforcing project quality at entry by developing gender-sensitive approaches, improving risk awareness and enhancing the due diligence process. We also began shifting our operational focus from approvals to commitments, emphasizing project implementation quality and portfolio-level monitoring. Additionally, we have placed a high priority on building a strong learning culture and expanding the workforce, while also improving budget management and enhancing stakeholder engagement. Our reputation as a multilateral institution with high governance standards and project quality is crucial amid growing geopolitical tensions, thus highlighting the need for transparent communication with a wide range of stakeholders and expanding our presence in international fora, exemplified by President Jin's engagement at COP28, alongside sustained collaboration with peer multilateral development banks.

Green Infrastructure

Under the Green Infrastructure thematic priority, we are committed to investing in projects that are dedicated to climate action and deliver local environmental improvements.



Photo: Seraya Vision, LP.



While we continued to increase our investments in climate action in 2023, we also ensured that we financed projects that promote sustainable infrastructure.

Our official alignment with the Paris Agreement from July 1, 2023 ensures that new investments will be consistent with low-carbon and climate-resilient development pathways, thus guaranteeing that incoming projects will be designed, prepared and implemented with climate considerations at their core.

In addition, the newly released Climate Action Plan (CAP) articulates how we, as a clients' demand-driven financier, translate climate ambition into key actions to effectively meet our Members' needs:

- (a) Meeting Differentiated Member Needs for a Just Approach on Climate Finance.** AIIB will tailor climate solutions to individual client needs and circumstances, recognizing the diverse impacts of climate change across Asia and the variations in Members' income levels, development pathways and capacities to address climate change.
- (b) Taking a Holistic Approach.** AIIB will focus on solutions that simultaneously mitigate climate change, build resilience, enhance adaptation and offer cobenefits for biodiversity and nature conservation. Viewing nature as infrastructure and integrating nature-based solutions into infrastructure design will enhance climate resilience.
- (c) Mobilizing Capital.** The Bank will leverage its robust financial position and strengthening financing partnerships to mobilize capital for climate projects.
- (d) Facilitating Technological Innovation.** This involves promoting innovation for both mitigation and adaptation efforts.

In 2023, there were 33 approved green infrastructure thematic priority projects, accounting for 89% of the total number of approved regular financing projects.

For more information about AIIB's climate commitments, see [Climate Commitments](#) on page 63.

Connectivity and Regional Cooperation

We have been steadily working on increasing the number and type of projects that allow us to increase support for connectivity and regional cooperation. This commitment is reinforced by our Corporate Strategy, which includes Connectivity and Regional Cooperation as one of four thematic priorities for financing projects. Our goal is to reach 25% to 30% share of Cross-Border Connectivity (CBC) projects in actual approved financing by 2030.

In 2023, the Bank broadened the scope of eligible cross-border connectivity projects, including smaller, but important projects. Of the total regular financing amount, CBC projects represented 23% by financing volume, compared to 13% in 2022. The transport sector provided the largest contribution to both the connectivity and regional cooperation thematic priority and the CBC target out of all the sectors financed by the Bank. At the same time, our digital infrastructure and financial intermediary projects contributing to the thematic priority and CBC target continue to increase diversification of our connectivity investments beyond traditional infrastructure. In 2023, there was also a diversification of CBC project types, covering two approved airport projects, a port project, a shipping sector project and a health infrastructure project.

We have also undertaken new efforts to increase the amount of CBC financing and diversification of our CBC portfolio, with an increase in the amount of financing expected for 2024 and a continuation of key strategic initiatives that will help achieve this goal.

Cross-border connectivity remains crucial in Asia, with demand growing for new CBC projects in transport, energy and digital infrastructure. At the same time, longer-term trends call for more optimized logistics infrastructure in the shipping sector in South, Southeast and Central Asia. This will result in demand for more infrastructure, which will enable trade and cross-border connectivity in underdeveloped areas. The Bank's financing in connectivity infrastructure has aimed to improve the resilience, flexibility, efficiency and accessibility of both physical and digital connectivity infrastructure.

In 2023, there were 12 approved connectivity and regional cooperation thematic priority projects which accounted for 32% of the total number of approved regular financing projects.

Technology-enabled Infrastructure

In a global environment challenged by macroeconomic and fiscal restrictions, climate change, urbanization and demographic shifts, the infrastructure sectors must find new ways to be more cost-effective, efficient, sustainable and resilient.

The application of technology to infrastructure—*InfraTech*—can significantly improve infrastructure along its entire lifecycle. Such adoption, however, is still lagging due to reasons such as the lack of information and knowledge on needs and solutions as well as insufficient interaction between infrastructure decision makers and technology providers. We created the InfraTech Portal as a platform for these two agents to meet, while also promoting the adoption of relevant technologies and as a direct response to the Technology-enabled Infrastructure thematic priority. Our Digital Infrastructure Strategy recognizes the importance of knowledge dissemination and demonstration projects to advance the adoption of technology and digital infrastructure. The Portal enables the public to upload their own content (i.e., solutions, case studies, or solution provider information) and connect with the InfraTech community.

We continuously supported our Members in addressing opportunities with regards to their digital infrastructure and technology needs in 2023. This often involved linking them with reputable market players, such as leading fund managers, for solutions regarding hard digital infrastructure, including fiber optic networks, telecom towers and data centers. We also invested in soft digital infrastructure by financing InfraTech to capture new technologies, in say, solar energy management technologies, digital platforms for public transport and health technologies, and link technology producers with users.

In 2023, there were 13 approved Technology-enabled Infrastructure thematic priority projects, accounting for 35% of the total number of approved regular financing projects. Out of the 13 projects, 9 projects were approved to apply technology to improve infrastructure while 2 projects were approved to invest in the supply of technology to infrastructure sectors.

Private Capital Mobilization

We aim to support private capital mobilization for infrastructure financing by leveraging our balance sheet and promoting infrastructure as an asset class. In accordance with the Corporate Strategy, we aim to support projects that directly or indirectly mobilize private financing into sectors within our mandate.

We continued our efforts to mobilize private capital through a range of financing instruments to meet client needs. In 2023, a total of USD3.1 billion¹ in private capital mobilization² was reported, up from USD2.6 billion³ in 2022.

In 2023, project loans, together with private equity fund investments, become the major financing instrument for NSBF projects' private capital mobilization.

Capital markets remained a crucial contributor to private capital mobilization in 2023, particularly through the projects supporting the continued development of infrastructure asset-backed securities (IABS) market in Asia. Such projects support our position as a "champion and leading institution to catalyze private capital for infrastructure investment in the region," specifically by developing Asian infrastructure as an asset class for global institutional investors.

We also provided our first sovereign backed guarantee—this was to support the issuance of Egypt's first Sustainable Panda Bond, the first Panda Bond issued by an African country. We directly mobilized private capital to strengthen financial support to Members' infrastructure sector.

The joint report "[Mobilization of Private Finance by MDBs and DFIs in 2020 and 2021](#)," published in June 2023, measures private investment in development projects involving MDBs and DFIs. It covers the impact of the COVID-19 pandemic on mobilization efforts. In 2020 and 2021, AIIB and other MDBs and DFIs mobilized USD127.4 billion in private capital for middle- and low-income countries, responding to the pandemic by enhancing their programs and sustaining total mobilization.

In 2023, a total of 21 approved PCM thematic priority projects accounted for 57% of the total number of approved regular financing projects.

CLIMATE COMMITMENTS

Climate Action Plan

We unveiled our first [Climate Action Plan \(CAP\)](#), designed to chart AIIB's climate actions to 2030. It consolidates our commitments as set out in our key strategies and policies, including our climate finance target of at least 50% of all financing approvals by 2025 and alignment of all our financing operations with the Paris Agreement. The CAP also clarifies the principles of its climate financing and identifies its key actions to guide our investments.

Alignment with the Paris Agreement

From July 1, 2023, AIIB has been officially fully aligned with the Paris Agreement. This means that starting from this date, all of our new investment operations will be consistent with low-carbon and climate-resilient development pathways.

AIIB has developed its own detailed technical methodology, which provides guidance on the application of the joint MDB methodological framework to AIIB operations.

Climate Finance

Our climate financing in 2023 amounted to USD3.43 billion, or 60% of total approved regular financing, up from 56% in the previous year and surpassing our target of 50% climate financing by 2025. Benefiting from our continuous effort to mainstream climate in the Bank, climate finance has, for the first time, landed in the USD3 billion bracket, a USD1 billion increase from 2022, primarily driven by increases from climate mitigation projects. Going forward, we will uphold its strategic focus on climate to consistently meet the climate target and scale up adaptation finance by adding value to our clients.

¹ The 2023 PCM data reported is provisional until the 2023 joint MDB PCM report is finalized.

² The private capital mobilization amount is reported based on project commitment instead of approval. The 2023 reported private capital mobilization amount included projects approved in previous years. The data is provisional until the submission to the joint MDB group by July 2024.

³ Compared to the 2022 report, the PCM amount has been updated to USD2.6 billion following its submission to the joint MDB group by December 2023.

Of the total climate financing, 90% are climate mitigation finance, 10% being adaptation finance with an additional 0.3% (out of 10% adaptation) contributing to both mitigation and adaptation (dual benefits). Out of the 37 regular financing projects, 31 projects include climate financing.⁴

In 2023, transport sector projects (29%) contributed the highest share of climate finance, followed by energy (24%), health (20%), multi-sector (20%), sustainable cities (5%) and digital infrastructure (2%). By client type, the majority of climate financing accrued to sovereign clients.

Advancing Health and Climate

In 2023, we approved a health sector loan in regular finance, which contributed to a fifth of the Bank's total climate finance. Our commitment to advancing health sector projects with climate finance components underscores our recognition of the contributions the health sector can make to climate mitigation and adaptation. We also recognize the threats to public health from climate change.

Climate Adaptation Bond

We issued Asia's first Climate Adaptation Bond in 2023, a significant milestone in thematic bond issuances and private finance mobilization from capital markets. This five-year bond, issued under AIIB's Sustainable Development Bond Framework, successfully raised AUD500 million, with the proceeds directed towards investments with strong focus on building adaptation and long-term resilience.

The primary objective of the Climate Adaptation Bond is twofold: firstly, to mobilize additional private-sector financing for climate adaptation, and secondly, to raise awareness of the need to enhance the resilience of our valuable built environment. This aligns with AIIB's overarching mission of mobilizing private capital and promoting investment in climate resilient infrastructure.

MDB Collaboration and COP28

Stakeholder engagement is critical to realize AIIB's climate commitments, by being more responsive to client needs, engaging in effective partnerships and mobilizing private capital. In 2023, we participated in various global fora to

advance the discussion on collaboration among MDBs and other stakeholders to scale up climate finance. At COP28, we delivered messaging that emphasized the four principles in our CAP:

- (a) Being client-focused.** Emphasizing the different client need for tailored solution on financing, showcasing AIIB's adaptation bond, and technology, including via the [InfraTech Portal's climate technology section](#).
- (b) Being impactful.** Adopting a holistic approach to climate, including nature as infrastructure, with the launch of [AIIB's Asian Infrastructure Finance, Nature as Infrastructure report](#), and maximizing co-benefits such as [gender focus](#).
- (c) Being catalytic.** Emphasizing the importance of building partnerships and supporting country sector platforms at COP28 presidency stage at the session on [COP28 | Available, Accessible and Affordable: Towards a Climate Finance Architecture that Delivers for All](#)
- (d) Being innovative.** Adopting technological innovations and supporting the development and deployment of effective solutions and technologies to support Members meet their net-zero and resilience objectives.

SECTOR FINANCING

In 2023, we approved a total of 50 projects with a combined amount of USD11,660 million. Out of these, 38 projects were regular financing projects,⁵ totaling USD6,740 million, which accounted for 76% of the total portfolio by project number and 58% of the total portfolio by financing amount. Additionally, 12 projects were approved under the COVID-19 Crisis Recovery Facility (Facility) financing, amounting to USD4,920 million.

Within the regular financing portfolio, 23 projects (61%) directly invested in one of four sectors (Energy, Transport, Urban and Digital Infrastructure), totaling USD3,458 million and covering 13 Members. There were also 12 multi-sector projects, accounting for 32% of the total number of regular financing projects and amounting to USD2,200 million. Furthermore, three health infrastructure projects were approved, totaling USD1,082 million.

⁴ Excluding IBRD guarantee projects.

⁵ Including the IBRD guarantee project.

BOX 1: JOINT MDB COLLABORATION AND COUNTRY-SECTOR PLATFORMS

MDBs signed on to a [joint MDB statement for COP28](#) that recognized the intertwined global challenges with climate, including with nature, water, health and gender. One of the key topics of COP28 and in the statement for MDB action was the support for country-led climate platforms at various high-level and technical discussions at the forum.

AIIB President Jin Liqun joined the first panel at the COP28 presidency of MDBs, “COP28 | Available, Accessible and Affordable: Towards a Climate Finance Architecture that Delivers for All,” that dwelled on the topic of country-led climate development platforms. AIIB’s Climate Action Plan was well received at this session and other high-level sessions.

In the country-sector platforms’ UNFCCC side event co-organized by EBRD, AIIB and IEA, President Jin relayed a powerful message on the importance of country ownership, including having a policy focus that does not waver but stays on course to achieve long term targets.

At the joint MDB pavilion technical session, “MDB Country Climate and Development Platforms”, the AIIB climate team emphasized that MDBs must work better together to support country-led and -owned approaches on climate action.

AIIB also joined in discussions on the Long-Term Strategy (LTS) program which called for support to countries in the development of their LTSs for low carbon and resilient development. In addition to providing financing support for some MDBs on their LTSs, there is also an opportunity for coordination among the MDBs in supporting countries.

Other joint MDB statements and collaborations launched at the COP28 included:

- A joint statement by four MDBs (AIIB, EBRD, EIB, IADB) to support the work of the International Sustainability Standards Board (ISSB) in harmonizing global reporting standards for climate- and sustainability-related financial disclosure. The ISSB inaugural global sustainability and climate-related financial disclosure standards were launched in June 2023.
- The Common Principles for Tracking Nature-Positive Finance, launched by AIIB and nine peer MDBs. This marks a major step towards implementing the joint MDB statement on Nature, People and Planet launched at COP26. In 2024, the joint-MDB Nature Working Group will develop a detailed taxonomy like the joint MDB methodology for tracking climate finance, to enable each MDB to track, set targets and scale up nature-positive financing their portfolios in a harmonized way.

AIIB also endorsed the COP28 climate relief declaration of the COP28 presidency.

As a result of AIIB’s participation in COP28, we are now considered an active player in improving the coordination among MDBs in supporting country-led efforts.

Research Shows How AIIB-Amundi Climate Change Investment Framework Can Guide Investors. Concentrated efforts needed toward climate adaptation planning and implementation

As compared with the annual regular financing portfolio in 2022, there was a slight increase in the share of sovereign-backed financing (SBF) from 61% to 65% in terms of amount, and a decrease from 39% to 34% in terms of project number. The number of projects cofinanced and led by other MDBs (cofinanced) decreased to 26% in terms of amount and 21% in terms of project number.

CLIMATE FINANCING

We increased our climate financing from 56% of approved regular financing in 2022, to 60% in 2023, with a significantly increased volume, USD3,434 million compared to USD2,391 million in 2022. Eighty-four percent of the regular finance projects,⁶ (31 out of 37) have directly contributed to climate finance. Breaking down the climate finance amount, 90% of projects supported mitigation, 10% adaptation, with an additional 0.3% addressing both mitigation and adaptation (dual benefits). The growing amount of climate finance is a reflection not only of our business development efforts to meet the corporate target set by the Corporate Strategy, but also of the increased client-side demand for climate-related financing across

⁶ Excluding the IBRD guarantee project.

sectors in line with their efforts to meet their climate commitments. Additionally, with the implementation of our Paris Alignment commitment on July 1, 2023, and more effective screening of projects against climate opportunities, proactive recommendations for project design enhancements and rigorous capturing of the expected results has also increased the financing amounts captured. With the development and implementation of an updated climate risk screening tool, (as foreseen in the 2024 Business Plan and Budget), we expect to be able to further enhance our ability to recommend value-add solutions in adaptation and resilience.

CROSS-BORDER CONNECTIVITY (CBC)

In 2023, we achieved a 23% share of CBC financing, compared to 13% in 2022. The transport sector continues to provide the largest contribution by amount, at 83% in 2023. Overall, energy and digital infrastructure together contribute 8% indicating potential to further diversify the source of CBC eligible projects. If considered by percentage alignment to CBC, digital infrastructure and transport sectors have the highest overall alignment with this thematic priority, at 100% and 52% respectively. For the overall portfolio from 2016-2023, alignment with CBC for each sector by volume financed is 51% for digital infrastructure, 39% for transport projects, and 15% for energy projects.

Financing volumes have increased by nearly 2.5 times from USD546 million to USD1,318 million between 2022 and 2023. This can be attributed largely to two airport projects approved in 2023, a new subsector well-aligned with the CBC target.

PRIVATE-SECTOR PROJECTS (50:50)

In 2023, we achieved a 41% share of private-sector projects compared to 39% in 2022. This was higher than the 2023 BPB projection partly due to the exclusion of the IBRD guarantee project from regular financing. However, the value of private-sector projects increased by 40% from USD1,686 million to USD2,361 million. Multisector intermediary finance projects provided the largest contribution followed by energy and transport. However, if seen from sector alignment, digital infrastructure posts

the highest alignment at 100%. The increase in private-sector projects reflects macro-economic conditions experienced by Members in 2023, particularly the fiscal constraints on national budgets. There was also a marked preference for relatively faster disbursing Facility projects as opposed to regular SBF loans. Additionally, the efforts made by our Investment Operations to develop private-sector business opportunities can be seen in the number of projects under development and in particular, in the increase of intermediary financing through financial intermediaries (FI), funds and capital markets, which represent effective means to finance client needs under the current environment.

FINANCING TO ACHIEVE 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.
- (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 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.



COVID-19 CRISIS RECOVERY FACILITY

In April 2020, a month after the World Health Organization characterized the COVID-19 outbreak as a pandemic, we launched our [COVID-19 Crisis Recovery Facility](#) (the Facility) to assist Members in responding to the economic, financial and public health pressures arising from the crisis. The Facility was available to both public and private-sector entities for any Member economy facing (or at risk of facing) serious adverse impacts due to COVID-19.

With an initial duration of 18 months and a financial envelope of USD5 billion, the Facility was extended twice due to client demand. The financing envelope was subsequently increased to USD20 billion and concluded on Dec. 31, 2023.

We utilized the Facility to respond swiftly, flexibly and relevantly to clients facing urgent situations. As the pandemic evolved, the Facility was likewise adapted. In the first 15 to 18 months, the Facility's focus was on responding to health and social situations impacted by the pandemic, where the injection of liquidity became crucial in saving lives and businesses. In the second phase, the Facility was used to address the economic effects of the pandemic to help Members recover.

Some of the ways the Facility has benefited clients include:

1. **Urgent public health response.** Financing the procurement of vaccines, essential treatments and equipment to combat virus infections and strengthen national health systems for pandemic preparedness in the longer term.
2. **Government reforms and initiatives.** Supporting reforms and initiatives aimed at protecting or restoring livelihoods impacted by COVID-19; improving social inclusion, financial accountability, climate preparedness and broader economic resilience in Member economies.
3. **Liquidity financing.** For the first time, AIIB provided liquidity financing to clients through the Facility, alleviating working capital shortages and liquidity constraints faced by SMEs and infrastructure-related companies in key economic sectors during times of crisis.
4. **Diversification of borrowing options.** Joining forces with other MDBs, we offered clients additional borrowing options, allowing them to diversify their sources of funding. Additionally, AIIB accommodated clients' requests for currencies other than USD, such as EUR, GEL and JPY, further enhancing the diversification of their borrowing portfolio.

Assessing the Impact

As of Dec. 31, 2023, USD18.48 billion was approved for 68 projects in 26 Members, accounting for 92% utilization of the earmarked financing envelope. The Facility prioritized low and lower-middle-income borrowers, who accounted for 65% of the total approved Facility financing. Two-thirds of the financing went to Policy-Based Financing (PBF), another 20% to public health (including vaccine financing and other public health), and the rest went to financial intermediary/liquidity support and economic resilience.

To reduce the financial burden of lower-income Members, AIIB established the Special Fund Window under the Facility in May 2020, used for interest buy-down. The initial resources were funded by a USD30 million carve-out from the Project Preparation Special Fund (PPSF) and later allocated to support four Facility projects in Bangladesh, Cambodia, Kyrgyzstan and the Maldives. In May 2021, an additional USD25 million carve-out from the PPSF was approved to continue supporting Members facing challenges associated with financing the procurement of vaccines. By the end of 2023, two projects in Cambodia and Côte d'Ivoire utilized USD9.95 million for vaccine financing.

As the Facility was established and extended, we joined forces with other MDBs in the coordinated global crisis response efforts, providing much-needed countercyclical financing to Members. The development of the Facility is a manifestation of the Bank's expertise and agility in dealing with external shocks, as well as critical responsiveness to the evolving needs of clients.

Lessons Learned and Future Plans

Client feedback to AIIB's response to the pandemic has been positive. Members appreciated our agility and adaptability in responding to their changing needs throughout the crisis. Our financing diversified their financing portfolio, while the adoption of new technology provided added value.

Lessons learned from the successful implementation of the Facility led AIIB to develop new initiatives that will provide a broader range of services. For example, the [Social Infrastructure Department](#) was created in 2021 to support all aspects of social infrastructure, including health and education. One such project is a [public health modernization project in Indonesia](#), which

aims to increase the availability of functional equipment in public health facilities and improve the utilization of public health services. In light of the clear additional value of the Special Fund Window under the Facility, a [Special Fund Window for Less Developed Members](#) was established as a regular instrument in 2022. In 2023, the Board approved AIIB's approach to Emergency Response to help Members respond to and recover from future eligible crises. In the same year, the Bank began offering Results-based financing among its products for sovereign clients.

Through the Facility, our staff gained valuable knowledge and experience in crisis response. We have been continuously learning, improving our capacity, establishing new and deepening collaboration with our Members and international partners, and expanding our coverage and product offerings. We are further enhancing our toolkit to respond to both regular and emergency needs.

SOCIAL INFRASTRUCTURE

Social infrastructure is critical to enhancing human and social capital, a key underpinning of sustainable economic development. Our investments in social infrastructure have continued to form a strong pipeline well aligned with our four thematic priorities, particularly Technology-enabled Infrastructure in health and education.

We recognize the importance of promoting resilient and sustainable healthcare systems, especially in the wake of the COVID-19 pandemic. With a focus on health infrastructure, supply chain management and digital health, we are actively engaged in supporting our Members in building robust healthcare systems. We are also expanding our portfolio to health infrastructure, asset creation and renovation. AIIB actively supports the construction, renovation and upgrading of health facilities, ensuring they meet the highest standards and are equipped to provide quality health services. By investing in health infrastructure and assets, we aim to enhance and modernize health systems to effectively respond to future pandemics. The [Indonesia Modernization of Health System Project](#) serves as a commendable model for scaling up systematic interventions and improving the assets of healthcare infrastructure to deliver quality and equity services.

Recognizing the importance of robust supply chain management in healthcare, we are actively involved in strengthening supply chains to ensure the availability and accessibility of essential medical supplies. The COVID-19 pandemic exposed vulnerabilities in global supply chains, and AIIB aims to address these challenges by supporting its Members in building resilient and efficient supply chains.

While continuing to support the pandemic responses of our Members, we are also supporting the building of more resilient health systems in the post-pandemic world by improving health infrastructure. Our social infrastructure projects under development include diverse technology-based initiatives using both SBF and NSBF. For instance, the pandemic highlighted that laboratories, primary health centers and referral hospitals are not adequately equipped with the necessary technologies to combat widespread health crises. We are preparing projects to support our Members to build technology-enabled and green hospitals using the private-public partnership modality, introduce a hub-spoke model of digital health and modernize public health infrastructure by upgrading medical equipment.

Further, we acknowledge the interconnectedness of human health, animal health and the environment. We are adopting 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. In line with the One Health concept, we successfully obtained a grant from the newly established Pandemic Fund to support the One Health Project in Cambodia to promote cross-border livestock trading and enhance the availability, affordability, safety and quality of livestock products among countries in the Greater Mekong Subregion, including Cambodia, Lao PDR, Viet Nam, Thailand and China. This project exemplifies our efforts in expanding health surveillance networks and improving hygiene standards to reduce human-animal contact and mitigate the risk of disease outbreaks.

Technology is rapidly transforming social sectors through increasing efficiency and improving access to services. In health, digitalization combined with artificial intelligence is transforming clinical practice, service delivery, hospital management, and drug research and development. The COVID-19 pandemic has

underscored the critical role of digital health and telemedicine in ensuring the continuity of healthcare services. We acknowledge the growing demand for financing in digital health, including e-governance, health data integration and the application of artificial intelligence in the pharmaceutical industry. By investing in digital health, we would be able to support innovative interventions in the health sector and enhance the efficiency, performance and accessibility of healthcare services. We recognize the transformative potential of Technology-enabled Infrastructure in the health sector and is committed to investing in such infrastructure to build resilient health systems. Through our strategic investments and partnerships, we are playing a crucial role in promoting resilient and sustainable healthcare systems. By focusing on health infrastructure, supply chain management and digital health, we are supporting our Members in building robust health systems that can effectively respond to health challenges.

Technology helps student learning and development through facilitating access to vast amounts of information, personalized learning, interactive learning and remote learning. Our ongoing [Education Infrastructure and Technology Modernization Program](#) in the Gujarat state of India has demonstrated 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.

ENVIRONMENTAL AND SOCIAL FRAMEWORK

Following the update of the Environmental and Social Framework (ESF), approved by the Board of Directors in 2022, we focused in 2023 on the application of the updated ESF, including provision of targeted training to staff and clients on the revised provisions. With the easing of travel restrictions following the COVID-19 pandemic, field-based project preparation and supervision resumed. This was facilitated by increasing and strengthening environmental and social staff capacity within AIIB. We also continued to use innovations developed during the pandemic, such as remote sensing and drones, to facilitate environmental and social monitoring

and supervision of AIIB-supported projects. General training on the ESF and on specialized environmental and social topics continued to be offered to staff bank-wide.

PORTFOLIO MANAGEMENT

Throughout 2023, portfolio management remained a cornerstone at AIIB, demonstrating its critical role amid a global landscape marked by numerous unforeseen and systemic challenges. The macroeconomic environment remained difficult, and markets exhibited volatility, adding complexity to our operations. Across Asia and other regions, our Members grappled with enduring economic and social challenges, coupled with emerging events that required immediate attention and close follow-up. In response, AIIB embarked on an unwavering expansion of activities, innovating its product offerings to meet changing client demands and broadening its portfolio. The number of projects under implementation and at the monitoring stage increased substantially, necessitating strategic portfolio management spanning diverse geographies, sectors and a variety of financial instruments.

Our strong commitment to a client-centered strategy proved transformative in helping clients navigate the diverse global challenges they faced in 2023. As in prior years, the Bank's Implementation Monitoring Department (IMD) played a pivotal role in championing the successful implementation of AIIB-funded private sector projects. Our focus extends beyond mere financial returns, as we aim for the realization of development objectives crucial to the Bank's mission. Acknowledging the various needs of our client base, we tailored our approach to specific client circumstances while keeping a watchful eye on the Bank's financial sustainability. Supported by impactful onsite visits, our monitoring and supervision efforts significantly strengthened our client relationships. The department's heightened and hands-on presence emphasizes our dedication to delivering exceptional value and fostering enduring partnerships in a rapidly evolving global landscape.

Beyond diligent management of individual projects, IMD also harnessed the power of corporate portfolio monitoring and data analytics, supporting Management decision-making with comprehensive data and insights derived from day-to-day portfolio management. This commitment resulted, for example, in the dynamic

presentation of pipeline forecasts and portfolio status reports via dashboard-based interfaces. We also conducted rigorous stress tests on the portfolio to support risk management and to gauge resilience against external shocks.

IMD continues to consolidate and advance IT-based systems and solutions to fortify the Bank's investment management processes across the entire project life cycle and enhance methods for obtaining portfolio information and its analysis. Specifically, we were able to extend the scope of workflow management and reporting functions to encompass diverse financing instruments and ensure system readiness for strategic corporate commitments, such as the Paris Alignment. Moreover, we made strides in systematically tracking each project's trajectory toward the desired financial and development outcomes set at approval. The refinement of internal dashboards resulted in more sophisticated data visualization, while our process automations elevated the overall quality of our analytical processes.

As an integral part of a learning institution, IMD prioritized the extraction of knowledge from operational experience, thus contributing to the success of ongoing and future projects. Throughout the year, IMD organized regular and inclusive knowledge-sharing sessions and equipped project teams with a platform to disseminate operational insights. We actively participated in many global MDB events dedicated to knowledge-sharing and best practices in portfolio management. Additionally, the department organized ad hoc exchanges with peer MDBs on topics of mutual interest, thus fostering a dynamic collaboration aimed at continuous improvement and innovation.

CASE STUDIES

Indonesia: Indonesia Multifunctional Satellite PPP Project

India: North Haven India Infrastructure Fund

Uzbekistan: ACWA Power Sirdarya 1,500 MW CCGT Power Project



04

OUR RESPONSE TO EMERGING NEEDS





SPECIAL FUNDS

Special Funds Overview. To support the implementation of our mandate and Corporate Strategy and meet the diverse needs of our clients, we operate multiple Special Funds, providing concessional finance in the forms of technical assistance grants, interest buy-down grants and grant financing. Our Special Funds portfolio is comprised of internal and external Special Funds, each serving distinct demands of clients. These funds provide a range of services, including upstream technical and financial support for project identification and preparation, as well as capacity building and downstream support for project implementation and financing.

- **Internal Special Funds** are established by AIIB to receive and manage direct contributions from donors and are governed by the Bank's policies and decision-making bodies. The Project Preparation Special Fund (PPSF) and the Special Fund Window for Less Developed Members (SFW) are two Special Funds of this type.
- **External Special Funds** are created within AIIB to receive and manage resources from facilities established by external parties for whom the Bank acts as an implementing entity. Each external Special Fund is subject to its

specific governance arrangements. Three external Special Funds were established to channel resources from the MCDF, the Global Infrastructure Facility (GIF), and the Pandemic Prevention, Preparedness and Response Intermediary Fund (Pandemic Fund).

SPECIAL FUNDS PORTFOLIO

Project Preparation Special Fund

Established in June 2016, the 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 ones. Project preparation activities supported by these PPSF grants are critical to improving project quality and ensuring economic, environmental, and social sustainability and implementation readiness.

By the end of 2023, the PPSF had received USD128 million committed contributions from China; the United Kingdom; Korea; and Hong Kong, China. In 2023, the PPSF supported seven projects with a total approved grant amount of USD22.65 million, raising the total number of projects supported by the PPSF since inception to 26 and amounting to USD66.71 million (net of cancellations).



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Special Fund Window for Less Developed Members

Established in March 2022, the Special Fund Window for Less Developed Members (SFW) provides interest rate buy-down grants to eligible projects, making our financing more affordable to its less developed Members. The SFW is funded through voluntary contributions from AIIB Members and received its first contribution from the Kingdom of Saudi Arabia for USD10 million in September 2023.

The SFW provided USD2.5 million to buy down the interest for the Cross-border Livestock Health and Value-chain Infrastructure Improvement Project in Cambodia, a project cofinanced with the Asian Development Bank (ADB), and which also received a USD10 million grant from the Pandemic Fund. The project aims to strengthen animal and human health safety in Cambodia under a One Health Approach. The project will also promote cross-border livestock trading and enhance the availability, affordability, safety and quality of livestock products in the Greater Mekong Subregion.

Multilateral Cooperation Center for Development Finance Special Fund

AIIB is an Implementing Partner of the Multilateral Cooperation Center for Development Finance Facility (MCDF)—a multilateral financial

mechanism designed to promote high-quality infrastructure and connectivity investments in developing countries in compliance with international financial institution standards, including by encouraging other investors and financial institutions to adopt such standards.

We established the MCDF Special Fund to administer MCDF grants that support project preparation, capacity building and information-sharing activities that align with AIIB's strategic priorities and the MCDF's objectives. In 2023, the MCDF Governing Committee approved a USD157,500 grant for knowledge and information-sharing activities for "the Central Asian Connectivity Study." In the form of direct technical assistance fully executed by AIIB in close cooperation with the Islamic Development Bank and MCDF, activities supported by this grant will enhance multi-country coordination and regional capacity to originate high-quality cross-border connectivity projects in Central Asia, in line with AIIB's thematic priority on regional cooperation and connectivity.

By the end of 2023, a total grant amount of USD7.9 million had been mobilized through the MCDF Special Fund to support the preparation of nine AIIB projects in five Members and three multicountry activities across Asia.

The Pandemic Prevention, Preparedness and Response Intermediary Fund (Pandemic Fund) Special Fund

AIIB was accredited as one of the initial Implementing Entities of the Pandemic Prevention and Preparedness Financial Intermediary Fund (Pandemic Fund), and as such, we established a Special Fund to receive and administer grant financing to be received from this fund. The Pandemic Fund is a one-of-a-kind multi-stakeholder global partnership providing grant financing dedicated to strengthening pandemic prevention, preparedness and response capacity and capabilities in low- and middle-income countries through investments and technical support at the national, regional and global levels. Its Secretariat is hosted at the World Bank with the World Health Organization (WHO) as the technical lead.

Out of 179 proposals submitted to the Pandemic Fund's first Call for Proposals in May 2023, AIIB successfully obtained a USD10 million grant for its Cross-border Livestock Health and Value-chain Infrastructure Improvement Project in Cambodia. This grant was an addition to the USD2.5 million interest buy-down grant

that AIIB provided to the project through its SFW, thereby contributing to increasing the concessionality of AIIB's financing to the project. The successful resource mobilization effort, as demonstrated through this project, showcases our ability to extend support to our less developed Members using available resources from our internal Special Funds and complement them with additional resources mobilized through our external Special Funds.

Global Infrastructure Facility Special Fund

The Global Infrastructure Facility (GIF) Special Fund was established to administer grants we receive as a Technical Partner of the GIF – a global collaboration platform that supports the preparation, structuring, and de-risking of high-quality, bankable, sustainable infrastructure programs and projects in emerging markets that are attractive to private capital. The GIF Special Fund can support project readiness, project definition, and project preparation activities that are aligned with AIIB's thematic priority of promoting private capital mobilization. To date, AIIB has mobilized a total grant amount of USD350,000 through the GIF Special Fund.

First Pandemic Fund Grant: Cambodia Cross-border Livestock Health and Value-chain Infrastructure Improvement Project

The Pandemic Fund, which was established in September 2022 and formally launched under Indonesia's G20 Presidency at the G20 meetings in Bali, is the first multilateral financing mechanism dedicated to providing multiyear grants to help low- and middle-income countries become better prepared for future pandemics. In May 2023, the Government of Cambodia submitted a funding proposal under the Pandemic Fund's First Call for Proposals, which included AIIB's request as an Implementing Entity for USD10.6 million in grant funding for the Cross-Border Livestock Health and Value-chain Infrastructure Improvement Project.

In July 2023, Cambodia's proposal was successfully selected as one of 19 approved proposals in the Pandemic Fund's first funding allocation, out of nearly 180 proposals submitted with grant requests totaling USD2.5 billion against an envelope of USD338 million.

The grant from the Pandemic Fund will improve the concessionality of AIIB's financing for the project which is being cofinanced with the Asian Development Bank. The project will support (i) the construction of a vaccine center and the establishment of disease control zones to strengthen the prevention and monitoring systems for animal and zoonotic diseases; (ii) the refurbishment of the National Animal Health Research Institute, provincial animal health laboratories, and relevant facilities to upgrade the diagnostic and control functions of the diseases; (iii) the establishment of livestock value chain infrastructure with high standards of hygiene and sanitation; and (iv) the enhancement of policies and regulations for better health, safety, supply, and trade in livestock and livestock products.

Read more:

[Promoting Animal Health and Human Safety in Cambodia: Cross-border Livestock Health and Value-chain Infrastructure Improvement Project.](#)

PROJECTS SUPPORTED BY SPECIAL FUNDS, 2023

MEMBER	SECTOR	PROJECT NAME	GRANT AMOUNT (IN USD)
Approved PPSF Grants			
Bangladesh	Transport	Hatikumrul-Bonpara-Jhenaidah Highway Improvement Project (Phase I)	2,100,000
Bangladesh	Urban	Smart Cities Development Project	4,250,000
Cambodia	Transport	Cross-border Connectivity Enhancement Project (3CEP)	3,000,000
Cambodia	Transport	Emergency Rural Road Reconstruction Project	4,500,000
Tajikistan	Energy	Rogun Hydropower Development Project	5,000,000
Uzbekistan	Energy	Tashkent Metro Solar Power Development Project	2,100,000
Uzbekistan	Energy	Uzbekistan Public Distributed Solar Energy Development	1,700,000
Approved SFW Grant			
Cambodia	Health Infrastructure	Interest Buy Down for Cambodia: Cross-border Livestock Health and Value-Chain Infrastructure Improvement Project	2,500,000
Approved MCDF Grant			
Multicountry	Information and Knowledge Sharing	Central Asian Connectivity (CAC) Study	157,500
Approved Pandemic Fund Grant			
Cambodia	Health Infrastructure	Cross-border Livestock Health and Value-chain Infrastructure Improvement Project	10,000,000

For more information, visit [AIIB's Approved Special Funds Grants](#).

05

OUR CLIENTS





Photo: ACWA Power Sirdarya.

THEMATIC PRIORITIES

INDIA: KOTAK INFRASTRUCTURE INVESTMENT FUND

Innovative Capital Mobilization to Tackle Unique Infrastructure Financing Needs

AIIB's investment in the Kotak Infrastructure Investment Fund, an infrastructure credit focused fund, marks the first time that foreign institutional capital was mobilized in local currency (Indian Rupee) to provide appropriately priced capital for varied financing needs in the Indian infrastructure industry not typically met by banks, non-banking finance companies or capital markets.

PROJECT DETAILS	
Project Title:	Kotak Infrastructure Investment Fund
Project Number:	P000547
Member:	India
Sector:	Multi-sector
Financing Type:	Nonsovereign
Approved Financing:	USD100 million
Financing Approval:	Sep. 29, 2022
Commitment Amount:[*]	USD98 million

* Commitment refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

Infrastructure development is pivotal for economic growth and particularly so in India, the world's fifth-largest economy with an expected GDP of USD5 trillion in the next three years. Rapid urbanization and an expanding population have made the need for clean water, reliable power supply, good road and transport facilities ever more urgent. However, there is an undeniable gap between demand and supply for a wide range of infrastructure financings, which are less supported by traditional sources of capital, such as for operating assets needing financial restructuring, and for new sectors like electric vehicles (EVs) and sustainable transportation. The strategic importance of infrastructure funding has been recognized by the Indian government and inroads are being made to attract new forms of capital through several channels such as alternative investment funds, infrastructure development funds and infrastructure investment

trusts, among others. The Kotak Infrastructure Investment Fund (the Fund or KIIF), an alternative investment fund, is one such newly established channel to attract innovative capital in the infrastructure sector.

To provide long-term credit solutions for infrastructure projects in India, AIIB partnered with the Kotak Group, one of the largest and most reputable private-sector financial services groups in India, in 2022. The investment was USD100 million in equivalent INR, which was placed into the INR53.3 billion (USD664 million) closed-end private debt fund, Kotak Infrastructure Investment Fund (KIIF). The Fund was specifically created to provide appropriately priced, senior secured, long-term financing to target companies with projects that generate positive earnings. By enabling them to secure senior loans better aligned to generated cash flow, companies can attract capital that is appropriately priced after considering the specific risk/return characteristics of the infrastructure sector. The Fund further aids traditional project finance lenders in recovering funds from non-performing infrastructure loans that can be reinvested into the real economy, including the infrastructure sector, thus promoting greater efficiency in the financial ecosystem and spurring economic growth. AIIB's financial return will be generated through self-liquidating credit investments from ongoing debt servicing, offering competitive risk-adjusted return with downside protection and low reliance on equity valuation at the time of exit.

S. Srinivasan, Managing Director of Kotak Alternate Asset Managers Limited said, "KIIF is a differentiated offering in an otherwise crowded infrastructure investing market dominated by equity investors. It attempts to measure and price

"KIIIF is proud of the partnership with AIIB that has brought about a much-needed alternative to traditional sources of credit for Indian infrastructure projects."

S. Srinivasan
Managing Director
Kotak Alternate Asset Managers Limited



risk better than equity and will deliver superior risk adjusted returns to its LPs. It will provide credit solutions to stressed infrastructure assets as well as capital for growth. We are delighted that marquee international investors have endorsed the strategy and look forward to working closely with them in making KIIIF a success."

Aligned with AIIB's thematic priority to mobilize private capital into infrastructure, AIIB was one of the anchor investors in the Fund. The Fund also attracted substantial investments from two additional large foreign institutional investors.

"KIIIF is proud of the partnership with AIIB that has brought about a much-needed alternative to traditional sources of credit for Indian infrastructure projects. AIIB's initial interest – shaped by its deep understanding of the sector's requirements – and its subsequent investment of USD100 million in equivalent INR in KIIIF, were pivotal to the Fund's closing, enabling it to successfully raise capital from other foreign institutional investors," added Srinivasan.

"Additionally, AIIB's guidance on ESG and related matters helped KIIIF develop and incorporate a robust policy and Environmental and Social Management System framework into its investment process."

KIIIF intends to diversify across infrastructure sub-sectors nationwide, providing vital growth potential for emerging and under-banked sub-sectors, including renewable power generation and distribution, digital infrastructure and EV infrastructure. The environmental and social risks

presented by these projects will be mitigated using the Fund Manager's Environmental, Social and Governance Framework (ESGF) policy, complemented by monitoring and supervision by AIIB.

The Fund marks the Bank's first investment where foreign institutional capital was mobilized in local currency. "Infrastructure assets have local currency revenues and hence, need local currency denominated capital," stated Pramod Vijayasankar, Lead Investment Officer, AIIB. "This is one of the first instances of a fund where international investors are directly taking local currency risks - we need more of that in the region to support infrastructure financing needs. Typically, international investors will not take on direct foreign exchange risks or will demand very high risk/return premiums that are not appropriate for the infrastructure asset class, so such innovative capital mobilization is key to meeting the varied infrastructure financing needs in developing countries."

AIIB's commitment will play a catalytic role in enhancing the financial sustainability of infrastructure assets in India and encourage innovative capital to enter the sector by mobilizing private capital from foreign, institutional investors into a local currency fund, and successfully exploring alternative capital strategies. AIIB very much hopes to build on the knowledge gained from this project and catalyze new forms of risk capital in other countries in the region to supplement bank and capital market sources for infrastructure financing.

MULTICOUNTRY: SERAYA SEA ENERGY TRANSITION AND DI FUND

Investing in a Sustainable Future for Digital and Energy Transition in Asia

AIIB's investment in Seraya Vision, LP (Fund), a Southeast Asia (SEA) Energy Transition and Digital Infrastructure fund, marks a new era in Asia's sustainable development and digital transformation. Underscoring AIIB's commitment to driving sustainable development and digital transformation across Asia, the Fund aligns with AIIB's core thematic priorities, enabling a collaborative approach to fostering future-focused infrastructure throughout the region.

PROJECT DETAILS

Project Title:	Seraya Southeast Asia Energy Transition and Digital Infrastructure Fund
Project Number:	P000701
Member:	Multicountry
Sector:	Multi-sector
Financing Type:	Nonsovereign
Approved Financing:	USD120 million
Financing Approval:	March 22, 2023
Commitment Amount:[*]	USD60 million

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

(Seraya). AIIB's sustainability-linked project portfolio now includes multiple funds, guarantees and bonds with its impact footprint spanning four continents.

Benefits

AIIB's participation in projects directly mobilizes private capital. James Chern, Seraya's Managing Partner & Chief Investment Officer, highlighted that AIIB's presence and commitment to Seraya was instrumental in "bringing on board additional LPs." Through partnerships such as these, the Fund exceeded initial fundraising targets, even in a challenging market, demonstrating the confidence AIIB's presence instills in global investors.

Asia's First Green Data Center and First Offshore Wind Farm Vessel Operator

The Fund's investment in Asia's first green data center operator aligns with AIIB's Connectivity and Regional Cooperation priority, meeting the growing demands of Asia Pacific's digital economies. Similarly, the Fund's investments in Cyan Renewables (Asia's first offshore wind farm vessel operator) and Astrid Renew also align with AIIB's Technology-enabled Infrastructure thematic priority. These investments are expected to accelerate the digitization of economies in Asia while improving digital connectivity between Asian economies, and deepening internet usage and local e-commerce.

Decarbonizing Data Infrastructure for 1.8 billion People

The Fund has strategically created the Empyrian Digital platform for developing and operating renewable energy-focused data centers. Empyrian Digital, which will develop and operate

The Project

Seraya Vision, LP (Fund), a Southeast Asia (SEA) Energy Transition and Digital Infrastructure fund, a parallel vehicle to the Seraya Partners Fund I (Main Fund) is a significant regional indicator of Asia's progression toward sustainable development and digital revolution. The Main Fund reached final close with a total commitment of USD800 million (including co-investments). AIIB pledged a total commitment of USD120 million, comprising USD60 million to the Fund and up to USD60 million in a co-investment sleeve. The Fund has set its sights on Emerging Asia, with a keen focus on sectors such as digital infrastructure and energy transition opportunities. These include data centers, offshore wind farm vessel operations, renewable energy and energy storage and other related sub-sectors. The Fund is managed by Seraya Partners

“AIIB’s dedicated ESG team further bolstered the Fund’s ESG policies and processes. This is a significant differentiator which demonstrates AIIB’s capabilities and pledge to ESG.”

Sue Ann Lim
Chief Finance Officer
Seraya Vision LP



renewable energy-focused data centers in a region with a combined GDP of over USD20 trillion across Asia, offers access to a consumer base of approximately 1.8 billion people. This aligns with AIIB’s Digital Infrastructure sector strategy.

Green on Land and Water

Seraya’s offshore wind farm vessel platform, Cyan Renewables, will acquire and lease vessels designed to support the construction as well as operations and maintenance (O&M) of offshore wind farms across Asia. These platforms support research from the International Renewable Energy Agency (IRENA) that highlights how Asia will contribute over 60% of global offshore wind capacity by 2050.

Sustainable Energy Across Asia

AIIB’s investment also supports Astrid Renew, a fully owned platform of the Fund. Astrid Renew spearheads the shift toward renewable energy and energy storage within the rapidly growing Asia-Pacific region. Headquartered in Singapore, with a strategic network of regional offices, Astrid is uniquely positioned to drive decarbonization across RE100 and Fortune 500 multinational corporations. The commitment to transition from conventional sources to green alternatives aligns seamlessly with AIIB’s Green Infrastructure thematic priorities highlighted above.

AIIB’s Role in Private Capital and Gender Equality

Sue Ann Lim, Seraya’s Chief Finance Officer commented that “AIIB’s dedicated ESG team further bolstered the Fund’s ESG policies and processes. This is a significant differentiator which demonstrates AIIB’s capabilities and pledge to ESG.” AIIB’s investment in the Fund further strengthens its commitment to mobilizing private capital toward infrastructure for tomorrow.

In addition, AIIB’s commitment to gender equality is demonstrated by the positive results of Seraya’s focused efforts to increase female representation. As of the date of this Report, there has been a significant increase in female representation—31% of the staff in Seraya and its platform companies are females. Such measurable targets will continue to drive progress toward greater gender equality within the Fund and its platform companies.

This support instills confidence in investors who may be considering emerging market infrastructure investments. In this vein, AIIB is actively supporting Seraya in aligning with its Environmental and Social Framework (ESF). By strategically funding critical components in the renewable energy supply chain, AIIB strengthens the regional framework, reduces costs and encourages further expansion of clean energy infrastructure.

The Seraya SEA Energy Transition and DI Fund invests in Cyan Renewables, Asia's first offshore wind farm vessel operator.



Photo: Seraya Vision, LP.

Regional Economic Context

Seraya's focus comes at a time of significant growth projections within the ASEAN region. Despite potential headwinds, factors such as loosening monetary policy and Japan's resurgence offer potential upsides for economies in SEA. Additionally, the global push for offshore wind power and the rapid growth of green data centers present significant opportunities that the Fund is strategically positioned to capitalize on.

The Association of Southeast Asian Nations (ASEAN) experienced robust GDP growth of 5.7% in 2022, and while there was a moderate slowdown to 4.1% in 2023, the 2024 outlook remains positive at 4.6%. Importantly, FDI inflows are expected to remain strong as multinationals diversify manufacturing supply chains and prioritize growth within Southeast Asian industrialized nations. The region's recovering tourism industry, a vital economic pillar for many ASEAN nations, will further contribute to this upward trend. Overall, the ASEAN region is poised to remain one of the world's fastest-growing economic areas and a key growth engine within Asia-Pacific.

The above ties in with the Fund's platform strategy. For example, the global green data center market presents a massive growth opportunity, projected to reach USD55.1 billion by 2027, with the Asia-Pacific region anticipated to experience the highest growth rates. While green data center penetration remains low within Asia-Pacific currently, this positions the region for rapid expansion.

Singapore's favorable political climate and data protection regulations make it a regional leader in watts per capita within SEA. The emergence of Indonesia, Malaysia and Thailand as key green data center players highlights the broader potential across the region. Consolidation within the industry, driven by real estate private equity and telecom companies, aligns with the increasing focus on scalable data center infrastructure.

Sustainability at the Core

While propelling development, Seraya and the Fund remain firmly guided by AIIB's **environmental and social framework**. AIIB's stringent Environmental and Social Policy (ESP), encompassing the Environmental and Social Exclusion List (ESEL) and Environmental and



The investments under the Seraya SEA Energy Transition and DI Fund are expected to accelerate the digitization of economies in Asia while improving digital connectivity between Asian economies.”

Social Standards (ESSs), serves as key principles for the project's implementation. Seraya's commitment to applying the [IFC Performance Standards 2012](#), [ILO Core Labor Standards](#), and [UN Guiding Principles on Business and Human Rights](#) further underscores its dedication to responsible investment. Furthermore, guided by AIIB's commitment to Paris Alignment, subprojects are carefully assessed for their climate and transitional impacts and exclude activities aiming at supporting the expansion of greenfield fossil fuels drilling and exploration or creating carbon lock-in. Seraya's enhanced Environmental and Social Management System (ESMS), as led by AIIB's ESP, acts as a robust framework, ensuring comprehensive risk identification, mitigation and monitoring throughout the project lifecycle, safeguarding both the environment and communities.

Transparency and accountability are the cornerstones upon which the project is built. Seraya, a signatory to the [UN Principles for Responsible Investment \(PRI\)](#) and committed to the [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#), ensures regular disclosure of information on Seraya and the platform

companies' websites. This open and transparent approach fosters trust and enables accountability of the Project. An external communication mechanism (ECM) and a group-level [Grievance Redress Mechanism \(GRM\)](#) are also in place to facilitate stakeholder engagement and address potential concerns. These mechanisms empower communities and ensure that their voices are heard and addressed, ensuring that the project delivers.

Singapore-based Seraya is a respected Asian infrastructure manager with a proven track record and a focus on next-generation infrastructure investments. The decision to headquartered the Fund in Singapore underscores the commitment to stability and regulatory compliance. The Fund, in close partnership with AIIB, is a pioneering force in the sustainable development of Asia's infrastructure.

BANGLADESH: RAMPURA-AMULIA-DEMRA (RAD) EXPRESSWAY

Addressing Traffic Congestion in Dhaka with an Elevated Expressway

The Dhaka Rampura-Amulia-Demra (RAD) elevated expressway will improve transportation services in Bangladesh's capital city and will stimulate economic development in Dhaka and the entire country.

PROJECT DETAILS	
Project Name:	Rampura-Amulia-Demra (RAD) Expressway Project
Project Number:	P000466
Member:	Bangladesh
Sector/Subsector:	Transport
Financing Type:	Nonsovereign
Approved Financing:	USD75 million
Financing Approval:	July 20, 2023
Commitment Amount:[*]	USD65 million

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

Traffic congestion has long been a challenge for people in Dhaka, Bangladesh. For years, traffic has grown increasingly heavier, creating health hazards and economic losses. The situation has turned into a transport crisis. A recent study named Dhaka as the world's slowest city among 1,200 cities across 152 countries.¹

Road congestion did not emerge overnight. Dhaka's population grew by nearly 50% from 2010 to 2020, becoming one of the most densely populated cities in the world. Today, the greater Dhaka area is home to roughly 22.5 million residents. Responsible for 40% of Bangladesh's gross domestic product (GDP), Dhaka is a magnet for new residents and businesses.

Dhaka heavily depends on road transport, but considerable traffic volume exceeds road capacity by 20% on average during peak hours. In certain parts of the city center, volume exceeds capacity by more than 100%, resulting in an

average road travel speed of 6.4 kilometers per hour (kph) during the morning rush.² Without substantial investment in public transport, the average may slow down further to 4.7 kph by 2035.³

Transportation infrastructure in Dhaka — like elsewhere — is fundamental to raising living standards and stimulating economic activities. A reliable and efficient transportation network is essential for establishing civic infrastructure and services such as medical facilities, postal services and public transport. While Dhaka boasts several sources of growth, connectivity glues it all together. For Dhaka's blistering growth to avoid reaching a standstill, it must overcome its transport bottlenecks.

An Important Link

In an expansion of its transportation infrastructure portfolio in Bangladesh, the Asian Infrastructure Investment Bank (AIIB) approved a nonsovereign-backed loan of up to USD75 million for the design, construction and operation of a 12.5-kilometer four-lane access-controlled elevated expressway in Dhaka. The Dhaka Rampura-Amulia-Demra (RAD) elevated expressway will connect National Highways N1 and N2 in eastern Bangladesh to central Dhaka and facilitate the flow of vehicular traffic within the city and toward its surrounding districts. The total project cost is estimated to be USD261 million.

The project is developed under a public-private partnership (PPP) structure, of which Bangladesh's Roads and Highways Department (RHD) is the PPP's contracting authority. Commercial banks involved in the financing are the Development Bank of Singapore and Bank of China, as well as the Bangladesh

¹ National Bureau of Economic Research. 2023. The Fast, the Slow, and the Congested: Urban Transportation in Rich and Poor Countries.

² ADB. 2021. Updating the Revised Strategic Transport Plan for Dhaka - Technical Assistance Report.

³ R. Gallagher. 2016. Dhaka's Future Urban Transport: Costs and Benefits of Investment in Public and Private Transport. Copenhagen Consensus Center.

“This [project] will not only benefit Dhaka. The associated socioeconomic development will also benefit the development of Bangladesh as a whole. Improved transportation services will stimulate economic development and benefit surrounding residents.”

Meng Feng
General Manager
Financing and Contract at China Road and Bridge Corporation



state-owned non-banking financial institution, Infrastructure Development Company Limited (IDCOL). The Asian Development Bank (ADB) is acting as the advisor to RHD on the PPP. China Communications Construction Company Limited and China Road and Bridge Corporation are the sponsors awarded with the construction and operation of the expressway. The PPP contract has a concession period of 25 years, including a four-year construction period. It is the Bank's first greenfield PPP project in the transport sector and the first nonsovereign transport project in Bangladesh.

“As an important link in the China-India-Bangladesh Economic Corridor, the construction of this project will connect the capital, Dhaka, with Chittagong, Sylhet, Narayanganj and other eastern regions of Bangladesh,” said Meng Feng, General Manager of Financing and Contract at China Road and Bridge Corporation. “This will not only benefit Dhaka; the associated socioeconomic development will also benefit the development of Bangladesh as a whole. Improved transportation services will stimulate economic development and benefit surrounding residents.”

The project includes an 8.15-kilometer elevated segment and a 4.35-kilometer at-grade segment, which involves upgrading an existing two-lane, undivided road. It begins at the Chittagong Interchange, providing access to National Highway N1, extends to connect with National Highway N2, and concludes at the Rampura Interchange, situated in a densely populated region of Dhaka. The proposed roadway will be

about 18 meters wide in the elevated parts and 32 meters wide in the at-grade portions. The project also includes a two-lane service road totaling 11.5 kilometers, eight culverts, three interchanges, one underpath, one toll plaza, one grade separation and 30 at-grade intersections.

“Dhaka is one of the most congested cities in the world,” said Ziwei Liao, Senior Investment Officer, Public Sector Clients Department, Region 1 at AIIB, who leads the project team. “During our mission, we drove by part of the road that will be expanded. Traffic is heavy, and it’s risky for local people to set up stands and do business along the road. With the elevated expressway built, the traffic is expected to be eased, and connectivity between Chittagong, Dhaka and Sylhet Districts will be improved.”

National Highways N1 and N2 are crucial arteries connecting Bangladesh both within and beyond. N1 connects Dhaka to southeastern Chittagong, the country’s second-largest city and home to its largest seaport. N2, meanwhile, connects Dhaka to the city of Sylhet in the northeast along the border with India. The project will facilitate travel to these further out regions.

Enhancing Connectivity, Mobilizing Private Capital

A feasibility study shows that the project will reduce travel time and vehicle operating costs related to fuel and maintenance. It will also improve public safety by reducing road accidents. Other benefits include job growth,

taxation, increased government revenues and other indirect socioeconomic benefits. Primary beneficiaries include road users; consumers, owners and employees of tradeable goods and services; and local communities within these districts.

The project falls under the Bank's thematic priority of Connectivity and Regional Cooperation by helping to ease congestion in Dhaka while strengthening connectivity with the capital's surrounding districts. It fosters Private Capital Mobilization — another thematic priority—given AIIB's key role in structuring the loan and mobilizing international commercial banks to participate in a crucial infrastructure project.

"The project is a marvelous example of Private Capital Mobilization," said Liao. "As the only MDB in the lender group, the Bank played a key role in due diligence, loan structuring, E&S management

and documentation, which laid the groundwork for mobilizing financing from a broad spectrum of private-sector investors, including foreign commercial banks and IDCOL. The project marks the first successful international project financing involving an MDB, global commercial banks and a local development institution for a PPP project in Bangladesh."

As the first availability-based PPP expressway project in Bangladesh, the project serves as an example of how such concerns can be structured and financed to attract private capital.

AIIB has other transport projects in Bangladesh. One is the Mymensingh Kewatkhali Bridge project, which aims to ease traffic congestion in Mymensingh City. The second project involves upgrading N2, which runs between Sylhet and the Tamabil border point, into a four-lane dual-carriageway highway.

The Rampura-Amulia-Demra Expressway is expected to reduce travel time and vehicle operating costs related to fuel and maintenance. It will also improve public safety by reducing road accidents.



Photo: China Road and Bridge Corporation (2023).

"Bangladesh is an important member of AIIB," said Liao. "Since its establishment, AIIB has approved 20 projects (including this one) and committed over UDS3.8 billion to the country."

Like all AIIB projects, the RAD project aligns with the Paris Agreement and is consistent with Bangladesh's Nationally Determined Contribution. The plan involves widening roads from two lanes to four, which will not only improve road quality and fuel efficiency but also help reduce emissions. As per estimates, this project is expected to reduce greenhouse gas emissions by approximately 30,042 tons annually.

Furthermore, the project aligns with AIIB's Transport Sector Strategy. It contains all four core attributes of a priority project: trunk linkages, cross-border connectivity, transport integration and upgrading of existing infrastructure.

It will help to reduce traffic congestion in Dhaka and enhance connectivity to other economic centers of the country. Additionally, it will play a pivotal role in connecting the port of Chittagong and facilitating transfer between the seaport and highways. Further, it will be integrated into the national transport networks by linking to National Highways N1 and N2 and connecting to the port of Chittagong. And finally, the project includes expanding an existing at-grade two-lane road into a 65% elevated four-lane access-controlled expressway.

"The Government of Bangladesh attaches great importance to this project," said Meng. "After its completion, it will directly connect the main roads in Dhaka with the national highways to form a more complete national highway network, thus strengthening the transportation links between various regions and playing a vital role in buttressing transport infrastructure in Bangladesh."



INDIA: CHENNAI METRO RAIL PHASE 2 PROJECT—BALANCE CORRIDOR 5

Chennai Spurs Sustainable Economic Growth through Improved Rail Connectivity

The Chennai Metro Rail Phase 2 Project – Balance Corridor 5 is incorporating climate-adaptive design and measures to ensure its resilience to climate hazards and utilizing building information modeling to increase efficiency across the project's life cycle.

PROJECT DETAILS	
Project Title:	Chennai Metro Rail Phase 2 Project—Balance Corridor 5 (BC5)
Project Number:	P000368
Member:	India
Sector:	Transport
Financing Type:	Sovereign
Approved Financing:	USD438.75 million
Financing Approval:	April 19, 2023
Commitment Amount: *	USD438.75 million

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

Chennai, the capital of the Indian state of Tamil Nadu in the eastern coast of India, serves as a gateway in the south of the country. Considered as a major transport hub, Chennai plays a vital role in the state's economic growth and, consequently, in the nation's economic development. Tamil Nadu contributes 8.8% to the nation's gross domestic product (GDP), with state GDP in FY2023 estimated at USD294 billion.

According to the World Population Review, Chennai has an estimated 12.1 million people in 2024—arguably making it the fourth most populous metropolitan area in India—and this number is expected to rise to 12.6 million by 2026. In 2011, the Chennai Metropolitan Area (CMA) recorded daily passenger traffic at 15.7 million and forecast to reach 20.8 million per day in two years.

Chennai's large-scale urbanization and industrialization have put a heavy strain on CMA's urban transport system. The lack of sufficient public transport facilities has particularly caused

private vehicle ownership to rise and contribute significantly to motorway congestion, high carbon emissions and frequent road incidents. The situation has also been exacerbated by inadequate parking space and sidewalk vendors encroaching on major roads.

In 2020, the Government of Tamil Nadu sought support from the Asian Infrastructure Investment Bank (AIIB), among other lenders, to increase transport capacity and improve the efficiency of the northwest-south connectivity in the CMA by expanding the Chennai metro system. Phase I of this rail project was completed in 2017.

"AIIB is recognized as a reputable international financial institution specializing in infrastructure development projects across Asia. By partnering with AIIB, the government can leverage its expertise and experience in project financing, planning, and implementation to ensure the success of Chennai Metro Rail Phase 2 projects," CMRL Director T. Archunan said.

The Chennai Metro Rail Phase 2 Project—Balance Corridor 5 (BC5), which will span 24.04 kilometers and feature 23 elevated stations, aims to connect the Chennai Mofussil Bus Terminal (CMBT) in the northwest to Okkiyam Thoraipakkam in the south. Specifically, BC5 will start from the Grain Market near CMBT and pass through the heavily congested Kaliyamman Kovil, Arcot Road and then through Mount Poonamallee Road.

Consortium of Lenders

The total cost of the project amounts to USD999.10 million, with AIIB approving funding of USD438.75 million for two out of the four components. Component 1 involves the construction of an elevated viaduct that stretches 12.431 kilometers between CMBT and Ullagaram Metro Station and includes special

“By partnering with AIIB, the government can leverage its expertise and experience in project financing, planning and implementation to ensure the success of the Chennai Metro Rail Phase 2 projects.”

T. Archunan
Director
Chennai Metro Rail

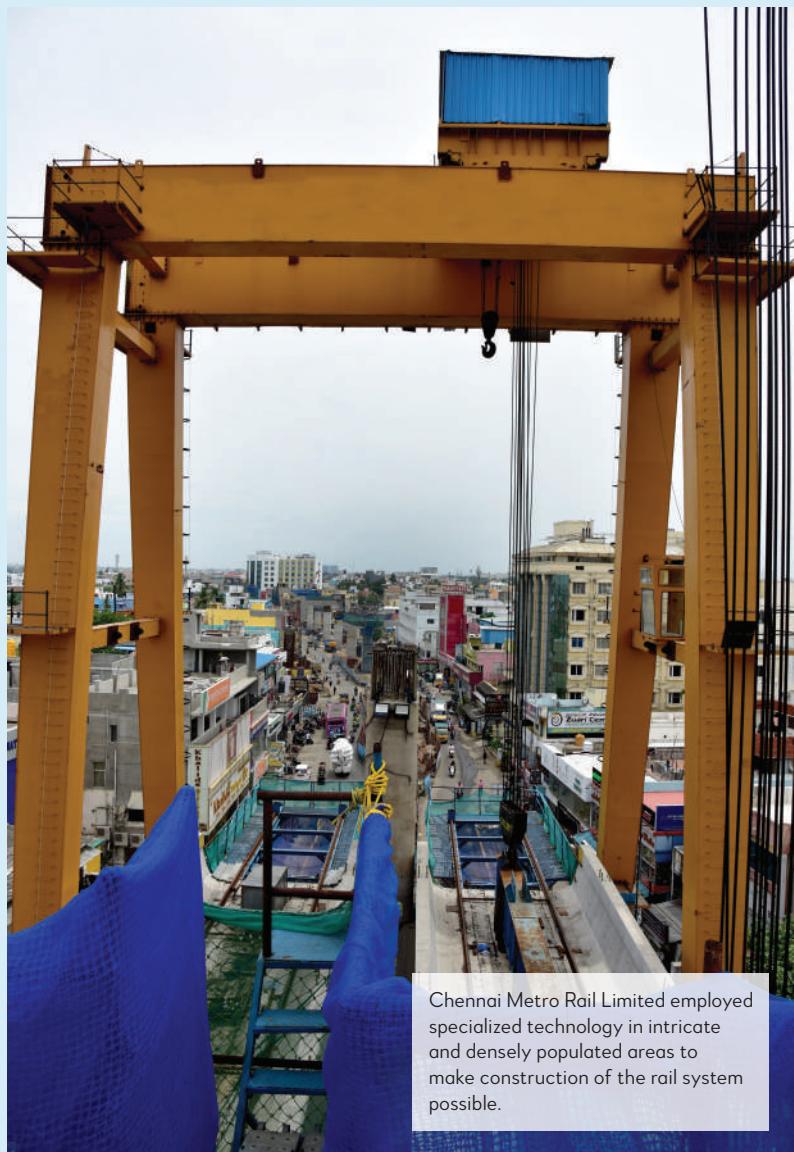


spans and the construction of 12 elevated stations. Component 2, on the other hand, features the construction of an 11.61-kilometer elevated viaduct from Ullagaram Metro Station and Okkiyam Thoraipakkam Metro Station and 11 elevated stations in between these two points.

The Asian Development Bank is financing Component 3—electrical and mechanical works, telecommunication, traction and power supply—for a sum of USD121.78 million. The final component serves as the government counterpart. It costs a total of USD438.57 million and covers the general consultant, signaling, lift and escalators, permanent way, platform screen doors and others, including overall state tax and cost of land acquisition.

Sustainable Infrastructure

According to AIIB Project Team Leader Wenyu Gu, Senior Investment Officer, the BC5 particularly aligns with two of the Bank's Corporate Strategy Thematic Priorities: green infrastructure and technology-related infrastructure. The removal of traffic bottlenecks in CMA will facilitate the modal shift of passenger transport and thus lead to reduced greenhouse gas emissions. Moreover, the project is set to incorporate climate-adaptive design and measures to ensure its resilience to climate hazards. Gu also says that the project has adopted building information modeling (BIM), which enhances efficiency across the project



Chennai Metro Rail Limited employed specialized technology in intricate and densely populated areas to make construction of the rail system possible.

life cycle of planning, implementation and operation and maintenance. BIM technology eases the integration of the design of the various components and identifies potential conflicts, enabling early identification and elimination of time- and cost-oVERRUN scenarios.

"This investment stands out as an emblematic project for AIIB's commitment to sustainable infrastructure with strong environmental and social standards. It is a testament to the Bank's focus on reducing carbon emissions and promoting green infrastructure—aligning with the global and national commitments to combat climate change," Gu noted.

Archunan believes AIIB's strong adherence to quality and environmental standards, as well as its stringent tendering and construction processes help improve the overall quality of the CMRL project, as these ensure compliance with international best practices and standards.

Challenges and Solutions

Various stakeholders have been collaborating on this project, including the Chennai Airport Authority, Water and Electricity Board, Chennai Metropolitan Water Supply and Sewerage Board, Tamil Nadu Electricity Board, Bharat Sanchar Nigam Limited (a telecommunications service provider), among others, to help address the major challenges of public utility relocation arrangements.

Among the primary challenges identified are the critical locations of the alignment for the construction of the viaduct or elevated sections, considering that the rail system will pass through intricate and densely populated areas. Gu explains that the CMRL team employed special spans with composite girders and balanced cantilevers at select locations to make the construction possible.

BC5's connectivity, accessibility, mobility and safety are also among the challenges addressed through integrating the metro with other existing rail system (St. Thomas Mount and Adambakkam are to be integrated with the suburban and MRTS line, and the Sholinganallur, C5 corridor to the C3 Corridor, which serves as the junction of IT Corridor). Moreover, it will be linked with other transport options such as the suburban rail, bus services and airport transference. The metro's design also considers high speed, reliability, safety and comfort of people when they travel.

"This multimodal integration is pivotal in creating a unified transport network that not only enhances connectivity, but also makes commuting more convenient and time-efficient for residents and visitors alike," Gu said. He stressed that the availability of an efficient transport system will reduce dependence on private vehicles and decongest roads. Improved mobility is particularly crucial for the urban poor, women and other vulnerable groups because it empowers them with better access to resources and opportunities.

Gender-friendly and Universally Accessible

Project stakeholders reveal that certain vulnerable demographics have been considered during planning. They indicate that the infrastructure utilizes gender-friendly, safe, and universally accessible designs to accommodate the needs of women, elderly, children and people with disabilities, among others. The design is based on the feedback gained through direct consultations with affected individuals, i.e., traders, women, residents, kiosk owners and several vulnerable groups.

The project used high-quality materials and smart engineering techniques to protect and preserve the structural integrity and stability of the metro infrastructure from disasters and ensure the safety and security of passengers' and personnel during extreme weather conditions.



The station design thus features facilities such as comprehensive CCTV camera coverage, ample illumination, coaches dedicated exclusively to women and universally accessible amenities including ramps, elevators, tactile paths for the visually challenged and designated wheelchair spaces to ensure accessibility and security.

Climate-adaptive Design

Meanwhile, as CMA is prone to cyclone risks within 20 kilometers of the coast, and a few areas are susceptible to flooding during heavy storms, the project adopts climate-change resilient innovations to protect the infrastructure from catastrophic events. Archunan says that Phase II employs seismic resistant structures to survive earthquakes, flood-resistant stations to weather the monsoon season—entry and exit points are at least 0.6 meters above the High Flood Level—and high wind speed resistance to withstand cyclones.

The use of high-quality materials and smart engineering techniques is not only meant to protect and preserve the structural integrity and stability of the metro infrastructure from natural disasters, but also to ensure both the passengers'

and personnel's safety and security during these extreme weather conditions, Archunan adds.

Economic Impacts Grounded on Sustainable Development

AIIB expects the CMRL project to improve access to employment opportunities, education and healthcare in Chennai—thus spurring economic growth. Quicker and smoother flow of people and goods are bound to expand economic activities and attract more investments.

"This economic development contributes to the overall prosperity of the region, which in turn, benefits the national economy," Archunan said.

More importantly, Gu noted how the project meets AIIB's sustainable development goals. "By supporting the construction of a modern, efficient and sustainable urban transport system, AIIB contributes to Chennai's development into a more livable and resilient city," the project team leader said, adding that these improvements in economic prospects, connectivity and mobility are vital in building sustainable and quality urban living for Chennai's people.



EGYPT: SUSTAINABLE TRANSPORT AND DIGITAL INFRASTRUCTURE GUARANTEE

Bridging the Gap Toward a Sustainable Infrastructure Path

Egypt's ambitious plans for sustainable development and infrastructure modernization face a critical challenge: mobilizing the necessary capital to bridge the gap between aspiration and reality. To support its development of sustainable infrastructure in the areas of green transport and digital infrastructure, AIIB is mobilizing private capital through a partial debt guarantee. Through the Project, AIIB will partially guarantee a privately placed, three-year maturity, Sustainable-labeled Panda bond by the Government of Egypt.

PROJECT DETAILS	
Project Title:	Egypt Sustainable Transport and Digital Infrastructure Guarantee
Project Number:	P000692
Member:	Egypt
Sector:	Multi-sector
Financing Type:	Sovereign
Approved Financing:	USD200 million
Financing Approval:	Sep. 22, 2023
Commitment Amount:[*]	USD200 million

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

Egypt's economic future hinges on efficient and environmentally responsible infrastructure. The government, recognizing this, published the [Sovereign Sustainable Financing Framework](#) (SSFF) in November 2022, highlighting the roadmap for attracting sustainable investments. This framework prioritizes projects that align with the Paris Agreement's carbon reduction goals, focusing on key development areas including green transport and digital connectivity.

To bring this vision to life, the Government of Egypt turned to the Asian Infrastructure Investment Bank (AIIB) for its first step on a bold development endeavor. The resulting partnership culminated in the issuance of a privately placed, three-year Partial Debt Guarantee (PDG) of up to USD200 million equivalent in CNY

(Sustainable-labeled Panda bond), including bond proceeds and any accrued but unpaid interest. The PDG attracts private investors by enhancing the underlying government bond's creditworthiness. The PDG, jointly provided by AIIB and the African Development Bank (AfDB), acts as a safety net for investors, guaranteeing a portion of the bond's principal and accrued interest. This guarantee, composed in part of USD200 million from AIIB with AfDB putting up its own share, attracted private capital and made the project financially viable. The government's recent monetary and fiscal measures, coupled with an expanded International Monetary Fund (IMF) program, have signaled a pathway toward resolving the currency crisis that had threatened to derail the nation's development agenda.

Benefits

Mae Adel, Head of the Debt Management Unit at the Egyptian Ministry of Finance, noted that the "CNY-denominated Panda bond has proved [the Government of Egypt's] resilience and ongoing efforts" against a challenging macroeconomic context that turned the "traditional market to an inaccessible source of finance." Adel also highlighted that the Panda bond's success has also led to many countries approaching their Egyptian counterparts for knowledge sharing on the Sustainable-labeled Panda Bond experience for non-investment grade sovereigns. Of note is the fact that the "guarantee format was a pioneering structure to all the parties in this landmark successful issuance" and the choice of AIIB and AfDB was an intentional match-making structure between "two continents that truly supported the success of the deal." The PDG bond's proceeds are earmarked for projects focusing on green transport and digital infrastructure.

“The Panda bond has proved [the Government of Egypt’s] resilience and ongoing efforts [against a challenging macroeconomic context that turned the traditional market to an inaccessible source of finance.”

Mae Adel
Debt Management Unit Head
Ministry of Finance of Egypt



Sustainability at the Core

The project's adherence to stringent environmental and social safeguards is paramount. All sub-projects will be guided by multilateral development banks' (MDBs') Environment and Social (E&S) standards. The project excludes activities listed on AIIB's Environmental and Social Exclusion List (ESEL) and prohibits financing coal mining or power generation projects, underscoring Egypt's commitment to a low-carbon future. The SSFF's mandate for annual reporting on the bond's allocation and impact will support transparency and accountability, ensuring that the project's ESG objectives are met.

Infrastructure for Tomorrow: Thematic Priorities

Ming Hao, Senior Investment Officer and Project Team Leader for the project emphasized, "This project exemplifies AIIB's commitment to all four core thematic priorities outlined in the Bank's 'Infrastructure for Tomorrow' mission." The project aligns with the Green Infrastructure priority by financing sustainable transportation, promoting eco-friendly urban mobility and reducing emissions. It also supports the Technology-enabled Infrastructure priority by leveraging digital infrastructure to drive economic growth and development. By issuing the sustainable-labeled Panda bond and providing the innovative

PDG, AIIB has successfully mobilized private capital investment for these crucial infrastructure projects. "The project also fosters Connectivity and Regional Cooperation by strengthening Egypt's transportation networks and digital infrastructure, enhancing regional integration and facilitating the efficient movement of people, goods, data and capital across the nation and beyond its borders," Hao said.

A Pioneering Sustainability Portfolio

The PDG project represents more than just a financial instrument—it embodies the transformative power of innovation, collaboration and a shared vision for a sustainable future. Accessing the funds needed for such projects is not straightforward, but AIIB was and is the partner of choice to step in and catalyze innovative infrastructure financing solutions. AIIB's transport and digital infrastructure project portfolio now includes multiple loans, guarantees and bonds with its impact footprint spanning four continents.

ROMANIA: BANCA TRANSILVANIA GREEN MORTGAGES BOND INVESTMENT

Building Green Homes, Building a Brighter Future

The Banca Transilvania Green Mortgages Bond Investment project will help build green homes that are safe, comfortable and climate ready.

PROJECT DETAILS	
Project Title:	Banca Transilvania Green Mortgages Bond Investment
Project Number:	P000757
Sector:	Energy
Member:	Romania
Financing Type:	Nonsovereign
Approved Financing:	EUR100 million
Financing Approval:	June 14, 2023
Commitment Amount:[*]	EUR100 million

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

Nestled amid the vibrant history and cultural tapestry of Romania lies a pressing challenge: a housing landscape burdened by overcrowding and in urgent need for sustainable development. Romania has long faced the need for eco-friendly long-term housing solutions for its people. Government statistics underscore the issue: Romania's Sustainable Development Strategy 2030 highlighted that 48.4% of households exceeded acceptable occupancy levels, more than triple the average in the European Union.

Romania is embarking on a transformative journey – one that prioritizes both sustainability and inclusivity. To address the housing crisis, AIIB has approved a EUR100 million investment into the Tier 2 bond issuance of Banca Transilvania S.A., Romania's largest bank. This landmark investment, AIIB's first in Romania, stands in partnership with the International Finance Corporation (IFC), which has financed an additional EUR100 million. This collaboration facilitates access to affordable financing options for energy efficient homes.

Building Infrastructure for Tomorrow

The benefits of this project are significant. According to Ömer Tetik, Chief Executive Officer of Banca Transilvania, "Certified green homes offer homeowners energy and water savings of 20% to 40% compared to traditional homes, translating into significant cost reductions for home buyers." The higher-quality building materials and improved ventilation that green homes offer also mean safer, more comfortable living environments for families in the long term.

As highlighted by Konstantin Limitovskiy, AIIB's Vice President for Investment Clients Region 2 & Project and Corporate Finance, Global, "This project is an example of an investment in green infrastructure, one of AIIB's priorities under its Corporate Strategy. Moreover, the project is categorized as 100% climate finance and Paris Agreement-aligned."

For Banca Transilvania, the rewards of embracing sustainable lending practices are equally compelling. On average, green mortgages demonstrate a significant 32% lower default risk than traditional mortgages. The underlying assets also retain more value over the life of a given facility. This combination bodes well for the financier's balance sheet and asset quality metrics, as lower non-performing loans translate into stronger overall financial health.

The Romanian construction and real estate industries also stand to benefit from this project. With impending European legislation aimed at improving the quality and green performance of EU homes, financing mechanisms like green mortgages prepare the industry for this upcoming shift. This will mean an increase from 25% to 70% in the amount of construction waste required to be diverted from landfills. There will also be significant restrictions on toxic chemicals allowed in building materials and a requirement to disclose the chemicals used in material production.

“The new financing facility helps us intensify our sustainable financing efforts in areas of interest for the transition to a sustainable economy in Romania.”

Ömer Tetik
Chief Executive Officer
Banca Transilvania



Ensuring Climate Resilience for the Future

This green bond facility is more than just a financial instrument; it is a commitment to environmental stewardship and resilience. Recognizing the potential risks posed by climate change, the project incorporates robust environmental safeguards. Romania is ranked as a high-risk area for urban flood hazards, with the possibility of such events occurring at least once in the next 10 years. To mitigate this risk, Banca Transilvania established a solid Environmental and Social Management System (ESGMS) aligned with best global practices. This system ascertains that all green mortgages comply with environmental regulations and minimize potential negative impacts, ensuring a resilient and sustainable approach to housing development.

Innovative Financing

AllIB's investment, with proceeds specifically designated for green mortgages, incentivizes the bank to focus its lending on this sustainable segment, potentially catalyzing a broader shift towards green finance within the Romanian banking landscape. Moreover, the use of a relatively uncommon Tier 2 instrument in this project establishes a precedent for other institutions seeking to marry development needs with environmental responsibility.

Tetik underscored this point, noting that, “The new financing facility helps us intensify our sustainable financing efforts in areas of interest for the transition to a sustainable economy in Romania. Thus, directing the proceeds towards

energy-efficient mortgages will decrease energy consumption and greenhouse gas emissions while ensuring improved housing conditions.” As the leading player in the Romanian banking sector, Banca Transilvania’s gradual expansion of its green mortgage program has set an example for the rest of the industry and region to follow.

Impact-Driven Investment

In addition to its ESGMS, Banca Transilvania is guided by AllIB's Environmental and Social Policy (ESP), which includes the Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESSs) and serves as a key principle for the project's implementation.

Banca Transilvania promotes diversity and gender inclusion internally, with 28% of its management committee members being women, bolstered by trainings on diversity and inclusion. The bank's retail business also reflects gender and social inclusivity with statistics indicating that female clients are increasingly listed as the main borrowers for credit facilities, pointing to women's rising economic power in the country.

The green bond facility's success is driven by collaboration and strategic partnerships – AllIB's expertise in infrastructure financing, combined with IFC and Banca Transilvania's experience in the Romanian market. By bringing together key stakeholders – international financial institutions, national banks, government agencies and the private sector – this project supports a robust ecosystem for sustainable development, one home at a time.

TÜRKİYE: ISTANBUL SEISMIC MITIGATION AND EMERGENCY PREPAREDNESS ADDITIONAL FINANCING PROJECT

Preserving the Past for the Future

AIIB goes back to its first sustainable urban city project in Türkiye and becomes key in helping provide earthquake-resilient school buildings and other public infrastructure.

PROJECT DETAILS

Project Title:	Istanbul Seismic Risk Mitigation and Emergency Preparedness Additional Financing Project
Project Number:	P000705
Member:	Türkiye
Sector:	Urban
Financing Type:	Sovereign
Approved Financing:	EUR150 million
Financing Approval:	Sep. 22, 2023
Commitment Amount:[*]	EUR150 million

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

Since its founding as Byzantium in the 7th century BC, Istanbul has become Europe's most populous city, home to 15.66¹ million people, and the repository of centuries of historically significant buildings, artifacts, art and knowledge. Türkiye faces a high vulnerability to earthquakes, but Istanbul, its main megalopolis, is located close to the very active North Anatolian Fault Zone. Eight earthquakes registering more than magnitude 7.0 have been recorded at the North Anatolian Fault Zone since 1939's Erzincan earthquake.

A major earthquake near Istanbul in 1999, which caused the deaths of 17,000 people and damage estimated at over USD5-13 billion, prompted the Government of Türkiye to create the Istanbul Seismic Mitigation and Emergency Preparedness

Project (ISMEP), Türkiye's first disaster risk reduction project. ISMEP brought together programmatic solutions to possible crises that may arise from the city's most common natural disasters—especially earthquakes.

Making Plans and Facing Crises

After putting in place a new seismic-resilient building code in 2000—updated in 2007 and 2018—Türkiye worked with international finance institutions for a post-earthquake reconstruction project from 1999-2006. During this process, Türkiye realized that high-magnitude earthquakes would be catastrophic for Istanbul on several levels. Its hilly terrain meant that Istanbul needed an emergency response system that would not be derailed by tremors. Buildings and public infrastructure needed to be retrofitted or reconstructed for seismic resistance and to minimize the risk to life. Several public buildings, like schools, required reinforcement and expansion to cover the needs of Istanbul's growing population, and to serve as evacuation centers in case of disaster.

"Türkiye's implementation of ISMEP needed external assistance and support," said K. Gohan Elgin, director of the Istanbul Project Coordination Unit (IPCU), implementing agency for the project. "Before ISMEP, we managed disaster-related issues after the event. ISMEP is motivated by the need to reduce loss of life and property during and after earthquakes, and coverage includes reconstruction and retrofitting works before any catastrophic disaster and methods to raise public awareness about earthquakes."

¹ Turkish Minute. 2024. Türkiye's population hit 85.3 million in 2023. February 6.

In the first phase of ISMEP's rollout in 2006, the project steering committee considered a list of target public buildings and generated priority rankings based on criteria including accessibility during disaster; technical features, including year of construction and number of stories; distance to the fault lines; strategic location relative to the city's disaster management plan; number of students; and working hours. The city ended up with a list of 2,636 public buildings, built before 1999, which required retrofitting or reconstruction in compliance with the new Türkiye Building Earthquake Standard.

By 2019, the project had grown enough for Türkiye to apply for its first loan agreement with the Asian Infrastructure Investment Bank (AIIB) for USD300 million under the [Türkiye: Istanbul Seismic Risk Mitigation and Emergency Preparedness Project](#). Türkiye then used this as a platform to attract additional investment from international finance institutions, with total packages eventually reaching EUR2.57 billion.

Construction came at a fast clip, with 90% of the target school building retrofits and reconstructions scheduled to be completed by September 2023. And then on February 6, 2023, three earthquakes, the first two measuring magnitude 7.8 and 7.5, struck central and southern Türkiye, causing the collapse of more than 37,000 buildings and heavily damaging 200,000 others,² especially in Kahramanmaraş city. By this point, Türkiye was still recovering from the adverse economic effects from three years of COVID-19 and geopolitical tensions around Türkiye. Costs of building materials and construction skyrocketed.

Finding a Partner

As earthquakes are an ever-present danger for Istanbul, Türkiye needed to stay on track and find a partner to finance the 10% pending ISMEP projects, covering 141 educational buildings across an estimated area of 1,000,000 square meters.

The public school buildings that were chosen were built before 1999, prior to the enforcement of Türkiye's seismic-resilient building code. Over 76,000 students are estimated to benefit from the reconstruction and retrofitting of school

buildings, which include related side buildings such as sports halls, conference rooms, canteens, and the like.

Türkiye's Ministry of Treasury and Finance again reached out to AIIB, and by Sep. 22, 2023, the Bank had hammered out a financing agreement for the [Türkiye: Istanbul Seismic Mitigation and Emergency Preparedness Additional Financing Project](#) to cover said reconstruction and retrofitting while at the same time addressing several of Türkiye's resilience and climate mitigation and adaptation targets.

"This project aligns with AIIB's Green Infrastructure thematic priority," said AIIB Senior Investment Officer and project team leader Nat Pinnoi. "It supports the strengthening of Istanbul's resilience against natural disasters, which are likely to be exacerbated by the impacts of climate change." The retrofitting and reconstruction of the old buildings will also put in place resource efficiency measures, such as for energy and water efficiency, to reduce energy consumption and GHG emissions.

"This project diversifies AIIB's investment in the country from transport and energy sectors to include a sustainable city (urban sector) project in Türkiye," noted Pinnoi. "It is also a great opportunity for AIIB to develop and implement a sustainable cities project that we could replicate to other Members."

The ISMEP Additional Financing Project marks AIIB's first sustainable cities project in Türkiye, following ongoing investments in the [country's transport and energy sectors](#).

Of the 141 buildings, 36 will undergo retrofitting to make the structures reach the proposed level of seismic performance indicated in the TBDY 2018 Türkiye Building Earthquake Regulation and avoid loss of life. The most common methods to increase the structural performance of buildings against earthquakes are adding shear walls to the structural systems, column jacketing and structural retrofitting works on the foundations.

Apart from earthquake-proofing, project designs for these buildings meet the EDGE³ green building standards developed by the International

² <https://www.redcross.org.uk/stories/disasters-and-emergencies/world/turkey-syria-earthquake#:~:text=2023%20Turkey%20Syria%20earthquake%3A%20What,north%20of%20the%20Syrian%20border>.

³ <https://www.ifc.org/en/what-we-do/sector-expertise/climate-business/promoting-sustainable-innovation/green-buildings>.

Finance Corporation (IFC) and utilize energy-efficient lighting and appliances. Construction also included facilities for rainwater harvesting, wastewater treatment and utilization of treated wastewater, and rainwater drainage.

Disaster risk management and mitigation is also a major component of the ISMEP Additional Financing Project. Provisions have been made for more mobile emergency units, equipment and resources in strategic locations, allowing rescue units to penetrate more areas of Istanbul in case of a calamity. Additional funding also allowed Türkiye's Ministry of the Interior's Disaster and Emergency Management Directorate (AFAD) to build earthquake training centers for responders.

"Istanbul is a very densely populated megacity with a hilly terrain, where emergency support teams face significant challenges," said Gohan.

This is why, Pinnoi explained, the project finances additional emergency rescuing and other emergency equipment to keep up with demand.

Formulating plans for the individual buildings was also a significant challenge. AIIB needed to work with local stakeholders to identify which buildings needed to be demolished and reconstructed versus refitted. "The team consulted with the clients and regulatory agencies, as well as experts in the field to develop a practical approach to distinguish the type of investment requirement," Pinnoi points out.

The loan also covers the expansion of several target buildings. As such, the project will be able to accommodate 6,500 students and 430 teachers in new schoolrooms and facilities, a value increase for the education sector. The Provincial Directorate of National Education and relevant municipalities contributed to land use planning and building design, as many of the projects were carried out in limited footprints and required changes to the power supply framework, such as relocating transformers.

Most importantly, said Pinnoi, "Once the ISMEP Additional Financing Project is completed, many of Istanbul's public buildings will be earthquake-proof and hopefully prevent catastrophic injuries and loss of life. That, we believe, is the main economic benefit of the project."



The Istanbul Seismic Risk Mitigation and Emergency Preparedness Additional Financing Project will reconstruct and retrofit public school buildings, benefitting over 76,000 students across Istanbul and helping prevent catastrophic injuries and loss of life in the event of another major earthquake.



CLIMATE FINANCING

KAZAKHSTAN: SHOKPAR 100 MW WIND POWER PROJECT

Scaling Up Renewable Energy

The winds of Kazakhstan are helping turn its 2050 renewable energy plans into an achievable reality. The transition from a reliance on coal toward cleaner sources of fuel is boldly underway in this rapidly growing economy.

PROJECT DETAILS	
Project Title:	Shokpar 100 MW Wind Power Project
Project Number:	P000686
Member:	Kazakhstan
Sector:	Energy
Financing Type:	Nonsovereign
Approved Financing:	USD40 million
Financing Approval:	Oct. 11, 2023
Commitment Amount:[*]	USD36 million

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

Although it is home to some of the world's largest coal reserves, Kazakhstan is committed to stem its reliance on fossil fuels and shift toward a green economy. The country adopted the Kazakhstan 2050 Strategy, which calls for increasing renewable energy use to 15% by 2030. Its ultimate goal is to increase the contribution of electricity produced through wind and solar sources to 50% by 2050. This country of nearly 20 million people has already reached its goal of 3% renewable power by 2020, thus making headway on its commitment to lower its reliance on coal, which currently makes for around 50% of its energy supply and over 70% of its electricity generation.

In 2014, the country had 26 facilities producing renewable energy with an installed capacity of 177 megawatts (MW); by 2024, the number of

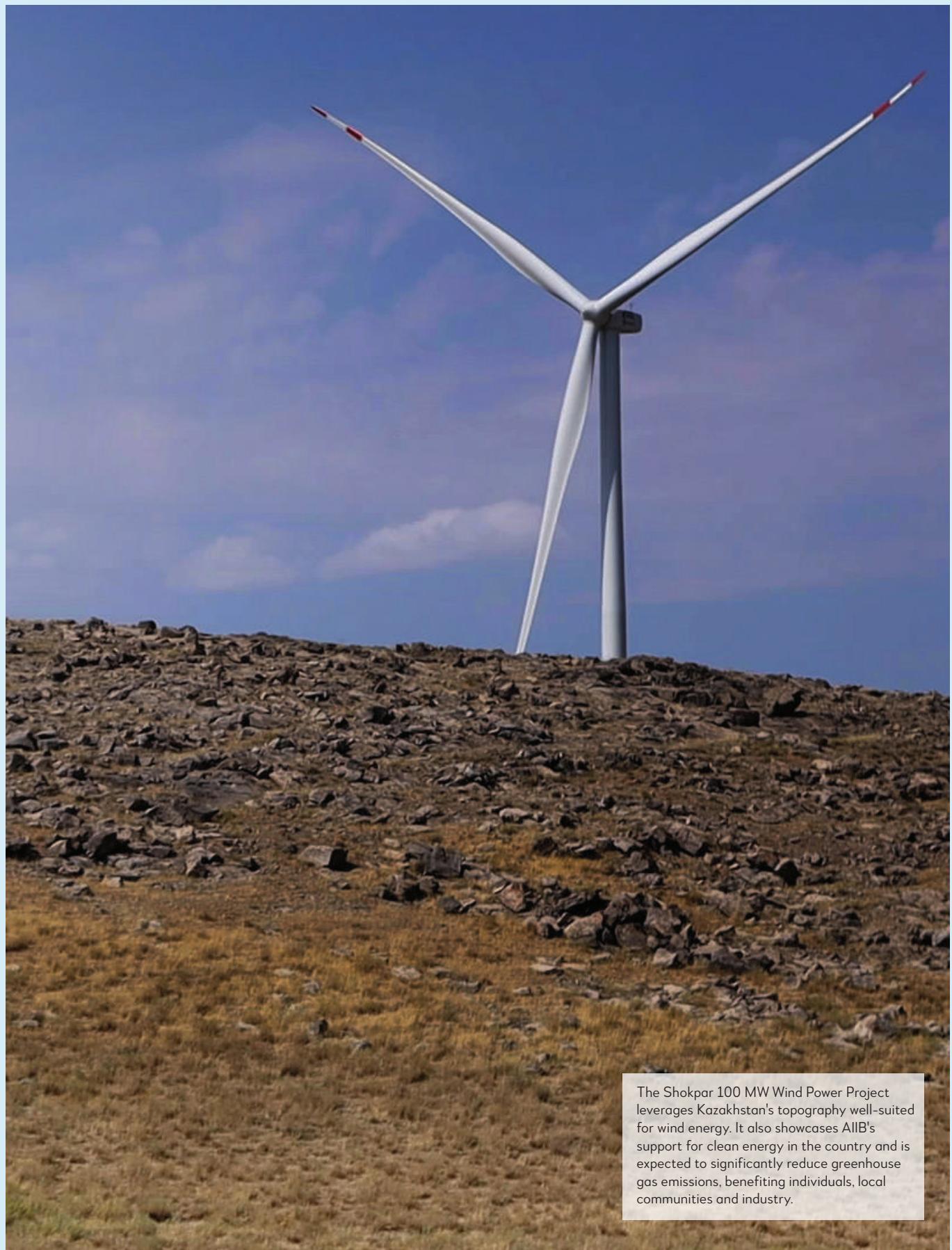
renewable energy facilities had surged to 144 with installed capacity of around 2,800 MW. "In order to ensure reliable power supply to the economy and population of the country," the government is planning "the gradual commissioning of new power capacities and modernization of existing power plants" and at the same time, ensure "a significant reduction in the share of coal-fired generation in the volume of electricity consumption through the introduction of renewable energy sources and gas-fired generation."¹

The Asian Infrastructure Investment Bank (AIIB) signed a USD36 million loan agreement to support Kazakhstan's ambitions. The loan will be used to design, develop, construct and operate the Shokpar Wind Power Plant (WPP) with a capacity of 100 MW in southern Kazakhstan's Zhambyl region.

"AIIB's financial support was fundamental in the project's implementation, development and, overall, in overcoming financial challenges/barriers typical for large-scale renewable energy projects," said Saule Sagadiyeva, Investment Manager at Visor International DMCC. "This collaboration not only secured the necessary funding but also fostered confidence among other private investors, vital for advancing Kazakhstan's renewable energy sector."

This wind project showcases AIIB's support for clean energy in Kazakhstan. By leveraging the lessons learned from the Zhanatas Project, the Bank is well-positioned to drive future eco-friendly initiatives in the region.

¹ Republic of Kazakhstan. Jan. 16, 2024. [Kazakhstan to Fully Provide Itself with Electricity through Commissioning of New Capacities](#).



The Shokpar 100 MW Wind Power Project leverages Kazakhstan's topography well-suited for wind energy. It also showcases AIIB's support for clean energy in the country and is expected to significantly reduce greenhouse gas emissions, benefiting individuals, local communities and industry.

"The Shokpar Wind Power Project fits firmly in line with the Bank's mission to build infrastructure that supports Members in their sustainable development and green energy transition as well as in line with Kazakhstan's commitment to its green transition," said Igor Popkov, AIIB Senior Investment Officer in charge of the project.

China Power International Holding Ltd. (CPIH) and Visor are co-developers, with the European Bank for Reconstruction and Development (EBRD) cofinancing the project. The total cost of the Shokpar WPP is USD127.7 million.

Kazakhstan's geography works to its advantage, with a steppe topography suitable for developing wind energy. The project is AIIB's second wind power concern in Kazakhstan, the first being the [Zhanatas 100 MW Wind Power Plant](#), also a collaboration with CPIH and Visor. AIIB approved the Zhanatas Project in 2019, and all 40 turbines have been operational since 2021. Since then, AIIB has given the green light to other regional clean-energy projects including the [897 MW Masdar Solar PV Portfolio](#) in Uzbekistan, approved in 2023.

The project is located in the Sarysu district, Zhambyl region, near the Zhanatas WPP near the town of Zhanatas, and roughly 660 kilometers west from the city of Almaty. The Shokpar WPP will see an additional 22 turbines built, along with a 7.6-kilometer 220kV double-circuit overhead line, an electrical switchgear with two transformers and the expansion of the 220 kV substation, with both wind power plants connected to the same substation.

It is expected to significantly reduce greenhouse gas emissions, benefiting individuals, local communities and industry. In its first full operating cycle, the Project could generate approximately 350 million kWh of clean energy, displacing fossil fuel-based electricity generation and reducing over 200,000 tons of carbon dioxide equivalent annually.

"The Shokpar Wind Power Project supports the development of affordable renewable power generation at a critical time," said Popkov, "as Kazakhstan is rolling back its electricity and gas subsidies, and harsher climate conditions are stressing its electricity supply."

The project aligns with AIIB's thematic priority of Green Infrastructure and will contribute to the Bank's targets for climate financing. AIIB's funding for the project is 100% climate mitigation financing, complementing the Bank's commitment to directing 50% of all financing towards climate-related initiatives by 2025. The project is also consistent with Sustainable Development Goal 7: Affordable and Clean Energy and 13: Climate action.

Furthermore, the project integrates climate resilience and adaptation measures into its design and operation. "The Shokpar Wind Power Project has been designed with an emphasis on sustainability and resilience," said Sagadiyeva. "It incorporates state-of-the-art technology to adapt to the region's climatic conditions and wind variability. Advanced turbine technologies adjust to various wind speeds, while sophisticated grid solutions ensure a stable electricity supply. Equipment selection was based on onsite measurements and long-term meteorological data, considering climate variations and potential extreme conditions over its 20- to 25-year lifespan, underscoring a strategic approach to climate resilience."

In addition, the project contributes to adaptation finance since WPPs consume almost no water, and when added to the grid, displace water intensive thermal power production. In water-scarce contexts such as in Kazakhstan, this will be crucial in supporting the country's climate resilience efforts. Moreover, the turbines to be installed in the project are designed to withstand high temperatures, crucial in a country that is facing increasing temperatures due to climate change.

Women also stand to benefit from the project. To promote women's participation and employment in the renewable energy industry in Kazakhstan, the Shokpar Wind Power Project intends to launch a training and cooperation program with the assistance of the EBRD's Gender and Inclusion team and other stakeholders. The program aims to provide training, internships and career guidance to at least 25 female high school and university students over the loan period.

"Beyond the industry advancement, the project's success signifies broader impacts," said Sagadiyeva, "including job creation and sustainable community development, representing a comprehensive approach to economic growth and environmental stewardship."

The project fits within another thematic priority of AIIB, Private Capital Mobilization, as AIIB stimulates private capital flowing into infrastructure in Kazakhstan.

"From our perspective as private investors, AIIB's involvement in the Shokpar Wind Power Project enhanced its global visibility and credibility by ensuring its adherence to international standards," said Sagadiyeva. "This project serves as an example of a successful partnership of how private capital and international financing institutions like AIIB can work together on major infrastructure projects to deliver much needed renewable power."

The Shokpar 100 MW Wind Power Project integrates climate resilience and adaptation measures into its design and operation and employs state-of-the-art technology to adapt to the region's climatic conditions and wind variability."



UZBEKISTAN: MASDAR 897 MW SOLAR PV PORTFOLIO

Embracing Solar Power Toward a Brighter Future

The Masdar 897 MW Solar PV Portfolio, which consists of three different solar power plants in Uzbekistan, contributes toward the country's plans to raise shares of cleaner sources in their energy mix.

PROJECT DETAILS	
Project Name:	Masdar 897 MW Solar PV Portfolio (Samarkand, Jizzakh, and Sherabad solar PV plants)
Project Number:	P000677
Member:	Uzbekistan
Sector/Subsector:	Energy, Renewable energy generation-solar
Financing Type:	Nonsovereign
Approved Financing:	USD145 million
Financing Approval:	March 24, 2023
Commitment Amount:[*]	USD83.63 million

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

As a source of electricity generation in Uzbekistan, natural gas reigns supreme. Fossil fuel comprises over 80% of the Central Asian nation's primary energy supply, while renewable energy sources contribute only a tiny fraction to the energy mix. Although burning natural gas emits fewer greenhouse gases (GHG) than oil and coal, Uzbekistan has ambitious plans to wean itself off gas and shift toward cleaner energy sources. It seeks to raise the shares of nuclear, solar and wind power in the energy mix.

Uzbekistan's energy vision has been in the works for years. Since 2017, the country has initiated reforms to develop renewable energy and lessen reliance on thermal sources for electricity. The following year, it ratified the Paris Agreement. In its first Nationally Determined Contribution

(NDC), Uzbekistan, by far Central Asia's most populous country at about 35 million people, committed to cutting GHG per unit of GDP by 10% by 2030, raising that threshold to 35% from 2010 levels in an updated NDC. According to the latest version, power generation using renewable energy would rise to 25% with more solar, wind and small hydropower plants.¹

Supporting Energy Transition

To support Uzbekistan's energy transition, the Asian Infrastructure Investment Bank (AIIB) committed USD83.63 million in April 2023 to help finance the construction of three solar photovoltaic independent power plants. The Project covers the plants' design, building, operation and maintenance, representing a combined 897 megawatts (MW) of installed capacity. Once completed, the plants would power one million homes and offset close to one million tons of CO₂-equivalent emissions annually. The project is the region's most extensive solar development program.

Abu Dhabi Future Energy Company PJSC—Masdar is developing the PV plants. The company has appointed contractors Dongfang Electric International Corporation and China Machinery Engineering Corporation to construct the facilities. The total project cost is approximately USD750 million. The Asian Development Bank, the European Bank for Reconstruction and Development and the European Investment Bank are the project's other lenders.

"This extensive project of nearly 900 MW of solar power illustrates Uzbekistan's drive for a clean energy future and desire to provide low-cost energy," said Bruce Johnson, Director, Corporate Finance and Treasury. "Uzbekistan understands the need for sustainable economic growth moving forward. Together with our partners, including

¹ Republic of Uzbekistan. 2021. Updated Nationally Determined Contribution. ([Link](#)).

AIIB, we remain dedicated to fostering a green economy in this key Central Asian nation.”

The three plants include a 220 MW plant 50 kilometers (km) northwest of Samarkand city, another 220 MW plant 25 km west of Jizzakh and a 457 MW plant 20 km southwest of Sherabad. The country aims to install over 7 GW of solar capacity by 2030, with the project alone delivering roughly 13% of that goal. Combined, the project is AIIB's largest renewable energy concern outside hydropower and will significantly aid Uzbekistan's energy shift.

“With their record low fixed tariffs and utility-scale size, the project represents the largest and most economical solar PV development in Central Asia to date, as they will provide a long-term, low-cost renewable energy solution to the Uzbek economy for 30 years after their completion,” said Francisco-José Fortuny, Senior Investment Operations Specialist at AIIB in charge of the project. “The project will make a difference in people's lives.”

The project comes at a time of high energy consumption in the country and when Uzbekistan is cutting gas subsidies. Despite Uzbekistan's energy intensity having fallen significantly over the last 15 years, its energy use per unit of GDP is still over three times higher than the average for Europe and the rest of Central Asia, according to the World Bank.² The country's total electricity demand grew at an average annual rate of 1.5% between 2012 and 2019, reaching 66.7 TWh in 2019, mainly due to industrial and residential demand growth. Presently, the industrial sector consumes the most electricity at 41%; residential and agriculture comprise 24% and 21%, respectively; while commercial and other sectors take up 14%. Such a hefty demand for power has taken a toll, resulting in electricity shortages in the winters of 2022 and 2023, impacting Uzbekistan's economy and the welfare of its people. The Ministry of Energy predicts that electricity demand will increase by 4% to 7% annually, reaching 101.6 TWh to 120.8 TWh by 2030, mainly due to the country's promising growth prospects. Per capita electricity consumption is also expected to increase, rising a staggering 40% from 1,903 kWh in 2019 to 2,665 kWh by 2030, according to energy ministry estimates. Given the country's vast

energy needs, transitioning to cleaner fuel sources is more important now than ever.

Marking Milestones

The project marks a few “firsts” for the Bank. It is AIIB's first commercial engagement with Masdar, one of the world's largest renewable energy companies with a presence in over 30 countries. AIIB supported the client during the tendering process by issuing letters of intent in favor of Masdar between May and June 2021. Once the project was awarded and the agreements signed, Masdar approached AIIB as a lender of choice. The project presents an opportunity to support Masdar's endeavors to expand its renewable energy portfolio across a dynamic and energy-intense region.

The project is another first for the Bank under the International Renewable Energy Agency's Energy Transition Accelerator Financing (ETAF) platform, which aims to mobilize capital for energy transition projects worldwide. AIIB and Masdar joined the ETAF at the UN Climate Change Conference COP27 in Sharm El Sheikh, Egypt, in 2022, and the project is the first proof-of-concept collaboration between two ETAF partners. The platform targets five gigawatts of power from renewable sources by the decade's close.

A Fruitful Partnership

Masdar and AIIB have a proven track record in developing energy projects in Uzbekistan. In 2020, Masdar reached financial close on the now operational 100 MW Nur Navoi solar plant and closed financing on the 500 MW Zarafshan wind power project in 2022. For its part, AIIB approved the [Sirdarya 1500 MW CCGT Power Project](#) in 2021 and the [Surkhandarya 1560 MW CCGT Power Plant](#) in 2023. The Bank has approved over a dozen projects worth billions of dollars spanning various sectors in Uzbekistan. The country is home to one of the Bank's largest investment portfolios.

“Thanks to its precedent energy projects, AIIB is building its image as a lender of choice for climate financing in Central Asia,” said Fortuny.

² World Bank. February 2023. [Uzbekistan: Scaling Solar 2 Independent Power Producer \(IPP\) Project](#).

The PV project neatly aligns with AIIB's Thematic Priorities of Green Infrastructure and Private Capital Mobilization. It complements the Bank's Energy Sector Strategy by supporting the Government of Uzbekistan's own strategy on carbon-neutral paths for the electricity sector. Furthermore, AIIB's partnerships with Masdar and other international finance institutions on the project could attract more private capital into climate mitigation efforts in the region and beyond.

"Having AIIB onboard is crucial because of its experience in Uzbekistan and Central Asia and history of supporting clean energy ventures across the globe," said Johnson. "Its expertise will prove invaluable in ensuring a stable, reliable and clean power source is provided for the people of Uzbekistan."

"By 2024, most of the Project's capacity will be connected to the Grid," said Fortuny. "Uzbekistan will start benefiting this year from substantial clean energy that will contribute to its energy security and reduce GHG emissions across its energy system. A successful implementation of a project like this one will attract further investment to the sector as the country undertakes its next ambitious phase of clean-energy expansion."

AIIB will hold its 2024 Annual Meeting in Samarkand on Sep. 25-26, which will be the first time for the Bank to hold its flagship event in Uzbekistan and Central Asia.





Under the Masdar 897 MW Solar PV Portfolio, AIIB is helping to build three solar photovoltaic independent power plants that will power one million homes and offset close to one million tons of carbon dioxide equivalent emissions every year.

SOCIAL INFRASTRUCTURE

CAMBODIA: CROSS-BORDER LIVESTOCK HEALTH AND VALUE-CHAIN INFRASTRUCTURE IMPROVEMENT PROJECT

Promoting Animal Health and Human Safety

The One Health approach leverages the idea that sustainable solutions to issues that affect human health, animals, plants and the environment can be found by adopting a coordinated approach across various disciplines and improving communication and collaboration.

PROJECT DETAILS	
Project Title:	Cross-border Livestock Health and Value-chain Infrastructure Improvement Project
Project Number:	P000707
Member:	Cambodia
Sector:	Health Infrastructure
Financing Type:	Sovereign
Approved Financing Amount:	USD33 million
Financing Approval:	Sep. 8, 2023
Additional Financing from the Pandemic Fund Special Fund	USD10 million
Commitment Amount (comprising both regular financing and additional Special Fund financing from a Special Fund):*	USD33 million

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

The recent COVID-19 pandemic and frequent outbreaks of various diseases such as monkeypox and avian flu underscore the need for a One Health approach that broadens disease surveillance beyond humans to cover the zoonotic sphere. The integration of the knowledge and technical know-how found in veterinary practice with human health is essential to prepare for future health crises.

Recognizing the importance of a coordinated One Health approach, the Government of Cambodia is implementing a Cross-border Livestock Health and Value-chain Infrastructure Improvement Project with the help of the Asian Infrastructure Investment Bank (AIIB) and the Asian Development Bank.

The project aims to strengthen animal and human health safety through interventions intended to develop climate-smart livestock value chain infrastructure and capabilities that will ensure food security, protect livestock from zoonotic diseases and other animal health crises, and prevent the spread of diseases, thus ultimately benefitting human health. Project components include the modernization of the National Veterinary Vaccine Center and the establishment of disease control zones to strengthen prevention and monitoring systems of animal and zoonotic diseases; building up research capacities in animal health; and supporting disease monitoring and treatment, promoting high standards of hygiene and sanitation, and enhancing the livestock value chain.

“We need broader understanding of how the implementation of veterinary sanitary measures for livestock impacts human health...improving livestock sanitation levels to a standard acceptable for the protection of animal-human health and trade facilitation is much needed.”

Dr. Tan Phannara

Director General

General Directorate of Animal Health and Production
Ministry of Agriculture, Forest and Fisheries



“We need broader understanding of how the implementation of veterinary sanitary measures for livestock impacts human health,” said Dr. Tan Phannara, Director General, General Directorate of Animal Health and Production (GDAHP) of the Ministry of Agriculture, Forest and Fisheries in the Kingdom of Cambodia. “We think a gap still exists in the region, and improving livestock sanitation levels to a standard acceptable for the protection of animal-human health and trade facilitation is much needed.”

The start of the COVID-19 pandemic exposed these gaps even more, with Cambodia struggling to respond to the health crisis, according to Jai Chordia, AIIB Investment Solutions Specialist and Project Team Leader.

“COVID-19 certainly had a profound impact, particularly on the economy and public health infrastructure in Cambodia. Early in the pandemic, the country struggled with its response due to limited human resources, surveillance and lab capacities,” he said. “The challenges posed by the pandemic reinforced the government’s resolve to strengthen the livestock sector, given the interconnectedness of animal and human health.”

According to Dr. Phannara, while the country’s National Animal Health and Production Research Institute has been conducting animal health research and animal health surveillance even before the project, AIIB’s support will help finance a broader program.

“Most of these activities are very much dependent on the support given by different partners. This project will enhance the capabilities which will allow the GDAHP to improve upon its routine animal health research,” Dr. Phannara said.

Cambodia’s livestock sector is vulnerable to emerging infectious diseases and transboundary animal diseases. In 2019, multiple zoonotic and animal diseases were reported in Cambodia, including foot and mouth disease, African swine fever and a highly pathogenic avian influenza. The risk of infection from transboundary animal diseases is a significant threat to livelihoods, food security, trade and economic growth, while zoonoses, foodborne hazards and antimicrobial resistance also threaten human health.

“The COVID-19 outbreak has raised global awareness of the high risk posed by zoonotic diseases to global public health systems and the enormous economic costs they entail. Global-based analyses suggest a high return on investment in human and animal health systems in low- and middle-income countries to mitigate pandemic and epidemic risks, predicting that a USD1.8 billion to USD4.5 billion annual expenditure would yield more than USD30 billion in benefits per year in avoided cost,” Chordia said.

“The project, one of the most innovative projects of AIIB, is expected to support Cambodia’s livestock health improvement and disease control. From the agricultural sector perspective, by enhancing the competitiveness of the livestock

value chain, the project will also generate positive externalities by preventing the virus' transmission from animals to humans," said Hun Kim, Acting Vice President for Investment Solutions and concurrently Director General for the Sectors, Themes and Finance Solutions Department.

Pen Thirong, Undersecretary of State at the Ministry of Economy and Finance, also emphasized the health and economic benefits that the project will bring to the country.

"This project marks a significant milestone in our commitment to safeguarding the well-being of our citizens and protecting the environment. By strengthening the livestock value chain, we aim to not only safeguard against zoonotic diseases but also to enhance our national food security and economic stability. Moreover, this project prioritizes environmental sustainability, ensuring that our agricultural practices contribute positively to our ecosystem, helping to maintain biodiversity and reduce ecological impacts," he said. "We appreciate the generous support from our development partners, which enables us to expand our capabilities in addressing the complex interplay of animal and human health. This initiative serves as a great example of how international cooperation and financial assistance can drive positive change and create a healthier future for all."

Chordia further emphasized that "The project has multi-faceted benefits of not only supporting climate-smart livestock value chain, ensuring food security and protecting animal and human health, but also mobilizing private capital investments. Many of AIIB's low-income Members are particularly vulnerable to the global health crisis. A well-designed project leveraging infrastructure and other productive sectors will boost economic growth," he said.

The project is also a significant step forward in terms of promoting cross-border livestock trade among certain countries in the Greater Mekong Subregion including Cambodia, China, Lao PDR, Thailand and Viet Nam by preventing infectious diseases and promoting livestock and livestock product trade across borders. This makes it highly aligned with AIIB's thematic priority on Connectivity and Regional Cooperation.

The project will be implemented in six target provinces of Cambodia: Kampong Cham, Oddar Meanchey, Phnom Penh, Prey Veng, Siem Reap and Takeo. In addition, the Project will build several facilities in other provinces, including the National Veterinary Vaccine Center (NVVC) in Kandal Province. Kampong Cham, Phnom Penh, Prey Veng, Takeo and Kandal provinces are close to the border with Viet Nam, and Oddar Meanchey, Siem Reap and Pursat provinces are near Thailand.

Another important feature of the project is the adoption of the latest technologies and international best practices, such as a digital livestock platform, including a mobile application for livestock identification and traceability system, laboratory information management system, and animal production and health information system. The use of technology-enabled infrastructure to deliver better value and efficiency is another one of AIIB's thematic priorities.

During the project appraisal, upon realizing the financing additionalities necessary to support the needs of Cambodia, AIIB played a critical role in tapping the Pandemic Fund to mobilize additional financing resources to support the country in its journey towards pandemic preparedness. Through a competitive process of selection, and among a large number of applications, AIIB collaborated with peer institutions to successfully secure a meaningful grant of USD10 million to support this project.

"Cambodia is the only country selected for the first round of funding from the Pandemic Fund across Southeast Asia. A second round of funding is currently being taken up, where several countries from within as well as outside of the region are expressing strong interest," Chordia explained.

The team also mobilized a USD2.5 million support from the Special Fund Window for Less Developed Members at AIIB, which helped to buy-down 53 basis points of interest cost for the project, relieving financial burden and adding another layer of support during the delicate post-COVID-19 recovery period. That buy down of the applicable interest rate was made possible in part by the Kingdom of Saudi Arabia, who signed an agreement to contribute USD10 million to AIIB's Special Fund Window for Less Developed Members.

“We appreciate the generous support from our development partners, which enables us to expand our capabilities in addressing the complex interplay of animal and human health.”

Pen Thirong
Undersecretary of State
Ministry of Economy and Finance



During the signing of the agreement between the Kingdom of Saudi Arabia and AIIB in 2023, Saudi Fund for Development (SFD) CEO Sultan Abdulrahman Al-Marshad expressed the country's desire to further its partnership with the AIIB.

“The Kingdom of Saudi Arabia appreciates AIIB’s effort in assisting less developed Members to recover from COVID-19 pandemic, and to help narrow their financing gap for projects in infrastructure and other productive sectors. We look forward to further strengthening our strategic partnership with AIIB,” he said.

With the funding approved in September, the project is still in its initial phase, onboarding the necessary technical advisors and consultants. Even then, Chordia can already see the project being replicated across the region.

“This project sets a replicable template for working on cross-sectoral problems, adopting novel financing approaches of mobilizing additional financial resources, and supporting economic development all at the same time. This replicability has been warmly welcomed by other Members who are looking to address similar problems,” Chordia said.

This project perfectly aligns with AIIB’s post-pandemic goals when it comes to a health infrastructure project in the region, according to Kim. “The COVID-19 pandemic has revealed the healthcare system as a weak link in the global economy. Recognizing the imminent challenges and needs, AIIB opened itself to supporting the health sector during the pandemic,” Kim said. “Now, AIIB is working to develop a Health strategy that would further solidify its approach towards supporting healthcare infrastructure. This clearly demonstrates AIIB’s commitment to support the Members’ needs in healthcare infrastructure in the post-pandemic era.”

06

CASE STUDIES





INDONESIA: MULTIFUNCTIONAL SATELLITE PPP PROJECT

Taking Infrastructure Connectivity to Greater Heights

This is the first satellite public-private partnership (PPP) project supported by AIIB, highlighting the Bank's strategic commitment to investing in digital infrastructure, fostering sustainable economic development, creating wealth and improving infrastructure connectivity in Asia.

PROJECT DETAILS	
Project title:	Indonesia: Multifunctional Satellite PPP Project
Project number:	000291
Member:	Indonesia
Sector:	Digital Infrastructure and Technology
Financing type:	Nonsovereign
Financing:	USD150 million
Financial approval:	Sep. 24, 2020
Commitment Amount:[*]	USD135 million

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

The Asian Infrastructure Investment Bank (AIIB) invested in Indonesia's multifunctional satellite project with a USD150 million nonsovereign loan to support the Government of Indonesia improve connectivity to public service points in the country's least developed, frontier and outermost regions. The Multifunctional Satellite PPP Project involves securing the satellite orbit, constructing the satellite and the launch rocket, acquiring the gateway and earth station locations, and operating and maintaining the satellite, gateway and earth stations.

The project marked AIIB's first private-sector satellite industry financing in Indonesia. It is aligned with the Bank's vision to support the efforts of AIIB Members in bridging the digital divide and increasing their economic competitiveness and infrastructure efficiency. It also highlights the Bank's strategic commitment to investing in digital infrastructure, fostering

sustainable economic development, creating wealth and improving infrastructure connectivity in Asia.

"AIIB recognizes the transformative power of satellite technology and its potential to bridge the digital divide. Through our support for the Indonesia Multifunctional Satellite PPP satellite project, AIIB aims to foster inclusive and sustainable development, thus enabling communities to access vital services, connect with the world and unlock new economic opportunities. These initiatives allow AIIB to contribute to the advancement of satellite technology and deepen our understanding of its applications, paving the way for future collaborations in this dynamic sector," said Ke Fang, Director General, Portfolio Management Department.

The World's Largest Archipelago

Indonesia is the world's largest archipelago, with 17,504 islands, 34 provinces, 548 cities, 6,633 subdistricts and 74,954 villages. With its 277.5 million population in 2023, Indonesia is the world's fourth most populous country. The importance of an efficient digital infrastructure to this populous nation's economic growth ambitions cannot be overstated. However, digital connectivity in Indonesia is low. More than 10,500 villages lack cellular network coverage. Fiber optic cables stretch around 75,000 kilometers and only serve urban areas. This relatively low internet penetration rate signalled significant room for growth in Indonesia's internet market, provided the right technology was available to address the challenges of providing reliable internet access. Satellite-based connectivity was the optimal choice for Indonesia to improve digital penetration as the archipelagic and mountainous terrain hinders the efficiency of fiber optic investment in numerous parts of the country.

“AIIB has been absolutely crucial in the transaction.... It has consistently supported strategic investment to Members, and, in this case, it would not have been possible to start without that support.”

Ravi Talwar
Executive VicePresident and Director of Finance
PT Satelit Nusantara Tiga



AIIB's value addition

The PPP financing approach for the project allowed AIIB to draw on its solid skill sets in developing project finance structures and PPP frameworks in the digital infrastructure sector. AIIB added value to the project by providing longer tenor debt than what is generally available in the commercial bank market. Financing this project through commercial banks would have been highly challenging, given the length of financing required to make the project viable for private-sector investors.

Ravi Talwar, Director of Finance of PT Satelit Nusantara Tiga (PSNT), the multipurpose vehicle company implementing the project, said it would not have been possible to proceed with the project without AIIB's investment. “AIIB has been absolutely crucial in the transaction,” he said. “Other private financial institutions have provided loans, but AIIB has consistently supported strategic investment to Members, and, in this case, it would not have been possible to start without that support.”

AIIB financed the project through PSNT, a Special Purpose Vehicle Company sponsored by a consortium of private companies, including PT Pasifik Satelit Nusantara (PSN), PT Pintar Nusantara Sejahtera (Pintar), PT Nusantara Satelit Sejahtera (NSS) and PT Dian Semesta Sentosa (DSMT).

AIIB's investment strengthened the project's Environmental and Social (E&S) standards by applying the Bank's robust Environmental and Social Policy (ESP) to safeguard the environment. The Bank ensured that applicable environmental and social protection practices were guaranteed to approve financing. An Environmental and Social Management Framework (ESMF) was developed to cover the entire scope of the project. The ESMF covers the generally anticipated environmental and social impacts and mitigation measures for the Project. It specified the requirements for selecting project sites concerning environmental and social screening, categorization, and assessment, including monitoring, meaningful consultation with affected people and relevant stakeholders and availing them of all necessary information.

In addition, a site-specific Environmental and Social Impact Assessment (ESIA) and Environmental and Social Management Plan (ESMP) were prepared for every proposed site location to ensure that environmental impacts, such as dust, improper disposal of construction waste, noise and disruption to local traffic, businesses and residents, were adequately mitigated. PSNT implemented the Environmental and Social Management Framework, which AIIB's environmental and social specialists supervised. Prior to construction, PSNT established a project-level and workers' Grievance Redress Mechanism (GRM) and disseminated it to project-affected communities and workers.

The project is aligned with AIIB's mission of [Financing Infrastructure for Tomorrow](#), where the Bank invests in green infrastructure with sustainability, innovation and connectivity at its core.

Overcoming Implementation Challenges

The biggest challenge faced during construction was the impact of the COVID-19 pandemic and geopolitical tensions. Pandemic-induced travel restrictions delayed the production and delivery of some equipment for space and ground segments. At the same time, the satellite was delivered to the launch site via marine transportation instead of air as originally planned. Despite these challenges, the project was completed on schedule because a robust project management team coordinated activities closely with the government, AIIB and other project stakeholders, including suppliers, to minimize the delays. After the easing of COVID-19 restrictions, the satellite manufacturer and ground systems suppliers accelerated equipment production, delivery and testing by increasing the number of workers and work shifts.

The management team successfully implemented the project, drawing on industrial best practices. PSN has extensive expertise in providing end-to-end satellite solutions for over 20 years and employs one of the country's largest concentrations of satellite engineers.

Contracting world-class suppliers was another key success factor. Thales Alenia Space, the project's satellite supplier, is one of the key satellite manufacturers in the world, with 40 years of industry experience. The company also has solid financial standing, posting consolidated revenues of about EUR2.5 billion in 2018. SpaceX, the project's launch service supplier, has successfully completed over 250 launches on its Falcon family of launch vehicles since it was founded in 2002, and its key clients include the National Aeronautics and Space Administration (NASA). The ground equipment was supplied by Hughes, Kratos and NWIEE, who have extensive experience in constructing satellite-related equipment.

Economic Benefits

The project showcases a niche market in Indonesia and serves as a global case study for countries working to provide sustainable digital connectivity. It signifies the importance of multifunctional satellites as a fundamental fabric of digital connectivity. The satellite will offer much-needed broadband internet service to unserved public service points, including schools, hospitals and local government locations, connecting around 45 million people (23 million of whom are women) in some of Indonesia's remotest parts. Thus, the project has several long-term socioeconomic benefits, including improved education and health outcomes, increased standard of living for people living in Indonesia's remote villages and a reduction in pollution.

With a capacity of 150 Gbps Ka-Band frequency, the project is enabling the Government of Indonesia to provide broadband internet via satellite to government institutions at the fastest speed and lowest price to close the digital divide in the country. "The time has come to confirm the strong impact the satellite will have on the country's overall connectivity," Victor Salgado, AIIB Principal Portfolio Officer said, emphasizing the successful completion of the project.



Photo: PT Satelit Nusantara Tiga (June 2023).

INDIA: NORTH HAVEN INDIA INFRASTRUCTURE FUND

Partnering with the Private Sector to Fuel Innovation and Provide Critical Equity to Small and Mid-cap Projects

The North Haven India Infrastructure Fund is AIIB's first equity investment and helps mobilize much-needed private capital from global investors for infrastructure projects in India.

PROJECT DETAILS	
Project Title:	North Haven India Infrastructure Fund
Project Number:	000022
Member:	India
Sector:	Multisector
Financing Type:	Nonsovereign
Approved Financing:	USD150 million
Financing Approval:	June 15, 2017
Commitment Amount:[*]	USD37.5 million

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

An innovative and differentiated solution to India's pressing infrastructure needs is being provided by the North Haven India Infrastructure Fund (NHIIF or the Fund), a closed-end private equity fund managed by Morgan Stanley Investment Management Private Limited. The Fund focuses on mid-cap infrastructure projects in India that are building offline and online platforms to improve services to large segments of the public and boost economic efficiencies. Veering away from the more established, conventional recipients of large capital inflows in the Indian infrastructure arena, the Fund invests in high-growth, asset-light businesses in 'sunrise' infrastructure sectors like waste management, electric vehicles (EV), sustainable supply chains and senior living facilities, among others.

The typical target investment is a mid-cap asset and services business, and the goal is to invest early and ahead of peers and to actively manage the investment to build sustainable long-term assets with a strong emphasis on environmental, social and governance (ESG) goals and values, while generating multiple options for exit within a reasonable timeframe.

This project is in line with the private capital mobilization thematic priority of the Asian Infrastructure Investment Bank (AIIB or the Bank). Under this theme, AIIB's investment can take various forms, including loans, guarantees and equity investments. NHIIF represents the Bank's first equity investment, contributing USD37.5 million to a USD187.5 million fund. Serving as the anchor investor for a private-sector partner in India's developing infrastructure market was not without its challenges. The country is the fastest-growing trillion-dollar economy in the world, and its infrastructure systems and structures are at a crucial point, needing significant levels of investment to sustain growth.

First Equity Investment

To meet Asia's enormous infrastructure funding demands, which surpass the financial resources of national governments and international development banks, private sector support is crucial. AIIB is aware of the important catalytic role it can play to increase the willingness of private and other investors to invest, as there is currently a dearth of private money in Asian infrastructure. Additionally, equity investment is a crucial instrument for AIIB to fulfill its mission of achieving sustainable development outcomes in its member nations, primarily through the mobilization of private capital but also through other means.

AIIB's inaugural investment in an equity vehicle required firm-wide alignment in terms of strategy, approach, systems and processes. To begin creating AIIB's equity investment portfolio, and ensure risk mitigation, it was proposed that the first equity investment be made through an equity fund that acts as a financial intermediary. For the Bank, it provides an effective way to deploy capital and acquire experience, which can be leveraged for future direct equity investments. Additionally, fund investments provide emerging

markets with capital infusion without adding to the national debt.

However, utilizing a financial intermediary implies delegating decision-making on the use of funds and other aspects of the investments, so AIIB had to ensure that the Fund manager was subject to a sound and stringent evaluation process.

Strong experience and proven track record

Morgan Stanley Infrastructure Inc. (MSI) is the infrastructure investing division of Morgan Stanley Investment Management, a well-known global leader in investment management with over USD1.5 trillion in assets under management. MSI manages multiple private infrastructure funds with a staff of 100+ professionals, including 40+ devoted infrastructure investment professionals worldwide. Two managing directors, a senior adviser, and six to eight regional investment specialists make up MSI's India investment team. Raja Parthasarathy, Managing Director, and Shyamsundar Gurumoorthy, the co-heads of NHIIF, have combined experience exceeding 50 years in Indian infrastructure investment. Management's proven track record and market reputation in fiduciary and investment judgements were key factors in selecting the Fund manager.

Strategic alignment

AIIB worked with the NHIIF in policy formulation, and as stated by Raja Parthasarathy, "the close alignment of AIIB's strategy with the vision of the Fund, its active involvement and constant support has led us to achieve strong performance outcomes and value creation." Given the investment environment in India, a long-term focused approach seemed the most promising, which aligns with AIIB's priorities in sustainable development. The Fund manager was also keen to adopt a more active approach using platform investing¹ by leveraging on the investment team's proprietary relationships and partnering in the strategy, financing, scale-up and exit process of the business.

There were also several new aspects to consider within AIIB to accommodate equity financing, including fund structure, its domicile of operations, and ensuring that the operations of the Fund are aligned with AIIB's governance and policies.

Key Benefits

NHIIF concentrates on small- and medium-sized private-sector initiatives that typically do not lend themselves to large capital inflows from global long-term investors. Establishing a successful partnership as its anchor investor, AIIB sets the stage for other long-term developmental capital to follow by attracting sophisticated investors, pension funds, endowments and insurance companies.

AIIB's global presence provides the Fund access to successful business models, best practices and international collaborations. At an industry event organized by AIIB, MSI met an investor who had made a successful investment in a Chinese EV fleet company. This enabled knowledge transfer to validate the Fund's own investment in a comparable Indian EV business (e.g., Magenta).

The partnership with MSI has allowed AIIB to expand its deal sourcing pipelines in the private sector in India. The Fund strengthens AIIB's development impact by enabling it to make investments that it would not have been able to carry out on its own. Additionally, partnering with first generation entrepreneurs who are category leaders in their sectors enables AIIB to grow its own knowledge base and expertise.

Supporting small and medium-sized enterprises in these markets also has local development impacts in terms of job creation, income generation and service provision. AIIB was actively involved in supporting the Fund to adopt an ESG framework and promote best-in-class standards across the portfolio. As part of the annual operating plan, portfolio companies have metrics to calculate the impact of carbon emissions, such as the amount of waste channelized away from landfills (in the case of Recykal²) and the number of green kilometers run (in the case of Magenta).

¹ Platform investment generally refers to an investment in a company in a single specific sector where the original sponsors/management team have only been able to invest a limited amount of capital, and where the fund will be investing a substantial amount to rapidly scale up the business. A platform investment will generally involve control.

² Recykal is owned and operated by Rapide Technologies Private Limited.

Also, the Fund benefited from AIIB's expertise in ESG and worked to align its internal guidelines with the Bank's policies. To address concerns of those who feel their lives have been negatively impacted by the environmental or social effects of the investments, AIIB mandated that MSI establish and roll out an investment level grievance mechanism to implement entities. Furthermore, MSI furnishes the Bank with periodic reports on performance related to the environmental and social risks and impacts on the investments.

Innovative Infrastructure Solutions

Recykal

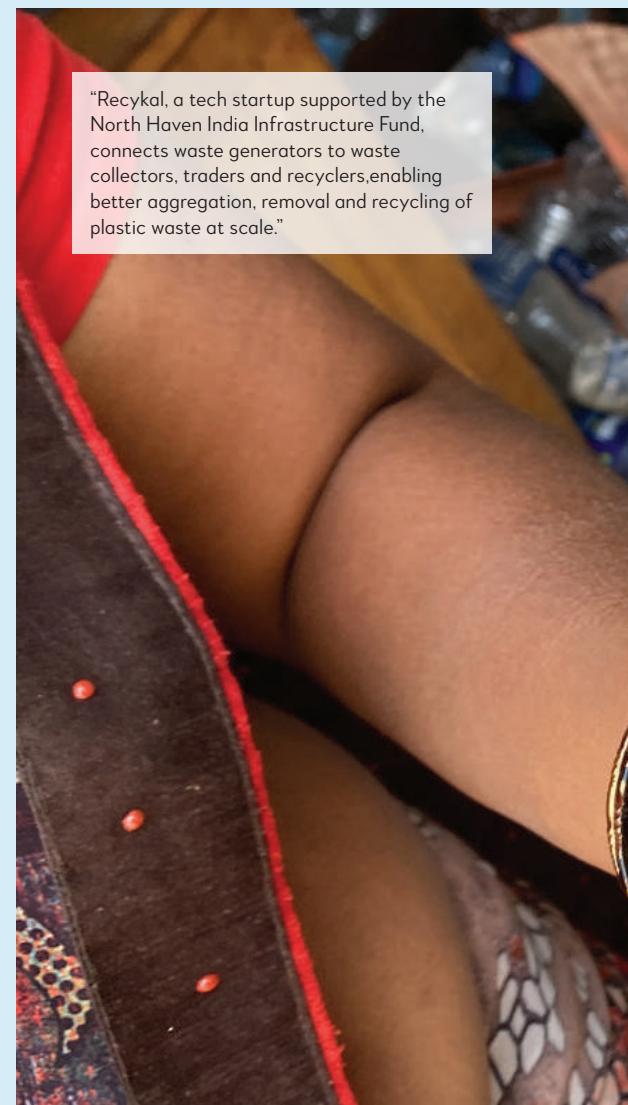
Recykal is a tech startup, headquartered in Hyderabad, formalizing the circular economy in India. As the pioneer of the managed marketplace for the circular economy in India, Recykal enables all stakeholders across waste management and recycling with a digitized waste management ecosystem. Founded in 2016 in Hyderabad, the company connects waste generators (businesses and households) to waste collectors and traders (including the informal sector) as well as recyclers, thus enabling better aggregation, removal and recycling of plastic waste at scale. Since inception, Recykal has partnered with more than 620 brands in the fast-moving consumer goods and consumer durables space, as well as over 675 recyclers and over 5,000 aggregators across the country.

In 2022, the Fund was the first institutional investor in the company, attracted by its use of innovation to disrupt a hidebound sector and significantly reduce the growing plastic footprint. Beyond the anticipated financial returns, the environmental and social benefits were paramount, most notably, the company's emphasis on ethical business practices through its supply chains and the dignity of labor for informal sector workers.

The Fund's investment was part of one of the largest funding rounds in India's waste management sector and it attracted a lot of interest from a broad range of investors. Since the initial investment, Recykal has had a significant scale up, and recently completed a fundraising of USD13 million in February 2024 at a significant premium from the 2022 valuation. Building a close partnership with the team has driven productivity, with the company

increasing the amount of waste channelized through its platform from roughly 180,000 metric tons in 2022 to around 720,000 metric tons in 2024, with an ever-expanding array of product categories including metals, paper, IT assets and tires being accepted on the marketplace platform.

Recykal has been selected as one of the World Economic Forum's Technology Pioneers in 2022; was the first Indian start-up in the World Economic Forum's Circular Accelerator Program 2021; has been featured as a case study in World Economic Forum's Global Plastic Action Partnership; has been featured in the Annual APAC Cleantech 25 List 2023 by Cleantech Forum Asia; and has also won Best Social Impact Startup 2023 by Entrepreneur India.



Magenta

India is one of the fastest growing electric vehicle markets in the world, with rising fuel costs and growing consumer awareness of long-term benefits driving demand. Government policies also support a shift toward eco-friendly technologies in the automotive industry. With demand for e-commerce expected to grow fourfold in India by 2030, decarbonizing mobility solutions are critical to maintaining economic and environmental stability.

Started in 2018 in Mumbai, Magenta is one of India's largest electric mobility providers for three and four-wheel EVs providing last mile delivery logistics on a take-or-pay or pay-per-delivery contract. The company, a pioneer in the Indian clean energy space, has a pan-India fleet of EV 3- and 4-wheelers and operates more than

50 charging hubs. The company has a presence in 15 cities across India and has started expanding into Tier 2 cities as well.

The Fund's initial investment was made in 2023 as a platform investment to boost its existing logistics and delivery fleet operations. The involvement of the Fund as a strategic investor was an important milestone for the company, improving their visibility among other venture capital funds and sources of capital. With MSI's help, Magenta was able to secure additional financing from Axis Bank and the Small Industries Development Bank of India (SIDBI). Working with the founders, MSI has helped devise strategies for recruitment and business expansion, as well as implemented a strong governance framework. Since then, Magenta has significantly scaled their business, with the size of their fleet increasing from 200 cargo EVs in 2023 to over 1,500 EVs in 2024.

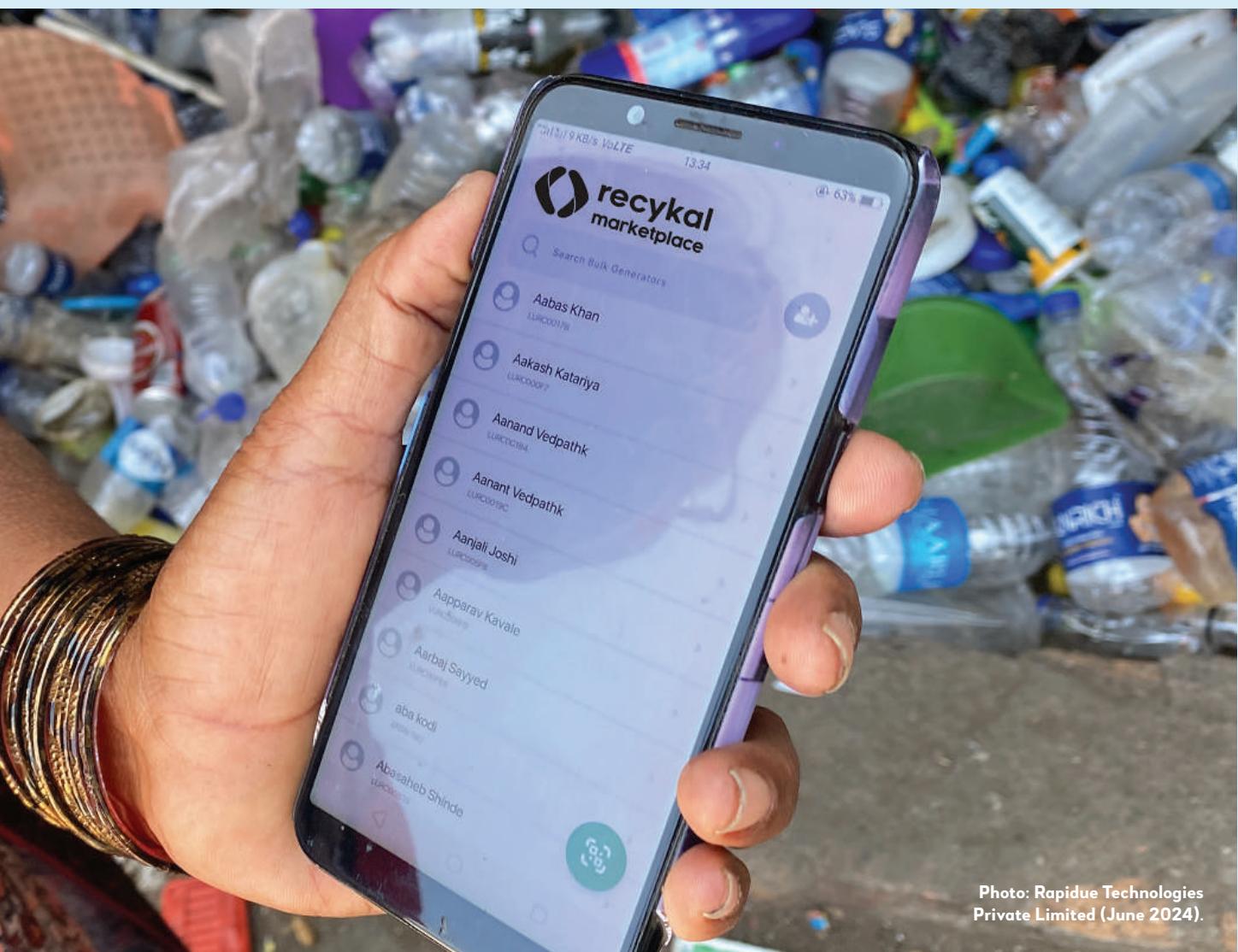


Photo: Rapidue Technologies Private Limited (June 2024).

UZBEKISTAN: SIRDARYA 1,500 MW CCGT POWER PROJECT

Supporting Uzbekistan's Drive Toward Cleaner, Gas-Powered Electricity

The establishment of a 1,500-megawatt (MW) greenfield combined-cycle gas turbine (CCGT) plant in Sirdarya marks a key step in enhancing Uzbekistan's access to cleaner, highly efficient gas-powered electricity.

PROJECT DETAILS	
Project Title:	Uzbekistan: Sirdarya 1,500 MW CCGT Power Project
Project Number:	P000470
Member:	Uzbekistan
Sector:	Energy
Financing Type:	Nonsovereign
Financing:	USD100 million
Financing Approval:	June 10, 2021
Commitment Amount: [*]	USD100 million

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

The electricity produced by the power plant will be sold to JSC National Electric Grid of Uzbekistan (NEGU), the national electric grid operator, through a 25-year power purchase agreement.

The Challenge

Uzbekistan is one of the world's leading natural gas producers, generating approximately 60 billion cubic meters (bcm) every year. But despite its gas abundance, the country grapples with significant challenges in its electricity system, resulting in [major supply gaps](#), comprising an estimated [9.4% of total demand as of 2019](#). The shortages are expected to become more acute over time given rapid population and economic growth in Uzbekistan, both of which are expected to drive electricity demand beyond 100 terawatt-hours (TWh) by 2030,¹ a substantial increase from 61 TWh in 2018.

Moreover, Uzbekistan is also dealing with the legacy of its aged power infrastructure, of which 75% is more than three decades old, resulting in frequent power outages and substantial electricity losses, roughly equivalent to 20% of net generation.²

Separately, the existing infrastructure lacks the necessary reserve capacity required to accommodate the adoption of intermittent renewable energy sources like solar and wind, impacting the economy's goal to achieve carbon neutrality by 2050.³ Addressing these pressing issues is imperative to mitigate the adverse impacts of climate change and tackle

The Project

The Sirdarya power facility, Uzbekistan's first large-scale independent power producer (IPP) upon completion, is expected to make significant contributions to the country's energy landscape by bolstering the availability of high-efficiency gas-powered electricity generation capacity in the country. Approved for a total project cost of USD1.04 billion, the project is primarily being managed by developer ACWA Power. As part of the partnership, ACWA Power has responsibility for the design, engineering, construction, operation and maintenance of the plant.

¹ The World Bank. 2021. Uzbekistan to Reform and Green its Electricity Sector, with World Bank Support. Washington, DC. <https://www.worldbank.org/en/news/press-release/2021/06/25/uzbekistan-to-reform-and-green-its-electricity-sector-with-world-bank-support>.

² <https://thediplomat.com/2023/12/central-asias-great-energy-paradox/>; The World Bank. 2021. Uzbekistan to Reform and Green its Electricity Sector, with World Bank Support. Washington, DC. <https://www.worldbank.org/en/news/press-release/2021/06/25/uzbekistan-to-reform-and-green-its-electricity-sector-with-world-bank-support>.

³ IEA. Context of renewable energy in Uzbekistan. <https://www.iea.org/reports/solar-energy-policy-in-uzbekistan-a-roadmap/context-of-renewable-energy-in-uzbekistan>.



The ACWA Power Sirdarya 1,500 MW CCGT Power Project is a huge step toward the expansion of renewable energy in Uzbekistan that will help the country meet its growing electricity needs.

Photo: ACWA Power Sirdarya (September 2023).

Uzbekistan's high energy intensity rates, which cost the economy around 4.5% of its GDP annually.⁴

The Solution

Since 2019, the Government of Uzbekistan has focused on modernizing its power generation infrastructure to balance the need for increased energy generation with environmental commitments. The strategy involves replacing older and less efficient power stations – a crucial modernization effort that complements the early growth of renewable energy – and the development of new energy generation capabilities.

In 2020, the government announced plans to construct a 1,500-MW greenfield combined-cycle gas turbine (CCGT) plant in Sirdarya. Located in Shirin, a city near the border with Tajikistan, the plant is the result of a liberalization process in Uzbekistan's energy sector and is being developed via a public-private partnership with ACWA Power under a build-own-operate-transfer (BOOT) model.

Prior to the development of the Sirdarya plant, the area was serviced by a 3,000-MW plant dating back to the 1980s that is to be gradually decommissioned. "These are very old, highly inefficient and polluting plants that we are replacing," says Soumendra Rout, country chief financial officer at ACWA Power.

AIIB approved a USD100 million non-sovereign-backed financing package for the Sirdarya project in 2021, which at the time of its approval, was the largest of its kind in Central Asia. The project builds on AIIB's existing relationship with ACWA Power and offered the Bank an opportunity to further its work in supporting Members as they transition to cleaner energy mixes, in line with its Energy Sector Strategy.

Alongside AIIB is a multinational roster of lenders that includes EBRD, OPEC Fund for International Development and DEG (Deutsche Investitions- und Entwicklungsgesellschaft Mbh), with additional support coming from commercial lenders backed by Multilateral Investment Guarantee Agency guarantees.

In addition to providing financing, AIIB has contributed to the project by promoting a high level of environmental and social oversight, in line with international standards.

Aligned with Uzbekistan's national strategy and embedded within the Strategy of Action for the Five Priority Development Areas (2017-2021), the project contributes to Uzbekistan's Carbon Neutrality Roadmap for 2050.

Overcoming Hurdles

Over the course of the project, the project was faced with significant roadblocks that affected the supply chain and stalled delivery of critical plant equipment. To address this, the company had to chart a new 6,000-kilometer route that involved a long, complicated journey through Kazakhstan into Uzbekistan. This intricate process required additional fuel, personnel and logistics, and significantly lengthened the projected equipment delivery timeline from 18 days to an arduous 72 days, with consequent increase in project cost.

Working with an experienced sponsor such as ACWA Power has helped the project "deal with the various challenges that it has faced till date," says Alok Dayal, Principal Portfolio Management officer at AIIB.

He adds that "AIIB [also] played a key role in ensuring sanctions-related regulations were complied with, while requests for monthly disbursements and other requests from borrowers were reviewed and approved in a timely manner keeping the interest of both the project as well as lenders in mind."

Environmental and Social Considerations

In preparation of the project, ACWA Power devised and implemented a comprehensive Environmental and Social Action Plan that prioritized mitigating potential impacts and issues in line with requirements set by lenders.

These included:

- The establishment and implementation of robust Environmental, Health & Safety (EHS) management systems in accordance with ISO 14001 and ISO 45001;

⁴ UNDP. The Environment and Climate Action. <https://www.undp.org/uzbekistan/environment-and-climate-action>.

- Regular independent audits overlooked by Environmental, Health and Safety and Labor (EHSS) specialists to ensure transparency and accountability, and to meticulously monitor its construction activities;
- Monitoring and mitigation processes to ensure air quality and noise levels were maintained at acceptable thresholds; and
- Collaborations with the JSC NEGU to incorporate bird protection measures to ensure the conservation of biodiversity and the sustainable management of natural resources.

The project involves a rigorous emissions monitoring system designed to minimize greenhouse gas emissions. “Our emission standards are very stringent as we follow international standards that are more comprehensive than the state’s legal

requirements,” notes Arun Goveas, Contracts Manager at ACWA Power Sirdarya.

ACWA Power also developed and implemented comprehensive human resource policies and procedures to safeguard the rights of employees, aligning with both the Uzbekistan Labor Code and the requirements set by the lenders.

In recognition of the project’s potential disruptions to the communities in the Sirdarya region, it has prioritized stakeholder engagement through several strategies aimed at ensuring the equitable treatment of affected persons and communities.

Project Outcomes

Despite many challenges faced in setting up the project, the Sirdarya plant will commence full commercial operations in July 2024. The project is expected to achieve the following outcomes:⁵

⁵ Disha Dadlani. 2021. [Ground breaks on ACWA Power's 1500 MW CCGT plant in Uzbekistan](#).



- **Increased power generation capacity.** The Sirdarya CCGT project is expected to meet 12.4% of Uzbekistan's overall electricity demand in 2030,⁶ with an expected annual electricity generation of 12,401 TWh.
- **Improved energy reliability.** The project will provide flexible baseload generation, improving the reliability of generation capacity in Uzbekistan.
- **Affordable energy supply.** The project's BOOT model contributes to a stable and affordable energy⁷ supply for residents in Uzbekistan, supporting economic growth and development.
- **Efficiency, and gas and water savings.** The plant utilizes half the amount of gas than traditional plants and the plant efficiency is 60%.⁸ It also improves water usage efficiency with a proposed zero liquid discharge technique⁹ that balances water security with regional water scarcity contexts.
- **Reduced environmental impacts.** The project will help offset approximately 2.1 million tons of carbon dioxide emissions annually¹⁰ by utilizing advanced technology and efficient gas turbines. It will present an expected lower emission factor per kWh (333 gCO2-eq/kWh) during operations, compared to the country's grid emissions (506 gCO2-eq/kWh). Additionally, the plant will replace approximately 1,170 MW of dual fuel capacity that is reaching the end of its lifetime.
- **Multiple beneficiaries:**
 - The project is expected to benefit consumers by providing efficient and reliable baseload generation and flexibility to increase or decrease electricity supply as per grid demands.
 - According to ACWA Power's estimates, the new plant will consume gas much more efficiently as compared to other plants, saving almost twice the natural gas currently used for electricity production¹¹ and helping the government to achieve its emissions targets while also filling a critical energy supply gap.
 - Local communities stand to benefit as the project contributes to the reduction of fuel-oil electricity generation capacity, helping reduce the emissions of air pollutants in the Shirin area.

⁶ Disha Dadlani. 2021. Ground breaks on ACWA Power's 1500 MW CCGT plant in Uzbekistan.

⁷ ACWA Power. [Sirdarya CCGT](#).

⁸ ACWA Power. [Sirdarya CCGT](#).

⁹ ScienceDirect. 2017. [Zero Liquid Discharge](#).

¹⁰ Power Technology. 2021. [Sirdarya CCGT Power Plant, Shirin](#).

¹¹ <https://acwapower.com/en/projects/sirdarya-ccgt/>.



Photo: ACWA Power Sirdarya (September 2023).

BANKING DEPARTMENT | Highlights and Firsts

The Banking Department has four business lines: Capital Markets and Structured Products, Digital Infrastructure and Industry, Financial Institutions, and Syndications and Private Equity. The Capital Markets and Structured Products teams support projects that involve debt and capital markets as well as structured products. They also work directly with asset managers. The Digital Infrastructure and Industry team support projects with hard physical assets or soft infrastructure. The Financial Institutions and Syndications teams maintain an active dialogue with capital, financial and insurance markets to partner with and on-lend to banks, in addition to supporting Investment Operations teams in the structuring, pricing and cofinancing of transactions. The Private Equity teams originate, structure and execute transactions that involve direct and indirect equity investments (including through externally managed funds) by AIIB in infrastructure and other productive sectors. This includes pooled investment vehicles in the form of private equity funds and co-investments with investee funds. AIIB approved 50 projects in 2023, 37 in regional Members, 7 in nonregional Members and 6 multicountry projects. 25 of the 50 approved projects are sovereign-backed financing and the remaining 25 are nonsovereign projects. These projects are just a few of the approved projects under the Banking Department in 2023.

India: Sustainable Transport Financing

APPROVED FUNDING (in USD million)	100	COMMITMENT AMOUNT* (in USD million)	97
SECTOR	Transport	THEMATIC PRIORITY	Green Infrastructure

This initiative represents the first local currency bond investment undertaken by the Bank.



Multicountry: A.P. Moller Capital Emerging Market Infrastructure Fund II

APPROVED FUNDING (in USD million)	100	THEMATIC PRIORITIES
COMMITMENT AMOUNT* (in USD million)	70	Green Infrastructure; Connectivity and Regional Cooperation; Private Capital Mobilization
SECTOR	Multi-sector	

The project not only marks AIIB's first equity investment targeting Africa, but also the Bank's first equity project focusing on green port terminals.



India: Project Meridian

APPROVED FUNDING (in USD million)	73	THEMATIC PRIORITIES
COMMITMENT AMOUNT* (in USD million)	58	Green Infrastructure; Private Capital Mobilization
SECTOR	Energy	

AIIB has invested INR4.8 billion (around USD58.4 million) in India's largest renewable energy Infrastructure Investment Trust (InvIT). The project is AIIB's second investment in InvITs in India.

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

Türkiye: Turk Eximbank Green Infrastructure Support Project (Component A of the previously
Türkiye: Turk Eximbank Green Infrastructure Support and Earthquake Response Project)

APPROVED FUNDING (in USD million)	200
COMMITMENT AMOUNT* (in USD million)	200
SECTOR	Multi-sector

THEMATIC PRIORITIES
**Green Infrastructure;
Private Capital Mobilization**

This marks AIIB's first sustainable cities project in Türkiye, following ongoing investments in the country's transport and energy sectors.



Philippines: First Digital Transformation Development Policy Financing

APPROVED FUNDING (in USD million)	400	COMMITMENT AMOUNT* (in EUR million)	378
SECTOR	CRF-Economic Resilience/PBF		

This project will support government reforms to foster an enabling environment for greater digital technology adoption by improving digital transformation of government and digital infrastructure policies, expanding financial inclusion through digital finance and boosting business growth in digital services.



Egypt: Egypt Sustainable Transport and Digital Infrastructure Guarantee

APPROVED FUNDING (in USD million)	200	COMMITMENT AMOUNT* (in CNY million)	1,436
SECTOR	Multi-sector		
THEMATIC PRIORITIES	Green Infrastructure; Technology-enabled Infrastructure; Private Capital Mobilization		

Africa's first sustainable Panda Bond will mobilize private capital to support Egypt's development of sustainable infrastructure in the areas of green transport and digital infrastructure through a Partial Debt Guarantee.

Romania: Banca Transilvania Green Mortgages Bond Investment

APPROVED FUNDING (in USD million)	108	COMMITMENT AMOUNT* (in EUR million)	100
SECTOR	Energy		
THEMATIC PRIORITY	Green Infrastructure		

The Bank's first investment in Romania will support climate change mitigation in the country by financing the retail purchase of dwellings in residential green buildings.



INFRASTRUCTURE INVESTMENT DEPARTMENT | Highlights and Firsts

The Infrastructure Investment Department identifies, prepares and invests in projects in the tangible infrastructure of transport, energy, water and sustainable cities sectors through various financial instruments, including loans, equity investments and guarantees. The department focuses on the following areas: origination and execution of sovereign-backed financings; origination and execution of nonsovereign-backed financings, including corporate loans, limited recourse project finance loans, equity bridge loans, mezzanine debt and guarantees, direct equity investments in corporates and projects and fixed income investments in project and corporate bonds. AIIB approved 50 projects in 2023, 37 in regional Members, 7 in nonregional Members and 6 multicountry projects. 25 of the 50 approved projects are sovereign-backed financing and the remaining 25 are nonsovereign projects. These projects are just a few of the approved projects under the Infrastructure Investment Department in 2023.

India: Chennai Peripheral Ring Road (Sections 2 and 3)

APPROVED FUNDING (in USD million)	378	COMMITMENT AMOUNT* (in USD million)	378
SECTOR	Transport	THEMATIC PRIORITY	Connectivity and Regional Cooperation

The Chennai Peripheral Ring Road Project is expected to improve economic connectivity and road transport efficiency in the Chennai Metropolitan Area. Once completed, the road will ease traffic congestion, reduce traffic accidents and shorten travel times. The project has received two national awards at the 11th Global Safety Summit, the National Environment Award and the National Safety Award, under the category of Large Enterprises - Industrial Construction Sector. The National Environment Award is awarded for a project's best practices in environment, health, safety, and CSR, symbolizing dedication, commitment and consistency in these areas.



Multicountry: Seraya SEA Energy Transition and DI Fund

APPROVED FUNDING (in USD million)	120	THEMATIC PRIORITIES
COMMITMENT AMOUNT* (in USD million)	60	Green Infrastructure; Connectivity and Regional Cooperation; Technology-enabled Infrastructure; Private Capital Mobilization
SECTOR	Multi-sector	

The investment aims to support the region's green energy transition and technology-enabled infrastructure development, which is also expected to improve cross-border digital connectivity within Asia.



Indonesia: Modernization of the Health System

APPROVED FUNDING (in USD million)	999	THEMATIC PRIORITIES
COMMITMENT AMOUNT* (in EUR million)	937	Green Infrastructure; Technology-enabled Infrastructure
SECTOR	Health Infrastructure	

AIIB's largest investment in Indonesia to date will increase the availability of functional equipment in public health facilities and improve the utilization of public health services across Indonesia.



Egypt: Damietta Port - Container Terminal II

APPROVED FUNDING (in USD million)	100	THEMATIC PRIORITIES
COMMITMENT AMOUNT* (in USD million)	100	Connectivity and Regional Cooperation; Private Capital Mobilization
SECTOR	Transport	

This project will fund the development of a second container terminal in Egypt's Damietta Port, strategically located near the Suez Canal and with direct road connections to Greater Cairo, Alexandria, and the Nile Delta. The terminal aims to meet the growing demand for containerized traffic in Egyptian ports, enhancing the port's competitive position as a strategic hub in the East Mediterranean. Additionally, this financing will encourage private sector involvement in the port's operation and maintenance.

* Commitment amount refers to the amount indicated in the legal agreement which has been signed by the recipient of the financing and AIIB. It may or may not be equal to the financing approved by the AIIB Board of Directors or President.

Cambodia: Cross-border Livestock Health and Value-chain Infrastructure Improvement Project

APPROVED FUNDING (in USD million) **33**

COMMITMENT AMOUNT* (in USD million) **33**

SECTOR **Health Infrastructure**

THEMATIC PRIORITIES

Green Infrastructure; Connectivity and Regional Cooperation; Technology-enabled Infrastructure

As one of AIIB's most innovative projects, this project aims to support Cambodia's livestock health improvement and disease control to enhance the competitiveness of the livestock production chain, strengthening animal and human health safety and promoting cross-border livestock trading among countries in the Greater Mekong Subregion.



Türkiye: Antalya Airport Expansion Project

APPROVED FUNDING (in USD million) **150**

COMMITMENT AMOUNT* (in EUR million) **140**

SECTOR **Transport**

THEMATIC PRIORITY

Green Infrastructure; Connectivity and Regional Cooperation; Private Capital Mobilization

This capex bridge loan will facilitate greater cross-border connectivity between Europe, Asia and other destinations. It also marks AIIB's inaugural nonsovereign backed financing transaction in the airport industry, bringing its global leadership in developing sustainable and energy efficient transport infrastructure to the aviation industry.



Georgia: Georgia Capital Sustainability Linked Financing Facility

APPROVED FUNDING (in USD million) **30**

COMMITMENT AMOUNT* (in USD million) **16**

SECTOR **Energy**

THEMATIC PRIORITY **Green Infrastructure; Private Capital Mobilization**

This marks AIIB's first bond investment into the local capital market and will support a successful placement of the bond that contributes to climate mitigation and encourages participation of institutional and retail investors in the local capital market.



Uzbekistan: Masdar 897 MW Solar PV Portfolio (Samarkand, Jizzakh and Sherabad solar PV plants)

APPROVED FUNDING (in USD million) **145**

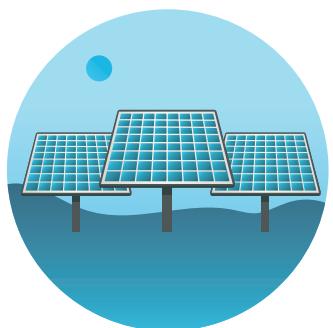
COMMITMENT AMOUNT* (in USD million) **84**

SECTOR **Energy**

THEMATIC PRIORITY

Green Infrastructure; Technology-enabled Infrastructure; Private Capital Mobilization

AIIB's first renewable energy project and second private sector engagement in Uzbekistan is supporting the country's energy transition through the expansion of its solar photovoltaic (PV) installed capacity.



Côte d'Ivoire: Inclusive Connectivity and Rural Infrastructure Project

APPROVED FUNDING (in USD million) **200**

THEMATIC PRIORITY

COMMITMENT AMOUNT* (in EUR million) **187**

Green Infrastructure; Connectivity and Regional Cooperation

SECTOR **Transport**

This is AIIB's inaugural infrastructure venture in both Côte d'Ivoire and Sub-Saharan Africa, enhancing its involvement on the continent. This project will provide inclusive and climate-resilient rural road connectivity in selected underserved regions of Côte d'Ivoire.





07

OUR TOMORROW

THE FOLLOWING PRINCIPLES GOVERN AIIB:

- 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, which will also help AIIB to strengthen its market position in core infrastructure sectors.
- 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 and higher-quality pipeline and portfolio in AIIB's Corporate Strategy (CS) priority areas.
- 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.

Guided by these principles, AIIB's plan for 2024 focuses on six areas:

- **Grow AIIB's business across infrastructure sectors.** To quickly and effectively support Members in a challenging environment, AIIB will build more capacity in its core infrastructure sectors, including through the development of a health strategy. It will further enrich its toolbox with financing offers tailored to Members' unique requirements and improve pricing attractiveness by attracting and better utilizing concessional financing and finetune nonsovereign-backed financing pricing. The Bank must grow its core business of financing infrastructure for tomorrow, maintaining the necessary flexibility to cater to diverse client needs. AIIB will seek to further enhance its market position in its thematic priority areas.
- **Enhance client relationships for strategic business development.** AIIB's client-centric approach and ability to adapt to client needs remain the basis for its operations. These allow the Bank to continue developing its core business strategically in the CS priority areas, in a manner as rapid as possible to respond to the current pressures experienced by its Members.

- **Further safeguard and strengthen the quality of investments.** High project standards anchor AIIB's financing. They ensure that infrastructure investments achieve economic efficiency throughout their life cycle and deliver the best outcomes for project beneficiaries. As the Bank's investment portfolio continues to grow and diversify, safeguarding project quality remains paramount. More standalone and complex projects demand increased effort, resources, and learning and sharing of experience. While AIIB's efforts to date have shown tangible progress in enhancing project quality, lingering external challenges affect clients' capacity to prepare and implement high-quality projects. Capturing and communicating the results, lessons and impact of AIIB's financing becomes increasingly important, particularly as stakeholder expectations on reporting intensify (e.g., International Sustainability Standards Board (ISSB) reporting).

- **Leverage growth as a driver for financial sustainability.**
- **Build the staff and foster the corporate culture.**
- **Continue to strengthen the institution.**

APPENDICES





APPENDIX 1: BOARD OF GOVERNORS VOTING POWER (AS OF DEC. 31, 2023)

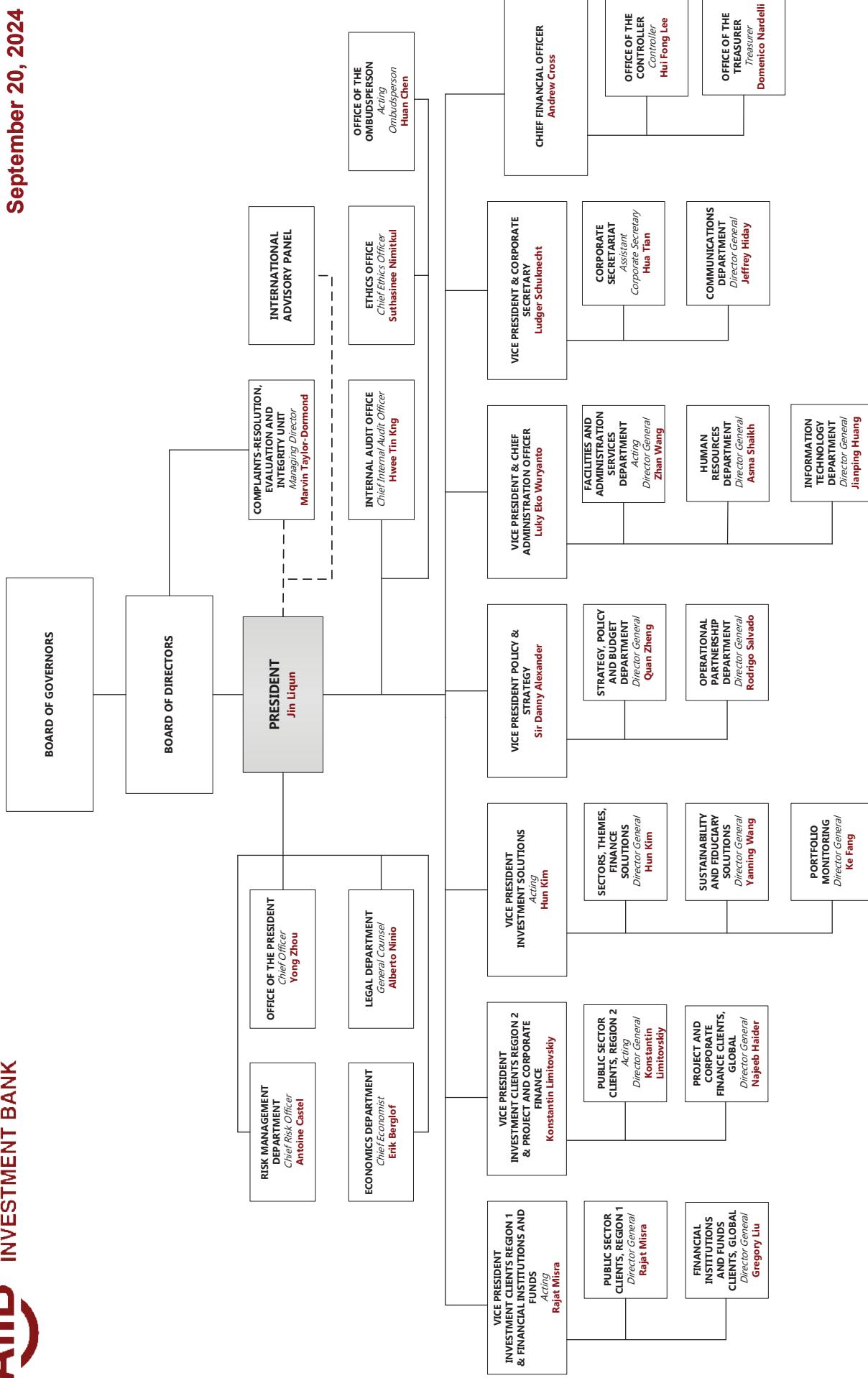
Member	Total Subscriptions			Voting Power			
	Total Subscriptions Amount (million USD)	Total Subscriptions Percent of Total	Share Votes	Founding Member Votes	Basic Votes	Total Votes	Percent of Total
	Regional						
1 Afghanistan	86.6	0.0893%	520	-	1,425	1,945	0.1724%
2 Australia	3,691.2	3.8043%	36,912	600	1,425	38,937	3.4504%
3 Azerbaijan	254.1	0.2619%	2,541	600	1,425	4,566	0.4046%
4 Bahrain	103.6	0.1068%	1,036	-	1,425	2,461	0.2181%
5 Bangladesh	660.5	0.6807%	5,944	600	1,425	7,969	0.7062%
6 Brunei Darussalam	52.4	0.0540%	524	600	1,425	2,549	0.2259%
7 Cambodia	62.3	0.0642%	623	600	1,425	2,648	0.2347%
8 China	29,780.4	30.6928%	297,804	600	1,425	299,829	26.5695%
9 Cook Islands	0.5	0.0005%	5	-	1,425	1,430	0.1267%
10 Cyprus	20.0	0.0206%	200	-	1,425	1,625	0.1440%
11 Fiji	12.5	0.0129%	125	-	1,425	1,550	0.1374%
12 Georgia	53.9	0.0556%	539	600	1,425	2,564	0.2272%
13 Hong Kong, China	765.1	0.7885%	7,651	-	1,425	9,076	0.8043%
14 India	8,367.3	8.6237%	83,673	600	1,425	85,698	7.5942%
15 Indonesia	3,360.7	3.4637%	33,607	600	1,425	35,632	3.1575%
16 Iran	1,580.8	1.6292%	9,485	600	1,425	11,510	1.0200%
17 Iraq	25.0	0.0258%	250	-	1,425	1,675	0.1484%
18 Israel	749.9	0.7729%	7,499	600	1,425	9,524	0.8440%
19 Jordan	119.2	0.1229%	1,192	600	1,425	3,217	0.2851%
20 Kazakhstan	729.3	0.7516%	7,293	600	1,425	9,318	0.8257%
21 Korea	3,738.7	3.8532%	37,387	600	1,425	39,412	3.4925%
22 Kyrgyz Republic	26.8	0.0276%	268	600	1,425	2,293	0.2032%
23 Lao PDR	43.0	0.0443%	430	600	1,425	2,455	0.2176%
24 Malaysia	109.5	0.1129%	1,095	600	1,425	3,120	0.2765%
25 Maldives	7.2	0.0074%	72	600	1,425	2,097	0.1858%
26 Mongolia	41.1	0.0424%	411	600	1,425	2,436	0.2159%
27 Myanmar	264.5	0.2726%	1,851	600	1,425	3,876	0.3435%
28 Nepal	80.9	0.0834%	809	600	1,425	2,834	0.2511%
29 New Zealand	461.5	0.4756%	4,615	600	1,425	6,640	0.5884%
30 Oman	259.2	0.2671%	2,592	600	1,425	4,617	0.4091%
31 Pakistan	1,034.1	1.0658%	10,341	600	1,425	12,366	1.0958%
32 Philippines	979.1	1.0091%	9,791	600	1,425	11,816	1.0471%
33 Qatar	604.4	0.6229%	6,044	600	1,425	8,069	0.7150%
34 Russia	6,536.2	6.7365%	65,362	600	1,425	67,387	5.9715%
35 Samoa	2.1	0.0022%	21	-	1,425	1,446	0.1281%
36 Saudi Arabia	2,544.6	2.6226%	25,446	600	1,425	27,471	2.4344%

Member	Total Subscriptions			Voting Power			
	Total Subscriptions	Total Subscriptions Percent of Total	Share Votes	Founding Member Votes	Basic Votes	Total Votes	Percent of Total
	Amount (million USD)						
37 Singapore	250.0	0.2577%	2,500	600	1,425	4,525	0.4010%
38 Sri Lanka	269.0	0.2772%	2,690	600	1,425	4,715	0.4178%
39 Tajikistan	30.9	0.0318%	278	600	1,425	2,303	0.2041%
40 Thailand	1,427.5	1.4712%	14,275	600	1,425	16,300	1.4444%
41 Timor-Leste	16.0	0.0165%	160	-	1,425	1,585	0.1405%
42 Tonga	1.2	0.0012%	12	-	1,425	1,437	0.1273%
43 Türkiye	2,609.9	2.6899%	26,099	600	1,425	28,124	2.4922%
44 UAE	1,185.7	1.2220%	11,857	600	1,425	13,882	1.2302%
45 Uzbekistan	219.8	0.2265%	2,198	600	1,425	4,223	0.3742%
46 Vanuatu	0.5	0.0005%	5	-	1,425	1,430	0.1267%
47 Viet Nam	663.3	0.6836%	6,633	600	1,425	8,658	0.7672%
Total Regional	73,882.0	76.1456%	730,665	21,600	66,975	819,240	72.5973%
Non-Regional							
48 Algeria	5.0	0.0052%	50	-	1,425	1,475	0.1307%
49 Argentina	5.0	0.0052%	50	-	1,425	1,475	0.1307%
50 Austria	500.8	0.5161%	5,008	600	1,425	7,033	0.6232%
51 Belarus	64.1	0.0661%	641	-	1,425	2,066	0.1831%
52 Belgium	284.6	0.2933%	2,846	-	1,425	4,271	0.3785%
53 Benin	5.0	0.0052%	50	-	1,425	1,475	0.1307%
54 Brazil	5.0	0.0052%	50	600	1,425	2,075	0.1839%
55 Canada	995.4	1.0259%	7,963	-	1,425	9,388	0.8319%
56 Chile	10.0	0.0103%	100	-	1,425	1,525	0.1351%
57 Côte d'Ivoire	5.0	0.0052%	50	-	1,425	1,475	0.1307%
58 Croatia	5.0	0.0052%	50	-	1,425	1,475	0.1307%
59 Denmark	369.5	0.3808%	3,695	600	1,425	5,720	0.5069%
60 Ecuador	5.0	0.0052%	50	-	1,425	1,475	0.1307%
61 Egypt	650.5	0.6704%	6,505	600	1,425	8,530	0.7559%
62 Ethiopia	45.8	0.0472%	366	-	1,425	1,791	0.1587%
63 Finland	310.3	0.3198%	3,103	600	1,425	5,128	0.4544%
64 France	3,375.6	3.4790%	33,756	600	1,425	35,781	3.1707%
65 Germany	4,484.2	4.6216%	44,842	600	1,425	46,867	4.1531%
66 Ghana	5.0	0.0052%	30	-	1,425	1,455	0.1289%
67 Greece	10.0	0.0103%	100	-	1,425	1,525	0.1351%
68 Guinea	5.0	0.0052%	20	-	1,425	1,445	0.1280%
69 Hungary	100.0	0.1031%	1,000	-	1,425	2,425	0.2149%
70 Iceland	17.6	0.0181%	176	600	1,425	2,201	0.1950%
71 Ireland	131.3	0.1353%	1,313	-	1,425	2,738	0.2426%
72 Italy	2,571.8	2.6506%	25,718	600	1,425	27,743	2.4585%
73 Liberia	5.0	0.0052%	40	-	1,425	1,465	0.1298%
74 Libya	52.6	0.0542%	526	-	1,425	1,951	0.1729%

Member	Total Subscriptions			Voting Power			
	Total Subscriptions	Total Subscriptions Percent of Total	Share Votes	Founding Member Votes	Basic Votes	Total Votes	Percent of Total
	Amount (million USD)						
75 Luxembourg	69.7	0.0718%	697	600	1,425	2,722	0.2412%
76 Madagascar	5.0	0.0052%	50	-	1,425	1,475	0.1307%
77 Malta	13.6	0.0140%	136	600	1,425	2,161	0.1915%
78 Morocco	5.0	0.0052%	50	-	1,425	1,475	0.1307%
79 Netherlands	1,031.3	1.0629%	10,313	600	1,425	12,338	1.0933%
80 Norway	550.6	0.5675%	5,506	600	1,425	7,531	0.6674%
81 Peru	154.6	0.1593%	1,546	-	1,425	2,971	0.2633%
82 Poland	831.8	0.8573%	8,318	600	1,425	10,343	0.9165%
83 Portugal	65.0	0.0670%	650	600	1,425	2,675	0.2370%
84 Romania	153.0	0.1577%	1,530	-	1,425	2,955	0.2619%
85 Rwanda	5.0	0.0052%	40	-	1,425	1,465	0.1298%
86 Serbia	5.0	0.0052%	50	-	1,425	1,475	0.1307%
87 South Africa	5.0	0.0052%	50	600	1,425	2,075	0.1839%
88 Spain	1,761.5	1.8155%	17,615	600	1,425	19,640	1.7404%
89 Sudan	59.0	0.0608%	122	-	1,425	1,547	0.1371%
90 Sweden	630.0	0.6493%	6,300	600	1,425	8,325	0.7377%
91 Switzerland	706.4	0.7280%	7,064	600	1,425	9,089	0.8054%
92 Togo	5.0	0.0052%	50	-	1,425	1,475	0.1307%
93 Tunisia	5.0	0.0052%	50	-	1,425	1,475	0.1307%
94 United Kingdom	3,054.7	3.1483%	30,547	600	1,425	32,572	2.8864%
95 Uruguay	5.0	0.0052%	50	-	1,425	1,475	0.1307%
Total Non-Regional	23,145.3	23.8544%	228,832	12,000	68,400	309,232	27.4027%
Grand Total	97,027.3	100.0000%	959,497	33,600	135,375	1,128,472	100.0000%

APPENDIX 2: ORGANIZATION CHART

AIIB Organizational Structure September 20, 2024



2023 AIIB ANNUAL REPORT

The Asian Infrastructure Investment Bank (AIIB) annual report is a comprehensive report of AIIB's activities for the previous year. In 2023, we implemented our Corporate Strategy, which defines the way we do things and marks a new development stage for us as we 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.



ASIAN INFRASTRUCTURE
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about AIIB's
activities for the
previous year

