

2022  
**AIIB  
ANNUAL  
REPORT**



ASIAN INFRASTRUCTURE  
INVESTMENT BANK

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# 2022 AIIB ANNUAL REPORT



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# 01



## WHO WE ARE AND WHAT WE DO

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

## OUR MANDATE

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

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

# FROM OUR PRESIDENT AND CHAIR OF THE BOARD OF DIRECTORS

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

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





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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**JIN LIQUN**

President and  
Chair of the Board of Directors

# FROM OUR BOARD OF DIRECTORS

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

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

## PRESIDENT AND CHAIR OF THE BOARD OF DIRECTORS



Jin Liqun

## VICE PRESIDENT AND CORPORATE SECRETARY

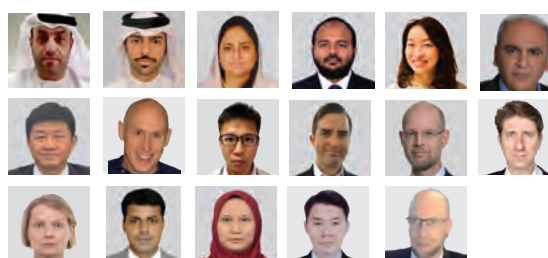


Ludger Schuknecht

## DIRECTORS



## ALTERNATE DIRECTORS



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# 2022 FINANCIAL SNAPSHOT

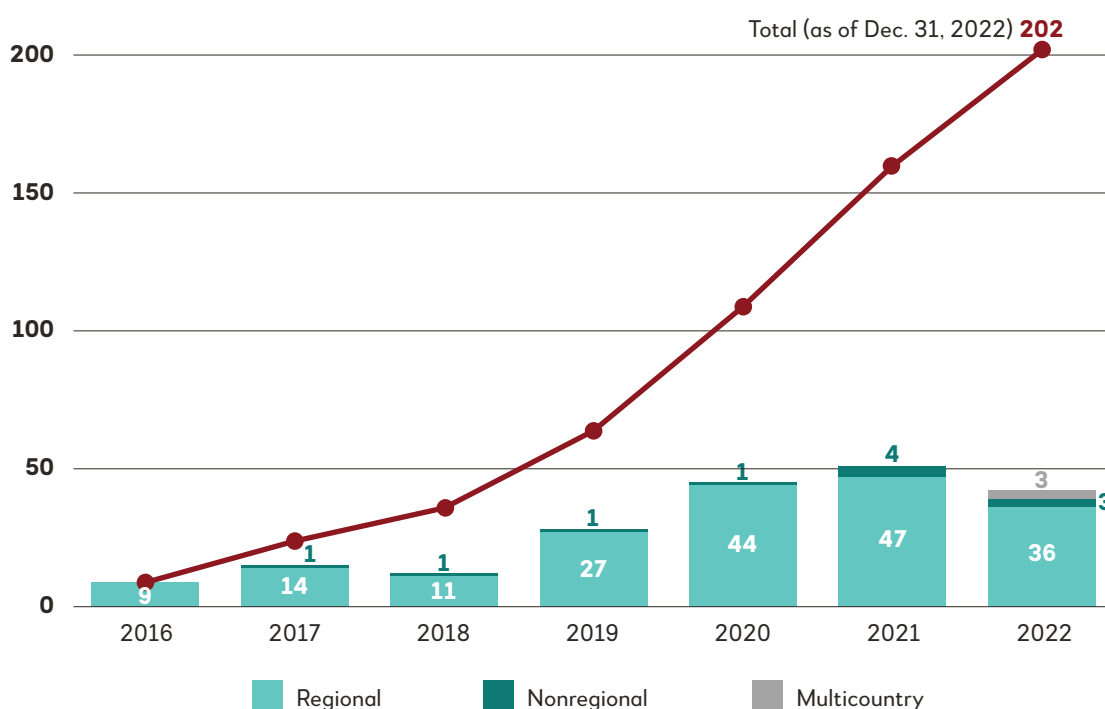
Cumulative Data from 2016 to 2022

## APPROVED PROJECTS, 2016–2022

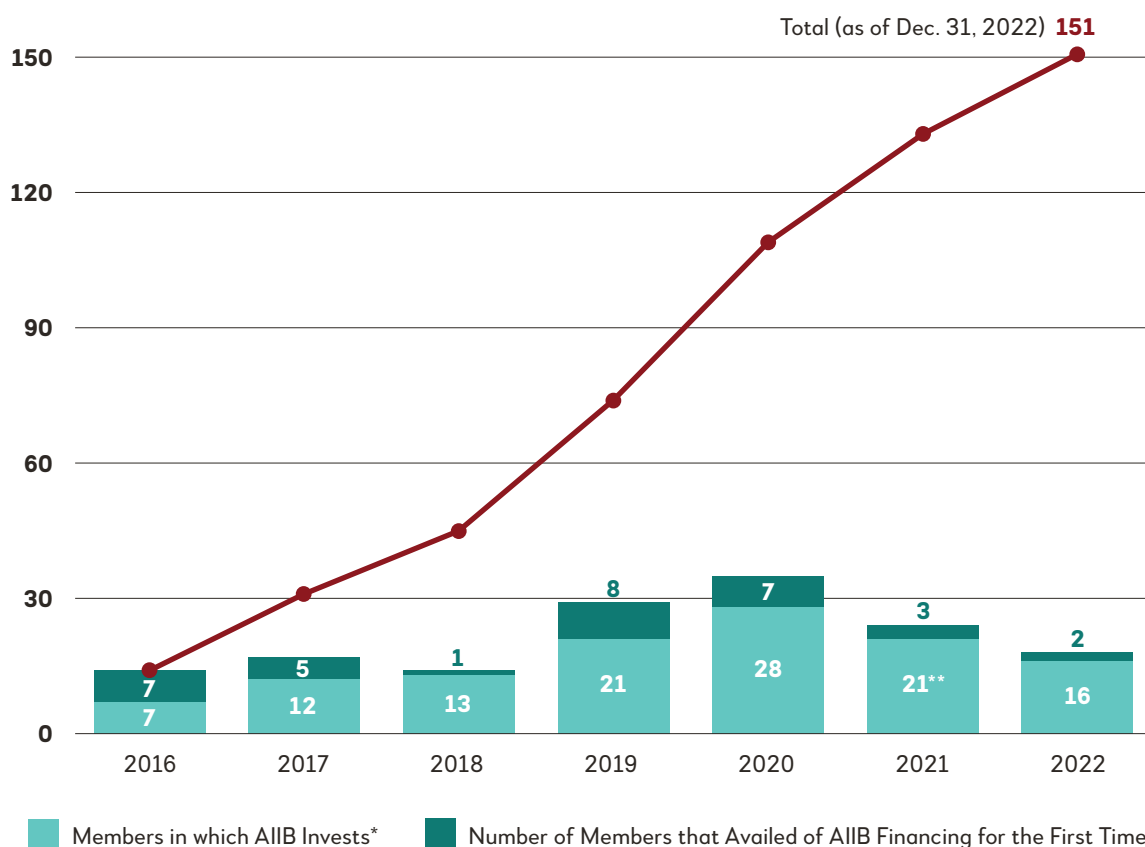
YEAR	ANNUAL APPROVALS	TOTAL AMOUNT OF SOVEREIGN-BACKED FINANCING (IN USD MILLION)	NUMBER OF SOVEREIGN-BACKED FINANCING PROJECTS	TOTAL AMOUNT OF NONSOVEREIGN-BACKED FINANCING (IN USD MILLION)	NUMBER OF NONSOVEREIGN-BACKED FINANCING PROJECTS*
<b>TOTAL (as of Dec. 31, 2022)</b>	202	30,615.4	127	8,192.8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

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

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



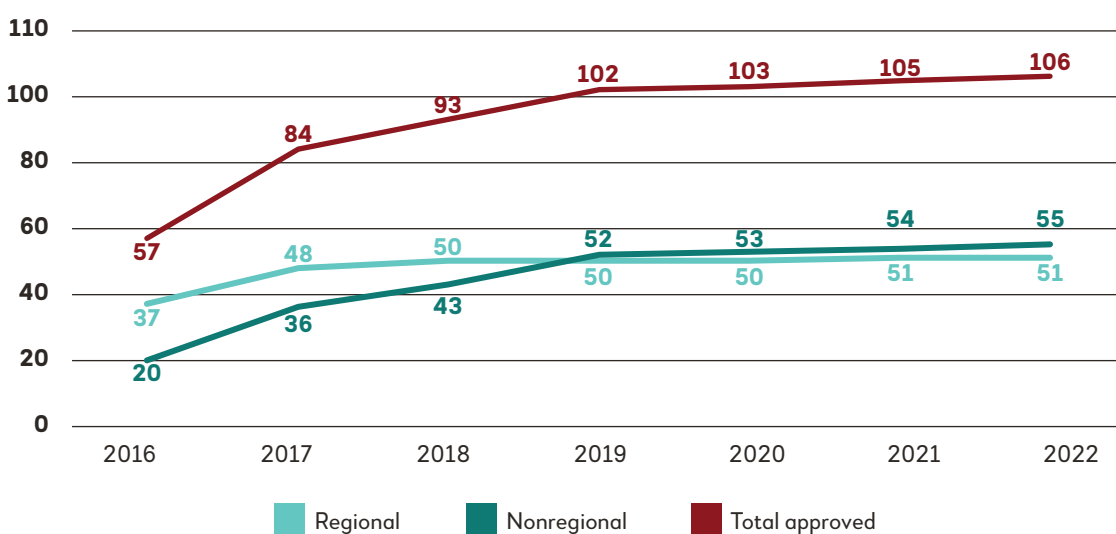
## NUMBER OF MEMBERS IN WHICH AIIB INVESTS, 2016-2022



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

\*\* = Updated to reflect change in methodology















## MEMBERS



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







## PROJECTS BY SECTOR, 2016-2022

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

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

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

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

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

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

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



## TOTAL PROJECTS APPROVED, 2016-2022

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

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

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

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

## USD INVESTMENTS

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

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

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

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

## STAFF

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

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

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

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

## PRIVATE CAPITAL MOBILIZED

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

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

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

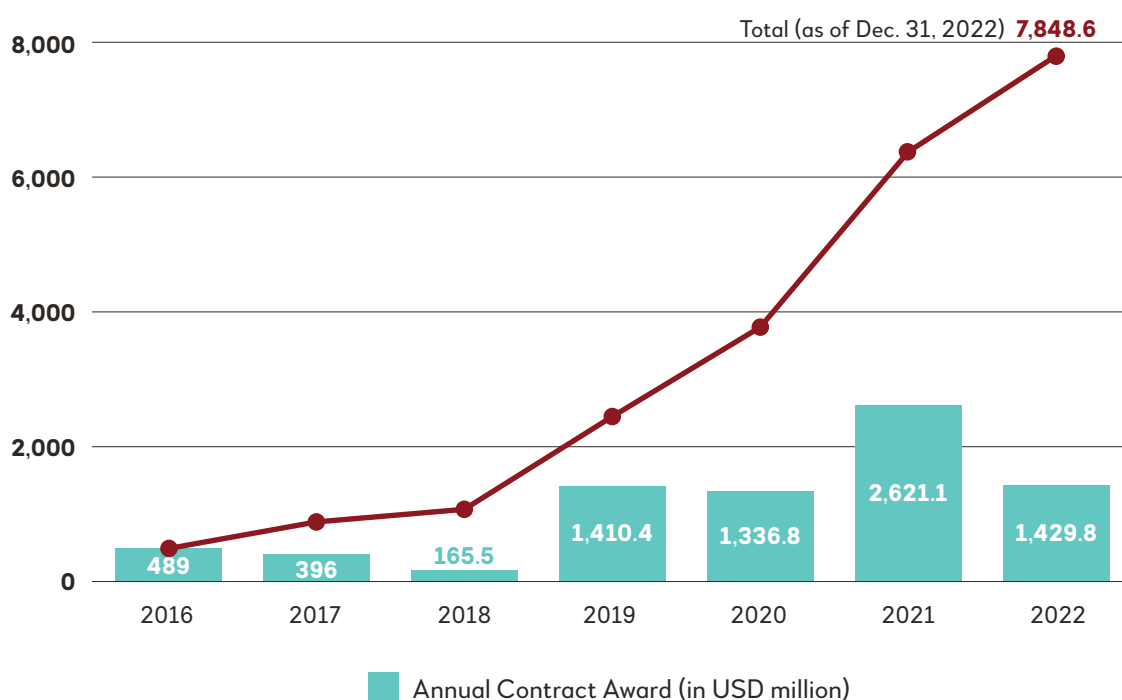
Note: Private capital mobilized includes direct and indirect involvement of AIIB that led to the commitment of private entities' financing.

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

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

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

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



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

## PROJECTS BY THEMATIC PRIORITY, 2016-2022

With the adoption of our Corporate Strategy in 2020, all our 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). In 2021, we realigned our reporting to reflect this and reclassified our projects under these thematic priorities going forward. The figures below represent the distribution of regular projects (excluding projects approved under the COVID-19 Crisis Recovery Facility).

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

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

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

Data from Jan. 1 to Dec. 31, 2022

TOTAL PROJECTS APPROVED, 2022

21

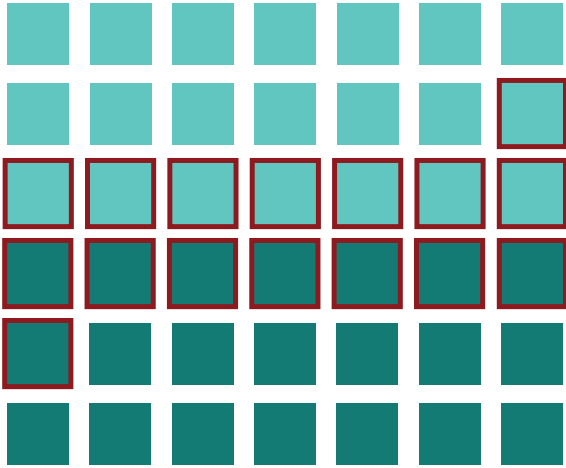
SOVEREIGN

21

NONSOVEREIGN

16

MEMBERS IN WHICH  
AIIB INVESTS



TOTAL PROJECTS APPROVED, REGIONAL OR NONREGIONAL, 2022

36

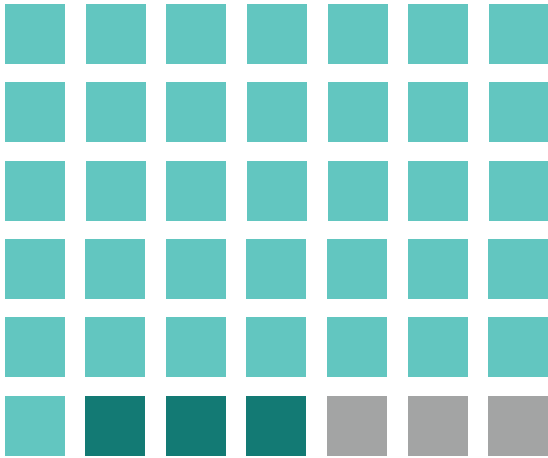
REGIONAL

3

NON-REGIONAL

3

MULTICOUNTRY







## TOTAL NONSOVEREIGN-BACKED FINANCING PROJECTS, 2022

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

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

## REGULAR FINANCING

### TOTAL PROJECTS BY THEMATIC PRIORITY, 2022

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

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

### GREEN INFRASTRUCTURE PROJECTS, 2022

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

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

### GREEN INFRASTRUCTURE PROJECTS, BY REGION, 2022

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

## CONNECTIVITY AND REGIONAL COOPERATION PROJECTS, 2022

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

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

## TECHNOLOGY-ENABLED INFRASTRUCTURE PROJECTS, 2022

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

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

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

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

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

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














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

## PRIVATE CAPITAL MOBILIZATION PROJECTS, BY REGION, 2022

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



## TOTAL NUMBER OF PROJECTS, BY SECTOR, 2022

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

CRF = COVID-19 Crisis Recovery Facility

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

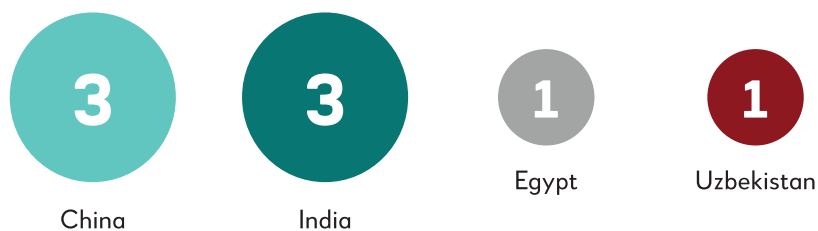
## ENERGY SECTOR PROJECTS, BY MEMBER, 2022



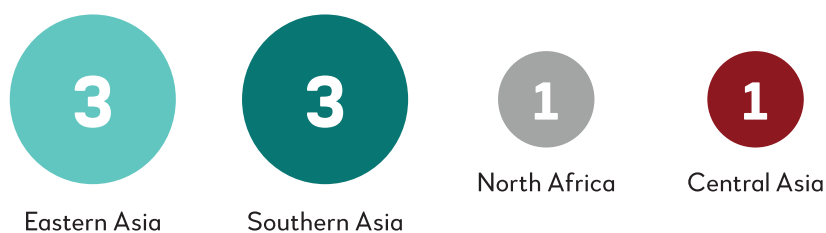
## ENERGY SECTOR PROJECTS, BY REGION, 2022



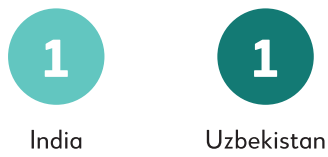
## TRANSPORT SECTOR PROJECTS, BY MEMBER, 2022



## TRANSPORT SECTOR PROJECTS, BY REGION, 2022



### WATER SECTOR PROJECTS, BY MEMBER, 2022



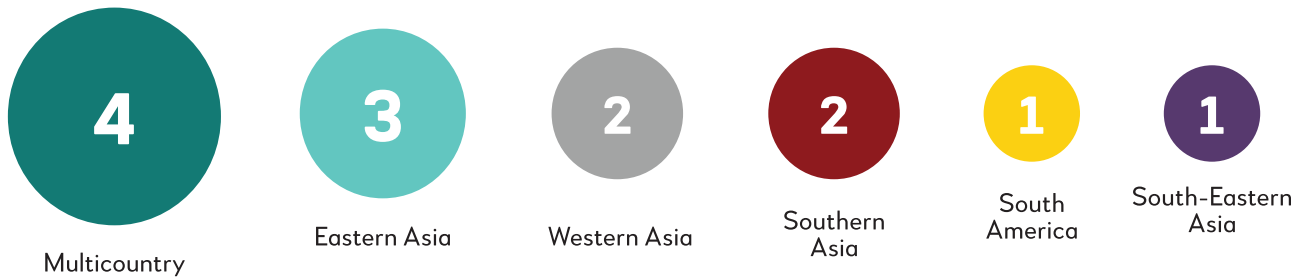
### WATER SECTOR PROJECTS, BY REGION, 2022



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








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



## COVID-19 CRISIS RECOVERY FACILITY

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

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

\* = First time to access AIIB financing

### VACCINE FINANCING PROJECTS

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

\* = First time to access AIIB financing

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

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



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



## **SPECIAL FUNDS**

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

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

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

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

\* = first time to access AIB financing

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

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

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

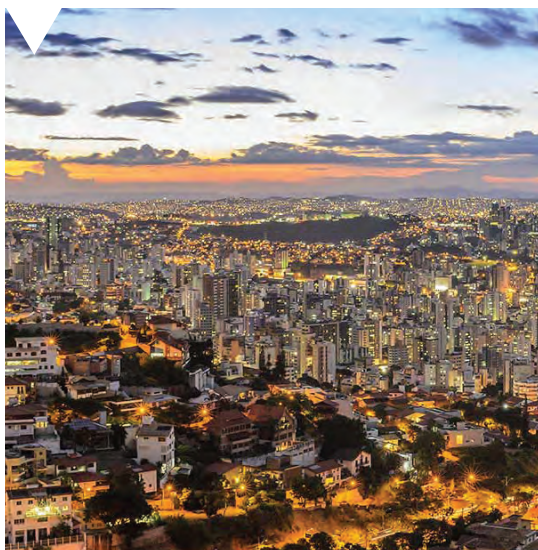
<b>MEMBER</b>	<b>REGION</b>	<b>SECTOR</b>	<b>NUMBER OF PROJECTS</b>
Bangladesh	Southern Asia	Social	1

# 2022 TIMELINE

## JANUARY

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

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



## FEBRUARY

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

## MARCH

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

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

### JIN LIQUN

AIIB President and Chair of the Board of Directors

## APRIL

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

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

## MAY

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

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



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

## JUNE

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

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

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

## JUNE

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

## JULY

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

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

## AUGUST

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

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

## SEPTEMBER

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

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

## OCTOBER

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

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



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

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



## OCTOBER

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

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

## NOVEMBER

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

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

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

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



## NOVEMBER

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

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



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

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

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

## NOVEMBER

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



## NOVEMBER

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

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

## DECEMBER

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

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

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

# OUR GROWTH

# 02



## MEMBERSHIP

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

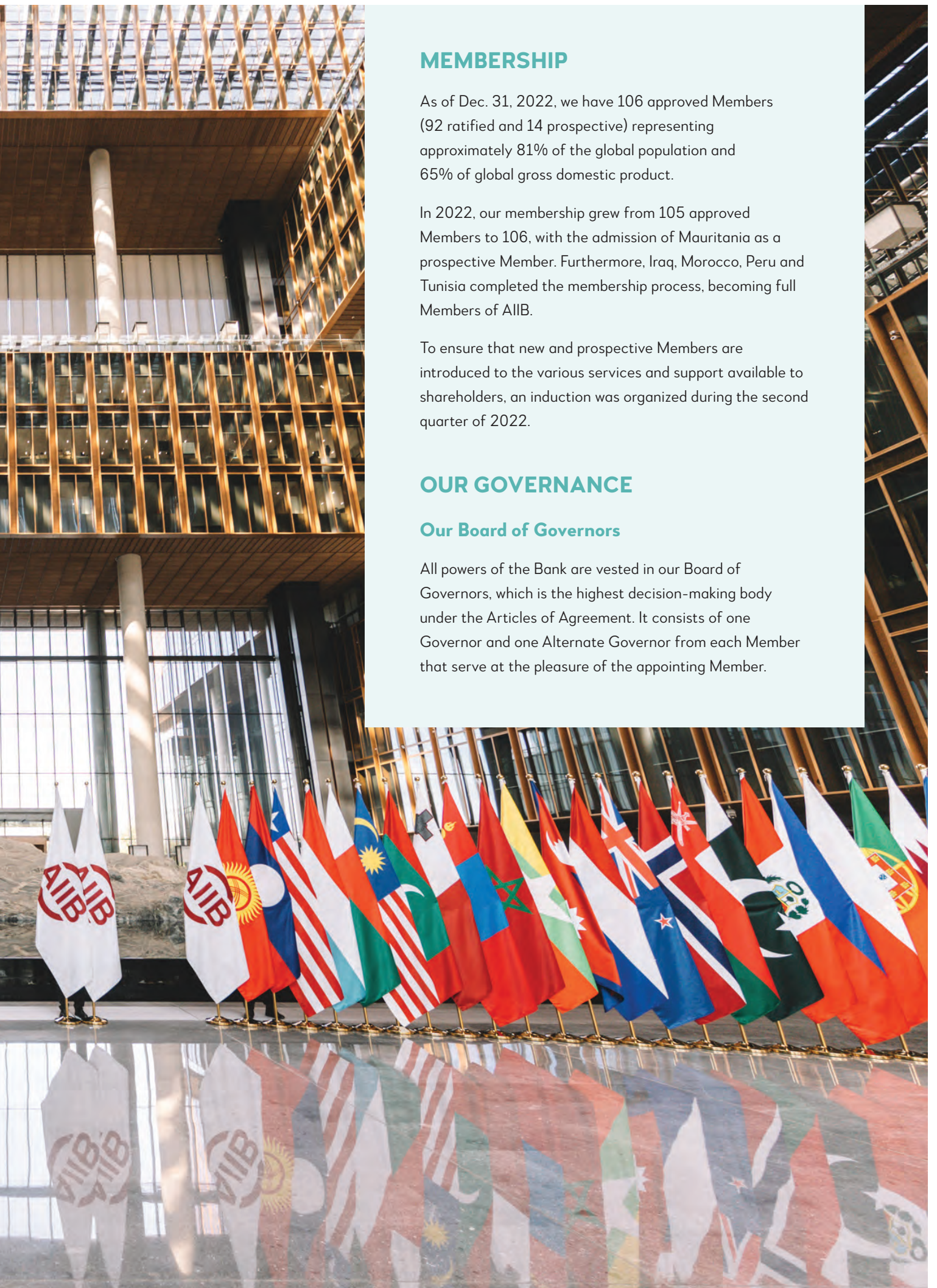
In 2022, our membership grew from 105 approved Members to 106, with the admission of Mauritania as a prospective Member. Furthermore, Iraq, Morocco, Peru and Tunisia completed the membership process, becoming full Members of AIIB.

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

## OUR GOVERNANCE

### Our Board of Governors

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



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

[READ MORE](#)

[BOARD OF GOVERNORS VOTING POWER](#)

### The Annual Meeting

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

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

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

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

### Our Board of Directors

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



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

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

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

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

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



## Board Committees

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

## International Advisory Panel

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

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

## Accountability Framework Review

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

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



## READ MORE

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

## READ MORE

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

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

### **Board Efficiency and Governance**

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

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

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

### **Performance Review of the President**

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

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

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

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

## Leadership Team

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

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

## Sanctions Panel

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

## Complaints-resolution, Evaluation and Integrity

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

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

### Complaints-resolution

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

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

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





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

### **Learning and Evaluation**

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

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

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

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

## Integrity Function

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

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

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

## RELATED TOPICS

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

#### LEARN MORE

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

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

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

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

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

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

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

### Policy on Public Information

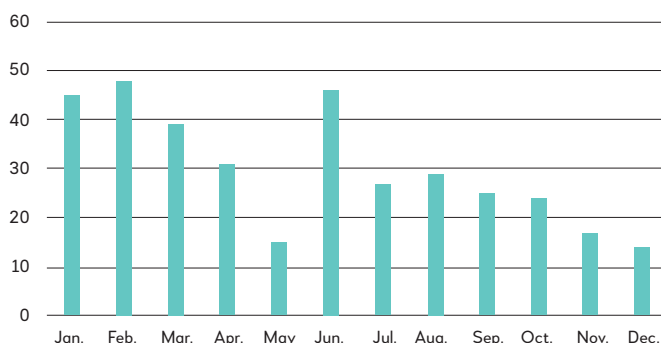
The [Policy on Public Information](#) (PPI) embodies our commitment to transparency. Under the PPI, we regularly monitored our disclosure practices and provides quarterly reporting on the implementation of the PPI.

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

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

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

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



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

### Policy on Personal Data Privacy

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

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

## OUR CORPORATE FINANCING

### Treasury

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

### LIBOR Transition

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

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

### Sustainable Development Bonds Impact Report

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

#### READ MORE

SUSTAINABLE DEVELOPMENT BONDS  
IMPACT REPORTS

## FINANCIAL HIGHLIGHTS 2022

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

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

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

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



## Investor Interactions

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

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

## Capacity Building

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

## Stronger Portfolio

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

## External Auditor

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

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

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

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

## Internal Control Over Financial Reporting

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

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



## OUR RISK MANAGEMENT

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

## How We Manage Risk

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

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

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

## Credit Ratings, 2022

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

### Risk Management Framework and Risk Appetite Statement

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

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

### Well-Regarded by External Rating Agencies

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

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

### Credit and Investment Process

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

### Market and Liquidity Risk

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

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

## **Non-financial Risk**

### *Compliance and Integrity Risk*

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

### *Operational Risk*

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

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

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

## **Portfolio Management & Model**

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

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

## **Restructuring and Workout**

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





## OUR INTEGRITY PRACTICES

### Internal Audit

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

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

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

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

## Ethics

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

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

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

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

## Ombudsperson

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

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

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

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

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

## Respectful Workplace Advisors

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



## OUR PARTNERSHIPS

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

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

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

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

### **READ MORE**

#### OUR KNOWLEDGE PRODUCTS

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

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

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

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

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



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

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

**Mobilizing Resources to Support Investment Operations**

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

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

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

## OUR ENGAGEMENT WITH CIVIL SOCIETY

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

### Project-level Engagement

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

### Strategy and Policy Engagement

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

[READ MORE](#)

ENERGY SECTOR STRATEGY UPDATE

### AIIB Management Dialogue

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

### Proactive Outreach

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



## OUR CULTURE AND OUR PEOPLE

### Our Culture

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

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

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

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

### Our Staff

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



### **Attracting Talents Worldwide**

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

### **Young Talent Programs**

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

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

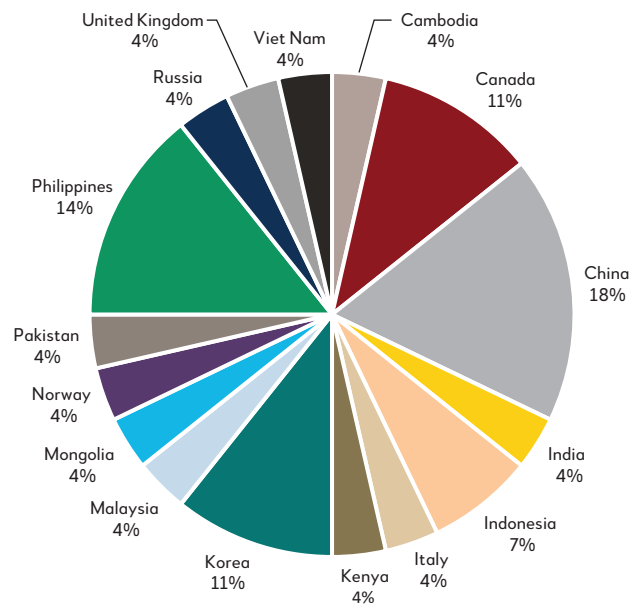
### **Competency Framework**

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



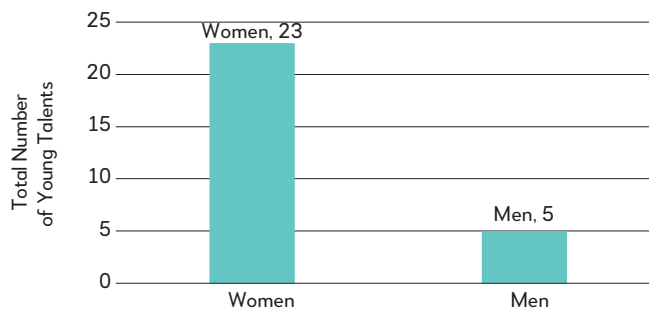


## Young Talents Economy Representation, 2022



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

## Young Talents Gender Distribution, 2022



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

## Learning and Development

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

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

## Supporting Staff Well-being

### Well@AIB

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

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

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

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

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

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

### **Staff Council**

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

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





## OUR ORGANIZATION

### Our Headquarters and Our Global Presence

#### Headquarters

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

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

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

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



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

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

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

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

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

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

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

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

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

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

### **Interim Operational Hub**

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

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

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

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

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



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

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

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

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

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

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

## MAJOR INFORMATION TECHNOLOGY PROJECTS, 2022

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



## OUR KNOWLEDGE PRODUCTS



### 2021 Annual Report

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

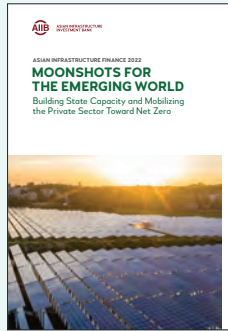


### 2021 Sustainable Development Bonds Impact Report

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

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

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



### Asian Infrastructure Finance Report 2022

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

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

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

**ASIAN INFRASTRUCTURE  
FINANCE REPORT 2022**

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

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

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

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



## Operational Procurement Report

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



## Working Papers

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

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

## Other Knowledge Products

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



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

A photograph of a modern building interior. The space is characterized by a high ceiling with a grid of dark beams and large glass windows that allow natural light to filter in. In the foreground, a large, textured sculpture of a mountain range is displayed on a dark, reflective surface. The sculpture is made of a light-colored material, possibly stone or concrete, and shows intricate details of mountain peaks and valleys. The overall atmosphere is clean, modern, and professional.

# IMPLEMENTING OUR CORPORATE STRATEGY

# 03



## OUR INVESTMENT FOR STRATEGIC VISION

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

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

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

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

**READ MORE**

SUSTAINABLE DEVELOPMENT BONDS  
IMPACT REPORT 2022

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

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

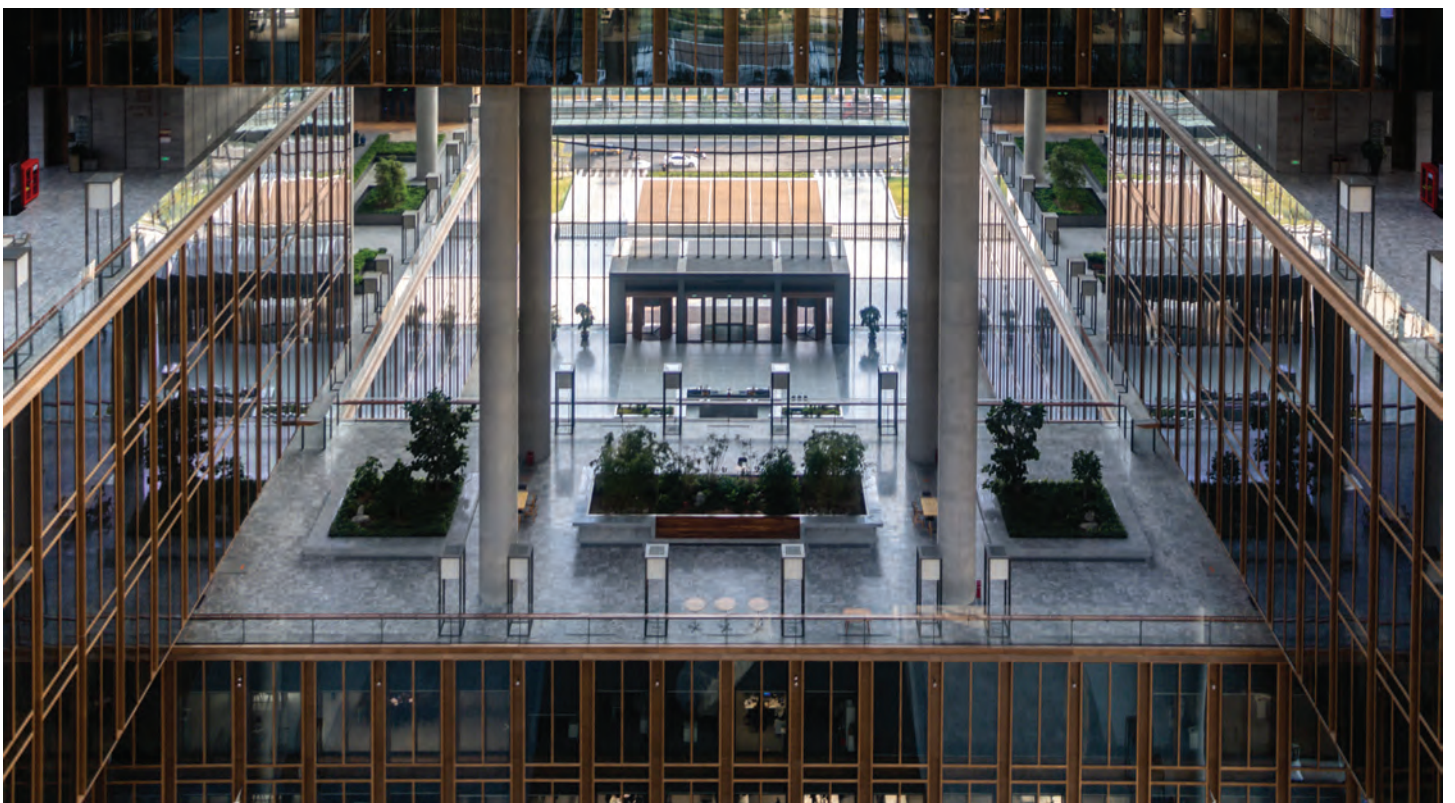
maintained on the basis that they continue to offer sufficient flexibility to represent Members' needs and meet client demand.

**READ MORE**

ENERGY SECTOR STRATEGY UPDATE

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

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





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

## WHAT IS INFRASTRUCTURE FOR TOMORROW

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

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

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

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

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

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

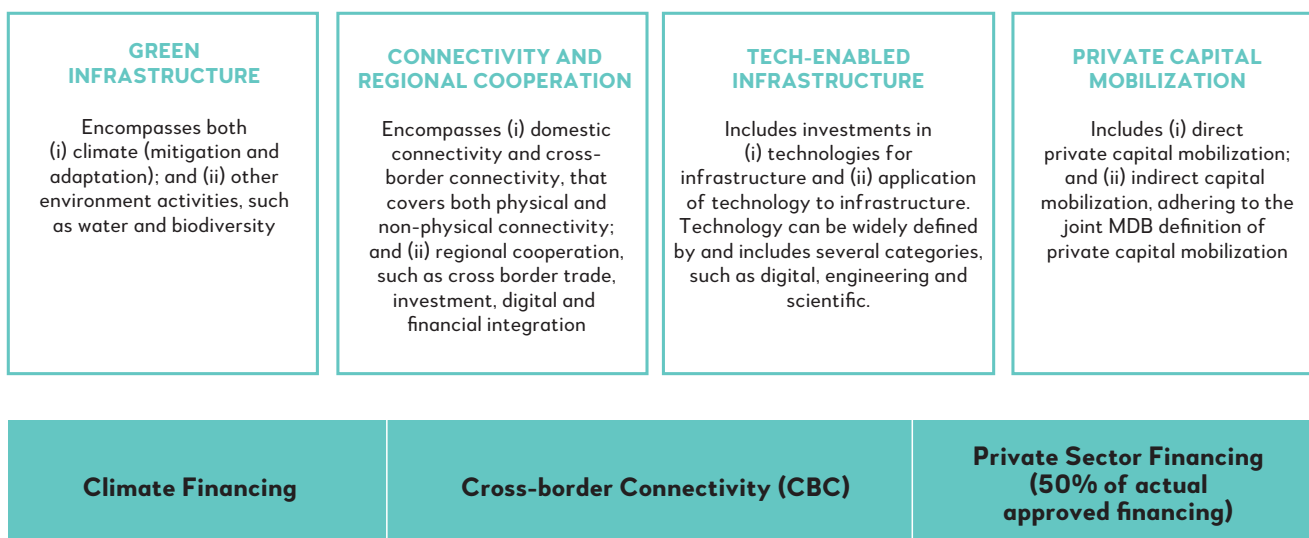
physical and non-physical connectivity; and (ii) regional cooperation, such as cross border trade, investment, digital and financial integration.

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

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

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

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



## HOW WE IMPLEMENTED OUR CORPORATE STRATEGY IN 2022

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

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

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

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

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



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

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

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

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

## Green Infrastructure

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

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

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

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

### READ MORE

- Climate Financing
- Our Partnerships

## Connectivity and Regional Cooperation

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

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

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



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

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

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

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

## Technology-Enabled Infrastructure

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

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

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

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

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

## Private Capital Mobilization

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

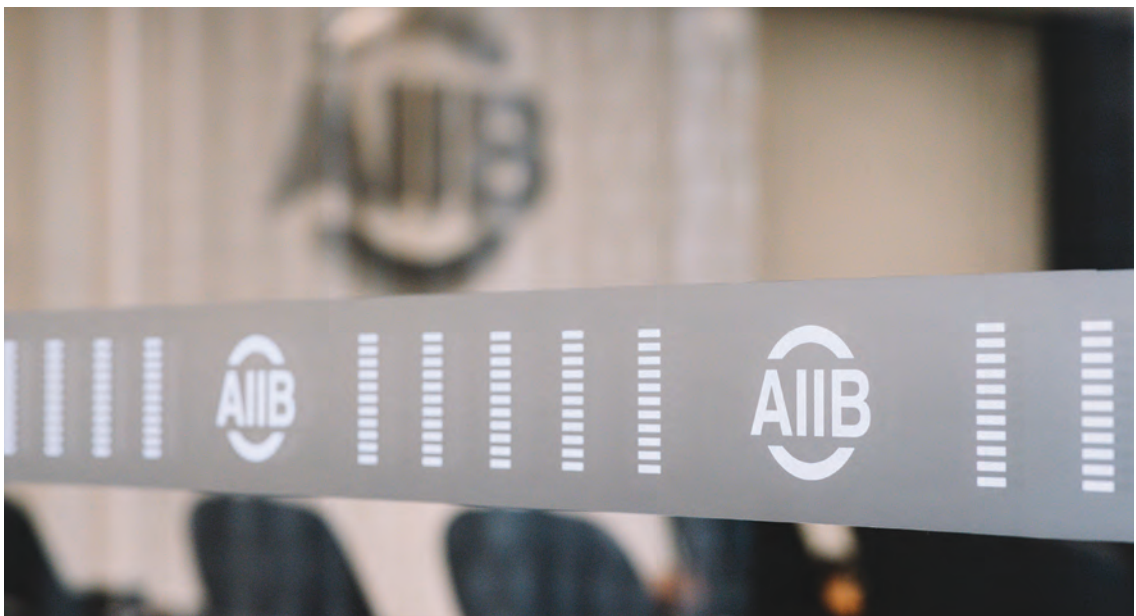
We continued our efforts to mobilize private capital through a range of financing instruments to meet client needs. In 2022, a total of USD2.4 billion in private capital mobilization<sup>10</sup> was reported, a remarkable increase from USD1.3 billion in 2021.

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

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

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

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



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

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

## SUSTAINABLE CAPITAL MARKETS INITIATIVE

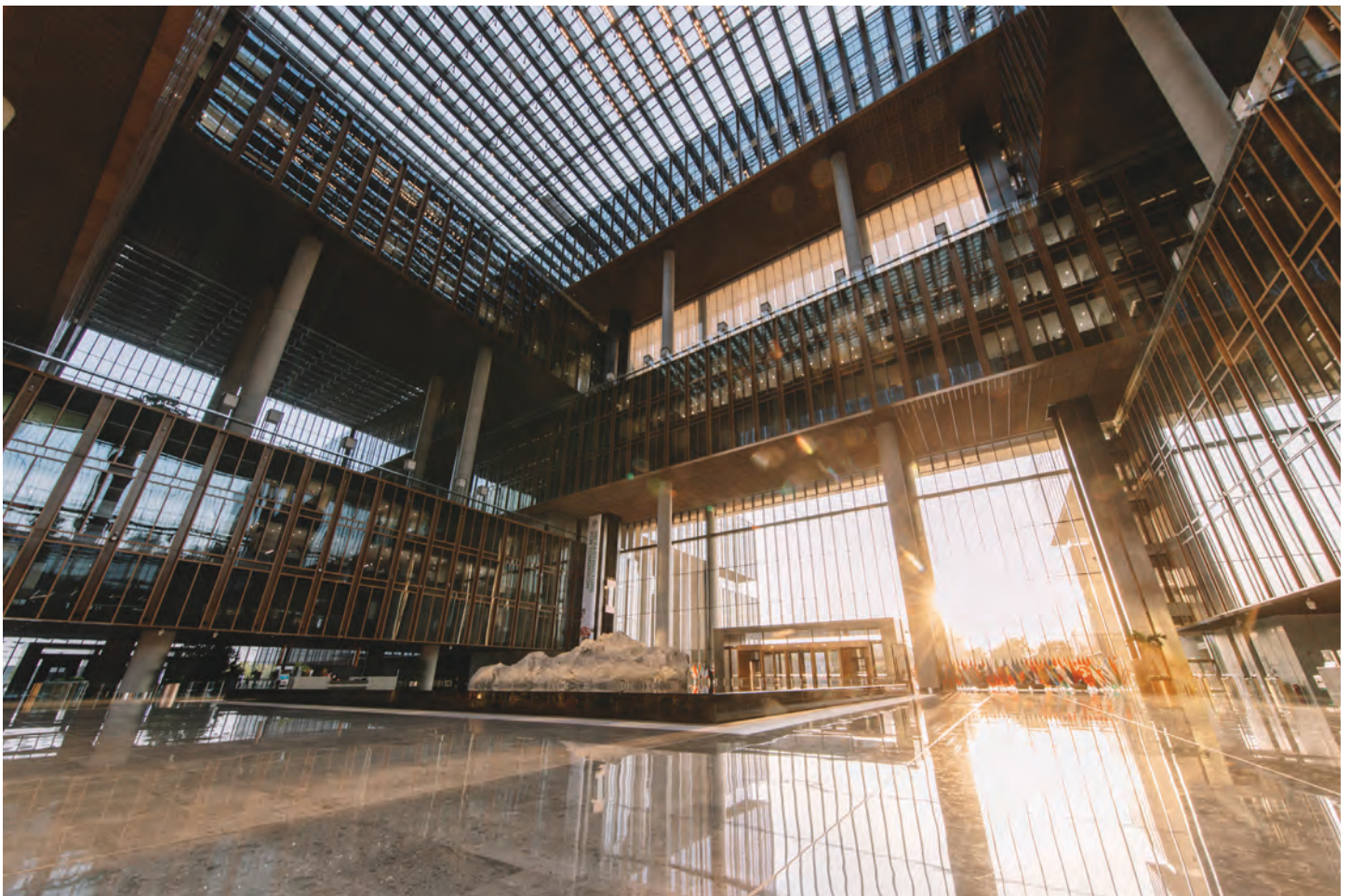
The Sustainable Capital Markets Initiative (SCMI) aims to catalyze ESG investing strategies by developing the [ESG Framework](#). It also acts as an engine of change to improve ESG standards and build capacity around responsible investing with various market participants, (such as corporate bond issuers,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

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

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

### READ MORE

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



## SUSTAINABLE DEVELOPMENT BONDS

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

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

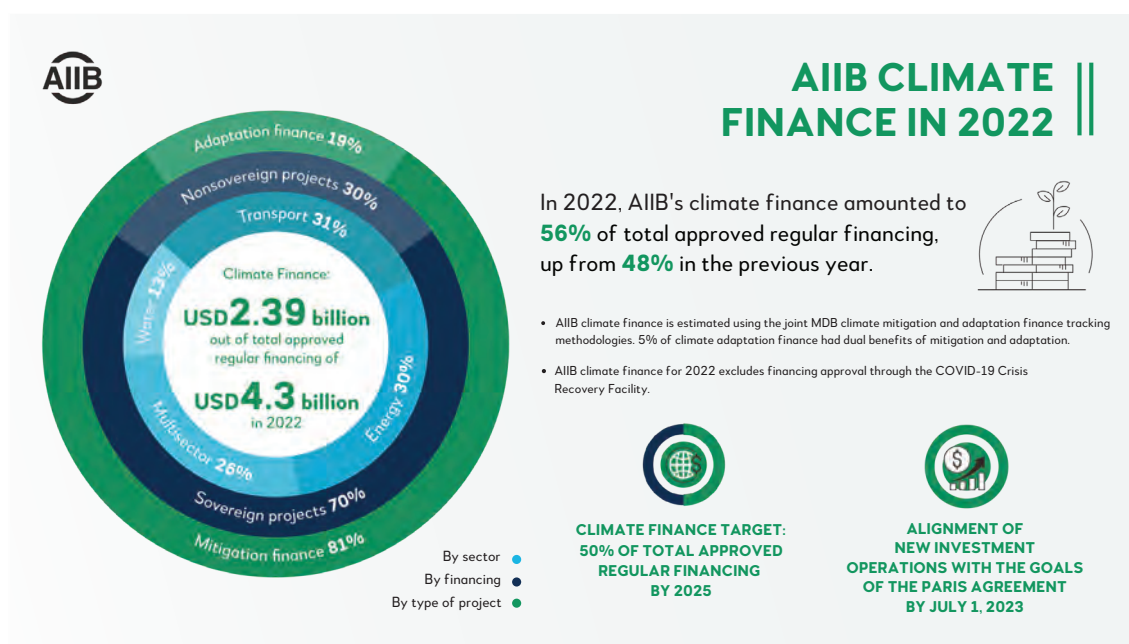
### READ MORE

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

## CLIMATE FINANCING

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

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



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

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

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

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

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

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

## COP27

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

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



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

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

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

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



## ENERGY SECTOR STRATEGY UPDATE

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

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

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

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



# AIIB Energy Sector Strategy Update (2022)

## Summary of the Consultation

September 12, 2022



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

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

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

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

## OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

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

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

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

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

### READ MORE

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

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



## SOCIAL INFRASTRUCTURE

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

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

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

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

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

## ENVIRONMENTAL AND SOCIAL FRAMEWORK

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

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

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

## GENDER

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

## PORTFOLIO MANAGEMENT

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

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

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

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

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

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

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

### PROJECT DETAILS:

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

### The Project

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

### The Challenge

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

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