

The Netherlands would like to thank the authorities of the United Arab Emirates and the AIIB for accommodating the process of hosting the sixth Annual Meeting of the AIIB. This Annual Meeting provides an excellent opportunity to reflect on the activities of the past year and exchange views on the AIIB and its operational environment in the years to come.

The AIIB maintained a sound financial profile, confirmed by the Bank's AAA ratings and the creation of a yield curve through regular successful emissions in USD and other currencies. The Bank has successfully demonstrated the effectiveness of its institutional set-up, including its lean approach, and its non-resident board. We compliment the AIIB on the continued development of the governance-framework of the Bank. Furthermore, we commend the Bank for the continued support to its clients, despite the difficult circumstances due to the Covid-19 crisis, which required adjustments in governance processes to ensure full functionality of the Bank. In this regard we also compliment the Bank with its fast, coordinated and strong contribution to the international response to this crisis, in partnership with peer MDBs, and in close coordination with the IMF regarding debt sustainability assessments. We now call upon the AIIB and the other MDBs to seize the lessons learnt during the pandemic in their plans to contribute to the global economic recovery. A regular dialogue and good coordination among MDBs, as well as stronger coordination with national and regional initiatives in the Asia-Pacific region, will be crucial for achieving the desired result of the development of infrastructure in this region.

When the Bank's founding parties met in 2014, they acknowledged the significance of infrastructure development for the social and economic well-being of the people in Asia. As the AIIB is particularly well placed to cater to the needs of the region as a whole, and its regional members in particular, we invite AIIB to capitalize on this comparative advantage. Maintaining this focus in terms of geography and sectors will allow AIIB to continue deepening its expertise and building economies of scale that can translate into competitive advantages including lower operative costs than those of competitors. Investment in both new infrastructure and replacement of outdated structures plays a crucial role in overcoming the challenges ahead of us in the post-pandemic phase.

Through the Covid-19 Response Facility (CFR) the AIIB has been able to quickly and effectively respond to the needs of its members. However, we reiterate that the CFR's purpose is to respond to a crisis which is temporary and exceptional in nature. The CFR is not meant to develop new financial instruments or activities for the AIIB, where it would not have sufficient value added. We should aim to strengthen the current model of the AIIB rather than seek to diversify it, as the success of the Bank will ultimately depend on its financial strength and credibility.

We commend the AIIB on its actions to become a green Bank. In this light, we strongly support the Bank's ambition to introduce a 50% climate finance target and the integration of this ambition in the Corporate Strategy. Developing and financing high-quality green projects will be instrumental for the further development of the AIIB and will enable the Bank to assist the region to face environmental challenges head-on. We furthermore commend the Bank for committing to Paris Alignment in the Corporate Strategy and aligning all new financing activities by 1 July 2023, which should be backed by an internationally agreed methodology. We call on the AIIB to continue the close cooperation with other MDBs, to ensure a coordinated and aligned approach to the implementation. Striving for a green Bank will be an ongoing process. With the above in mind, we also encourage the Bank to work on an ambitious review of the Energy Policy.

The mandate and mission of the AIIB have been built on the specific financial model of an investment Bank with a development purpose. This approach is based on sound banking principles that entail the support of profitable, yet not necessarily profit-maximizing, projects to ensure and safeguard AIIB's long-term financial sustainability. This is in the interest of all of AIIB's members as it allows the Bank

to leverage their capital contributions at lowest costs in financial markets, generate profits for the build-up of own capital, and mobilize further private capital as AAA-rated institution. We encourage the Bank to maintain and strengthen this model and applaud its commitment not to put the financial viability of the Bank at risk through cross-subsidizing projects. We take note of and appreciate the renewed commitment by Management that AIIB will continue to be financially self-sustainable and that no general capital increase will be needed from shareholders in the future.

We commend the AIIB for the development of its framework of safeguards and expect that future projects will continue to benefit from strong internal checks-and-balances and high project standards. Maintaining a sound framework of accountability and compliance with the highest standards will further strengthen the position of the AIIB as a key partner in the region.