

## The Solution

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

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

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

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

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

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

## Key Benefits

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

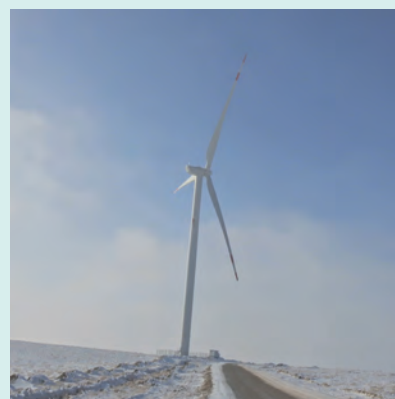
<sup>16</sup> Ministry of New and Renewable Energy, 2022.

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

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

### PROJECT DETAILS:

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



### The Project

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

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

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

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

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

### The Situation

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

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

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

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

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

### Significance of the Project

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

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

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

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

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

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

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

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

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

### PROJECT DETAILS:

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

### The Project

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

### Benefits

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

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

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



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

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

### Engagement as a Core Focus

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

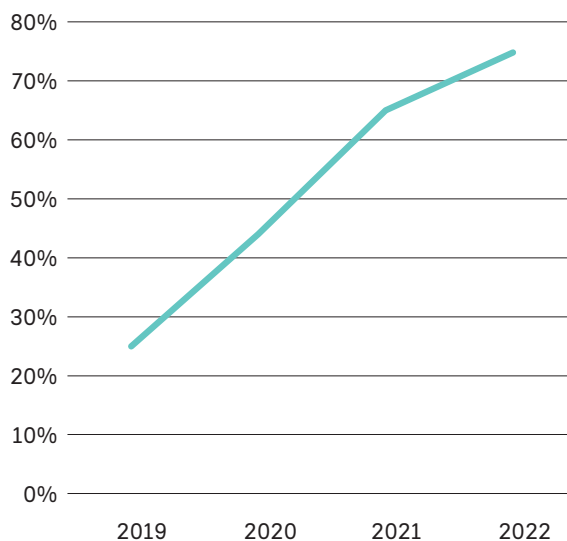
Occasionally, investee companies face temporal declines in their ESG ratings, which may result in certain thresholds being triggered. Some sustainable investing strategies lean on divestment to drive improvement and avoid risks. Rather than opting for immediate divestment, AIB and abrdn believe engagement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

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



Source: abrdn, December 2022.

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



Source: abrdn, December 2022.

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

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

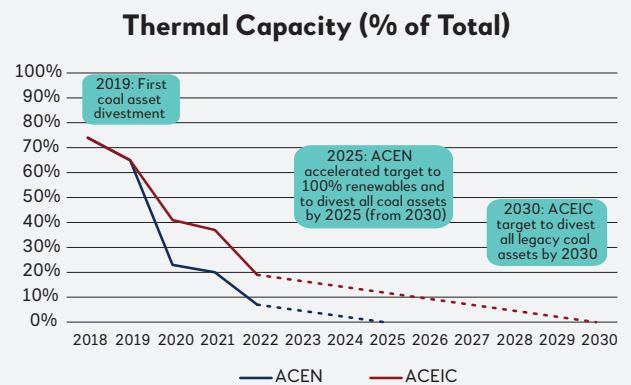
this. BNP's Head of Sustainable Capital Markets APAC, Chaoni Huang believes that "bondholders were the missing piece to elevate the importance of ESG in influencing positive corporate mind-set and behaviour multilateral development banks (MDBs) like AIIB have a unique role to play in this regard with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

## Examples of Positive Sustainability Outcomes

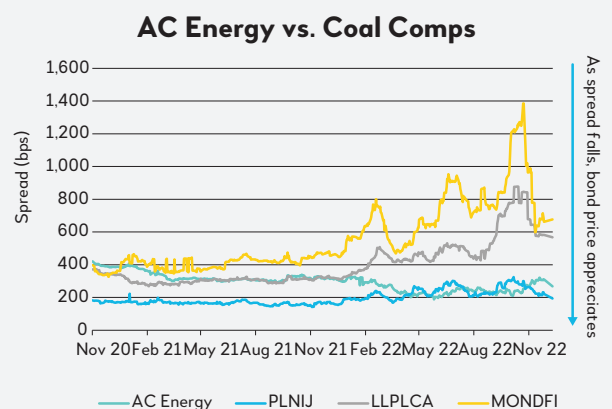
### AC Energy

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

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



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



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

## Tower Bersama

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

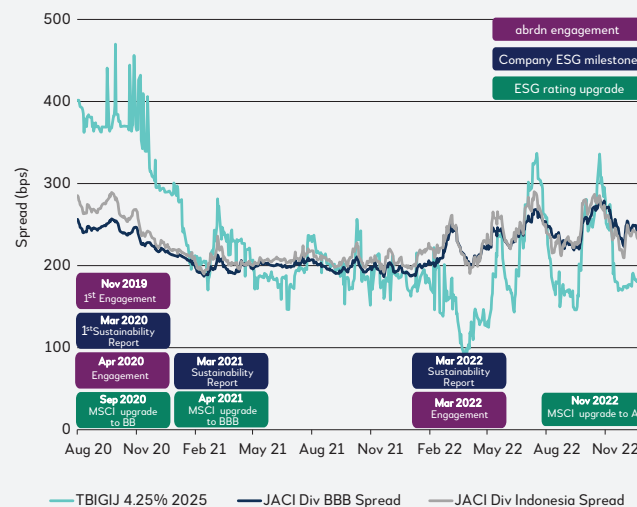
Since this first engagement, Tower Bersama has consistently achieved the milestones communicated to them by AIIB and abrdrn. The company has conducted a full ESG assessment, developed a comprehensive sustainability strategy, published sustainability reports in line with international standards, and established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

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

## Driving Development of Other Sustainable Investment Strategies

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

## Tower Bersama vs. JACI Diversified Spread



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

Legend:

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

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

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

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

### PROJECT DETAILS:

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

### The Challenge

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

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

### The Response

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

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

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

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

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

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

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

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

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

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

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

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

## Key Benefits

The project:

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

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

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





**OUR  
RESPONSE  
TO EMERGING  
NEEDS**

**04**





## COVID-19 CRISIS RECOVERY FACILITY

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

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

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

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

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

#### READ MORE

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





## SPECIAL FUNDS

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

### Project Preparation Special Fund

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

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

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

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

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

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

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

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

### Special Fund Window for Less Developed Members

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

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

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

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

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

#### READ MORE

STRENGTHENING HEALTH SYSTEMS FOR THE PEOPLE OF CÔTE D'IVOIRE

### Multilateral Cooperation Center for Development Finance Special Fund

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

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

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

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

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

#### READ MORE

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

## Global Infrastructure Facility Special Fund

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

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

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

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

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







# OUR CLIENTS

05











## THEMATIC PRIORITIES

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

## CLIMATE FINANCING

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

## COVID-19 CRISIS RECOVERY FACILITY

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

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



## GREEN INFRASTRUCTURE

# Developing Hydropower to Reduce Fossil Fuel Use

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

### PROJECT DETAILS:

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

Photos from World Bank/PLN



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

### Banking on Hydropower

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

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

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

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

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

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



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

### Promoting Green Infrastructure

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

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

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

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

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

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



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

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

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

### Supporting the Transition to Clean Energy

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

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

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

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

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

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

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







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

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

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

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

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

## Brazil: BDMG Renewables and Asia Connectivity Facility

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

### PROJECT DETAILS:

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

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

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

### Enhancing Trade and Investment Between Asia and Brazil

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

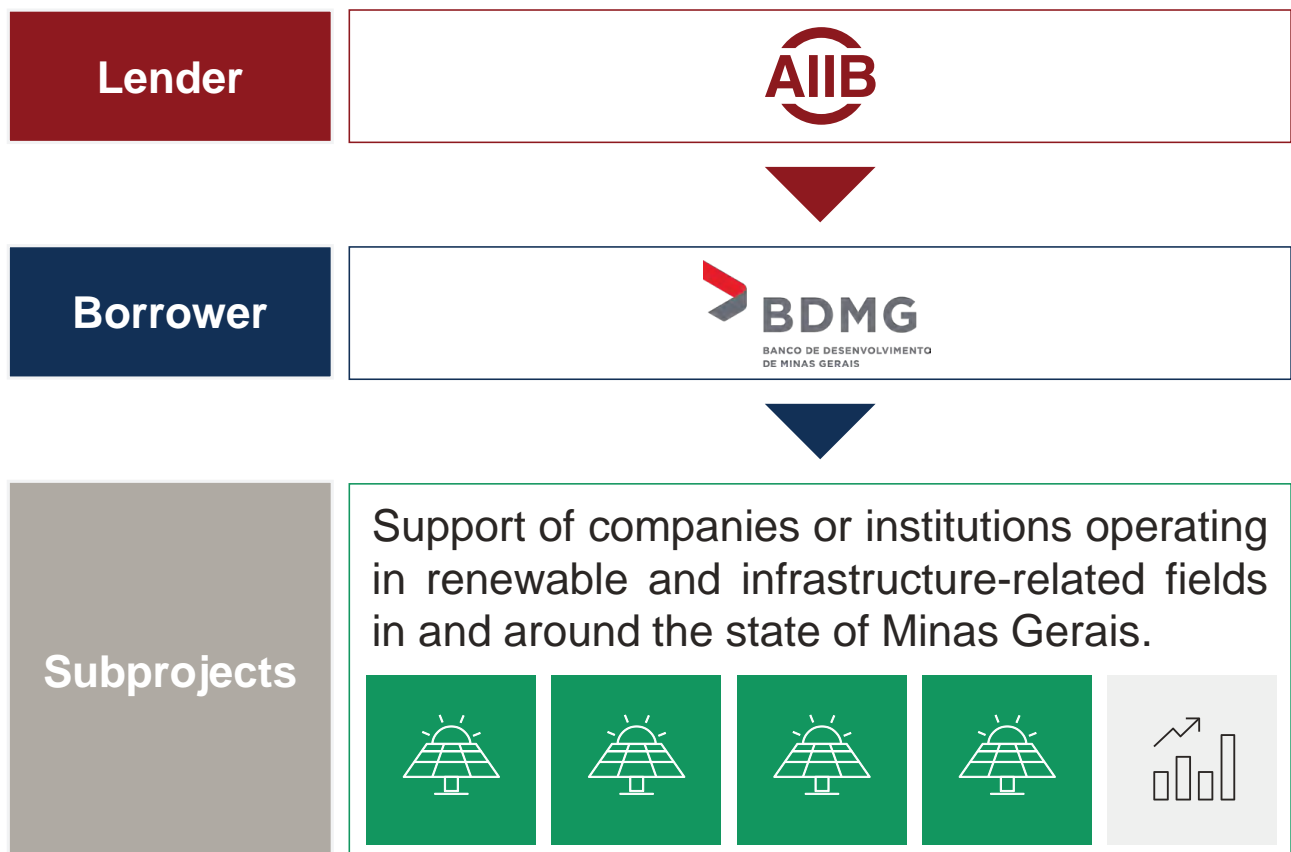
and Asia, thus enhancing trade and investment flows between the two regions. The project aligns with AIIB's thematic priorities of Green Infrastructure as well as Connectivity and Regional Cooperation.

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

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

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

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



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

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

## Enhancing Environmental and Social Standards

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

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



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

**Gabriel Viégas Neto**

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



## CONNECTIVITY AND REGIONAL COOPERATION

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

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

### PROJECT DETAILS:

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



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

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

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

### Building Technology-enabled Green Infrastructure

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



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

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

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

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

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

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

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

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





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

### **SANJEEV KAUSHAL**

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

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

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

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

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

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



## Environmental Benefits

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

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

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

## AIB as an Agile Partner

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

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

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

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







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

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

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

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



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

**RAJESH AGARWAL**

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

## CONNECTIVITY AND REGIONAL COOPERATION

### Connecting the Center of China to the World

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

#### PROJECT DETAILS:

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

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

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



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

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





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

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

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





## Promoting Cross-border Connectivity

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

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

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

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

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





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

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

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

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

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







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

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

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

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

### Enhancing Operational Efficiency

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

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





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

**CHEN YANNA**

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

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

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



## TECHNOLOGY-ENABLED INFRASTRUCTURE

# Superfreeze: Shaping the Cold Chain of the Future

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

### PROJECT DETAILS:

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

Photos from EMP Belstar Superfreeze Group Holdings LLC



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

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

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

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



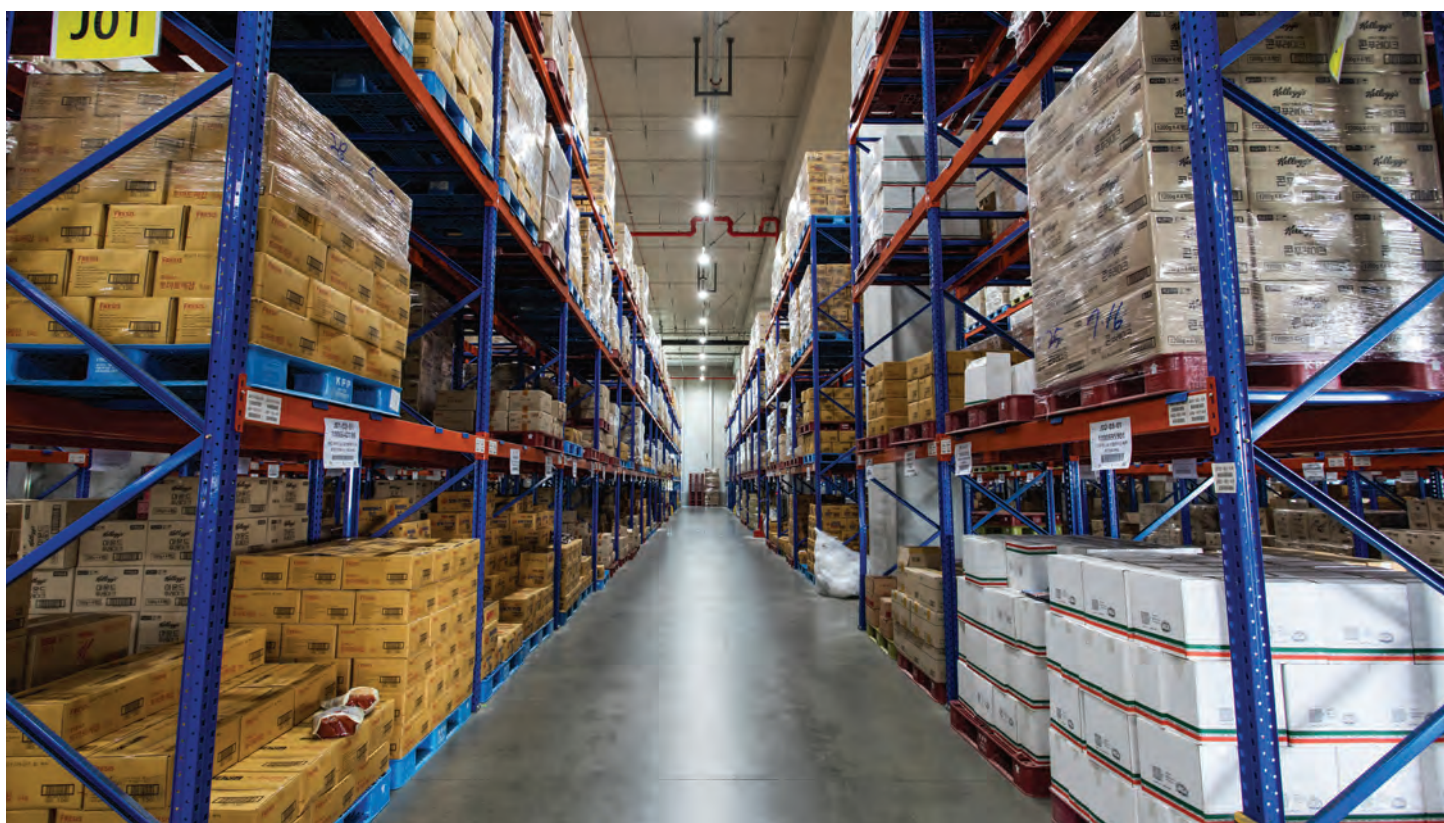
Despite robust leasing demand for cold storage facilities across Asia-Pacific, cold storage capacity overall is limited compared to that in developed western markets. For Asia-Pacific to reach the same cold storage capacity per urban capita as the United States, it would require the addition of 411 million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

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

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

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

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





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

### AIIB as Equity Investor

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

### Technology-enabled Infrastructure

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

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

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

### Green Technology

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



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

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

### Connectivity and Regional Cooperation

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

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





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

### Private Capital Mobilization

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

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

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

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

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

### Social and Health Benefits

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





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**DANIEL YUN**

Chairman, EMP Belstar



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

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



## TECHNOLOGY-ENABLED INFRASTRUCTURE

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

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

### PROJECT DETAILS:

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



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

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

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

### Changing Lives

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





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

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

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

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

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

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

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

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

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

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

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

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

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

### An Innovative Approach

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

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







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

**SAKHIB SAIFNAZAROV**  
Chairman, JSC Uzsvtaminot

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

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

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

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

### Gender Dimensions

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

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





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

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

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

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

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



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

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

### PROJECT DETAILS:

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

Photos from Monsoon Wind



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

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

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

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

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



## Unlocking Viet Nam's Wind Resource Potential

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

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



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

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

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





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

### **NAT HUTANUWATR**

Managing Director, Monsoon Wind Power Company Limited

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

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

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

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

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

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

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

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





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

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

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

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



“We have always known that Lao PDR possesses strong natural resources. This project also shows its carbon credentials. We are part of the global fight against climate change and the journey to uplift the well-being and happiness of the local communities in which we operate.

**PECK KHAMKANIST**

CEO, Impact Electrons Siam Company Limited





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

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

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

## PRIVATE CAPITAL MOBILIZATION

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

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

### PROJECT DETAILS:

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

Photo from Rakiza Fund



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

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

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

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





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

## MUNEER AL MUNEERI

CEO, Oman Infrastructure Investment Management

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

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

### Supporting Economic Diversification

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

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

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

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

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

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

Rakiza also invested in Oman's main import/export container port, Oman International

Container Terminal, located in the Port of Sohar, outside the Strait of Hormuz in the Gulf of Oman. This is a modern container-handling facility, capable of accommodating the newest generation of mega-vessels. The fund has acquired a stake of over 31% in the company, which also includes Hutchison Ports Holdings, a leading global port operator, within its shareholder base.

Other noteworthy projects funded by Rakiza include an investment in the Khazaen Fruit and Vegetable Central Market, a modern logistics hub for the wholesale trade of fresh produce in Oman. The project includes a logistics complex to provide facilities for importers and exporters, such as warehouses and cold storage.



# Attracting Private Equity in Renewable Energy

As part of its climate financing efforts, AIIB is investing in green energy development in the Middle East, North Africa and Türkiye and Eastern Europe and Central Asia. Investing in Alcazar Energy Partners II aligns with AIIB's green infrastructure strategy and the fund's sole focus on renewable energy complements the Bank's thematic priority.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Alcazar Energy Partners II</b>
<b>Project Number:</b>	000622
<b>Member:</b>	Multicountry
<b>Sector:</b>	Energy
<b>Financing Type:</b>	Nonsovereign
<b>Financing:</b>	USD50 million
<b>Financing Approval:</b>	Aug. 25, 2022

Photos from Alcazar Energy Partners



Countries worldwide have prioritized renewable energy, given the urgency of climate change and the need for energy security free from conventional fuel sources. For some Asian Infrastructure Investment Bank (AIIB) Members, renewable energy development remains nascent; for others with more developed markets, international financing is urgently needed to meet the fast-growing demand for clean energy. AIIB is ready to support Members in realizing their renewable energy and de-carbonization ambitions.

As part of its climate financing efforts, AIIB is investing USD50 million in green energy development in Bank Members in the Middle East, North Africa and Türkiye (MENAT) and Eastern Europe and Central Asia (EECA).

### Investing in Green Energy

In August 2022, AIIB approved an equity investment in Alcazar Energy Partners II (AEP-II, or the Fund) as a limited partner. The investment marks a key milestone for AIIB, becoming its first climate-focused equity investment in EECA and MENAT. The Fund received commitments of USD336.6 million at first close in November 2022 and targets raising USD500 million, with a hard cap of USD650 million. Commitments were received from eight public and private institutional investors from Asia, Europe and North America, including the European Bank for Reconstruction and Development; the European Investment Bank; Emerging Market Climate Action Fund, managed by Allianz Global Investors and advised by the European Investment Bank; the International Finance Corporation, a member of the World Bank Group; the German Development Institution, a member of KfW

Group; the French Financial Development Institution (Proparco), partially owned by the French Development Agency; and the Dutch Entrepreneurial Development Bank. The Fund has a tenor of 10 years.

Alcazar Energy's advisory team is based in the United Arab Emirates, with its AEP-II sustainable infrastructure fund domiciled in Luxembourg. The Fund will invest, develop, build and operate utility-scale renewable energy capacity in selected MENAT and EECA energy markets, primarily focusing on onshore wind power and solar photovoltaic energy projects, but may also consider investment opportunities for other proven and bankable renewable energy technologies.

With a limited number of qualified developers and disciplined asset managers pursuing mid-sized green projects, AEP-II aims to target this market segment in both regions, providing much-needed funding to develop renewable energy capacity.

"Alcazar Energy will continue to develop and invest in utility-scale renewable energy projects, mobilizing approximately USD2 billion of foreign direct investment from private and

public institutional investors into projects in communities across selected emerging markets who need it the most," said Daniel Calderon, co-founder and Managing Partner of Alcazar Energy.

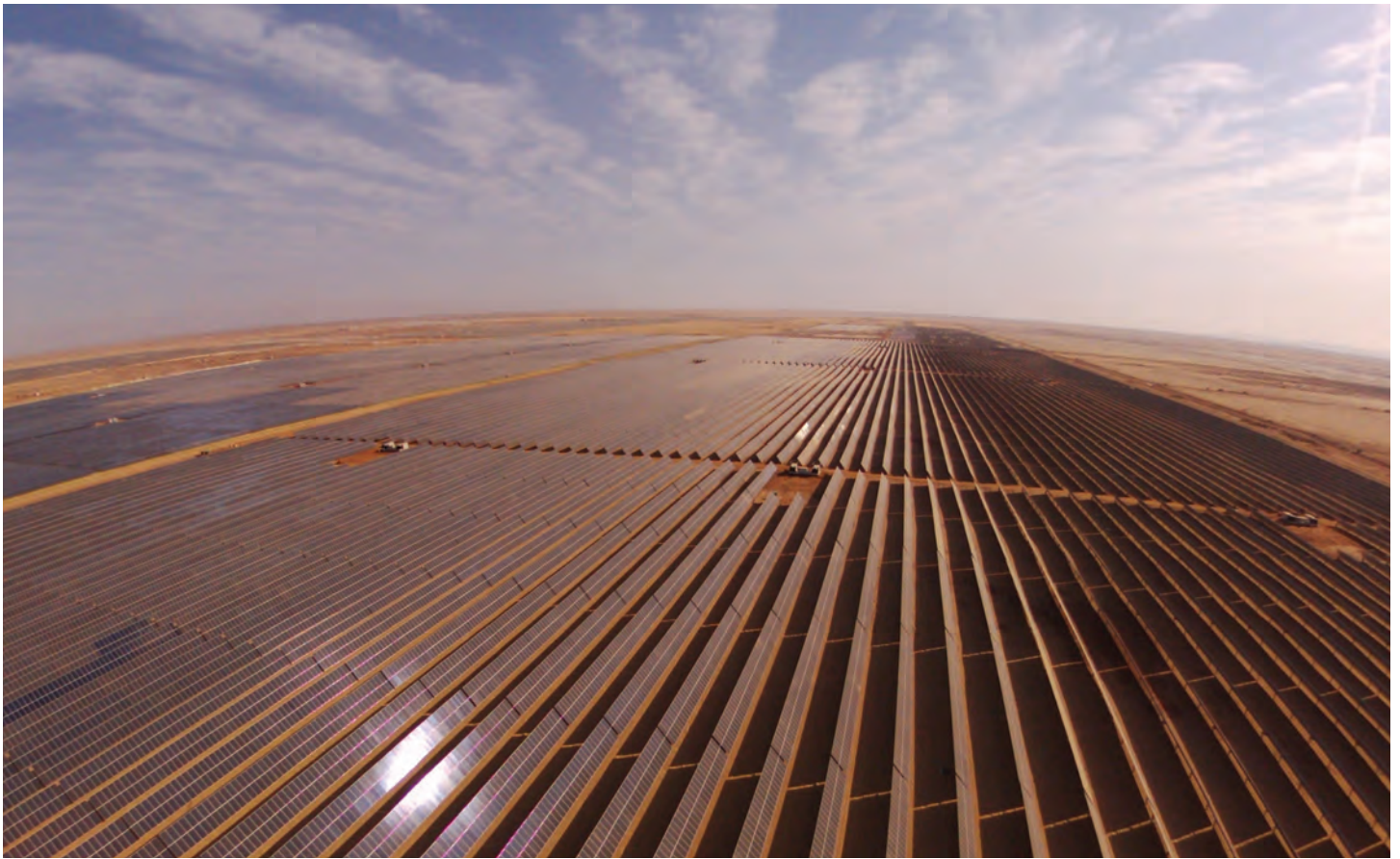
With a target of nine to 15 renewable energy projects and an installed renewable capacity of 2 gigawatts, AEP-II aims to contribute to climate change mitigation and reduce greenhouse gas emissions by over 2.5 million tons annually through its clean energy infrastructure assets. During the construction of the assets, it is estimated that over 11,000 workers will be engaged. Once online, AEP-II's assets should create enough clean energy to power over 700,000 households in its operating countries.

### Private Capital Mobilization

The investment is aligned with AIB's thematic priority of private capital mobilization. Given AIB's commitment and reputation in the infrastructure space worldwide, the Fund could draw in other institutional investors or increase their investment commitments. Some private sector investors have shown keen interest in participating following the Fund's first close







among international and development finance institutions, including the Bank. In fact, AIB began discussions with Alcazar well ahead of many of the other institutions that eventually joined the Fund.

“What we bring to a fund of this nature is a stamp of approval. When you invest in a fund, you are making a statement that you believe in the people running it. You believe they are people of integrity with a certain level of professionalism and experience,” said Zulfiqar Ali, Principal Investment Officer - Private Equity at AIB, who is overseeing the project. “AIB’s participation in this fund is a seal of approval that their processes make sense, that their environmental and social provisions and governance are of a particular standard. That is a critical factor for other private-sector investors because they can then be comfortable that these risks will be well-managed.”

A fund must meet several criteria before receiving an equity injection from AIB, including transparency, diversification and management with a stellar reputation.

Led by a group of professionals steeped in the knowledge of renewable energy from several perspectives, Alcazar Energy’s track record in developing and financing renewable energy projects speaks for itself. Established in 2014, Alcazar’s first investment vehicle, AEP-I, raised USD711 million and had 411 megawatts of operational renewable energy capacity. Projects included the Al Rajef Wind Farm in Jordan and the Horus Solar Photovoltaic Plant in Egypt. The funds raised helped develop several of the first renewable energy projects in both countries. By 2018, the vehicle, with its five solar photovoltaic and two onshore wind projects, created the Middle East and North Africa’s largest independent renewable energy project portfolio at the time, with an average of over 445,000 tons in greenhouse gas emissions reductions annually. Operational metrics were outstanding, with the portfolio completing a full exit with a 2.1 times gross multiple on invested capital and a 24% gross internal rate of return in 2021.

AIB has previous positive experience working with Alcazar as a lender of AEP-I’s underlying projects. The Bank takes on a new focus as an

equity player with AEP-II. Target economies for energy projects are AIIB Members Egypt, Jordan, Türkiye, Georgia, Uzbekistan and Azerbaijan while exploring opportunities in Kazakhstan, Kyrgyzstan, Algeria, Morocco, Tunisia and Serbia. AEP-II will, through its investments in renewable energy infrastructure, enable the response of those target economies toward climate change mitigation and support them in meeting their commitments to reducing greenhouse gas (GHG) emissions. Transitioning to a decarbonized energy sector would also increase their energy security and independence.

## Green Infrastructure

A 2019 McKinsey study on *Global Energy Perspectives* shows that post-2035, more than 50% of power generation globally is expected to come from renewable sources. Several arguments support this trend: (i) renewable energy became significantly more cost-efficient than conventional power in most emerging markets; (ii) renewable energy facilities have shorter implementation periods as compared to conventional power plants; (iii) renewable energy contributes to climate change mitigation.



Alcazar Energy will continue to develop and invest in utility-scale renewable energy projects, mobilizing approximately USD2 billion of foreign direct investment from private and public institutional investors into projects in communities across selected emerging markets who need it the most.

**DANIEL CALDERON**

Co-founder and Managing Partner, Alcazar Energy





Green Infrastructure is a strategic priority for AIIB, and AEP-II's sole focus on renewable energy complements the Bank's thematic priority. The Fund will invest exclusively in renewable energy projects in several AIIB Members, contributing to GHG emission reduction and climate change mitigation. As such, it is considered 100% climate finance (mitigation). The Fund will help AIIB achieve its target of 50% of financing directed to climate matters by 2025. The Fund also aligns with several AIIB strategies, including its Sustainable Energy Strategy for Asia, to increase access to clean, safe and reliable electricity. The equity investment in AEP-II further supports the Bank's core mandate of investing in infrastructure

for tomorrow and will help Members pursue national and international climate change targets. AIIB stands ready to offer the Fund technical guidance on managing climate risk and building climate-resilient operations.

"Alcazar Energy is privileged to have the confidence of AIIB once again, now as an institutional public investor to our second investment vehicle, AEP-II. We are looking forward to continuing working with AIIB to invest and develop renewable energy assets in selected emerging markets and to do so in a diligent and responsible manner in line with AIIB's standards," said Calderon.

# Embracing Climate Change Measures in Fiji to Ensure a More Resilient Economy

AIIB's support to Fiji's Sustainable and Resilient Recovery Program integrates climate-resilience measures to enhance the adaptive capacity of communities to manage the impact of climate change and future shocks. It pays particular attention to the conservation of communities and the rights and welfare of vulnerable communities who are acutely exposed to the impacts of climate change.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Fiji: Sustainable and Resilient Recovery Program for Fiji</b>
<b>Project Number:</b>	000663
<b>Member:</b>	Fiji
<b>Sector:</b>	COVID-19 Crisis Recovery Facility-Economic Resilience/PBF
<b>Financing Type:</b>	Sovereign
<b>Financing:</b>	USD50 million
<b>Financing Approval:</b>	Aug. 25, 2022

Photos from the Republic of Fiji



Fiji's economy faces constraints common to small island developing states. Tourism contributed about a third of its gross domestic product, employed about a quarter of the workforce and was a major driver of growth.<sup>22</sup> Its economy was growing at an annual rate of 3.3% between 2010 and 2019, with most of it coming from the tourism sector. However, the effects of the global pandemic, the travel restrictions that soon followed and the sudden halt in tourism contracted its economy by 17.2% in 2020 and a further 4.1% in 2021.

After a successful mass vaccination campaign and the elimination of quarantine requirements, Fiji reopened its borders in December 2021.

<sup>22</sup> World Travel and Tourism Council. 2021.

While its economy has been recovering—Fiji was named the strongest performing Pacific economy in 2022 by the World Bank—the Government of Fiji needed support to restore fiscal sustainability as well as promote climate-resilient private sector-led economic growth.

“Fiji is very grateful to the support from AIIB in co-financing the Sustainable and Resilient Recovery Program, which also represent our second financing program with AIIB during the coronavirus disease (COVID-19) pandemic. The financing helped the Government of Fiji in strengthening public financial management for fiscal resilient and debt sustainability, improving



public policy for community resilience and creating an enabling environment for resilient private sector recovery,” said Shiri Gounder, Permanent Secretary for Finance, Government of Fiji.

The Asian Infrastructure Investment Bank (AIIB) granted a loan of USD50 million to support the [Sustainable and Resilient Recovery Program for Fiji](#) under AIIB’s [COVID-19 Crisis Recovery Facility](#). The Program comprises three reform areas: (i) public financial management for fiscal resilience and debt sustainability, (ii) public policy for community resilience and (iii) enabling environment for resilient private sector recovery. The program is co-financed by the Asian Development Bank (ADB).

### Public Financial Management Reforms

The program supports the government’s public financial management reforms for fiscal resilience and debt sustainability. According to Bo Zhang, AIIB Investment Operations Officer and Program Team Leader, outcome indicators are in place to ensure improvement is made in the coming years.

“For example, in the debt management area, we requested that 70% of the government agencies need to submit their procurement plans and cash flow forecast to the Minister of Economy within two weeks after the commencement of each fiscal year. This has never been done before,” she shared. “We also requested the government’s borrowing to comply with target risk indicators and target costs.”

### Climate Mitigation as Part of Economic Recovery

An important component of the program is its climate mitigation aspects. The country is extremely vulnerable to climate-related risks, including cyclones, flooding and the expected rise in sea level that threatens people living in coastal areas and on low-lying islands. A [climate vulnerability assessment](#) led by the Government of Fiji in 2017 estimated that by 2050, an additional 3.8% of the population is likely to fall into poverty because of climate change, unless more is invested in infrastructure, coastal protection, ecosystems and social protection programs that improve social and climate resilience.



Fiji is very grateful to the support from AIIB in co-financing the Sustainable and Resilient Recovery Program, which also represent our second financing program with AIIB during the COVID-19 pandemic. The financing helped the Government of Fiji in strengthening public financial management for fiscal resilient and debt sustainability, improving public policy for community resilience and creating an enabling environment for resilient private sector recovery.

**SHIRI GOUNDER**

Permanent Secretary for Finance, Government of Fiji



Thus, the program integrates climate-resilient measures to enhance the adaptive capacity of communities to manage the impact of climate change and future shocks. It pays particular attention to the conservation of communities and the rights and welfare of vulnerable communities who are acutely exposed to the impacts of climate change.

The Program builds on the achievements of an earlier USD50 million loan from AIIB in 2020 under the [Sustained Private Sector-Led Growth Reform Program](#) to support the Government of Fiji's 2020-2021 budget, including its response to COVID-19.

From its previous work, AIIB saw the importance of flexibility in planning, budgeting, financing and promoting reforms beyond short-term COVID-19-related challenges. The 2022 Sustainable and Resilient Recovery Program for Fiji therefore focuses on the policy actions prioritized by the government and accommodates political economy considerations in its design.

## Gender-Responsive Social Assistance Programs

The second aspect of the program covers initiatives intended to support and protect women, the poor and vulnerable people, and help them respond to climate-related disasters more effectively. This includes the government's efforts to institutionalize a new gender-responsive budgeting methodology that enables a more equitable allocation of resources. In addition, the program supports the Ministry of Women, Children and Poverty Alleviation to implement an overarching policy that guides gender-responsive targeting of social assistance programs.

"The program design takes into account a lot of gender aspects, and I am particularly proud of how we are helping the Government of Fiji mainstream gender into its national policy," said Zhang.

Another new product to encourage community resilience under this program is microinsurance. To provide immediate financial relief to vulnerable people—including farmers, fishers, and market vendors and particularly women—following disasters caused by natural hazards, the





Government of Fiji launched a new market-based climate risk parametric microinsurance product that transfers risks from individuals and small businesses to the private (re)insurance market, in partnership with local private sector insurance companies. The target is for at least 1,000 people, including at least 500 women, to take out microinsurance policies by June 2023.

### Resilient Private Sector Recovery

Aiming to create an enabling environment for resilient private sector recovery, the program includes the establishment of a loan facility with a two-year interest rate subsidy to help businesses access working capital; the reduction of customs duties on machinery; reduction of regulatory requirements for businesses; and the support for a digital payment system for efficient transactions by cutting transaction costs for businesses and enabling the transfer of funds in real time.

“Payment systems play an important role in the response to disasters and extreme weather events by ensuring that affected communities,

especially those in climate-vulnerable locations, quickly and efficiently receive payments. If people have access to finance, they can better cope with impacts and recover faster,” said Gounder.

In addition, to helping the businesses recovery and the creation of new enterprises, the government is seeking to provide working capital to at least 5,000 businesses, with 35% of those businesses owned or managed by women.

With the help of this program, Fiji has cushioned the macroeconomic impact of the pandemic through a strong fiscal policy response. It is now adopting a wide array of reforms designed for medium- and long-term reforms to help it remain resilient in the face of climate change and other future shocks.

Established in 2020, AIIB’s COVID-19 Crisis Recovery Facility was designed to support AIIB Members in their dealing with economic, financial, and public health pressures arising from the fast-evolving COVID-19 pandemic, and in their pathways toward rapid and sustainable post-pandemic recovery.



## COVID-19 CRISIS RECOVERY FACILITY

# Strengthening Health Systems for the People of Côte d'Ivoire

AIIB's COVID-19 Crisis Recovery Facility projects focus not just on vaccine financing and deployment as an immediate response to the COVID-19 pandemic but also on reinforcing the systems and structures to be able to deal with future health emergencies.

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Côte d'Ivoire: Strengthening of Vaccination and Health Systems under the COVID-19 Strategic Preparedness and Response Project</b>
<b>Project Number:</b>	000560
<b>Member:</b>	Côte d'Ivoire
<b>Sector:</b>	COVID-19 Crisis Recovery Facility-Public Health
<b>Financing Type:</b>	Sovereign
<b>Financing:</b>	USD100 million
<b>Financing Approval:</b>	May 25, 2022

Photos from Health Projects Coordination Unit of the World Bank, 2022.



Côte d'Ivoire's health system was put to the test when the global coronavirus disease (COVID-19) pandemic struck three years ago. Like the other countries in the sub-region, it was greatly affected by the pandemic. Abidjan, the epicenter of the epidemic, experienced pressure on its emergency care and resuscitation system. The number of observed cases and deaths in the country could be explained in part by the low vaccine coverage as well as the poor application of barrier measures (social distancing, hand washing and wearing of masks) that led to the saturation of health services. As a result, Côte d'Ivoire needed support to expand its immunization coverage and to continue to strengthen its health system to respond to the immediate emergency while building resilience to deal with future epidemics.

### Expanding Work in Africa

Côte d'Ivoire is aiming to accomplish this with the help of [USD100 million in sovereign financing](#) from the Asian Infrastructure Investment Bank (AIIB), in co-financing with the World Bank. The financing supports the Government of Côte d'Ivoire in its target to attain 70% vaccine coverage and provide booster coverage to 35% of the population. It also goes toward strengthening the country's health systems to effectively prevent, detect and respond quickly and effectively to future disease outbreaks. This program aligns with AIIB's COVID-19 Crisis Recovery Facility's (Facility) that focuses on enhanced pandemic response, preparedness and recovery. This project is AIIB's first financing for this Member.





The project also received a grant amount of USD5 million under the Special Fund Window under the COVID-19 Crisis Recovery Facility to buy-down the interest of 21.8 basis points from the applicable interest.

“We welcome the interest that AIIB has shown in our country by agreeing to finance operations here. Côte d’Ivoire is the third African country in which AIIB has operations, after Egypt and Rwanda. It is a real honor and a mark of confidence in our country,” said Siaka Bakayoko, Coordinator of the Project Coordination and Monitoring Unit for World Bank-financed Projects and Programs.<sup>23</sup> “This funding is an opportunity for the Government of Côte d’Ivoire to operationalize the policy of regional health centers of excellence,” he added. “The government has particularly appreciated the quality of the technical support provided by AIIB during the development of the project.”

### Community-Centered Approach

According to AIIB Infrastructure Sector Economist and Project Team Leader, Suzanne Shaw, “The project has a community-centered approach, and focuses on bringing health services to populations where they live and work, reducing the time, effort and expense for individuals to seek out health services. This has been particularly important to reach vulnerable groups. For instance, market vendors, who are mostly women, would typically have to forego a day’s income to travel to fixed health centers; under the project, vaccination services are being brought in proximity to markets. As a result, vendors no longer need to make the choice between protecting their health and making a living.”

In line with this approach, one project initiative is the use of mobile clinics, which not only increase the number of vaccination sites at the community level, but also enable health workers to work opportunistically target large events. The project is

<sup>23</sup> Quotes translated from the original French.

financing the deployment of 10 additional mobile vaccination units and the logistic support for the transportation and deployment of vaccines.

At the same time, the project is helping to reduce vaccine hesitancy through the implementation of strong and agile communication and community mobilization campaign.

The local implementation team highlighted, “We partnered with the national television station, Radiodiffusion Télévision Ivoirienne (RTI), to organize their flagship school-vacation cultural program under the theme of COVID-19 vaccination. In this way, we were able to target 12-17 year olds, through entertainment and cultural activities of the program, to raise their awareness on health issues, COVID-19 prevention and the importance of vaccination, while offering them the opportunity to be vaccinated at the various venues. We also partnered with an international media group to implement an awareness campaign, through sports, in about 30 health districts with less than 30% COVID-19 vaccination coverage. The main program,

the Youth, Sport and Vaccination COVID-19 competition, targeted youth aged 12-17, as well as the 18-49 age group, and included the mobilization of mobile COVID-19 vaccination trucks at the competition sites.”

Separately, the project is engaging with community level leaders, from village leaders to religious leaders, to encourage persons to seek out the health services being delivered through the project.

## Supporting Digitization

The project also includes support for the digitization of the country’s COVID-19 vaccination records and integration of these records, together with the patients’ COVID-19 history, within the national digital health information system. This will increase efficiency in the management of vaccine deployment.

“Digitization and centralization of vaccination records means, for instance, more efficient programming of vaccination doses where





reminders for patients to schedule second doses or booster shots are automated and generated through the central health system,” said Shaw.

From the government’s perspective, digitization and centralization will also improve real-time monitoring of the vaccination campaign and thus responsiveness to deal with new situations as they arise. It will also facilitate availability and use of data to guide policy decisions and implementation of the campaign. This will contribute to the longer term strengthening of the health system, by enhancing the capacity to track a person’s health history, thus improving emergency preparedness.

“This project focuses not just on the immediate need to respond to the COVID-19 pandemic but also on reinforcing the systems and structures to be able to deal with future health emergencies,” said Shaw. “Vaccine acquisition and deployment has been important in the earlier stages of the project to meet immediate needs but positioning the health system to be strong in the longer term will be important for sustaining improved health outcomes in the country.”

In line with the longer-term approach, the project is strengthening clinical care capacity, in particular outside of the major city of Abidjan, to enhance the country’s capacity to deal with the re-emergence of COVID-19, other pathogens of animal origin, and future emergencies. This includes renovating or equipping 60% of Côte d’Ivoire’s health facilities, and training of approximately 8,000 healthcare workers—half of whom are women—on prevention, preparedness and response to COVID-19 infections.

Bakayoko noted that it may take a few years before the full effect on the country’s health systems will be felt. “However,” he added, “it is obvious that the availability of resources to continue the COVID-19 response is very welcomed by the Ivorian authorities and operational actors.”

Established in 2020, AIIB’s [COVID-19 Crisis Recovery Facility](#) was designed to support AIIB Members deal with the economic, financial, and public health pressures arising from the fast-evolving COVID-19 pandemic, and in their pathways toward rapid and sustainable post-pandemic recovery.



We welcome the interest that AIIB has shown in our country by agreeing to finance operations here. Côte d’Ivoire is the third African country in which AIIB has operations, after Egypt and Rwanda. It is a real honor and a mark of confidence in our country.

**SIAKA BAKAYOKO**

Coordinator of the Project Coordination and Monitoring Unit for World Bank-financed Projects and Programs

## A Cooperation between Türkiye and AIIB to Provide Equitable Vaccine Access

With the implementation of the COVID-19 Vaccine Project, Türkiye reaffirmed its commitment to providing vaccinations to the largest share of its population, including refugees. According to Dr. Fahrettin Koca, Türkiye’s Minister of Health, “Our government has always intended to provide the citizens, refugees, and migrants with the same equitable access to vaccines.”

### PROJECT DETAILS:

<b>Project Title:</b>	<b>Türkiye: COVID-19 Vaccine Project under the COVID-19 Crisis Recovery Facility Project</b>
<b>Project Number:</b>	000640
<b>Member:</b>	Türkiye
<b>Sector:</b>	COVID-19 Crisis Recovery Facility-Public Health
<b>Financing Type:</b>	Sovereign
<b>Financing:</b>	250 million
<b>Financing Approval:</b>	June 29, 2022

Türkiye occupies a position as Europe’s doorway to Asia, and as Asia’s doorway to Europe. Not only is Türkiye a popular tourist destination for its vast wealth of cultural and historical treasures, it also remains to be a vital hub for several important international trade corridors, and a meaningful player in global supply chains, specifically for automotives and consumer durables. Türkiye, the homeland of nearly 85 million people, is also home to refugees.

When the pandemic began, the Government of Türkiye’s quick and decisive actions mitigated the impact of the coronavirus disease (COVID-19) on the population through mobility restrictions, social distancing and social and economic stimulus measures, such as cash transfers and unemployment insurance benefits.<sup>24</sup>

Accordingly, USD82.6 million was financed within the scope of the loan package approved by the Asian Infrastructure Investment Bank (AIIB)

on Aug. 27, 2020 and used in the COVID-19 Medical Response Project in Türkiye.

By 2021, Türkiye’s cases were spiking again, aided by the deadly Delta variant and the highly contagious Omicron variant. Türkiye’s spikes began between March and April 2021, with 414,312 cases in mid-April. By the time winter hit in January-February 2022, weekly cases were at 712,019 with a total of just over 17 million cases as of November 2022. And yet by the same date, Türkiye has only recorded 101,419 deaths – a remarkable 0.59% of its total cases. This is more than 30% below the global fatality rate of 0.9%.<sup>25</sup>

Credit, yet again, goes to the Government of Türkiye’s and the Ministry of Health’s decisive actions in acquiring vaccines, having signed multiple vaccine contracts by end-2020 for a total of 120 million doses, or one initial dose and one booster for its entire adult population, including the elderly.<sup>26</sup>

<sup>24</sup> United Nations High Commissioner for Refugee. 2022. COVID-19 in Türkiye and Livelihoods of Vulnerable People and Refugees: A Synthesis Report <https://reliefweb.int/report/turkiye/covid-19-turkiye-and-livelihoods-vulnerable-people-and-refugees-synthesis-report-10-october-2022>

<sup>25</sup> World Health Organization. COVID-19 Dashboard. <https://covid19.who.int/>

<sup>26</sup> World Bank Data. Population Ages 65 and above (% of total population) -- Türkiye. <https://data.worldbank.org/indicator/SP.POP.65UP.TO.ZS?end=2021&locations=TR&start=2017>



## Enabling Rapid Crisis Response

As in the whole world, Türkiye was also affected by the economic stagnation caused by the global pandemic, and therefore the Government of Türkiye, through its Ministry of Treasury and Finance, approached AIIB to support the COVID-19 Vaccine Project.

Working with the World Bank as a cofinancier, AIIB provided USD250 million to Türkiye's [COVID-19 Vaccine Project](#) under its COVID-19 Crisis Recovery Facility (Facility), which was designed to support AIIB members deal with economic, financial, and public health pressures arising from the fast-evolving COVID-19 pandemic, and in their pathways toward rapid and sustainable post-pandemic recovery.

With the implementation of the COVID-19 Vaccine Project, Türkiye reaffirmed its commitment to providing vaccinations to the largest share of its population, including refugees. "Our government has always intended to provide the citizens, refugees, and migrants with the same equitable access to vaccines," noted Türkiye's Health Minister Dr. Fahrettin Koca.

"Vaccine financing is a humanitarian imperative," said Zhaojing Mu, AIIB Senior Operations Management Officer and Project Team Leader. "In this context, and in our discussions with Türkiye, we note that the government moved quickly to secure the vaccines during the vaccine shortage period. This enabled a rapid vaccination rollout. The project will support Türkiye to replenish its resources to support regular health system activities. This is extremely important under the global context of the COVID-19 exit."

Retroactive financing allowed Türkiye to steer its resources to support its recovery plans instead of vaccine procurement. Also, the liquidity provided with the financing avoids disruption of other projects already underway to fund the COVID-19 Vaccine Project.

"During the pandemic, timely support to governments for wider coverage and easy access to vaccines was a top priority for AIIB, especially under the extended Facility. In the post-pandemic era, AIIB, as a responsible multilateral development bank, is committed to supporting health systems strengthening along with other peer institutions, to prevent and be better prepared for another global health crisis," said Hun Kim, Director General, Social Infrastructure Department of AIIB.

Six months after Türkiye reopened for tourism, their February 2023 figures showed a 21.35% year-on-year increase in tourist arrivals, according to Culture and Tourism Ministry official data.<sup>27</sup> The Government of Türkiye was also able to replenish the resources in regular health system activities whose funding over the past two years was redirected to fighting the COVID-19 pandemic. The Ministry of Health reinforced key reform activities under other programs, such as the Health System Strengthening and Support Project, which seeks to improve primary and secondary prevention of selected non-communicable diseases and increase the efficiency of public hospital management.

While the effects of the pandemic continued, a 7.8-magnitude earthquake occurred on Feb. 6, 2023, affecting 11 provinces in Türkiye. The Ministry of Health provided urgent response to the disrupted healthcare services in the earthquake-affected regions and took the necessary measures.

"Health services were provided to 4.8 million in the 45 days since the earthquake, including more than 24,500 mobile service visits to places with no established health services," said Dr. Koca.<sup>28</sup> Experts have noted that Türkiye is strong enough to manage the health system well.<sup>29</sup>

Türkiye will continue looking forward, starting with building up its personnel and infrastructure. Through all these trials, Türkiye is committed to providing for its family and guests. Its allies, including AIIB, are prepared to continue to support them.

<sup>27</sup> <https://www.travelandtourworld.com/news/article/turkiyes-tourism-industry-shows-signs-of-recovery/>

<sup>28</sup> Koca, Fahrettin (@drfahrettinkoca). 2023. "Deprem bölgesinde 45 günde, 4 Milyon 800 Bin kişiye sağlık hizmeti sunuldu. Yerleşik sağlık hizmeti imkânı bulunmayan yerlere sunulan mobil hizmet ziyaret sayısı ise 24 Bin 500'ü geçti. Bu kapsamda 780 Binden fazla kişinin ayağına gidildi." Twitter, March 23, 2023, 8:40 p.m. <https://twitter.com/dfahrettinkoca/status/1638596647704829966?ctx=HHwWnlC9yYW-u70tAAAA>

<sup>29</sup> Travel and Tour World. 2023. "Türkiye's Tourism Industry Shows Signs of Recovery." March 27. <https://www.washingtonpost.com/health/2023/02/09/medical-care-turkey-earthquake-survivors/>



# OUR TOMORROW

# 06





In 2023, AIIB will focus on the following areas:

## SUPPORT OUR MEMBERS' SUSTAINABLE RECOVERY

As our Members strive toward sustainable recovery at varying speeds and different paths in an uncertain and challenging environment, we will be ready to support a broad range of their efforts through our expanding toolkit, in line with our Corporate Strategy priorities. We will focus efforts on broadening and diversifying our financing offers to public and private sector clients, continuing our support to Members through various crises and expanding our range of operational partnerships to mobilize and blend a wider range of sources of finance. We will strengthen business development efforts and capacity to enhance our value addition in our thematic priorities of green infrastructure, cross-border connectivity and private capital mobilization.

On the matter of advancing green and climate financing, to complete the internal preparation

to fully operationalize the Paris Alignment commitment to be effective from July 1, 2023, we will continue to develop and publish our own methodology for assessing the alignment of our investment operations with the Paris Agreement, based on the joint approach developed by the Joint MDBs group. Internal technical training and capacity-building sessions will be organized for the entire Bank and additional resources will also be made available to ensure smooth implementation. Along the course, we will conduct active client engagements as we believe the Paris Alignment presents a good opportunity for us to focus and maximize the Bank's value-add of its limited resources on areas that support our Members' domestic and international climate pledges.

We will continue the good momentum in institutionalizing climate consideration in its full project cycle to maximize climate finance, particularly in the area of adaptation, by the development of more structures, frameworks and products for climate adaptation and resilience.





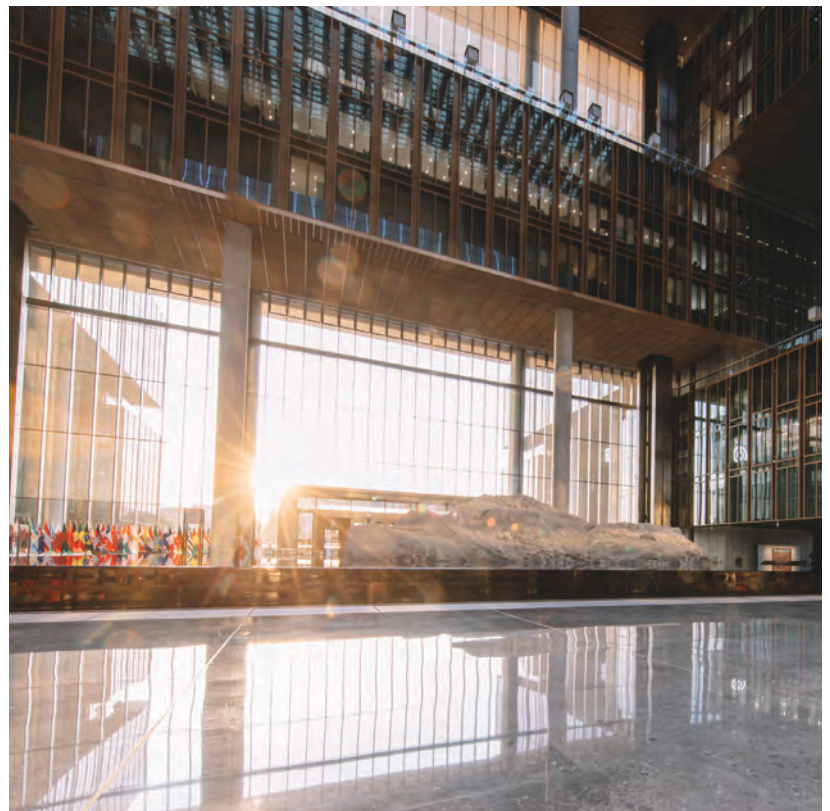
## BUILD STRONG CLIENT RELATIONSHIPS

To build a more stable and effective pipeline strongly aligned with our Corporate Strategy priorities, we will build longer-term relationships with a wider range of clients in our core sectors and deepen such relationships and build trust with clients by clearly demonstrating our value addition. Although strategic relationship building needs time, we are confident that over the years, and through a strategic business development and client-centric approach, our efforts will result in stronger and faster pipeline development for our Members and private sector clients.

We will also leverage partnerships to help strengthen support for upstream engagement through more effective utilization of special funds and donor funds, expanding partnerships to mobilize concessional financing, and collaboration with peer MDBs and regional development banks for co-financing and business development. Our Interim Operational Hub will further play a key role in adding synergy to our business development and client relationship building by enhancing our regional and global presence.

## CONTINUE TO STRENGTHEN THE QUALITY OF OUR INVESTMENT OPERATIONS

As our portfolio grows in volume to meet our Corporate Strategy objectives and matures over time, we must deploy greater resources and attention to ensure project quality at entry and during implementation. We will focus efforts on reinforcing project quality at entry through ensuring sound project design and development objectives, developing a gender approach, incorporating biodiversity considerations and strengthening project risk awareness and due diligence processes. We will continue to enhance project implementation quality by gradually shifting operational focus from approval to commitments and enhancing portfolio-level monitoring. Fostering a strong learning culture to create a positive feedback loop across the project cycle is one of our priorities.



## CONTINUE TO BOLSTER OUR FINANCIAL SUSTAINABILITY

We will continue to bolster long-term financial sustainability while optimizing our financial strength to support client needs and Corporate Strategy implementation and strengthen portfolio quality to be more resilient against the impact of short-term market fluctuations. We will foster a risk management culture that enables growth while continuing to enhance asset and liability management and diversify liquidity holdings to optimize risk return from the liquidity portfolio.

## STRENGTHEN THE INSTITUTION AND THE AIIB WAY

A clear and shared understanding of AIIB is required for the Bank to be a preferred partner for clients and employer of choice for staff. We will continue improving the AIIB Brand; strengthening our multilateral governance and Member relations; improving workforce planning, recruitment, and retention; shaping the corporate culture; and enhancing systems to support a digital-first Bank.





## Annex 1: Board of Governors Voting Power (as of Dec. 31, 2022)

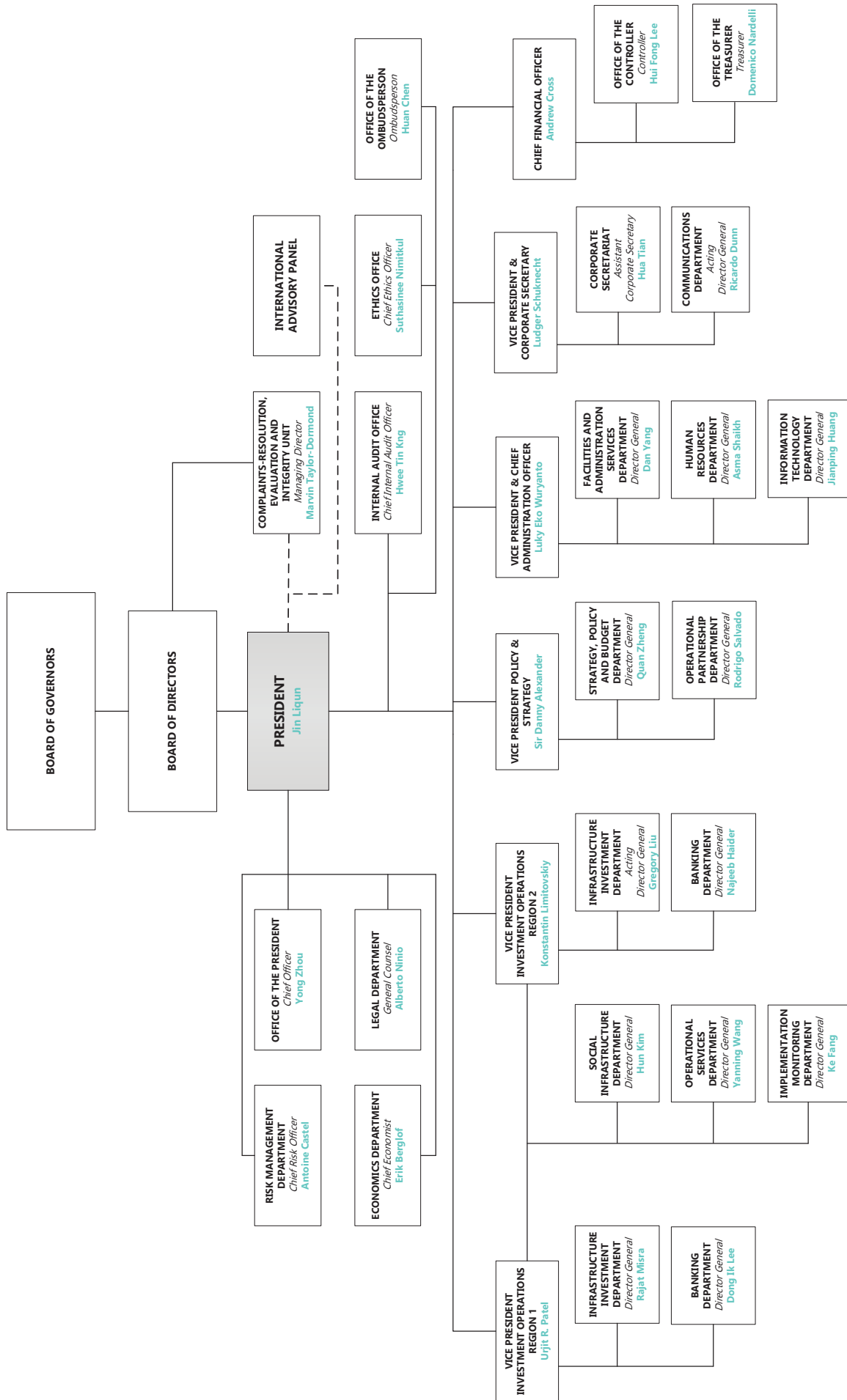
	Member	Membership Date	Voting Power
	Regional		
1	Afghanistan	Oct. 13, 2017	0.1765%
2	Australia	Dec. 25, 2015	3.4561%
3	Azerbaijan	June 24, 2016	0.4089%
4	Bahrain	Aug. 24, 2018	0.2223%
5	Bangladesh	March 22, 2016	0.7692%
6	Brunei Darussalam	Dec. 25, 2015	0.2301%
7	Cambodia	May 17, 2016	0.2388%
8	China	Dec. 25, 2015	26.5856%
9	Cook Islands	June 1, 2020	0.1309%
10	Cyprus	June 25, 2018	0.1481%
11	Fiji	Dec. 11, 2017	0.1415%
12	Georgia	Dec. 25, 2015	0.2314%
13	Hong Kong, China	June 7, 2017	0.8087%
14	India	Jan. 11, 2016	7.6017%
15	Indonesia	Jan. 14, 2016	3.1630%
16	Iran	Jan. 16, 2017	1.0245%
17	Iraq	Aug. 4, 2022	0.1526%
18	Israel	Jan. 15, 2016	0.8484%
19	Jordan	Dec. 25, 2015	0.2893%
20	Kazakhstan	April 18, 2016	0.8302%
21	Korea	Dec. 25, 2015	3.4982%
22	Kyrgyzstan	April 11, 2016	0.1979%
23	Lao PDR	Jan. 11, 2016	0.2217%
24	Malaysia	March 27, 2017	0.2807%
25	Maldives	Jan. 4, 2016	0.1900%
26	Mongolia	Dec. 25, 2015	0.2200%
27	Myanmar	Dec. 25, 2015	0.3712%
28	Nepal	Jan. 13, 2016	0.2553%
29	New Zealand	Dec. 25, 2015	0.5928%
30	Oman	June 21, 2016	0.4134%
31	Pakistan	Dec. 25, 2015	1.1004%
32	Philippines	Dec. 28, 2016	1.0516%
33	Qatar	June 24, 2016	0.7194%
34	Russia	Dec. 28, 2015	5.9783%
35	Samoa	April 3, 2018	0.1323%
36	Saudi Arabia	Feb. 19, 2016	2.4395%
37	Singapore	Dec. 25, 2015	0.4052%
38	Sri Lanka	June 22, 2016	0.4221%
39	Tajikistan	Jan. 16, 2016	0.2083%
40	Thailand	June 20, 2016	1.4492%
41	Timor-Leste	Nov. 22, 2017	0.1446%
42	Tonga	Jan. 5, 2021	0.1315%
43	Türkiye	Jan. 15, 2016	2.4974%

	<b>Member</b>	<b>Membership Date</b>	<b>Voting Power</b>
44	United Arab Emirates	Jan 15, 2016	1.2348%
45	Uzbekistan	Nov. 30, 2016	0.3785%
46	Vanuatu	March 6, 2018	0.1309%
47	Viet Nam	April 11, 2016	0.7717%
	<b>Total Regional</b>		<b>72.8944%</b>
<b>Non-Regional</b>			
48	Algeria	Dec. 27, 2019	0.1348%
49	Argentina	March 30, 2021	0.1348%
50	Austria	Dec. 25, 2015	0.6276%
51	Belarus	Jan. 17, 2019	0.1872%
52	Belgium	July 10, 2019	0.3827%
53	Benin	May 25, 2020	0.1348%
54	Brazil	Nov. 2, 2022	0.1880%
55	Canada	March 19, 2018	0.8364%
56	Chile	July 2, 2021	0.1393%
57	Côte d'Ivoire	Feb. 26, 2020	0.1304%
58	Croatia	Dec. 17, 2021	0.1348%
59	Denmark	Jan. 15, 2016	0.5112%
60	Ecuador	Nov. 1, 2019	0.1348%
61	Egypt	Aug. 4, 2016	0.7603%
62	Ethiopia	May 13, 2017	0.1629%
63	Finland	Jan. 7, 2016	0.4587%
64	France	June 16, 2016	3.1763%
65	Germany	Dec. 25, 2015	4.1591%
66	Ghana	Feb. 21, 2020	0.1340%
67	Greece	Aug. 20, 2019	0.1393%
68	Guinea	July 12, 2019	0.1331%
69	Hungary	June 16, 2017	0.2191%
70	Iceland	March 4, 2016	0.1992%
71	Ireland	Oct. 23, 2017	0.2468%
72	Italy	July 13, 2016	2.4636%
73	Liberia	Jan. 4, 2021	0.1304%
74	Luxembourg	Dec. 25, 2015	0.2454%
75	Madagascar	June 25, 2018	0.1348%
76	Malta	Jan. 7, 2016	0.1957%
77	Morocco	May 4, 2022	0.1348%
78	Netherlands	Dec. 25, 2015	1.0979%
79	Norway	Dec. 25, 2015	0.6717%
80	Peru	Jan. 14, 2022	0.2675%
81	Poland	June 15, 2016	0.9210%
82	Portugal	Feb. 8, 2017	0.2412%
83	Romania	Dec. 28, 2018	0.2661%
84	Rwanda	April 16, 2020	0.1348%



	<b>Member</b>	<b>Membership Date</b>	<b>Voting Power</b>
85	Serbia	Aug. 15, 2019	0.1348%
86	Spain	Dec. 15, 2017	1.7453%
87	Sudan	Sep. 13, 2018	0.1412%
88	Sweden	June 23, 2016	0.7421%
89	Switzerland	April 25, 2016	0.8099%
90	Tunisia	April 29, 2022	0.1348%
91	United Kingdom	Dec. 25, 2015	2.8918%
92	Uruguay	April 28, 2020	0.1348%
	<b>Total Non-Regional</b>		<b>27.1056%</b>
	<b>Grand Total</b>		<b>100.0000%</b>

## Annex 2: AIIB Organizational Structure (As of Aug. 8, 2023)





# ABBREVIATIONS

ADB	-	Asian Development Bank
AIIB	-	Asian Infrastructure Investment Bank
CEIU	-	Complaints-resolution, Evaluation and Integrity Unit
CMSME	-	cottage, micro, small, and medium-sized enterprises
CO <sub>2</sub>	-	carbon dioxide
COP15	-	UN Biodiversity Conference
COP27	-	United Nations Climate Change Conference of the Parties
CS	-	Corporate Strategy
CSO	-	civil society organization
DAC	-	Development Assistance Committee
DTI	-	Development Transparency Initiative
EDGE	-	Economic Dividends for Gender Equality
EECA	-	Eastern Europe and Central Asia
ESF	-	Environmental and Social Framework
ESG	-	environmental, social and governance
ESP	-	Environmental and Social Policy
ESS	-	Energy Sector Strategy
FAS	-	Facilities and Administration Services Department
GEAPP	-	Global Energy Alliance for People and Planet
GHG	-	greenhouse gas
GIF	-	Global Infrastructure Facility
GW	-	gigawatt
GWh	-	gigawatt-hours
HORC	-	Haryana Orbital Rail Corridor
HRD	-	Human Resources Department
i4t	-	Infrastructure for Tomorrow
IABS	-	infrastructure asset-backed securities
IAM	-	Independent Accountability Mechanisms
IAO	-	Internal Audit Office

IAP	-	International Advisory Panel
IATI	-	International Aid Transparency Initiative
ICEM	-	Institutional Carbon Emission Management Plan
IDS	-	Information Disclosure System
IFC	-	International Finance Corporation
IFI	-	international financial institutions
IMIS	-	Investment Management Information System
IO	-	Investment Operations
IOCS	-	International Open Competitive Selection
IOCT	-	International Open Competitive Tendering
IRENA	-	International Renewable Energy Agency
IT	-	information technology
ITD	-	Information Technology Department
KM	-	kilometers
KYC	-	Know Your Customer
LEED	-	Leadership in Energy and Environmental Design
LNG	-	liquefied natural gas
MCDF	-	Multilateral Cooperation Center for Development Finance
MDB	-	multilateral development bank
MENAT	-	Middle East, North Africa and Türkiye
MOU	-	memorandum of understanding
MSME	-	micro, small and medium-sized enterprise
MW	-	megawatt
NGO	-	nongovernmental organizations
NSBF	-	nonsovereign-backed financing
OECD	-	Organisation for Economic Co-operation and Development
OMB	-	Office of the Ombudsperson
OPD	-	Operational Partnership Department
OPEC	-	Organization of the Petroleum Exporting Countries
OPF	-	Operational Policy on Financing
OPF	-	Operational Policy on Financing
PLN	-	PT Perusahaan Listrik Negara
PPDP	-	Policy on Personal Data Privacy



PPI	-	Policy on Public Information
PPM	-	Project-affected People's Mechanism
PPSF	-	Project Preparation Special Fund
RAS	-	Risk Appetite Statement
RBF	-	Results-based Financing
RMD	-	Risk Management Department
SBF	-	Sovereign-backed Financing
SCMI	-	Sustainable Capital Markets Initiative
SFW	-	Special Fund Window for Less Developed Members
SME	-	small and medium-sized enterprises
TRE	-	Office of the Treasurer
UAE	-	United Arab Emirates
USD	-	US Dollar

# 2022 AIIB ANNUAL REPORT

The Asian Infrastructure Investment Bank (AIIB) annual report is a comprehensive report of AIIB's activities for the previous year. In 2022, we implemented our Corporate Strategy, which defines the way we do things and marks a new development stage for us as we mature as we leave our startup phase and mature as an institution. This year's Annual Report reflects our progress, the lessons we learned from the challenges of the previous years and our partnerships with our clients, stakeholders, and beneficiaries.