

PRIVATE CAPITAL MOBILIZATION

AIIB THEMATIC PRIORITY



WHY IS PRIVATE CAPITAL MOBILIZATION IMPORTANT?

- Collaboration between the private and public sectors is essential to delivering Infrastructure for Tomorrow.
- Infrastructure financing needs far exceed the fiscal capacity of governments and balance sheets of multilateral development banks.
- There are major opportunities to attract more private investment to bridge the gaps in infrastructure financing in Asia. Private financing is still predominantly provided by banking sectors, with the large institutional investor pools untapped.
- AIIB plays a catalytic role in increasing private investors' appetite for investing in emerging market infrastructure as well as other productive sectors key to infrastructure.
- Private capital brings efficiency and innovation to infrastructure development as private investors often bring expertise and experience in infrastructure development, project management and risk assessment.

WHAT IS PRIVATE CAPITAL MOBILIZATION?

- Unlike the other thematic priorities, private capital mobilization refers to the way by which a project is financed, rather than what the project finances.
- The mobilization of private capital refers to the process of attracting and channeling capital from private sources into infrastructure development. It involves creating an enabling environment and implementing strategies to encourage private investors to allocate their financial resources towards specific projects or initiatives.

AIIB's financing can either directly or indirectly mobilize private capital. Examples include:

- arranging financing deals as the lead partner and actively bringing banks and other lenders in to fund the transaction
- investing in private equity funds to catalyze private capital investments
- building up the infrastructure asset-backed securities market in Asia by supporting the development of infrastructure loan portfolios and the issuance of securities.

AIIB uses the [Joint MDB Methodology for Private Investment Mobilization](#).

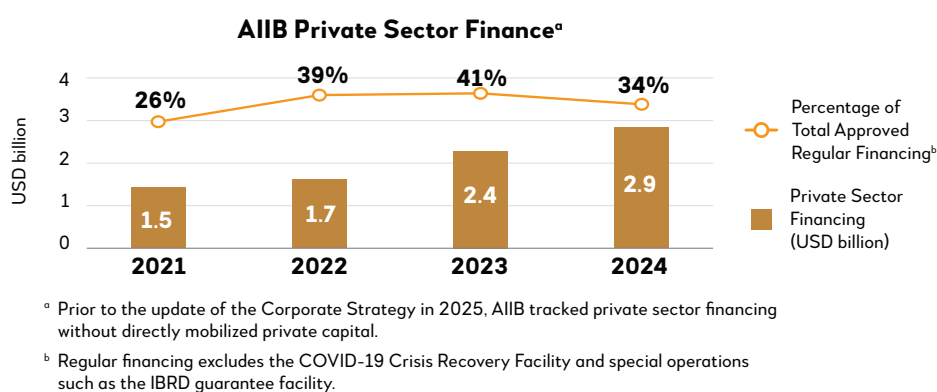
Direct private capital mobilization refers to financing from a private entity on commercial terms due to the active and direct involvement of AIIB, which is proven by evidence such as syndication, mandate letters, or fees linked to financial commitment.

Indirect private capital mobilization refers to financing from a private entity committed to a project for which AIIB is providing financing but where no multilateral development bank or development finance institution is playing an active or direct role that leads to the commitment of that private entity's finance.

WHAT IS OUR TRACK RECORD?

AIIB aims to build its own business line for nonsovereign-backed financing, to work closely with private sector investors, and to enable AIIB's catalytic role. AIIB's Corporate Strategy has therefore set a private sector financing target of 50% of annual financing by 2030, where private sector financing includes both AIIB's own financing and directly mobilized private capital. This gives equal weight to supporting private sector clients from our own account and to our direct mobilization of private finance.

The figure below shows how AIIB has been making progress in this thematic priority, which will be further strengthened by the Bank's focus on directly mobilizing private capital.



For better understanding of the Bank's progress, refer to the AIIB Corporate Strategy Midterm Review: [Progress Assessment and Analysis](#).

