



# Water Sector Strategy

AIIB is committed to helping its members ensure the availability and sustainable management of water and sanitation for all, in line with the Sustainable Development Goals (SDGs).

Water availability and quality are crucial for economic growth, food security and trade. The sector is characterized by its complexity. It must be managed as an integrated resource. Asia's water challenges are compounded by factors like economic growth, urbanization and climate change. AIIB's mandate aligns with the needs and opportunities in the water sector. Working with experts, practitioners and stakeholders, AIIB has undertaken a sector analysis to develop a strategy to guide investment in the sector.

Estimated financing gap to meet identified needs in Asia: **USD120-330 billion per annum till 2030.**

**98%** of regional water financing comes from the public sector.

MDB annual regional water financing: **Approximately USD9-13 billion.**

Other than financing infrastructure, AIIB can mobilize funding, particularly from the private sector.



Of the approximate USD880 billion spent on infrastructure regionally in 2015, **only 5% or USD44 billion went to water.**

An average of **USD120-330 billion per annum** to 2030 is required, representing **2.5-7.5% of regional GDP.** Investment needs:



**USD93-153 billion/pa**

Water supply and sanitation



**USD12-149 billion/pa**

Flood protection



**USD30-64 billion/pa**

Irrigation

## Maximizing Environmental and Social Outcomes



### Social

will focus on social and human health risks and impacts resulting from water infrastructure investments and ensuring equitable access to water and sanitation.



### Environmental

will focus on the risks and impacts on quality and quantity of surface and groundwater resources and aquatic ecosystems.



### Climate Change

will assess how resilience measures can be integrated to reduce vulnerability and support adaptation to climate change.

## Investment Areas



## AIIB's Water Infrastructure Investment Principles



**PROMOTING sustainable infrastructure.** AIIB will finance projects with positive impacts on sustainability and maximize environmental and social outcomes.



**MOBILIZING private capital and efficiencies.** The large investment gap requires the mobilization of additional finance, including private capital.



**INTEGRATED resource management.** This recognizes that water is a finite resource that is renewable only if properly managed.



**ADOPTING innovative technology.** Technology is a major contributor to increasing efficiency of water use, allocation, delivery and treatment.

## Interaction Between Other AIIB Strategies

The strategy recognizes the close interaction of water with other sectors.



Energy Strategy

Sustainable Cities Strategy

Transport Strategy

Private capital mobilization and equity investment