



**2020 Business Plan and Budget
Summary
December 2019**

1. Since the Asian Infrastructure Investment Bank (AIIB) began operations, it has put in place its foundations as a credible multilateral development bank based on the core principles of robust multilateral governance, high standards and sound banking. 2020 will mark the fifth year of operations and the end of the start-up phase for AIIB.
2. To prepare for the transition into its next phase of growth, AIIB is currently developing its first Corporate Strategy. In the interim, AIIB will continue to be guided by its core values, thematic priorities and sectoral/thematic strategies. It will further strengthen its capacity to address Asia's infrastructure financing needs, respond to the needs of its Members and meet the high expectations that have been placed upon it. While AIIB's operations are expected to grow, emphasis will remain on high-quality, results-focused delivery.
3. The 2020 Business Plan builds on and deepens AIIB's four institutional priorities defined in previous business plans. Focus in 2020 will be placed on completing AIIB's start-up phase and strengthening its capacity to drive future growth. The AIIB Board of Directors approved the annual plan substantially in the form set out in the performance milestones, key actions and key business indicators (KBIs) as outlined in Table 1 below. While the KBIs represent current projections of outcomes and the state of the institution, they are not intended to be targets.
4. **Institutional Priority 1: Pursuing Strategic Directions.** In 2020, AIIB will complete development of its Corporate Strategy, which will set out its 10-year vision and institutional priorities, as well as include a corporate scorecard. It will develop knowledge and operational tools to support business development and investment operations in line with its sectoral strategies. It will also further strengthen its partnership network, analytical capacity and branding efforts.
5. **Institutional Priority 2: Serving Clients and Scaling Up Operations.** AIIB will continue to grow its market presence and strengthen its relationship with its clients. It will also widen its product offerings by increasing its local currency financing capacity and implementing its variable spread loan product and credit guarantee program.
6. To support high quality project preparation and implementation, AIIB will enhance its support for project preparation and implementation. It will complete the roll-out of its project prioritization and quality frameworks, the review of its Environmental and Social Policy, and the development of its evaluation and learning framework. It will also seek to increase the utilization of its Project Preparation Special Fund to support its clients in preparing projects, especially those in its low-income Members.

7. AIIB plans to commit approximately USD4.0-5.0 billion in 20 to 30 projects in 2020, of which at least 80 percent will be aligned with the Bank's thematic priorities on sustainable infrastructure, cross-border connectivity and private capital mobilization. Specifically, in alignment with its green core value, AIIB stands ready to assist its Members in achieving their nationally determined contributions and ensure that its investments and internal operations are in line with the objectives of the Paris Agreement.
8. **Institutional Priority 3: Bolstering Financial Sustainability.** In tandem with its growing operational size, AIIB will further strengthen its operational, compliance and integrity risk management functions. Market conditions permitting, AIIB will seek to expand its funding program, including by diversifying its investor base and currency exposure.
9. **Institutional Priority 4: Building the Institution.** Coinciding with AIIB's fifth year of operations, the Bank will reach several governance milestones in 2020—namely, the election of the President according to newly adopted rules approved by the AIIB Board of Directors and the first review of AIIB's capital in accordance with its Articles of Agreement. The Bank will continue to build a high-caliber team unified by a strong corporate culture by implementing its strategic staffing plan and enhancing its training and development program. It will also continue to ramp up needed information technology (IT) infrastructure and systems, ensuring that they support a larger business scale, innovation and agility.
10. An administrative budget of USD188.1 million and a capital budget of USD6.7 million have been approved to support the realization of AIIB's institutional priorities and work programs as outlined in the 2020 Business Plan.

Table 1: Performance milestones, key actions and KBIs for 2020¹

Institutional Priority 1: Pursuing Strategic Directions	
1. Clear medium-term strategic direction.	
1.1.	Complete development of AIIB's first Corporate Strategy, including a Corporate Scorecard.
1.2.	Begin work on developing subsector/regional profiles and opportunity maps.
2. Prioritized partnership approaches.	
2.1.	Engage with key partners, thought leaders, investors and operators in core sectors to support business development, capital mobilization and implementation efforts.
2.2.	Engage with partners that provide resources in areas aligned with AIIB's priorities and develop approaches to guide effective utilization of the external resources.

¹ The order of performance milestones, key actions and KBIs is not intended to suggest rank of importance.

Institutional Priority 2: Serving Clients and Scaling Up Operations

3. Expanded client engagements, financing products and Project Preparation Special Fund utilization.

- 3.1. Strengthen AIIB's market presence and improve the Bank's responsiveness.
- 3.2. Implement the variable spread loan product and increase local currency financing capacity.
- 3.3. Increase use of AIIB's Project Preparation Special Fund.

4. Institutionalized due diligence, monitoring, evaluation and learning tools to achieve high quality and results.

- 4.1. Strengthen the monitoring of and support for project implementation to ensure high quality at the project and portfolio levels.
- 4.2. Develop a guidance note on project economic analysis.
- 4.3. Finalize the evaluation and learning framework.

KBIs:

- *[For reference] Annual financing approvals: USD4.5-5.5 billion / 25-35 projects*
- *Annual financing commitments: USD4.0-5.0 billion / 20-30 projects.*
- *Standalone operations: 50-55 percent of annual commitments.*
- *Nonsovereign operations: 25-30 percent of annual commitments.*
- *Portfolio alignment to thematic priorities²: 80 percent of annual commitments.*
- *Portfolio alignment to "Sustainable Infrastructure" thematic priority: 40-60 percent of annual commitments.*
- *Portfolio quality: 80 percent of projects with less than three risk flags.*
- *Disbursement ratio³ for sovereign operations: 0.15.*

Institutional Priority 3: Bolstering Financial Sustainability

5. Strengthened compliance and operational risk management capabilities.

- 5.1. Integrate IT platforms for managing compliance and operational risks.

6. Increased presence in global capital markets.

- 6.1. Expand USD bond issuance and access to other global capital markets (conditions permitting).

Institutional Priority 4: Building the Institution

7. Stronger technical capabilities and corporate culture.

- 7.1. Implement the Strategic Staffing Plan.
- 7.2. Enhance training and development programs to support quality project preparation and implementation.
- 7.3. Establish a corporate carbon management plan.

² Thematic priorities are sustainable infrastructure, cross-border connectivity and private capital mobilization.

³ Refers to the ratio of disbursements during the fiscal year to the undisbursed balance at the beginning of the fiscal year.

8. Increased digitization and corporate efficiency.

- 8.1. Accelerate digitization of core business processes and the provision of Bank-wide shared IT foundations.
- 8.2. Ensure systems and processes for investment operations accommodate a larger business scale, innovation and agility.

KBIs:

- *Staff headcount: 380-430 staff.*
- *Workforce diversity–Gender: 36-38 percent of women professional staff.*
- *Administrative budget⁴: USD188 million*

⁴ Figures include budget for human resources (HR)