ASIAN INFRASTRUCTURE
INVESTMENT BANK

AIIB Corporate Strategy Midterm Review

Progress Assessment and Analysis

This document was prepared for the Board of Directors Retreat on June 25, 2024.
Data and information therein are as of end-2023, if not otherwise stated. Progress is assessed against the original projections and targets prior to the updates approved in June 2025. Some sections have been redacted in this version in accordance with AIIB's Policy on Public Information and its applicable exceptions.

List of Abbreviations

ADB	Asian Development Bank
ADR	Annual Disbursement Ratio
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
BPB	Business Plan and Budget
BSI	Budget Sustainability Indicator
Bn	Billion
CAF Review	An Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks
CBC	Cross-border Connectivity
CEI	Corporate Efficiency Indicator
CM	Capital Mobilization
CNY	Chinese Yuan
CS	Corporate Strategy
CSMR	Corporate Strategy Midterm Review
CSO	Civil society organization

DI&T	Digital Infrastructure and Technology
DFI	Development finance institutions
EBRD	European Bank for Reconstruction and Development
GHG	Greenhouse Gas
IAP	International Advisory Panel
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDBG	Inter-American Development Bank Group
IEG	Independent Expert Group
IFAWG	Infrastructure Working Group
IFC	International Finance Corporation
IFI	International Financial Institution
LMIC	Lower middle-income country
IO	Investment Operations
IR	Implementation Readiness

LCY	Local Currency
LTS	Long-term Strategy
MDB	Multilateral Development Bank
MIGA	Multilateral Investment Guarantee Agency
Mn	Million
MYRP	Multi-year Rolling Pipeline
PCM	Private Capital Mobilization
PDM	Private Direct Mobilization
PIM	Private Indirect Mobilization
PIMR	Project Implementation Monitoring Report
PPSF	Project Preparation Special Fund
The Facility	Crisis Recovery Facility
TP	Thematic Priorities
SBF	Sovereign-backed Financing
SFW	Special Fund Window
SOE	State-Owned Enterprises
WB	IBRD and IDA, collectively, the World Bank
WBG	World Bank Group

High-level Strategic Observations

I. **AIIB's Corporate Strategy (CS) has appropriately guided AIIB** through the early part of the growth stage. The Board's ability to shape the direction of the Bank towards its CS objectives through the annual Business Plan and Budget (BPB) has been effective. As the Bank strives to uphold its lean operating model, a focused strategy that sets out a limited number of priorities and a Corporate Scorecard supporting comprehensive assessment of progress, has been invaluable.

II. Changes in the world since 2019 **reinforce the importance of AIIB's strategic priorities**, as articulated in the CS. The overarching focus on sustainable infrastructure and specific attention on green infrastructure, connectivity and regional cooperation, technology-enabled infrastructure and private capital mobilization (PCM) have only become more relevant to AIIB and the needs of its Members.

III. **The COVID-19 pandemic** significantly impacted AIIB Members. AIIB made a strategic decision to launch the COVID-19 Crisis Recovery Facility (the Facility) to support its Members during the crisis and through recovery. This client-driven approach was positive in increasing our support and relevance to Members, while helping the Bank expand and diversify its balance sheet.

IV. While the **infrastructure gap remains large** with an increased need for Multilateral Development Bank (MDB) financing in Asia, the limited supply of bankable projects persists. In addition, the macroeconomic shocks—such as the COVID-19 pandemic and regional conflicts —have had a longer-lasting effect, leading to a **surge in public debt among Members and restricting their fiscal space**, impacting their willingness to undertake new infrastructure projects. In responding to client demand, this trend has also underpinned a **diversification across infrastructure sectors** (including financing through financial intermediaries) and also required the Bank to expand its product offerings.

V. Moreover, with increased lending capacities of peer MDBs from the Capital Adequacy Framework (CAF) review, **competition for bankable infrastructure projects has intensified**, demand for financing on concessional terms has increased in parallel, emphasizing the need for AIIB to proving greater favorability for concessional terms. This trend further emphasizes the need for AIIB to enhance its efforts in project preparation to generate a pipeline that translates infrastructure needs into concrete projects.

Executive Summary

I. To facilitate a focused and efficient discussion, the Corporate Strategy Midterm Review began with a progress assessment including against the Corporate Scorecard and five pillars of the CS, which was designed to cover three key aspects of the Bank's business (impact of AIIB financing and institutional capacity building).

II. The Bank has made **significant progress toward the main objectives outlined in the CS,** effectively navigating through external challenges and changing client needs. While AIIB has made good progress so far, **the CS envisions significant scaling up in a number of areas in the second five years from 2025 to 2030.**

   i. As a result of AIIB's active response to client needs through the pandemic and the creation of the Facility, AIIB's **overall financing volumes were higher than expected while regular sovereign-backed financing (SBF) volumes was lower** than projected. The Bank is on track with the private sector target, while **the financing amount of private sector projects must nearly triple by 2030 while PCM expands,** as we expect to lead more transactions and establish our market presence.

   ii. On **portfolio alignment**, good progress has been made on **climate and cross-border connectivity (CBC) financing** in percentage terms. The required growth in regular financing after the pandemic means **continued effort will also be needed** to maintain the existing percentage.

   iii. The Bank has reached a stage of maturity that it can assess the **success of projects** (through **a project completion indicator)**, **implementation readiness** have given less meaningful insights on project quality if not disaggregated at more granular level.

   iv. The Bank is steadily growing its staff with needed expertise and its workforce gender diversity continues to improve annually.

III. The Bank's has taken actions along the five pillars of the CS to realize its high-level ambitions. Its **regular financing grew** steadily while the percentage of projects aligned to each **thematic priority** increased. The Bank has **scaled up its own financing, capital mobilization and became the largest cofinancing partner** of WB and ADB. It has also actively expanded **special funds, Global Presence, and Members served** (including low-income and non-regional Members).The Bank put attention to its **culture** with continued growth in the staff profile and strives to be a **preferred partner for clients** by hearing feedback from clients and reflecting it through operation.

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I. Recap of CSMR Methodology and Scope

Overall methodology of the CS Midterm Review (1/2)

- The CS midterm review is designed as a focused exercise aimed to 1) assess the effectiveness of AIIB's CS implementation to date, 2) evaluate the relevance of changes in the world since 2020 to our clients' needs and the CS, and 3) determine the necessity for changes.
- Given the overall theme and direction of the CS have been well accepted and supported by AIIB clients, the major framework[1] of the CS should remain largely unchanged.
- However, an assessment of implementation progress and our ability to meet client needs amid changes in the external environment is essential to ensure continued relevance of the CS and to confirm or refine its implementation through 2030.
- Areas for improvement identified through the stock take will be grouped into two buckets for further action:
  1. **Follow up in the CS midterm review:** areas that require update due to the changes to the external environment or AIIB's progress in implementing the CS. Examples are updates to the Scorecard, including the climate financing target for 2030 and a project completion indicator.
  2. **Follow up through following years' BPB:** areas where the CS articulation remains suitable, but implementation needs more effort and focus which can be addressed through the BPB.

1. Major framework of CS includes: mission of financing Infrastructure for Tomorrow; core values of lean, clean, green; three principles; four thematic priorities; five pillars

Overall methodology of the CS Midterm Review (2/2)

Backward-looking

Changes to External Environment
(Macroeconomic context, MDB reform, etc.)

Client Needs and Feedback
(Client Survey, External/Internal Consultation, etc.)*

CS Implementation Progress

- What are the key achievement and noteworthy implementation progresses?
- What are the areas that have not been addressed or need further improvement?
- What are shortcomings to indicators that should be addressed?

Forward-looking

CS Midterm Review Updates

- Updated Scorecard
- Update original CS document

Follow-up through BPB

- Strengthen AIIB's capacity to implement CS
- Sharpen AIIB's operational focus

II. CS Implementation Progress

i. **The Corporate Scorecard**

ii. The Five CS Pillars

Implementation along the Corporate Scorecard

- There could be many different angles from which to assess the progress of AIIB's implementation of CS. To facilitate a focused and efficient discussion, this review primarily focuses on AIIB's Corporate Scorecard, as it was designed to cover three key aspects of AIIB's business, namely the impact of AIIB financing (as expressed as a combination of resources mobilized, the alignment of the objective of investments with the CS, and portfolio performance), financial sustainability and institutional capacity building.
- As a result of AIIB's active response to the pandemic and the creation of the Facility, **AIIB's overall financing volumes were higher than expected** (2023 actual financing approval of $11.7bn vs. 2023 BPB assumption of $6.0-9.0bn)**.** The growth of the regular financing was not as significant (2023 regular financing at $5.7bn) as clients were affected by the pandemic**.**
- The Bank has made good progress in **financing against its corporate targets**. The Bank is **on track with its 50% private sector target**. However, AIIB still requires **rapid scaling up** in the coming years to meet its 2030 ambition. In the early years of implementing the CS, the private sector focus has been on developing private sector project transactions. However, this should be accompanied by **more attention to capital mobilization and PCM, in particular**. The Bank **surpassed the 2025 climate target** first in 2022 and each year since and may consider an appropriate target for 2030. It has **kept pace with projections on CBC**, although more work is needed to build a sustained pipeline of CBC projects to achieve the 2030 target.
- **Portfolio performance** was strong in terms of annual disbursement and the proportion of projects without issues, despite pandemic-related delays negatively impacting Implementation Readiness (IR) during 2020-2021.
- The Bank is steadily growing its staff with needed expertise. Its **workforce gender diversity continues to improve** annually. The importance of and need for additional attention to the gender balance at all staff levels, particularly in senior levels where decision-making influence is significant, is recognized.

Corporate Scorecard – From 2016 to 2023

		Pre-CS				First years of CS				
		2016	2017	2018	2019	2020[1]	2021	2022	2023	2030 Projection / CS Targets
Portfolio Volume										
Total capital mobilization ($ bn)		1.7	3.1	3.5	5.7	11.5	11.3	9.2	14.5	-
Annual financing approval ($ bn)		1.7	2.5	3.3	4.5	10.0	9.9	6.8	11.7	14
Capital mobilization (ex-facility) ($ bn)		0.01	0.6	0.2	1.2	1.5	1.4	2.6	3.1	-
Private sector projects (ex-facility)		1%	36%	21%	34%	28%	26%	39%	41%	50%
Portfolio Alignment										
Climate financing (ex-facility)		21%	49%	29%	39%	41%	48%	56%	60%	50% by 2025
Cross-border connectivity (ex-facility)		57%	5%	0%	12%	26%	20%	12.7%	23%	25-30%
Portfolio Performance										
Implementation Readiness (ex-facility)	SBF	5.3	6.3	9.8	9.8	11.0	13.4	14.3	14.7	
	Private	-	6.5	9.3	9.5	9.0	9.5	9.0	8.3	
Annual disbursement for SBF (ex-facility)		-	-	19.7%	15.3%	16%	13.9%	18%	16.4%	
Share of projects without severe or unresolved issues[2]		-	-	-	-	91%	92%	94.2%	93.4%	
Financial Sustainability[3]										
Risk adjusted return on capital – SBF & NSBF										
Budget sustainability indicator (BSI)										
Efficiency & diversity										
Workforce diversity – Gender		23%	32%	32%	39%	38%	39%	41%	42%	-
Corporate efficiency indicator (CEI)[3]										

- The Board approved Corporate Strategy introduced **13 Corporate Scorecard indicators**. Among them, three set measurable targets[1].

1. While the CS was approved by the Board of Directors in September 2020 for the period 2021-2030, its strategic directions began influencing AIIB's operations in 2020. Consequently, 2020 has been included in this analysis to fully capture the impact of the CS from its inception. Projections and targets are based on the Corporate Scorecard prior to its update in June 2025. Footnotes on indicator definition and calculation methodology can be found on slide 57.
2. 'Red flag' was introduced through the CS. Prior to 2020, 'risk flag' of projects in PIMR was tracked but due to different criteria of assigning flag, direct comparison is not meaningful.
3. Certain indicators are not disclosed in accordance with AIIB's Policy on Public Information and its applicable exceptions.

AIIB

Portfolio Volume – Annual Financing Approval

Progress Assessment

- AIIB's annual financing approval amount grew significantly from **$1.7bn in 2016 to $11.7bn in 2023**, exceeding the annual BPB indicative projection for each year from 2019 to 2023.
- Financing volumes benefited from $18.5bn the Facility financing (2020-2023) while **regular financing, particularly SBF,** faced challenges due to the COVID-19 pandemic. However, by 2023, regular financing exceeded pre-COVID levels of $4.55bn in 2019, reaching $5.7bn.
- The lower level of regular SBF due to the impact of the pandemic implies the need for more ambitious yearly growth in regular SBF in the coming years, while implementing the ambitious growth pace of private sector financing.
- An annual business indicator for **annual financing commitment** was introduced in the 2023 BPB, while commitment-based reporting was added to the 2024 BPB to align with peer MDBs reporting and support the shift of operational focus from approval to commitment.
- **Regular annual financing commitment** showed steady growth since the Bank's inception, reaching $5.1bn in 2022 and $5.0bn[1] in 2023. From 2016 to 2023, only 86% of approved regular financing amounts were committed due to additional time needed from approval to commitment, project terminations, or partial cancellations of approved amounts. Among signed projects, 95% of the approved amounts were committed, with SBF achieving 99.8%, and private sector projects at 84% as more projects have phased commitments.

<table>
<tr><th>(unit: USD billion)</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td>Annual financing Approval</td><td rowspan="2">1.7</td><td rowspan="2">2.5</td><td rowspan="2">3.3</td><td rowspan="2">4.5</td><td>10.0</td><td>9.9</td><td>6.8</td><td>11.7</td></tr>
<tr><td>Regular Financing Approval</td><td>2.9</td><td>6.0</td><td>4.3</td><td>5.7</td></tr>
<tr><td>Total annual commitment</td><td>0.5</td><td>2.7</td><td>2.2</td><td>2.8</td><td>10.5</td><td>8.2</td><td>8.0</td><td>9.0</td></tr>
<tr><td>Regular annual commitment</td><td>0.5</td><td>2.7</td><td>2.2</td><td>2.8</td><td>4.0</td><td>4.4</td><td>5.1</td><td>5.0[1]</td></tr>
</table>

1. Regular commitment for 2023 excludes special operations.

Portfolio Volume – Capital Mobilization

Progress Assessment

- Capital mobilization (CM), which is defined as the combination of private capital mobilization (PCM) and public direct mobilization, showed significant growth in terms of absolute amount, rising from **$0.01bn in 2016 to $3.1bn in 2023**.
- The **largest portion of CM is generated from private sector projects,** which generated more private indirect mobilization (PIM) than private direct mobilization (PDM).
- **PIM accounted for 83%** of cumulative private capital mobilization between 2016-2023, compared to 17% from PDM. A large portion of PIM is from fund investment, private sector loan and bond-direct, whereas the largest portion on PDM came from SBF loan and guarantee instruments.
- The **cumulative leverage ratio[1] from 2016-2023 stands at 0.4**, meaning the Bank has mobilized 40 cents for every dollar of its own financing. The cumulative leverage ratios for SBF and private sector projects stand at 0.1 and 1.3, respectively. The majority of the PCM from private sector projects were PIM, which does not require AIIB's active and direct role in mobilizing other private financiers. Other MDBs, particularly those with a private sector focus, tend to put more emphasis on PDM
- The overall leverage ratio increased in each of the last two years and **reached 0.6 in 2023**[1]. However, this is still well below the calls from G20 for MDBs to increase the PCM leverage ratio from 1.5 to 2.

		2016	2017	2018	2019	2020	2021	2022	2023
Capital Mobilization (CM) ($ bn)		**0.01**	**0.56**	**0.15**	**1.2**	**1.5**	**1.4**	**2.6**	**3.1**
BPB Projections (each year) ($ bn)		-	-	-	-	-	*0.9-1.1*	*1.4-1.7*	*1.8-2.2*
Mobilization Percentage	Private Direct Mobilization (PDM) (%)	0%	20%	0%	49%	0%	3%	0%	20%
	Private Indirect Mobilization (PIM) (%)	100%	80%	100%	51%	100%	93%	100%	79%
	Public Direct Mobilization (%)	0%	0%	0%	0%	0%	4%	0%	1%
Leverage Ratio[2]	Overall	0.0	0.2	0.1	0.4	0.4	0.3	0.5	0.6
	Private Sector Projects	N/A	1.8	0.3	0.8	1.0	1.1	2.4	1.4
	SBF Projects	0.0	0.0	0.0	0.3	0.1	0.0	0.0	0.1
Share of CM	CM from Private Projects (%)[3]	100%	100%	100%	58%	78%	97%	97%	94%
	CM from SBF Projects (%)[3]	0%	0%	0%	42%	22%	3%	3%	6%

1. According to EIG Report Volume 2, The Triple Agenda, MDBs achieve a PCM ratio of 0.6 in 2019, whereas G20 calls for MDBs increase to a PCM ratio of 1.5 to 2.0.
2. Leverage ratio is measured as total private capital mobilization reported in a year over AIIB's own financing committed (excluding the Facility and Special Operation) in the same year.
3. The ratio of CM from private and SBF projects excludes two Special Fund projects with $20mn CM in 2023.

Portfolio Volume – Private Sector Projects

Progress Assessment

- Demonstrating the fruits of ongoing business development efforts, both the percentage of private sector projects and financing amount have grown rapidly to reach **41% of total and $2.4bn in 2023, an all-time high**.
- The private sector's share of annual regular financing approval was higher than expected as demand for regular SBF fell short of expectations during the pandemic. The volume of private sector financing was on track.
- **Private sector project financing amount must nearly triple, increasing from $2.4bn in 2023 to $7.0bn in 2030**[1] to achieve the ambitious 2030 target of reaching 50% of the annual financing approval in private sector financing.
- In terms of financing instruments, AIIB's portfolio has seen **significant diversification over the year**. 'Equity – fund' has consistently been a strong performer, emerging as the leading product, followed by 'project finance'. During the CS implementation period, there was substantial growth in 'bond - direct' and an expanding pipeline for 'guarantee' products, while proportion of 'equity - fund' decreased.

		2016	2017	2018	2019	2020	2021	2022	2023
Private Sector Projects (%)		**1%**	**36%**	**21%**	**34%**	**28%**	**26%**	**39%**	**41%**
Private Sector Projects Amount ($ bn)		0.02	0.9	0.7	1.6	0.8	1.5	1.7	2.4
Instruments	Corporate Finance	0%	27%	0%	5%	7%	16%	4%	6%
	On-lending Corporate Finance	0%	0%	0%	21%	25%	0%	30%	11%
	Project Finance	100%	40%	8%	19%	30%	18%	17%	29%
	Bond – Direct	0%	0%	0%	0%	0%	11%	11%	18%
	On-lending Bond – Direct	0%	0%	0%	0%	0%	0%	0%	12%
	Bond – Portfolio	0%	0%	70%	32%	0%	0%	0%	0%
	Equity – Direct	0%	0%	7%	3%	0%	0%	3%	3%
	Equity – Fund	0%	33%	14%	19%	38%	54%	36%	21%
	Guarantee	0%	0%	0%	0%	0%	0%	0%	0%

1. Based on projections from the Corporate Strategy before the midterm review and update in June 2025.

Portfolio Volume – Climate Financing

Progress Assessment

- Climate financing's share of annual regular financing **tripled from 21% in 2016 to 60% in 2023, achieving the 50%** climate finance **target** in 2022 well ahead of the scheduled timeline. This reflects the **clients' shifting demand towards climate-related infrastructure and AIIB's ability to meet them**.
- The high climate financing share of annual regular financing approval may partly reflect lower-than-expected regular financing approvals during the pandemic *[see Box 1, slide 16, for additional factors contributing to the high climate financing share]*. With the required growth in regular financing in the years ahead, the **absolute amount of climate financing must more than double from $3.4bn in 2023 to $7.0bn by 2030** just to maintain the 2025 target of 50% of approvals[2].
- The Bank's current climate financing is primarily **attributable to climate mitigation** (mitigation 90%; adaptation 10%; dual 0.3% in 2023), which presents considerable **opportunities for further efforts in adaptation**, considering the Bank's ambition for resilient infrastructure.
- AIIB's climate PCM leverage ratio is relatively low, with a **2020-2023 average of 0.19** compared to overall PCM leverage ratio of 0.46 during same time.
- The **percentage of approved projects with a climate component** steadily **increased** from 22% in 2016 to 84% in 2023.

	2016[1]	2017[1]	2018[1]	2019	2020	2021	2022	2023
Climate financing (%)	**21%**	**49%**	**29%**	**39%**	**41%**	**48%**	**56%**	**60%**
Climate financing ($ bn)	*0.36*	*1.23*	*0.95*	*1.75*	*1.20*	*2.84*	*2.39*	*3.43*
BPB Projections (each year) (%)	-	-	-	-	-	*35-38%*	*41-44%*	*43-47%*
Climate Mitigation (%)	*100%*	*55%*	*13%*	*47%*	*88%*	*77%*	*81%*	*90%*
Climate Adaptation (%)	*0%*	*45%*	*87%*	*53%*	*12%*	*23%*	*19%*	*10%*
Climate PCM leverage ratio[3]	*0.00*	*0.09*	*0.00*	*0.03*	*0.14*	*0.15*	*0.12*	*0.33*
Approved projects with climate component (%)	*22%*	*47%*	*42%*	*57%*	*72%*	*82%*	*87%*	*84%*

1. Joint MDB climate methodology was less rigorously applied to years between 2016-2018 as AIIB only joined the joint MDB climate working group in 2019.
2. This target refers to the Corporate Strategy target prior to its update in June 2025.
3. Leverage means amount of private capital mobilized for every dollar of AIIB's own financing. Climate PCM leverage ratio was calculated as percentage of climate PCM over AIIB's total regular financing commitment amount.

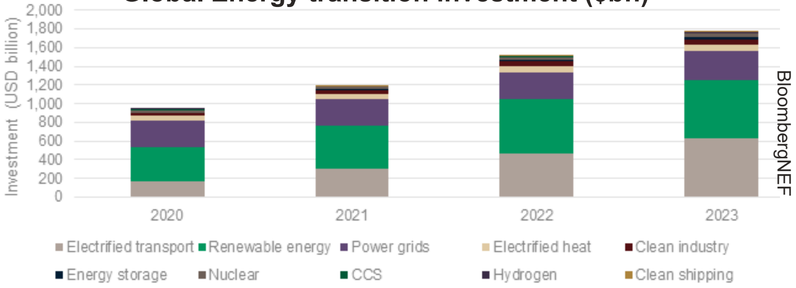
Portfolio Volume – Climate Financing

Box 1: Additional Factors Contributing to AIIB Achieving the 50% Target Ahead of Schedule

Higher client demand for infrastructure directly responding to climate change

- Globally, infrastructure is responsible for 79% of all GHG emissions, 88% of all adaptation cost.
- Growing client demand to support the transition to low-carbon and resilient infrastructure, serving as solutions to reach their climate commitments (almost all AIIB Members have ratified NDCs), lower long-term expenses, and address the growing social and economic losses resulting from climate disasters.

Global Energy transition investment ($bn)



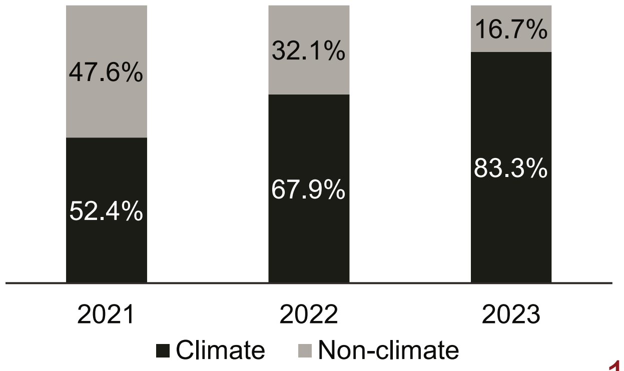
Key enablers played pivotal role in our progress:

- **Policies**: focused efforts directed towards achieving the CS target with the nearest deadline of 2025 (the other two targets set for 2030), and ambitious Paris Alignment commitment achieved on July 1, 2023.
- **Process**: operationalize Paris Alignment, and reinforce green/climate focus and add value along project cycle; provide technical tools/guidance.
- **People**: increased staff supporting operations since 2020 (climate specialists tripled); technical training/knowledge sessions conducted.

Increase in projects with climate financing and average climate financing percentage per project:

- The percentage of projects with climate component entering AIIB's pipeline has increased steadily, demonstrating continued strong client demand for green infrastructure *(see chart to right)*.
- In addition, the average climate financing percentage of those climate projects has also increased from 54% in 2021 to 80% in 2023. Such increase is more noticeable for intermediary financing projects during the same time with the average climate financing percentage of those projects increasing from 36% to 58%. This is partly because of:
    1. An increase in number of projects with strong green/climate objectives.
    2. Climate opportunities were better identified and captured by working closely with clients early on.

% of AIIB projects with climate component entering the pipeline



Portfolio Alignment – Cross-border Connectivity

Progress Assessment

- The CBC percentage has shown **notable year-to-year fluctuations,** peaking at 57% in 2016 and dropping to 0% in 2018. **In recent years, it has stabilized around 20-26%,** with the exception of 2022 when project approvals were delayed to meet client needs.
- In 2023, CBC financing reached 23% and $1.3 bn. To achieve the targeted 25-30% by 2030, we need to increase financing to $3.5-$4.2 bn[1].
- Dependency on **SBF has reduced,** falling from 97% between 2016-2019 to 57% between 2020-2023.
- While transportation projects still dominate at 63%, the contribution of CBC from digital infrastructure and multi-sector funds is on the rise, currently at 19%. This shift indicates a **diversifying portfolio within CBC**.
- The portfolio and pipeline remain sensitive to delays and dropping of large projects. We must deepen and broaden the pipeline.

		2016	2017	2018	2019	2020	2021	2022	2023
Cross-border Connectivity (%)		**57%**	**5%**	**0%**	**12%**	**26%**	**20%**	**12.7%**	**23%**
Cross-border Connectivity ($ bn)		*0.99*	*0.11*	-	*0.54*	*0.75*	*1.21*	*0.55*	*1.32*
BPB Projections (each year) (%)		-	-	-	-	-	*8-10%*	*13-23%*	*15-23%*
Sector	**Transport**	40%	100%	-	7%	80%	76%	54%	83%
	Multi-sector	0%	0%	-	-	-	11%	18%	7%
	DI	0%	0%	-	-	20%	14%	-	8%
	Health Infra	0%	0%	-	-	-	-	-	3%
	Energy	60%	0%	-	93%	-	-	27%	-
Financing	**CBC from SBF (%)**	*100%*	*100%*	-	*91%*	*80%*	*71%*	*41%*	*43%*
	CBC from Private (%)	*0%*	*0%*	-	*9%*	*20%*	*29%*	*59%*	*57%*

1. This analysis is based on the Corporate Strategy prior to its update in June 2025.

Portfolio Performance – Implementation Readiness

Progress Assessment

- Pandemic-related project delays caused underperformance of Implementation Readiness (IR) during 2020-2021. While private sector IR has realigned, **SBF IR still exceeds projections and will take many years to normalize,** as the indicator is measured over the whole life of the Bank.
- Two **supplementary tracking indicators were introduced** in end-2023 to better capture underlying IR dynamics in SBF projects: (i) IR over a rolling one-year period; (ii) average time between concept and approval.
- **Efforts to expedite disbursements have continued**, including reinforcement of the readiness checklist for all SBF projects; active monitoring and meetings for projects at risk; automatic alerts integrated into Bank systems. Progress is still dependent on each Member's unique circumstances.

			2016	2017	2018	2019	2020	2021	2022	2023
Implementation Readiness		SBF	5.3	6.3	9.8	9.8	11.0	13.4	14.3	14.7
		Private	-	6.5	9.3	9.5	9.0	9.5	9.0	8.3
BPB Projections (each year) (%)		*SBF*	-	-	-	-	-	*12*	*12*	*12*
		Private	-	-	-	-	-	*9*	*9*	*9*
Supplementary Indicators	IR over a rolling one-year period (regular financing)	SBF	-	-	-	-	-	-	-	17.9
		Private	-	-	-	-	-	-	-	7.0
	Average time elapsed between concept and approval	SBF	-	-	-	-	-	-	-	10.7
		Private	-	-	-	-	-	-	-	6.8

1. AIIB methodology uses average of time elapsed for all regular financing projects approved and disbursed during the Bank's operational lifetime (i.e. all projects cumulatively since inception).

Portfolio Performance – ADR & Red Flags

Progress Assessment

- **Annual Disbursement Ratio (ADR) for SBF**: ADR was lower during the initial period of the COVID-19 pandemic, rebounding to the previous range in 2022 and 2023 as Members emerged from the crisis. Due to the nature of private sector projects (i.e. bullet payments), an ADR indicator is not as meaningful.
- **Share of projects without severe or unresolved issues (red flag):** The indicator has **exceeded the projected 80% with a rate above 90%.**
- **Both indicators have been strengthened and reinforced** by quarterly meetings between Management and project teams to provide early signals of projects at risk and maintain performance of these indicators. The increase in mission travel has also helped.

	2016	2017	2018	2019	2020	2021	2022	2023
Annual disbursement for SBF[1]	-	-	19.7%	15.3%	16%	13.9%	18%	16.4%
BPB Projections (each year) (%)	-	-	-	-	-	*15%*	*13-18%*	*13-18%*
Red flag[2]	-	-	-	-	91%	92%	94.2%	93.4%
BPB Projections (each year) (%)	-	-	-	-		*80%*	*80%*	*80%*

1. Bank started to report on annual disbursement ratio from 2018.
2. 'Red flag' was introduced through CS. Prior to 2020, 'risk flag' of projects was tracked but due to different criteria of assigning flag, direct comparison is not meaningful.

Workforce Diversity

Progress Assessment

- The percentage of women professionals has been **steadily increasing from 23% in 2016 to 42% in 2023**, though it fell short of the BPB year-end projection in 2021.
- The **importance of gender balance across all staff levels**, especially at the senior levels where decision-making influence is significant, is recognized. The disaggregated data on workforce diversity by staff level has been included in the HR Update and BPB Quarterly Updates to the Board since Q4 2021 and Q4 2023, respectively.
- In 2023, **gender balance at AIIB showed the most parity at the professional level (P6-7)** with a near even split, while the analyst/associate level (P4-5) had a higher proportion of women staff. However, women representation was significantly **lower at the manager, lead, and principal level**.
- **Dedicated efforts to attract, develop and retain talented women have been made** including: participating in targeted professional outreach and career fairs for senior women, expanding maternity benefits, ensuring balanced gender representation (i.e. at least one man and one woman) in the interview panel and the short-listed candidates.

II. CS Implementation Progress

i. The Corporate Scorecard

ii. The Five CS Pillars

Implementation along the Five Pillar of CS

The Five Pillars of the CS describe the actions AIIB would take to realize its high-level ambitions under the Corporate Strategy.

- **Focus.** AIIB aims to build its market position in infrastructure sectors and along four thematic areas. AIIB has been building expertise in financing infrastructure for tomorrow with its regular financing increasingly diversified across infrastructure sectors during the CS implementation period, with two new sectors of health and education, and with other productive sectors in the pipeline. There are rising percentages of projects aligned in each four thematic area. From 2020-2023, the highest alignment remains in Green Infrastructure at 89%, marked by accomplishments such as full alignment with the Paris Agreement, launch of Climate Action Plan, commitment to ISSB reporting, and significant involvement in COP. Connectivity & Regional Cooperation shows the lowest alignment at 29%, with Tech-Enabled Infrastructure at 39% and Private Capital Mobilization at 50%.
- **Scale.** In efforts to achieve impact at scale, AIIB has scaled up its own financing, increased capital mobilization, and became the largest co-financing partner of the WB and ADB. The Bank is also steadily expanding its client base while also deepening relationship with existing clients through repeat transaction. AIIB's multi-year rolling pipeline contributes to building steadier pipeline and five local currency offering meets the diverse needs of clients. The Bank has diversified financing instruments now to equity, bonds, and guarantees, although loan remain predominant.
- **Scope.** AIIB's Project Preparation Special Fund has boosted its project preparation and implementation service by approving 26 grants. Additionally, AIIB leverages three external special funds to further support its projects. Its operational partnership have also evolved beyond peer MDBs to include bilateral agencies and philanthropies. The Interim Operational Hub was beneficial to extend the Bank's client engagement, brand recognition and project development and supervision, both during and after the pandemic.
- **Client.** The Bank has provided financing to 36 Members although its reach to low-income and non-regional Members remains low (8 non-regional, 17 lower-middle income, and 1 low-income Member).
- **Culture.** With continued large growth in the staff profile, establishing and maintaining AIIB's culture and position as employer of choice for staff is work that requires constant attention. The Bank continues to strive to be a preferred partner for clients by hearing feedback from client survey and reflecting it through operation. The Bank also continues to keep its internal systems and processes flexible and efficient to meet changing needs. Internal digitalization has played a key role in the Bank's agility and responsiveness.

Pillar 1. Focus (1/3)

- **Finance infrastructure for tomorrow and quality projects supporting four thematic priorities.** AIIB is growing to be recognized as an infrastructure financier responding to client demand and deep expertise in financing infrastructure for tomorrow. Amongst the Bank's regular financing, transport and energy remains to be the largest infrastructure sectors but the Bank also increasingly diversified by extending approvals in health, education, and other productive sectors *[see Box 2, slide 26, for detailed analysis]*. AIIB has actively enhanced alignment with its thematic priorities, reflected by the increased percentage of projects aligned with each. From 2016-2019, the alignment was 75% for Green Infrastructure (Green), 16% for Connectivity and Regional Cooperation (C&RC), 5% for Technology-Enabled Infrastructure (Tech-enabled), and 44% for PCM. This improved to 89%, 29%, 39%, and 50% respectively from 2020-2023. Although projects aligned with Green continue to be highest, the substantial growth in the other three shows progress toward more balanced attention.
- **Green Infrastructure.** AIIB has made a number of significant achievements in Green infrastructure thematic priority areas, particularly on climate. AIIB achieved a 50% share of climate finance in its actual financing approvals ahead of schedule in 2022 and fully aligned with the Joint MDB Framework on Paris Alignment from July 2023. The Climate Action Plan, introduced in Q3 2023, clearly states the Bank's goals and planned actions, reflecting its commitment to support the Paris Agreement. The energy sector strategy has also been updated to better reflect the Bank's climate ambitions. At COP 26, AIIB made its first formal, impactful appearance on the global climate scene, which was followed by the formalization of numerous climate partnerships at COP 27 and COP 28. GHG accounting has been adopted for projects with significant emissions, and with the Bank's commitment to ISSB reporting, the emphasis on GHG accounting is expected to increase.

Pillar 1. Focus (2/3)

- **Connectivity and regional cooperation.** AIIB has intensified its efforts to support connectivity and regional cooperation thematic priority, recognizing the significant challenges and increasing importance of this area. In addition to financing and facilitating physical infrastructure connectivity such as transport and energy, AIIB places emphasis on generating direct outcomes that enhance cross-border trade, investment, digital, and financial integration, acknowledging the critical role and specific needs of MDBs in this area. AIIB has also become an active participant in regional fora such as Central Asia Regional Economic Cooperation Program and South Asia Subregional Economic Cooperation, which has strengthened its capacity to identify and finance cross-border connectivity projects. By working closely with development partners and leveraging the experiences of other institutions, AIIB continues to focus on projects that facilitate better connectivity while managing associated risks effectively.
- **Technology enabled infrastructure.** AIIB, in collaboration with GIH, developed the 'G20 Blueprint for Scaling Up InfraTech Financing and Development' followed by 'Stocktake of Approaches for Scaling up InfraTech' during 2020-2021 to support the InfraTech agenda, which focuses on integration of digital and non-digital technologies into physical infrastructure to deliver improvements in efficiency, quality, resilience, etc. In addition, AIIB launched the InfraTech Portal, a free, public and neutral platform designed to promote adoption and development of technologies by increasing information sharing and connection across the InfraTech community in Q1 2024. The Bank also established and chairs the Digital Infrastructure Regulatory Risks Forum, which includes participation from various MDBs, DFIs and International Organizations, which has facilitated discussions on critical issues such as data privacy, AI, and cybersecurity to navigate and influence the dynamic regulatory landscape around digital technologies. Despite the contribution to increased adoption and development of value-adding technologies, technology-enabled infrastructure is the only thematic priority that is not covered in the corporate scorecard *[see Box 3, slide 27, for detailed analysis]*.

Pillar 1. Focus (3/3)

- **Private capital mobilization**. AIIB has established market credibility in selecting and financing impactful infrastructure projects, effectively mobilizing additional private capital. The Bank has also strengthened partnerships and infrastructure's appeal as an asset class and fostering an environment where private capital can play a more pronounced role in financing infrastructure.
- **Staffing growth and capacity expansion.** The speed of staff growth since CS inception has been rapid, with total headcount nearly doubling from 326 in 2020 to 551 in 2023. Another noticeable change is the increase in proportion of analyst and associate level staff to support transactions and operational intricacies and cultivate a resilient talent pipeline [*see Box 4, slide 28, for detailed analysis on staffing growth*].
- **Market position as leading institution in Financing Infrastructure for Tomorrow.** AIIB has advanced its thought leadership and presence in international fora by producing the annual publication of the AIF and specialized studies such as those on hydrogen infrastructure as well as chairing the Heads of the MDB in 2021.

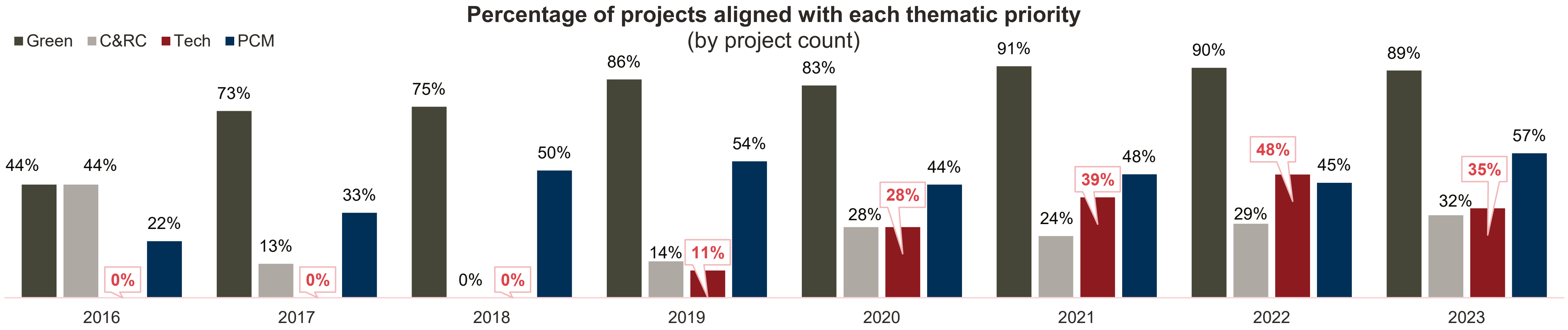
Box 2: AIIB's Financing in Infrastructure Sectors

- Transport and energy continue to take up the largest shares of the portfolio. The share of transport grew by 5% with demands from road and urban transport leading the growth, while energy decreased by 15% with some recovery demonstrated through the pipeline.
- During the CS implementation period, the Bank extended approvals into two new sectors: health and education. Through the Facility projects, the Bank started to finance the health sector and later mainstreamed social infrastructure as part of regular financing. The Bank is in the process of developing a strategy for health.
- The Bank is also gradually expanded its capacity to identify and deliver operations in other productive sectors that are core to the infrastructure value chain, such as solar module and cell manufacturing.
- Digital Infrastructure and Technology (DI&T) remains the smallest infrastructure sector with an approved sector strategy. The share of the portfolio increased slightly, with the pipeline indicating further increases. However, in addition to the projects dedicated to DI&T sector, 28 multi-sector projects ($4.1bn) also included DI&T as part of their target financing sector, of many of which focus on developing technologies for the infrastructure sector.

	2016-2019		2020-2023	
	Approval Amount ($mn)	% (of Total)	Approval Amount ($mn)	% (of Category)
Regular Financing	**12,083**	**100%**	**18,908**	**100%**
Transport	2,963	25%	5,953	31%
Energy	4,219	35%	3,979	21%
Multi-sector	1,879	16%	3,500	19%
Water	1,568	13%	2,379	13%
Urban	1,065	9%	1,185	6%
Health Infrastructure	-	-	1,082	6%
DI&T	227	2%	581	3%
Education Infrastructure	-	-	250	1%
Rural Infra and Agri. Development	82	1%	-	-
Other Productive Sectors	-	-	-	-
Other	80	1%	-	-
The Facility	-	-	18,477	100%
Economic Resilience/PBF	-	-	12,190	66%
Public Health	-	-	3,782	20%
Finance/Liquidity	-	-	2,505	14%
Special Operations	-	-	**1,000**	**100%**
Grand Total	**12,083**	**100%**	**38,385**	**100%**

Box 3: Projects Aligned with Tech-enabled Thematic Priority

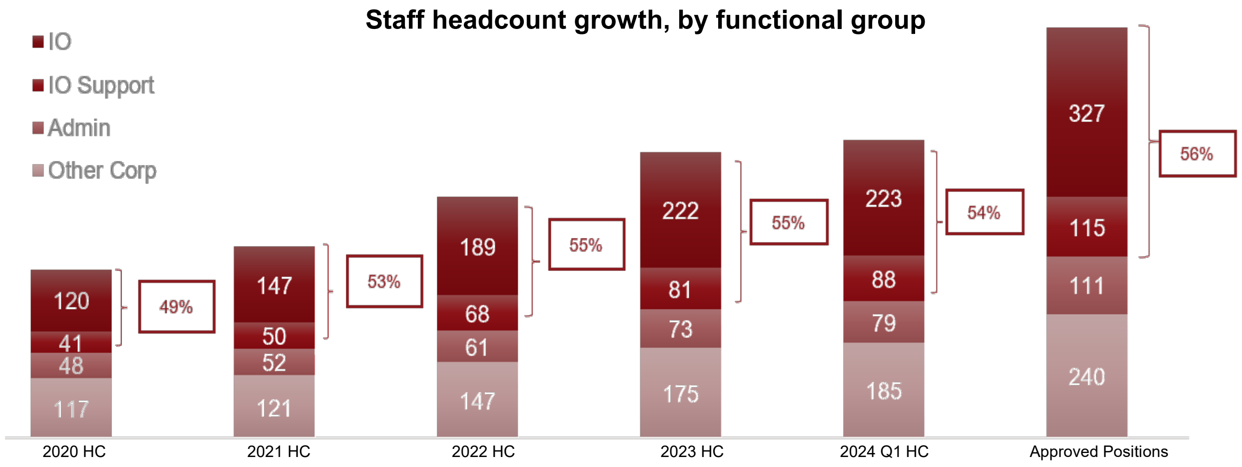
- Projects aligned with the Tech-enabled thematic priority increased from cumulative 5% between 2016-2019 to 39% between 2020-2023, marking the most significant period-to-period increase. This reflects the Bank's dedicated efforts in advancing this new thematic priority established through CS. The Bank has been adding value to clients by supporting the application of technologies to infrastructure assets and financing the development of such technologies for various infrastructure sectors.
- Of the 49 projects aligned with Tech-enabled thematic priority, the largest share was in the multi-sector category (13 projects, 27%), followed by transport (11 projects, 22%) and energy (9 projects, 18%). Although the number of projects in health and education is smaller, 100% of them are aligned with technology, with DI&T projects following at 67% alignment.
- Technology can add significant value[1] to projects, through its lifecycle and across all infrastructure sectors. The pandemic has also accelerated adoption of technologies in many sectors. One challenge the Bank faces is increasing awareness of different technologies and their advantages. It is also a challenge to demonstrate and measure the impact of technologies, which can be required to justify the additional cost to the project. The Bank's Infratech Portal is a specific action aimed at addressing this concern.



1. Additionality of technology is defined in the CS as enhancing value, quality, productivity, efficiency, resilience, sustainability, inclusion, transparency, and governance

Box 4: Staffing Growth and Capacity Expansion

- **Overall:** The CS articulates how the Bank will grow its staff and expand capacity by 2030, guided by the Bank's core values and principles. This includes: i) addressing staffing needs in investment operations by deepening expertise in developing high quality projects in thematic priority areas, particularly financial specialist who can originate and lead operations in these areas; ii) building strong and steady teams that can engage with project sponsors and actively initiate and develop relationships and cofinancing opportunities with private financiers; and iii) addressing gaps in technical expertise in key infrastructure areas.
- With strategic priority given to strengthening IO and IO-support functions, share of such grew from 49% in 2020 to 54% in 2023.
- Over the past few years, there has been a notable 5% increase in the share of IO and IO-support staff.



Pillar 2. Scale (1/2)

- **Achieving impact at scale.** AIIB is progressing well towards achieving impact at scale, marked by a significant increase in its own financing, with an annual approval volume of $11.7 billion in 2023. The Bank's convening capabilities and partnerships continue to address the vast infrastructure financing gap. In 2023, AIIB's capital mobilization reached $2.8 billion *(see section II.i. Portfolio Volume – Capital Mobilization, slide 13, for detailed analysis)* and continues to enhance collaboration with peer MDBs. Additionally, the Bank has seen continued expansion in its client base and the diversity of its financing instruments.
- **Co-financing.** AIIB has been working with peers towards policy harmonization and mutual recognition to reduce the burden on clients. The Bank has become a leading example of accepting peer MDB policies and the largest co-financing partner of WB and ADB. As of 2023, AIIB has approved 252 projects, of which, 118 project (47%) are cofinancing led by other MDBs. Of its total approved financing, AIIB conducted its first financing in 22 Members through cofinancing with partner MDBs, with standalone financing then following.
- **Diversifying across client type.** The Bank must grow its client base to achieve impact at scale. As the Bank's operations expand, it is successfully diversifying its outreach to include a broader array of client types and more new clients. Since its inception, the Bank has provided financing to 95 SBF clients and 120 private sector clients, with annual additions averaging 12 SBF clients and 16 private sector clients. In the SBF category, the clients include 35 SOEs, 28 central governments, 26 regional governments, 5 municipalities, and 1 private entity. For private sector, the breakdown includes 94 private entities, 22 SOEs, and 2 international and municipal clients each *[see Box 5, slide 31, for diversification of client type]*.
- **Clients with repeat transaction.** The SBF client base is gradually consolidating with 14 of the 94 clients have had repeat engagements. In contrast, the private sector client base is still in the early stages of development with 8 of the 120 clients have had repeat engagements. The average financing amount of repeat private sector clients is on average 4-5% higher than that for new clients.

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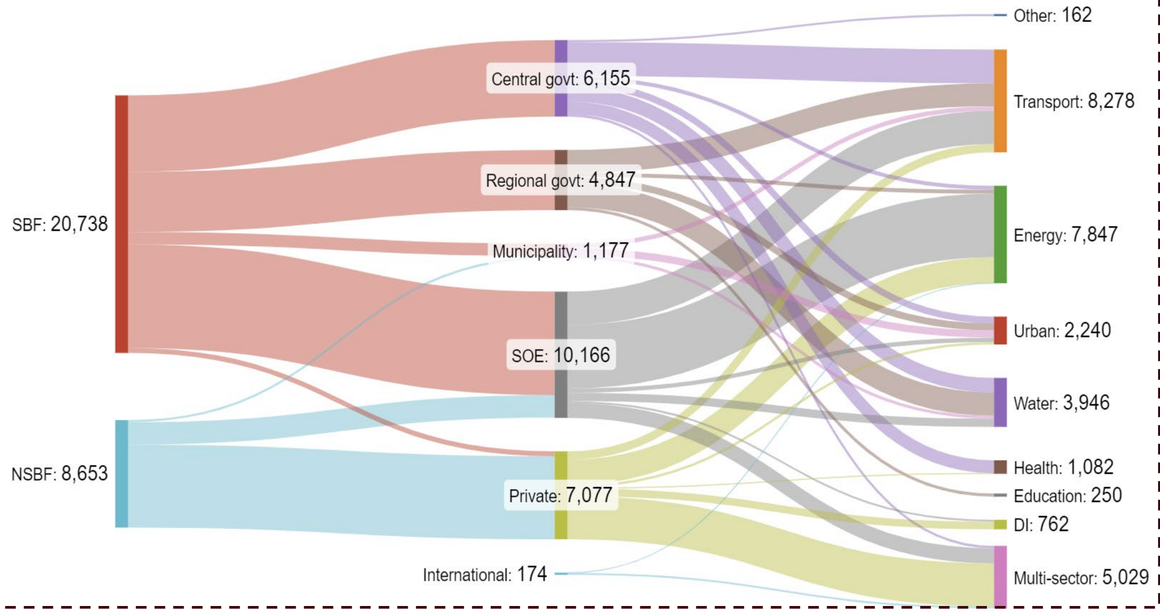
Pillar 2. Scale (2/2)

- **Multi-year Rolling Pipeline (MYRP).** The Bank has begun developing MYRPs with the objective of developing robust pipelines aligned to strategic priorities, better support planning through greater pipeline predictability and foster closer client relations. In alignment with AIIB's lean business model, the approach for MYRP will learn from and build on peer MDBs' work in relevant Members. Currently, the Bank has formalized MYRP with three Members and is collaborating with additional Members develop MYRP.
- **Financing instrument.** Tailored financing instruments are key enablers for AIIB to expand its business in supporting its Members. AIIB has continued to innovate, improve, and listen to clients' needs to expand its toolbox to provide clients with suitable financing solutions. Loans remain the predominant form of financing, particularly in SBF, which were all financed through loans except two guarantee projects approved in 2023. Loans also hold the majority at 44%, followed by fund investments at 30%, direct bonds at 12%, bond portfolios at 11%, and direct equity at 2.5% *[see Box 6, slide 31, for diversification of financing instruments]*. Additionally, the Bank has progressively introduced and amended financial products over the years, including direct equity investment, partial debt guarantee, unfunded risk participations through risk transfer agreements, Policy-Based Co-financing in Crisis Situations, and Results-Based Financing.
- **Local currency.** AIIB has been expanding its local currency (LCY) financing by issuing LCY bonds and using Cross Currency Swaps. AIIB has provided financings to clients in 5 LCYs (EUR, CNY, Georgian Lari, Turkish Lira, Indian Rupee), totaling USD3.4bn in disbursement (13.5% of existing loan) as of end of 2023. To date, local currency disbursements of USD1.2bn make up 23% of all private sector disbursements while a slightly lower proportion of 12% for SBF disbursements in the same period.

Box 5: Diversification of client type

- Based on approved financing amounts, SOEs (40%) and central government entities (30%) comprise the largest client groups for SBF and private sector entities (77%) for private sector projects.
- The energy sector is largely financed through SOEs (65%) and private sector entities (26%), whereas transport and urban sector enjoy broader client bases. Regional government's role in financing the water sector is also noticeable.
- Multi-sector (69%) and DI sector (80%) are predominantly financed through private sector entities.

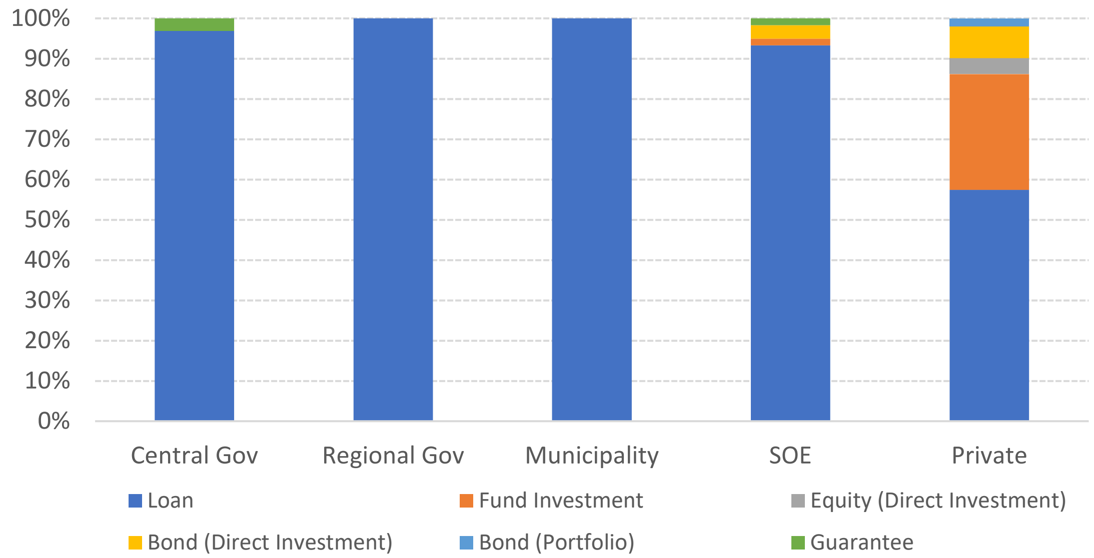
Regular Approved Project ($mn, 2016 - 2023) by Client Entity Type



Box 6: Diversification of financing instrument

- Regional government and municipality clients only used loans. Central government also used only loans, but with an exception of one guarantee project approved in 2023.
- SOEs show some demand for non-loan products with five non-loan products approved (four approved in 2023 and 2024).
- Private sector clients show the highest use of multiple instruments (42% of projects use non-loan instruments).
- Guarantees may be an untapped opportunity area for regional governments and municipalities.

Instrument use of each client entity type for regular approved projects (project count, 2016 - 2023)



Pillar 3. Scope (1/2)

- **Adding value along the project cycle.** AIIB is gradually expanding the scope of its service along the project cycle to enhance project preparation and implementation. Additional resources were initially provided through the Project Preparation Special Fund, and later through other special funds and operational partners. Moreover, the Bank has been addressing client needs for the recycling of infrastructure assets and expanding Global Presence as a mechanism to be closer to clients and establish presence in key markets and financial centers.
- **Project Preparation Special Fund (PPSF).** AIIB's intensified focus on providing project preparation and implementation services is well-supported by the positive outcomes of the PPSF. Since its launch in 2016, PPSF has awarded 26 grants. This fund has effectively supported critical project preparation activities, including environmental and social assessments, feasibility studies, and engineering designs. Surveys indicate a high level of project team leader satisfaction, with 94% rating the PPSF as extremely effective in enhancing project readiness and accelerating financing approval processes. Furthermore, the PPSF has been instrumental in reducing the timeline for project implementation, significantly decreasing the average time from loan approval to loan signing from four months to two months and reducing the time to first loan disbursement by approximately 40-50%.
- **External special funds.** On top of its own PPSF, AIIB has became implementing entity for three external special funds – Multilateral Cooperation Center for Development Finance, the Global Infrastructure Facility, and the Pandemic Fund - and is in the accreditation application process for the Green Climate Fund.
- **Collaboration with operational partnership.** From an initial focus on peer MDBs, AIIB's partnerships have evolved to include IFIs, bilateral agencies, philanthropies, financial facilities, and UN / Technical agencies. There is also increased engagement in global and regional fora. The Bank now also have donor matchmaking/cofinancing partners with philanthropies.

Pillar 3. Scope (2/2)

- **Capital market for infrastructure asset recycling.** In its efforts to effectively address client needs for recycling public and private infrastructure assets, the Bank has undertaken several significant actions. Notably, it has supported the development of infrastructure-related capital markets and associated financial products, aiming to enhance the liquidity and accessibility for long-term financing.
- **Global Presence (including Hub).** In June 2022, the Board of Directors authorized the opening of an Interim Operational Hub (the "Hub") to facilitate the Bank's business during the travel restrictions prevailing at the time of the pandemic, with Abu Dhabi chosen as the location. The Hub has delivered a broad range of benefits of a multifunctional hub, aligned with the Corporate Strategy objectives. Over 150 missions have been conducted from Hub, representing significant savings on travel from Headquarters and some 50 client visits have been hosted in the Hub since its opening. The early experience of the Hub validates the Bank's Global Presence proposal of a small number of functional hub offices in regional financial centers.

Pillar 4. Clients

- **Serving a broad range of Members.** AIIB has significantly expanded the breadth of Members it served by providing financing across various income levels and to non-regional Members. This expansion has been supported by co-financing with peer MDBs *[see Pillar 2. Co-financing, slide 29, for detail]*, PPSF, and the Special Fund Window (SFW). While doing so, AIIB has also maintained its average portfolio quality in line with target ratings and ensured that its Key Risk Indicators remain above the thresholds set in the Risk Appetite Statement.
- **Overall Member coverage.** The Bank's Membership has almost doubled since inception – from 57 (37 regional, 20 non-regional) in 2016 to 109 (52 regional, 57 non-regional) in 2023. Since CS approval, the Bank has continued to increase the number of Members which the Bank has provided financing to, expanding from 20 in 2019 to 36 in 2023 while broadening the Member base across the income spectrum, although reach to low-income Members and non-regional Members remains low *[see Box 7, slide 35]*.
- **Low and lower-middle income Members.** From 2016 to 2019, the Bank financed 38 projects totaling $5.8 billion across 12 lower-middle income Members. Between 2020 to 2023, financing reach expanded to one low-income and 14 lower-middle income Members[1], involving the Facility support for 42 projects totaling $12.1bn, and regular financing for 53 projects totaling $9.4bn**.** PPSF played a role in supporting low and lower-income Members, facilitating SBF projects in eight IDA-eligible regional Members, significantly enhancing AIIB's ability to engage with challenging markets and enabled significant "first-off" investment opportunities[2]. SFW, an interest buy-down grants, also awarded 7 grants of $42mn, supporting potential AIIB financing of $400mn.
- **Non-regional Member coverage.** From 2016-2019, AIIB provided financing exclusively to one non-regional Member, Egypt, with three projects totaling $660 million, accounting for 5.5% of total financing during that period. Between 2020 and 2023, AIIB's engagement with non-regional Members expanded significantly to include eight Members[3] (Argentina, Brazil, Côte d'Ivoire, Ecuador, Egypt, Hungary, Romania, Rwanda) across 15 projects totaling $2.2 billion. Notably, six of these projects, amounting to $926 million, were under the Facility, with Ecuador, Hungary and Rwanda only receiving financing through the Facility between 2020 and 2023. Between 2016 and 2023, non-regional Member financing represented 5.7% of total financing, 6.3% of regular financing and 5% of the Facility.

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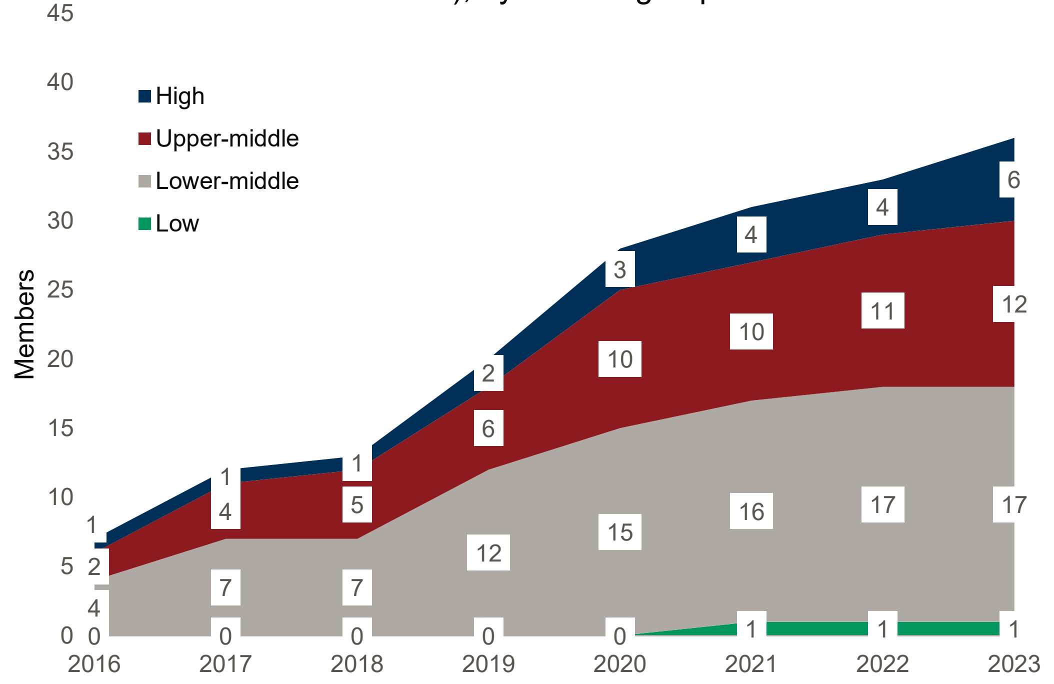
Box 7: Member coverage

- Alongside Membership growth, the Bank's **financing reach among its Members has increased**.
  - Among regional Members, AIIB financing reached 28 Members as of 2023 growing from 13 in 2019[1].
  - Among non-regional members, AIIB financing reached eight Members as of 2023 from one in 2019.
- There may be **further opportunities to expand** Member coverage. 10 out of 24 regional Members[1] not yet reached have received financing from peer MDBs while the number is larger for non-regional Members at 18 out of 49 since 2016.
  - On the other hand, AIIB financing has reached Members that have not received financing from peer MDBs – predominantly high-income Members.
- **Member coverage across income groups** have increased, though the rate of increase has slowed after 2020.

Number of Members reached (cumulative and CRF inclusive), by income group



Percentage shares

High	14.3	8.3	7.7	10.0	10.7	12.9	12.1	16.7	19.0
Upper-middle	28.6	33.3	38.5	30.0	35.7	32.3	33.3	33.3	40.5
Lower-middle	57.1	58.3	53.8	60.0	53.6	51.6	51.5	47.2	35.7
Low	0.0	0.0	0.0	0.0	0.0	3.2	3.0	2.8	4.8

1. As of May 2024, one additional regional Member (Thailand) has received AIIB financing.

Pillar 5. Culture

- **Preferred partner for clients.** AIIB's agility and responsiveness to clients while maintaining high international standards has been a core feature of the Bank's operation through the years, particularly during the COVID-19 pandemic. Through the Bank's continuous growth, the focus remained on enhancing collaboration, innovation, and efficiency to better serve clients and maintain its lean core value, including regular reviews of internal operation policies and processes.
- **Client survey.** The client survey has become a regular mechanism for the Bank to facilitate its learning journey and to improve its offering and way of working. The Bank's first Client Survey in 2022, via in-depth interviews with a selected number of clients, provided valuable insights into the strengths and weaknesses of the Bank. Harnessing these insights, AIIB has been proactive responding to better meet clients' needs including by expanding local currency financing, building partnerships and mobilizing external resources to provide project preparation, and streamlining investment process. A second Client Survey will soon launch.
- **Employer of choice for staff.** Despite recruitment challenges during the COVID-19 pandemic, the Bank's staff has grown by 19% on average annually since 2020 with a focus on attracting, developing and retaining high-performing staff. The Bank's geographic diversity profile has accelerated post-pandemic due to continuous efforts to expand talent outreach (from 59 economies in 2020 to 69 in 2023). Efforts to foster a positive workplace culture and environment will be areas that require constant attention going forward.
- **Digital first approach.** IT has served as a strategic enabler to the Bank's growth and operations by providing reliable and agile solutions as evidence to AIIB's digital first approach. These include the development of business applications to provide a single source of truth and support business process change; strong cloud infrastructure enabling agile and resilient to unforeseen challenges; active and integrated Bank-wide collaboration to align IT with business needs; and development of client facing digital programs. The Bank needs to further test this foundation and call for further improvements in automating, aligning and standardizing data and IT business planning across a growing bank.

III. Changes to External Environment and External Input

i. Macroeconomic Context

ii. MDB Reform

Summary: The CSMR will need to consider parts of the external environment which are relevant to AIIB

Key themes relevant to AIIB

Macroeconomic Context	MDB Reform Agenda	Feedback from Consultation
➢ Covid-19 and Public Debt ➢ Demographic changes ➢ Climate change ➢ Geopolitical tensions and fragmentation ➢ Technology innovation	➢ Scaling-up MDB financing capacity ➢ Boosting joint action on climate ➢ Strengthening country-level collaboration and co-financing ➢ Catalyzing private sector engagement ➢ Enhancing development effectiveness and impact	➢ Strengths: governance, coherence of focused CS/TP, flexibility and responsiveness, partnership model, growth… ➢ Challenges: awareness, lack of concessional resources, connectivity, talent, culture… ➢ Future focus: deepening MDB collaboration, thought leadership, impact, global presence...

AIIB Corporate Strategy Mid-Term Review

- There are **significant external factors and inputs affecting the environment in which AIIB operates**. We should take these into account as we progress the CSMR, using the Review as an **opportunity to respond and adapt**. The implications for AIIB (e.g., from CAF reform) may be different than it is for other MDBs – AIIB's response should therefore be **relevant to its unique mandate and appropriate given its stage of growth**.
- **Macroeconomic Context:** The risks and trends identified in the Corporate Strategy in 2020 remain very relevant today, with some intensifying. Slides 39-40 provide a summary of these trends.
- **MDB Reform:** The role of MDBs in the international financial architecture has become more important in recent years, with calls from the G20 for MDBs to be **bigger, better,** and **more effective**. Slide 41 provides an overview of the MDB Reform agenda, and implications for AIIB.
- **Feedback from consultation:** In the preparation for the progress assessment, AIIB consulted key stakeholders, including peer MDBs, development experts, Civil society organizations (CSOs), International Advisory Panel Members, staff, and clients *[see annex 3-5 for detail]*.

i. Macroeconomic Context

Trends identified in the CS remain relevant

The Corporate Strategy identified various risks facing the Asian infrastructure market. Each of these risks and trends remain significant and, in some cases, have intensified since 2020 (elaborated in annex):

- **COVID-19 & Public Debt.** Slowed global economic growth and the pandemic's lasting effect on public debt and fiscal space will impact the availability of financing for infrastructure projects.
- **Demographic changes** continues to have substantial implications for public services, social infrastructure, sustainable cities, and the need for more inclusive and accessible infrastructure services.
- **Climate change** poses an existential threat to humanity, with impacts more sharply felt across Asia. This dramatically shifts infrastructure needs toward one that is climate-resilient and support emission reduction targets.
- **Geopolitical tensions and fragmentation** impact the feasibility and sustainability of infrastructure projects and/or change their design and location (e.g., cross-border projects).
- **Technology innovation** continues to plays a crucial role in infrastructure, as investments in digital infrastructure and technology are currently unevenly distributed, resulting in disproportionately low investment in technology in Asia.

Despite this challenging environment, AIIB Members' need for investment in infrastructure remains unchanged or even greater - and there are high expectations on AIIB.

Considering external environment and client demand are evolving and changing, AIIB will need to be adaptive and agile, while keeping its core mandate of financing Infrastructure for Tomorrow.

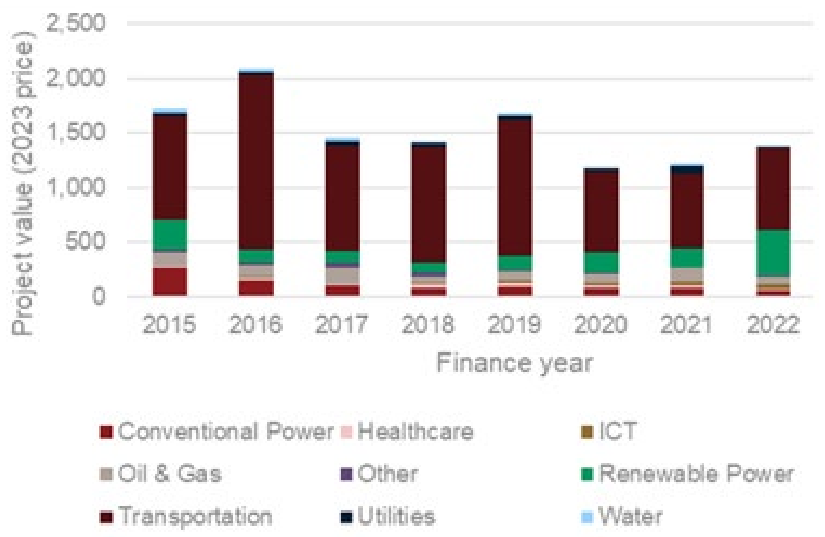
i. Macroeconomic Context

Infrastructure needs remains unchanged or even greater with high expectations on MDBs

Infrastructure gap remains large

- **Infra investment in Asia Pacific has not recovered post-pandemic**
  *(From USD1.6 trillion in 2019 to 1.4 trillion in 2022[1])***...**
  - due to continued underinvestment in infra and tighter fiscal space.
- **...with increased need for MDB financing in Asia's infrastructure**
  - In Asia, the share of overall infrastructure financing provided by MDBs is small – estimated at around 5 percent of the total financing between 2019 and 2023[2].
- **Other global concerns add to infrastructure needs and challenges**
  - **Interest rates** may stay higher for longer due to structural shifts (demographics, public spending, technological advancements)—suppressing fiscal space, affecting infra risk-return profiles.
  - **New pressing needs**, such as future health and pandemic crises, ocean deterioration, nature conservation, chemical pollution, etc.

Infrastructure Investment Asia Pacific[1]
project amount financed in real terms (USD bn)



Data source: GlobalData Construction Database

1. Financing amount in real terms from 2015 to 2022, construction database from Global Data.
2. AIIB Staff calculations and assessment of various public sources. IJ Global data, MDB data from official sources and estimates from the G20 Global Infrastructure Outlook.

ii. MDB Reform

MDB Reform Agenda and Implications for AIIB

- **Context:** The role of MDBs in the international financial architecture has become more important in recent years, with calls from the G20 for MDBs to be **bigger** (tripling sustainable lending by 2030), **better** (operational improvements), and **more effective** (maximizing impact).
- **G20 Initiatives:** Most MDB reform initiatives have originated from the G20 Infrastructure Working Group (IFAWG). The Capital Adequacy Framework (CAF) review began under the Italian G20 Presidency and continued under the Indonesian Presidency. Under the Indian G20 Presidency, the Independent Expert Group (IEG) published two volumes on the Triple Agenda (better, bigger, more effective), which are being taken forward this year under the Brazilian Presidency's MDB multi-year roadmap.
- **Heads of MDBs:** The Heads of MDBs have proactively responded to G20 initiatives, with the Marrakesh Joint Statement in October 2023, and recent Viewpoint note – agreed at the first Heads' Retreat - to feed into the roadmap.
- **AIIB Participation:** As part of the MDB community, AIIB has actively participated in G20 meetings since 2017 in different forms and is part of the Heads of MDBs group, which it chaired in 2021.
- **AIIB Response:** AIIB's response should be relevant to its unique mandate and appropriate given its stage of growth. For AIIB, it's important for the **Corporate Strategy Midterm Review** to take into account the 5 key priority areas of MDB Reform: scaling up financing capacity, boosting joint action on climate, strengthening country-level collaboration and co-financing, catalyzing private sector engagement, and enhancing development effectiveness and impact. AIIB has already taken several headline actions to respond:

*AIIB is working with peers toward **policy harmonization and mutual recognition**, reducing the burden on clients. **The largest co-financing partner of WB and ADB**, AIIB is a leading example of accepting peer MDB policies. [Responding to G20 IEG and Heads of MDB calls for systematic partnership]*

*AIIB issued a **USD1 billion guarantee** against sovereign-backed loans made by IBRD to "encourage shareholder guarantees on loans related to crosscutting priorities". [Responding to G20 CAF Review]*

*AIIB has been and will continue to participate in **dialogues and other areas of cooperation on capital adequacy and risk management**; establishing yearly capital benchmarking reports with key comparable data with harmonized definitions.*

ASIAN INFRASTRUCTURE
INVESTMENT BANK

Annex

Additional Information on Macroeconomic Context, MDB Reform, and Feedback from Consultation

1. Macroeconomic - Covid legacy, debt and stress

Macroeconomic shocks: COVID-19 impact was ultimately more severe than expected and further exacerbated by the spillovers from the war in Ukraine, leading to:

- **Public debt** has surged, from 55% to 68% of GDP in EMDEs[1]
- **Inflation** has surged to multi-decade highs (from 5.6% in 2019 to 8.4 in 2023 in EMDEs[2]), sparking a cost-of-living crisis; support measures further strained fiscal space
- **Rises in interest rates** from 1.5% in 2019 to 5.5% in 2023 have dampened growth in EMDEs[3]; interest expenses crowding out development spending; debt stress in frontier economies
- **Scarring**, weak and uneven recovery

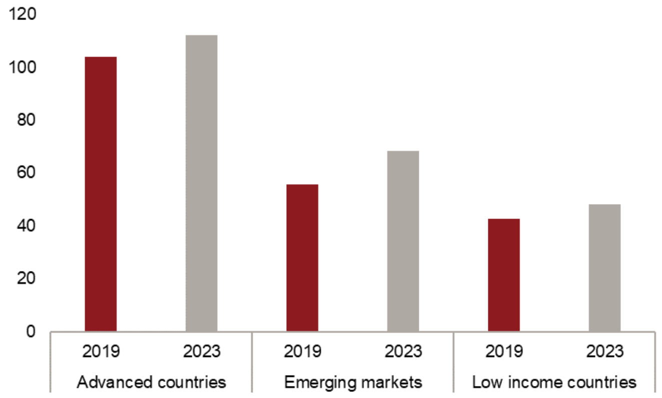
➢ Some implications for AIIB business

  ➢ Need to support members through the liquidity crunch

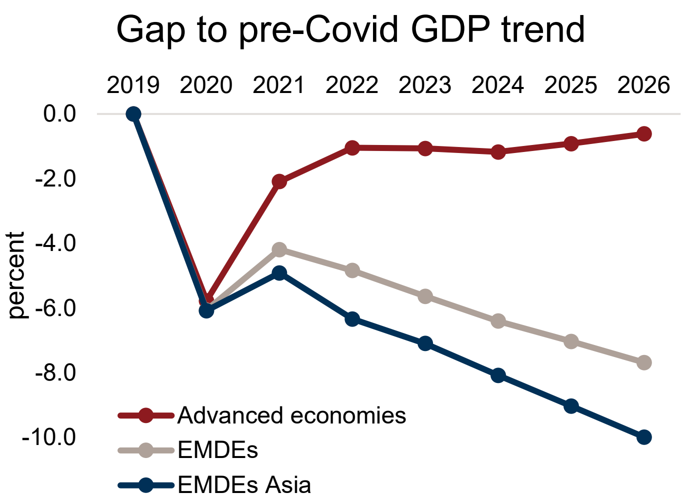
  ➢ Pressure for sovereign loans; more PCM needed, but challenging when debt is high

  ➢ Need for more concessional terms for some members

Substantial increase in global public debt



Scarring and damage to productive potential



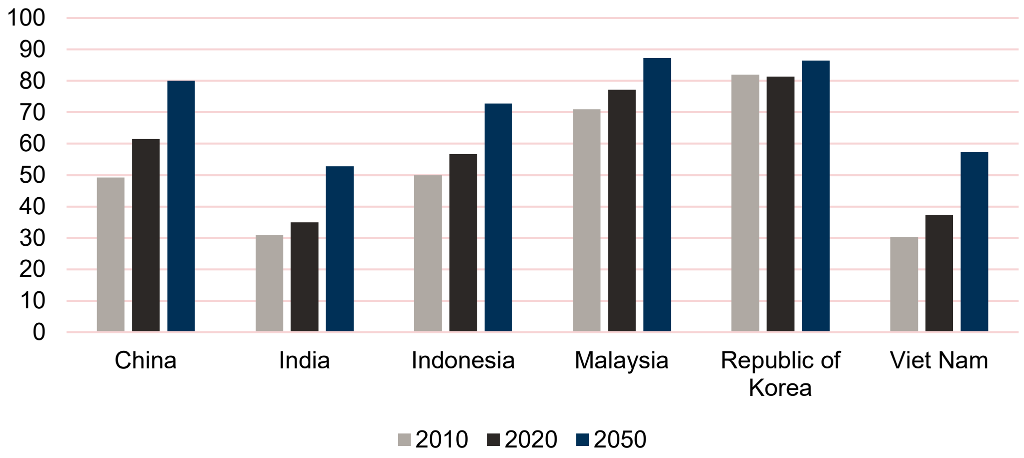
source: AIIB staff calculations from IMF data

1. IMF statistical data
2. IMF statistical data
3. The World Bank on U.S. interest rates affect emerging and developing economies

1. Macroeconomic -Urbanization, demographic changes

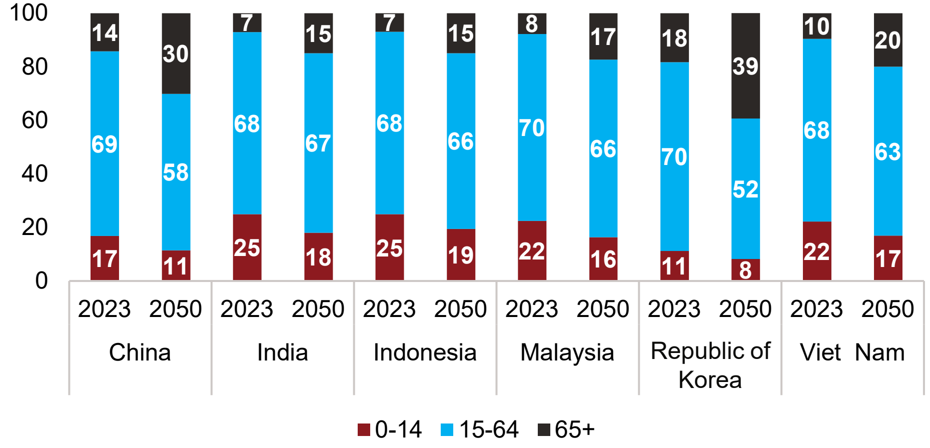
- **Urbanization.**
  - Percentage of Asian urban population expected to rise to 68% by 2050[1]

Percentage of Asian population in urban areas[2]



- **Demographics**.
  - Aging will reduce the size of the work force as a proportion of the population

Age-group composition, 2023 vs. 2050[1]



➢ Different countries different trends and thus different needs (urbanization vs aging)
- **China**: fast urbanization but aging population.
- **Indonesia:** fast urbanization and high proportion of working age population.
- **Malaysia:** already highly urbanized and to urbanize further; high proportion of working age population.
- **India:** less urbanized, but high proportion of working age population.

➢ These shifts will continue to have significant implications for public service, social infrastructure, sustainable cities provisions as well as for more inclusive and accessible infrastructure services.

1. UN, World Urbanization Prospects: The 2018 Revision.
2. Countries are selected to represent different categories: aging population, high proportions of working-age. population, less urbanized, Source: UN World Urbanization Prospects 2018, 2022.

1. Macroeconomic – Fragmentation, regionalization

Geopolitical tensions and geo-fragmentation risks were identified correctly in the CS; these risks have intensified.

- **Trade growth between blocs has fallen faster than within blocs.**
- **This is a particular risk for low-carbon technologies** and the energy transition.
  - Trade restrictions and industrial policy actions (subsidies, domestic content requirements) are surging; mean higher prices and lower accessibility.
  - Advanced economies' exports of low-carbon technologies to other advanced economies are up 28% since 2015 but down 3% and 22% to Emerging Market Economies and Low-Income Countries.
  - Knowledge and capital flows are also at risk.

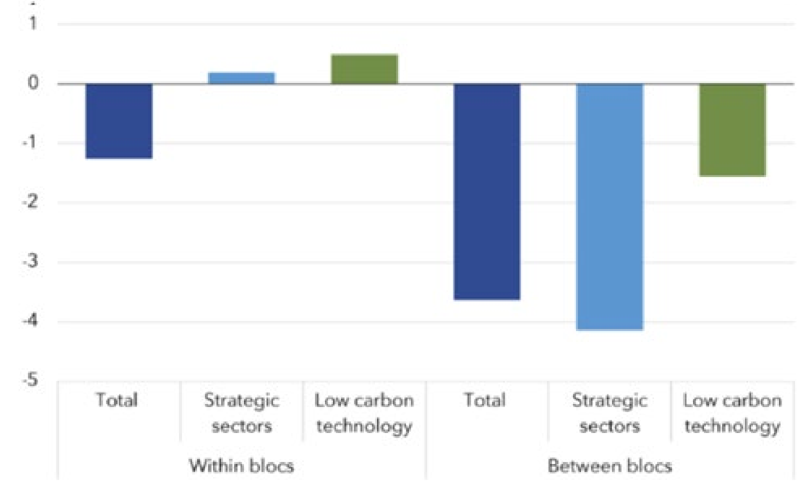
➢ Cross-border infrastructure becomes more difficult.

➢ MDB actions are even more important in cross-border and climate space; and in fostering regional cooperation.

➢ Project assessment and economic viability more challenging in distorted environments.

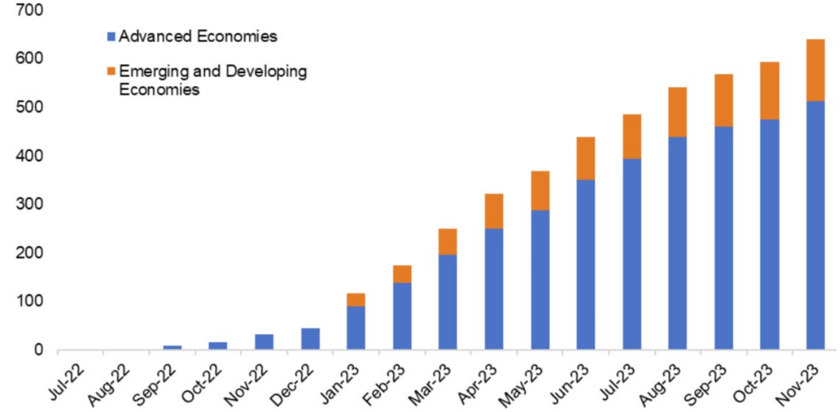
Trade and geo-political blocs

%p difference in trade growth pre vs. post geo-political tensions



No. of industrial policies implemented in renewables

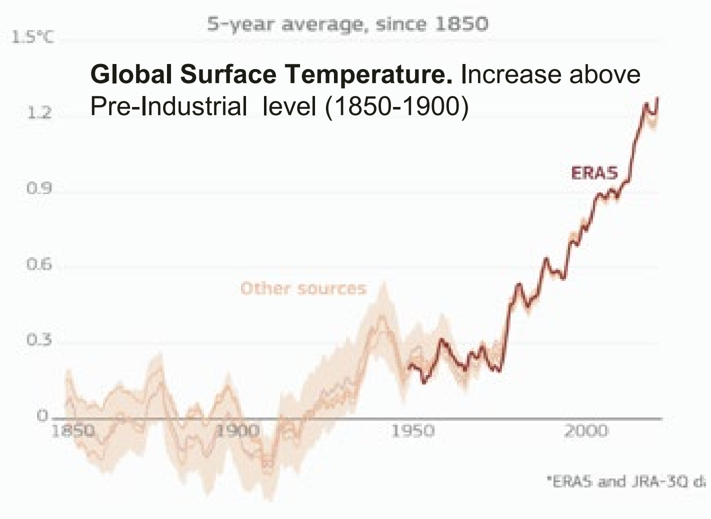
Cumulative, from Jul 2022 (expired measures excluded)



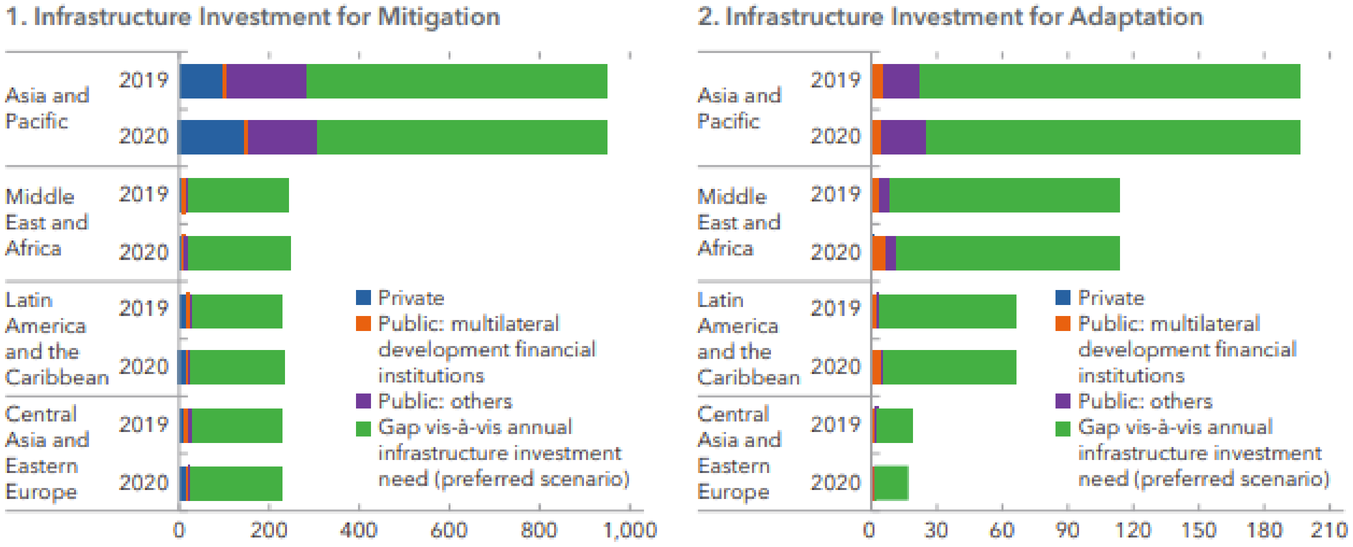
Source: IMF, 2024. Global Economy Approaches Soft Landing, but Risks Remain

1. Macroeconomic – Sustainability, climate-resilient infrastructure

- **Extreme weather events** increasing in frequency and severity, with 2023 being the hottest year on record.
- Asian EMDEs need USD1.1tn annually for climate mitigation and adaptation, actual investment falls short by USD800bn[1].
  - **MDBs** are a small part of the overall climate infrastructure financing ecosystem (see orange bar), and calls for MDBs to do more and better in climate have intensified.
  - **Private finance** needs to cover 80% of climate mitigation investment needs in EMDEs because public investment growth is projected to be limited[2].
  - Globally, infrastructure is responsible for 79% of all GHG emissions, and 88% of all adaptation cost[3].
- Climate and sustainability needs expected in CS have significantly intensified.
- With growing client needs, Bank's approaches and instruments must adapt in parallel, both in terms of climate mitigation and adaptation.



Global Climate Finance Flows and Investment Needs (Billions of US dollars)

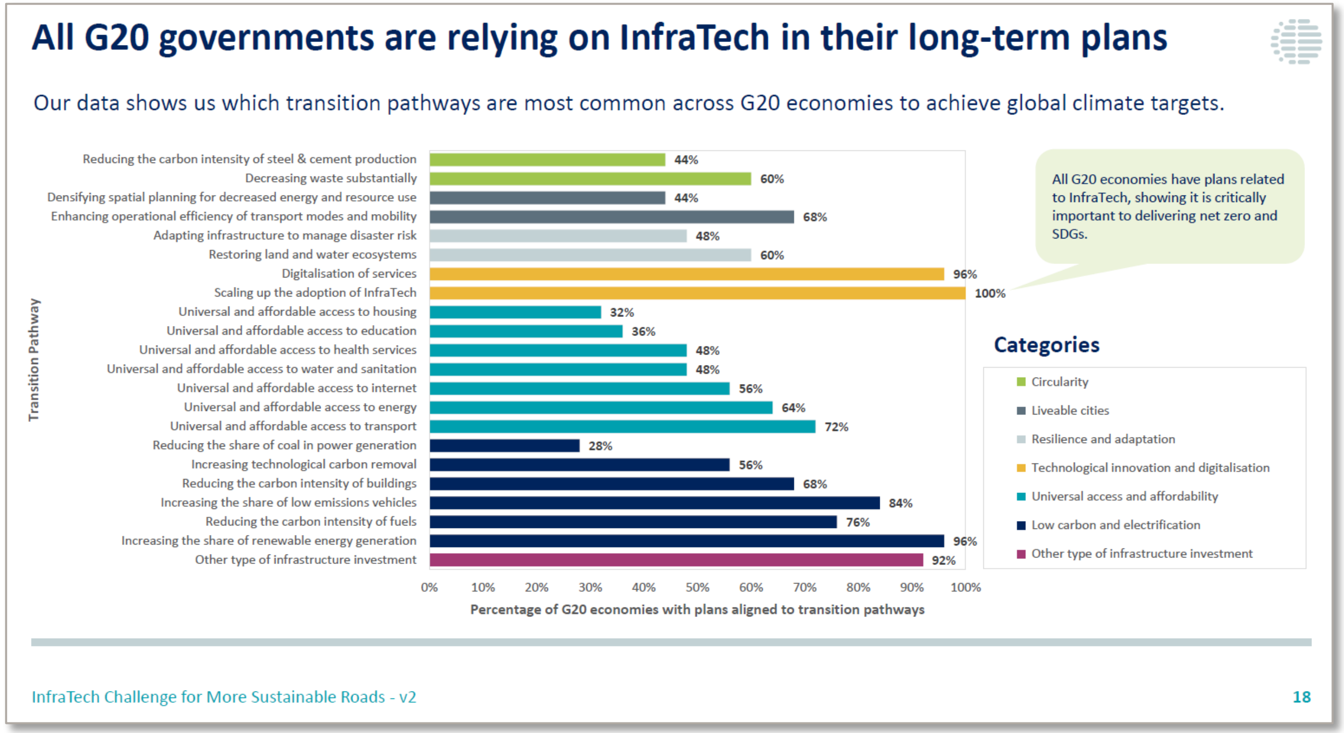


1. *IMF Unlocking Climate Finance in Asia-Pacific.*
2. *IMF Financial sector policies to unlock private climate finance.*
3. *UN Environment Programme.*

1. Macroeconomic – Accelerating role of technology

- **The pandemic accelerated the adoption of technologies by several years**[1].
- **Infrastructure stakeholders increasingly recognize technology's role** in improving infrastructure quality, resilience and efficiency[2], but the knowledge gap on infrastructure technologies and their value remains large.
- **AI hype further boosts demand for digital infrastructure** (e.g., data centers) and data-driven solutions in infrastructure sectors.
- **Investments into digital infrastructure and technology remains unevenly distributed**, e.g., 2.6 billion unconnected people[3], climate tech investment disproportionately low in Asia[4], developing countries less able to benefit from AI[5].
- **More investment into the development of innovative technologies is required**, especially in climate technologies. In 2050, 35% of the CO^2 emission reductions will need to come from technologies that are currently at the demonstration or prototype phase[6].

➢ **AIIB's focus on digital and tech-enabled infrastructure remains of utmost importance.**



1. McKinsey, How COVID-19 has pushed companies over the technology tipping point—and transformed business forever.
2. 2022 GI Hub survey, 100% among 400 respondents from G20 governments mention Infratech as a key pathway to a sustainable future.
3. ITU, 2023 Facts and Figures.
4. Dealroom, Climate Tech Investment.
5. Capital Economics, The economic and market impact of artificial intelligence.
6. IEA, The path to limiting global warming to 1.5 °C has narrowed, but clean energy growth is keeping it open.

2. MDB Reform – Key Initiatives

Adapting to the external environment and working with our MDB peers is at the center of AIIB's AoA and Corporate Strategy

Articles of Agreement	**Article 1 Purpose** The purpose of the Bank shall be to: (i) foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors; and (ii) promote regional cooperation and partnership in addressing development challenges **by working in close collaboration with other multilateral and bilateral development institutions**. …**CONSIDERING** the importance of regional cooperation to sustain growth and promote economic and social development of the economies in Asia and thereby contribute to regional resilience against potential financial crises and other **external shocks in the context of globalization**… …**REALIZING** that the considerable long-term need for financing infrastructure development in Asia will be met more adequately by a **partnership among existing multilateral development banks and the AIIB**…
Corporate Strategy	AIIB's **VISION** is a prosperous Asia based on sustainable economic development and regional cooperation. AIIB's **MISSION** is Financing Infrastructure for Tomorrow. By investing in sustainable infrastructure, AIIB unlocks new capital, new technologies and new ways in which to address climate change and to connect Asia, and the world. **AIIB will achieve this working in partnership. By being agile and adaptable, the Bank will meet client needs and operate to the highest standards.** **STRATEGIC CHOICE – Building Partnerships and Mobilizing Investment:** *…Effective partnerships are needed where all stakeholders (governments, the private sector, MDBs, civil society organizations and others)* ***cooperate with and complement each other****. In line with its Articles of Agreement, AIIB will continue to* ***work closely with other multilateral and bilateral development partners*** *to help its members address their development challenges…*

2. MDB Reform – Capital Adequacy Framework Review (2022)

In 2022, the G20 International Financial Architecture Working Group published an independent panel report. The review includes recommendations for MDBs to increase lending capacity with existing resources. MDBs are actively implementing most of the CAF Review recommendations, with a handful considering callable capital. See below for a summary of the recommendations.

	RECOMMENDATION	ADDRESSED TO	COMPLEXITY OF EXECUTION	TIME FRAME
1	**Redefine the Approach to Risk Appetite in Capital Adequacy Frameworks**			
1A	Shift risk appetite definition toward shareholder-defined limits	MDBs Shareholders	Medium	1-2 years
1B	Ensure frameworks account for MDB-specific features	MDBs	Low | Med.	1-2 years
1C	Relocate specific numeric leverage targets from MDB statutes	MDBs Shareholders	High	>2 years
2	**Incorporate Uplift from Callable Capital into MDB Capital Adequacy Frameworks**			
2A	Incorporate Uplift from Callable Capital into MDB Capital Adequacy Frameworks	MDBs CRAs Shareholders	Low | Med.	1-2 years
3	**Implement Innovations to Strengthen MDB Capital Adequacy and Lending Headroom**			
3A	Endorse MDB consideration of non-voting capital classes (paid-in equity or hybrid) to contribute to available capital	MDBs CRAs Shareholders	Med. | High	1-2 years
3B	Scale portfolio risk transfers to the private sector of MDB non-sovereign loans to facilitate additional lending	MDBs Shareholders	Med. | High	1-2 years
3C	Encourage shareholder guarantees on loans related to cross-cutting priorities	MDBs Shareholders	Low	1-2 years
3D	Support collective shareholders commitments of pools of additional callable capital	Shareholders	Low	1 year

	RECOMMENDATION	ADDRESSED TO	COMPLEXITY OF EXECUTION	TIME FRAME
3E	Support adaptation of MIGA's products & reinsurance capability to partially transfer portfolio level risk from MDB portfolios	MDBs Shareholders	Low | Med.	1-2 years
3F	Consider ways to provide MDBs access to central bank liquidity	Shareholders	High	>2 years
4	**Assess CRA Methodologies and engagement**			
4A	Strengthen communication with credit rating agencies; increasing mutual understanding	MDBs Shareholders	Low	<1 years
4B	Encourage steps by rating agencies to strengthen their MDB evaluation methodologies	CRAs	Low | Med.	1-2 years
4C	Take proactive approach to incorporation of ESG factors in rating methodologies	CRAs	Low	>2 years
5	**Improve the Enabling Environment for Capital Adequacy Governance**			
5A	Strengthen the ability of shareholder boards to effectively set parameters of capital adequacy policies and overseeing their implementation	MDBs Shareholders	Low	<1 years
5B	Establish yearly capital benchmarking report presenting key elements & statistics in comparable format harmonizing definitions overtime. Support regular reviews of capital resources in light of MDBs' strategies	MDBs Shareholders	Low	<1 years
5C	Establish enhanced dialogue and cooperation on capital adequacy, risk management and risk mitigation tools	MDBs Shareholders	Low	<1 years
5D	Transform GEMs into stand-alone entity to support improved understanding of MDBs by private investors and CRAs	MDBs Shareholders	Med.	1-2 years

Low
Med.
Low | Med.
Med. | High
High

Source: CAF Review Report (Link)

2. MDB Reform – IEG: Strengthening MDBs (2023)

Following the CAF Review, the Indian G20 Presidency commissioned a separate Independent Expert Group (IEG) to develop a broader report on 'strengthening MDBs to address the shared global challenges of the 21st century'. The Group published two volumes in 2023:

Volume I: Triple Agenda of Mandates, Finance, and Mechanisms

Clear mandates; triple sustainable lending by 2030; expand investor base

I. **Vision and Mission:** Each MDB vision statement should address Global Public Goods and send a clear signal of intent

II. **Operational Models**
   A. Benchmarks for speed and flexibility
   B. Private sector – Private capital mobilization (PCM) targets of at least 1.2:1 for MDB system as a whole

III. **Scale of Financing:** MDBs should triple sustainable lending levels of by 2030 (USD300bn/USD90bn per year in non-concessional/concessional)
   A. Triple IDA by 2030
   B. Each MDB to implement CAF review and report back jointly to G20
   C. Consider establishing new funding mechanism for donors and non-sovereigns
   D. MDB to determine extent of capital increase needed (after implementing CAF review) to triple sustainable lending by 2030; present jointly to G20

IV. **MDBs as a system:** operate methodically as a system with info exchange, joint responses to country requests, project pipeline development, dialogue for credit agencies, etc. Report to G20 every two years on system-strengthening measures.

Volume II: Triple Agenda of Better, Bigger, Bolder

Changes needed to implement G20 Vision of Strengthened MDB system

Better	**Convert operating models to support transformational investments**	• Co-create multiyear country platform programs rather than individual projects • Sharpen analytical support and diagnostics and tune to local context • Speed up and simplify business processes • Work together as a system
Bolder	**Bring engagement with the private sector to the center**	• Shift to a culture of informed risk taking, changing staff incentives as needed • Develop whole-of-MDB strategies to scale up private finance, with clarity on additionality and impact • Broaden and innovate risk sharing instruments to mobilize private capital, including a much scaled up MIGA
Bigger	**Scale-up financing at affordable cost in a major way**	• Triple sustainable annual lending commitments • Aggressively pursue BSO and hybrid capital and bridge to capital increases in long-term • Pilot Global Challenges Funding Mechanism to facilitate non-governmental contributions to global challenges • Solicit larger concessional contributions for IDA-eligible countries and for GPG linked concessional facilities with access for MICs

Source: Independent Expert Group Core Team

2. MDB Reform – IEG: Heads of MDBs Marrakesh Joint Statement (Oct 2023)

In October 2023, the Heads of MDBs released a Joint Statement agreeing to strengthen collaboration in five areas. It was a response to the G20 IEG report for "better, bigger, and more effective MDBs", endorsed by G20 Leaders. Heads of MDBs reiterated their commitment to reforms to strengthen financing capacity, increase the speed and agility of operations, and improve the MDB system.

1	**Scaling up financing capacity**	Continue to explore financial innovations to stretch balance sheets (portfolio guarantees, hybrid capital), while safeguarding financial sustainability. Enhance dialogue with credit agencies.
2	**Boosting joint action on climate**	Continue aligning financing flows with Paris Agreement. Work to enhance tracking and reporting, and jointly report climate finance commitments. Adoption of several initiatives, including a joint MDB facility for clients' Long-Term Strategies (LTS).
3	**Enhancing country-level collaboration**	Promote country-led programs (including country platforms) to ensure joint efforts are systemic, leverage partnerships and catalyze the private sector. Continue to work with developing countries to strengthen institutions and frameworks.
4	**Strengthening co-financing**	Recognizing individual mandates and business models, commit to strengthen a co-financing approach by harmonizing and mutually recognizing each other's policies and standards (starting with procurement), where appropriate.
5	**Catalyzing private sector engagement**	Deepen collaboration around joint innovation mechanisms to boost PCM. Conduct upstream engagement as critical to build investment-enabling environments, develop project pipelines, and provide early-stage investments. Commit to deliver on the transformation of the Global Emerging Markets Risk Database (GEMs) and to releasing new and more comprehensive stats in 2024.

2. MDB Reform – IFAWG: MDB Multi-year Roadmap (2024)

Under the Brazilian Presidency, the IFAWG is developing an evidence-based, multi-year Roadmap for a better, bigger, and more effective system. This builds on and integrates the CAF Review (2022) and IEG Report (2023). The Roadmap will include three pillars to be presented at the 4th IFAWG meeting in September 2024, for adoption at the Finance Ministers and Central Bank Governors (FMCBGs) meeting in October 2024.

MDB Multi-Year Roadmap (2024)

Pillar 1: Better MDB System	Pillar 2: Bigger MDB System	Pillar 3: More Effective MDB System
Facilitate access to MDB lending to support country-led and country-owned priorities. To include recommendations for operational improvements in areas such as project preparation, private finance, foreign exchange (forex) risk, and environmental, social, and governance (ESG) considerations.	Reinforce MDB financing capacity. Action items phrased in various ways - IFAWG will periodically assess CAF review implementation; MDB balance sheet optimization; and how Boards evaluate the adequacy of their resources. Deepen dialogue with credit reference agencies on MDB risk assessment.	Maximize MDB development impact. Examine development impact assessment methodologies and ways to enhance their integration into strategic processes, in line with country-specific circumstances.

Build on and integrate the CAF Review (2022) and IEG Report (2023) into the Roadmap

3. Input from External Parties (1/2)

In April, Management engaged with peer MDBs and external development experts in the sidelines of the WB Spring Meetings, engaged CSOs and consulted the International Advisory Panel (IAP). Below are the key takeaways:

AIIB Strengths

- **Governance:** Participants commented that the clarity of roles and responsibilities between the Board and the Management, first in the Articles of Agreement and later articulated through the Accountability Framework, was a unique evolution in MDBs and has benefited AIIB.
- **Coherence of Strategy:** It was appreciated that AIIB has a clear Corporate Strategy that sets out and guides the Bank, and that the Bank follows clearly the Strategy set by the Board. This clear alignment between what the Strategy says and what the Bank actually focuses on is a benefit to AIIB and should be maintained.
- **Flexibility, responsiveness and learning by doing:** AIIB has taken a pragmatic approach to developing its business, learning by doing and remaining focused on client responsiveness. This attitude allowed it to quickly pivot during the COVID-19 pandemic to address client needs under changed circumstances, which was welcomed by clients, and should be continued as AIIB grows. Areas like health and climate PBF were addressed as areas where the Bank should respond to clients, but it should also be ensured that the formulation keeps the Bank close to the direct relation to infrastructure, which Management confirmed.
- **Partnership model:** Related to the above, AIIB was commended on its approach to beginning with partnership, working with other MDBs and learning by doing.

3. Input from External Parties: (2/2)

AIIB Challenges

- **Awareness:** In many members, awareness of AIIB as a development partner remains lower compared to peers, and the Bank can expand efforts to increase its visibility.
- **Lack of concessional resources:** Many members would want to borrow from AIIB if the financial terms were more favorable.
- **Connectivity:** The COVID-19 pandemic reduced connectivity, which is a part of AIIB's DNA. Also, the increasing reliance on digital connectivity requires AIIB o adapt and adjust to this shift to effectively navigate the evolving landscape.

Areas of Future Focus

- **Private Capital Mobilization:** Options that could help the Bank mobilize additional private capital, including bond issuances, credit guarantees, cooperation with sovereign wealth funds, support for local capital markets to make long-term funding available, and executing effective Public-Private Partnership programs. The Bank's ongoing discussions on climate-focused policy-based financing received strong support to help build an enabling environment for the private sector in this area.
- **Deepening MDB collaboration:** AIIB should play an active role in the discussions on MDB reform. Its early experience on cofinancing and working with peers is a model that others could learn from. AIIB should share more actively its own experience and practices more actively and take more of a leadership role to improve the system of MDBs. The close cooperation between MDBs is important for building strong partnerships to assist clients. Furthermore, it was also recommended that close Member engagement to identify clients' most pressing concerns and how to best address them.
- **Global Presence:** The crucial role regional "hubs" could play in building enabling relationships in global financial centers to grow the Bank's business and advance its partnerships was highlighted. Choosing locations strategically could help meet business needs in line with the Bank's lean core value and play a crucial role in meeting the Bank's Corporate Strategy objectives.
- **Thought leadership:** AIIB should find opportunities where it can offer fresh perspectives on development as a thought leader.

4. Feedback from staff

Staff shared thoughts on the Bank's major achievements, areas that requires more focus and improvement, and biggest challenges in achieving CS goals by 2030. Staff was also encouraged to develop problem statements and solutions for reach theme, followed by a voting process to identify the most well-recognized idea for each theme.

- **Green Infrastructure:** Weak acceptability of green technologies was highlighted by the Bank staff as a significant barrier. To address this, it is essential to provide high-risk capital and build knowledge within the Bank to strengthen our commitment to sustainable development.

- **Connectivity & Regional Cooperation:** Bank staff noted the challenge of the varying development goals, priorities, and policy landscapes among Members. Strengthening regional offices and enhancing regional cooperation could help align Members' goals and foster a more cohesive approach to regional development.

- **Tech-enabled Infrastructure:** The Bank's lack of institutionalized knowledge compared to competitors with extensive experience was recognized by the Bank staff. It was proposed to implement a more advanced CRM system along with an internal encyclopedia-like knowledge base for improvement.

- **Private Capital Mobilization:** Bank staff raised that PCM is not sufficiently prioritized as a Thematic Priority in the current strategic framework. They stressed the importance of establishing clear targets for PCM for effective prioritization.

- **Culture:** The need for an internal marketplace for special projects and talents across the Bank was identified. It was proposed that Bank staff should be encouraged to post their projects in search for talents across the Bank, promoting collaboration and driving innovation and project success.

5. Feedback from the 2024 Client Survey

AIIB's 2024 Client Survey shows the Bank is overall meeting expectations, with 84% of respondents willing to recommend it as a development partner. The feedback received is consistent with a Bank in its growth stage, which is expanding its offering and expertise while continuing to bolster its name and reputation.

Way of working

- Respondents view AIIB's way of working positively, highlighting it as a relative strength of the Bank.
- Responsiveness, flexibility, and team expertise are seen as positives, with praise for going "above and beyond."
- AIIB is considered strong in incorporating environmental and social considerations.
- Areas for improvement include increasing efficiency in invoice processing and loan/disbursement negotiations.

Product Offering

- Offering aligns with client expectations and peer MDBs, though pricing and product differentiation warrant attention.
- Clients value AIIB's strong partnerships but see limited competitive advantage in its current product range and pricing.
- Suggested improvements include more grants and increased access to technical assistance for project preparation.

Market Positioning

- 69% of respondents believe AIIB has established a clear market position as a development partner.
- AIIB is perceived as less well-known than other MDBs across all Member countries.
- Clients want greater proximity and localization, including local presence, local currency lending, and a deeper understanding of local contexts.

Footnotes on the Corporate Scorecard

- **Total capital mobilization** includes AIIB's total financing approvals (regular and Facility), and capital mobilized by AIIB from other private and public sources (regular financing only).
- For 2022 and 2023, the **annual financing approvals** included regular financing plus the COVID-19 Crisis Recovery Facility and special operations.
- **Capital mobilization (ex-facility)** includes the amount of capital: (a) directly and indirectly mobilized by AIIB from private sources and (b) directly mobilized by AIIB from public sources. The calculation for private capital mobilization adopts the joint MDB private investment mobilization methodology, which measures capital mobilization upon commitment. The figures reported are provisional as some of the committed projects may need more time to be ready to report private capital mobilization at the time of data collection. Capital mobilization for 2022 was updated from USD2.4 bn to USD2.6bn as the 2022 joint MDB reporting was finalized and released in April 2024.
- As per the Corporate Strategy, **'private sector financing (ex-facility)** refers to financing operations defined as non-sovereign backed financing in other documents and includes financing operations with public entities not backed by a sovereign guarantee.
- From 2024 on, **portfolio volume and alignment indicators** will be reported based on commitment, in addition to approval, to demonstrate AIIB's shift in operational focus from approval to commitment and to pave the way for possible indicator revision during the CS Midterm Review.
- Regular financing excludes the COVID-19 Crisis Recovery Facility and special operations.
- **A project qualifies as climate financing (ex-facility)** if it includes elements of climate mitigation and/or climate adaptation based on the joint MDB terminology. The calculation for climate financing adopts the joint MDB climate finance mitigation and adaptation tracking methodology, where only the portion for the climate financing elements (vs. the total financing amount for the project) is counted as climate financing.
- **A project qualifies as CBC (ex-facility) if it:** (a) crosses a physical border; (b) is an integral part of a regional or international network or corridor involving two or more countries; (c) is a node infrastructure that facilitates the flow of international traffic (e.g., airports, ports, data centers); and/or (d) generates direct additional outcomes in enhancing cross-border trade, investment and/or financial integration with at least one AIIB Member, as reflected by quantified and qualified results indicators.
- **Implementation Readiness (ex-facility)** is measured by calculating the average number of months elapsed between the Board/President's approval and the first cash disbursement of all regular financing projects approved and disbursed during the Bank's operational lifetime. Two supplementary indicators debuted in the Q2 2023 BPB Quarterly Update, which will serve as a platform for proposing and testing such indicators, and support refinement and improved accuracy in the reporting process. "Elapse time from concept to first cash disbursement" can be calculated by adding "average time elapsed between concept and approval" and "Implementation readiness" to capture the time from concept to the first cash disbursement for a more comprehensive measurement.
- The **disbursed amount during a fiscal year (ex-facility)** includes disbursements from newly signed projects during the year. The undisbursed balance at the beginning of a fiscal year consists of the balance of all signed projects.
- **Share of projects without severe or unresolved issues** is the number of projects with fewer than two red flags, as a share of the total number of active signed projects.

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