



AIIB CLIMATE POLICY-BASED FINANCING



Key Features of AIIB's Climate Policy-Based Financing (CPBF) Instrument

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To contribute to coordinated international climate efforts, Asian Infrastructure Investment Bank (AIIB or the Bank) introduced CPBF instrument as part of its suite of Sovereign-Based Financing (SBF) instruments to support Member's climate-related policy and institutional reform programs.

2

The objective of AIIB's CPBF is to support a Member-led policy and institutional reform program aimed at scaling up climate finance and accelerating the Member's transition towards a low carbon and climate resilient future.

3

In supporting CPBF operations, AIIB will prioritize climate policy-based programs with a strong focus on climate adaptation and fostering an enabling environment for attracting and mobilizing private capital. These programs will also have tangible links to climate-related infrastructure investments.

4

AIIB will also place emphasis on upstream dialogue with Members and partners and on adding value to the reform content through its infrastructure and climate finance expertise.



Coordination with IMF and International Partners

Effective coordination with the International Monetary Fund (IMF), Multilateral Development Banks (MDBs) and other partners will be essential for consistency of policy advice, selection and sequencing of reforms, and complementary interventions of AIIB and partners.



Applicable Policies

AIIB's Operational Policy on Financing, Environmental and Social Framework (ESF) and Procurement Policy include the CPBF as a sovereign-backed financing instrument. AIIB may apply a co-financer's Environmental and Social (E&S) policies, provided that these policies are consistent with AIIB's Articles of Agreement and materially consistent with AIIB's E&S policies.



Use of Mutually Reinforcing Financing Instruments

AIIB's and partners' activities can reinforce one another to support Members develop, implement and sustain CPBF reforms and address capacity-building needs of Members. AIIB will contribute to analytical work and may provide complementary financing (technical assistance, investment-project financing and results-based financing) including financing for CPBF-enabled downstream infrastructure investments.

ELIGIBILITY REQUIREMENTS

The Bank may extend a CPBF to support a climate policy-based program that meets the following eligibility requirements:

1. The Member has a Climate Transition Plan to a Low Carbon and Climate Resilient Future

The climate policy-based program is supportive of and consistent with the Member's policy and institutional reforms aimed at implementing its internationally recognized climate action plan(s), either submitted or in the process of being submitted by the Member, under the United Nations Framework Convention on Climate Change (UNFCCC) (Recognized Climate Action Plans).

2. The Member has an Adequate Macroeconomic Policy Framework

The Member has an adequate macro-economic policy framework, whereby it pursues coherent, credible and sustainable fiscal and monetary policies that are consistent with sustainable medium- and long-term growth and macroeconomic stability (debt sustainability in particular), and where risks are anticipated and mitigated.

Financing Modalities

AIIB can offer CPBFs either in co-financing or as a standalone financing.

CPBFs can be offered as a single policy-based financing (PBF), programmatic PBFs, a deferred drawdown option (DDO) for climate disasters, a supplemental PBF, or a policy-based guarantee.

