



ASIAN INFRASTRUCTURE  
INVESTMENT BANK

# **AIIB SUSTAINABLE DEVELOPMENT BONDS**

IMPACT REPORT 2022





# AIIB SUSTAINABLE DEVELOPMENT BONDS

## IMPACT REPORT 2022

© Asian Infrastructure Investment Bank 2023  
AIIB Headquarters, Tower A, Asia Financial Center  
No. 1 Tianchen East Road, Chaoyang District, Beijing 100101  
Tel: +86-10-8358-0000  
funding@aiib.org

CC BY-NC-ND 3.0 IGO. Some rights reserved.

The Asian Infrastructure Investment Bank (AIIB) uses a Creative Commons license for all intellectual property contained in this work except where specified. Copyright designations may or may not apply to third-party content found herein. AIIB does not necessarily own each component of the content contained in or linked from this work and will not be held accountable for any such third-party content. AIIB does not guarantee the accuracy of the data contained in or linked from this work and accepts no responsibility for any consequences of their use. The mention of companies or any trademarked entity or object in this work does not imply that they are being endorsed or recommended by AIIB in preference to others that are not mentioned. The contents of this work do not necessarily represent the views or policies of AIIB, its Board of Directors or its members. Any designation of or reference to a specific territory or geographic area, or the use of the term "country" in this work does not constitute and shall not be construed as constituting an express or implied position, endorsement, acceptance or expression of opinion by AIIB as to the legal or other status of any territory or area.

This document has been prepared by AIIB for informational purposes only and is not intended to constitute legal, securities, investment or any other type of advice, an opinion regarding the appropriateness of any investment, or a solicitation of any type or to be a document legally binding upon AIIB in any way whatsoever. This document does not constitute an offer to sell, nor a solicitation of an offer to buy, any securities of AIIB by any person in any jurisdiction. AIIB does not make any representation or [warranties] warranty as to the accuracy, reliability or completeness of the content of this document and accepts no responsibility or liability for such content and undertakes no obligation to update the information contained herein. This document may contain forward-looking statements. Statements that are not historical facts are statements about AIIB's beliefs and expectations and may include forward-looking statements. These statements are identified by words such as "believe," "expect," "anticipate," "should" and words of similar meaning. Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual financial and other results may differ materially from the results discussed in the forward-looking statements. Therefore, you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and AIIB undertakes no obligation to update publicly any of them in light of new information or future events.



Photo @ Uzbekistan Bukhara Region Water Supply and Sewerage Phase II 2022



# CONTENTS

<b>ABBREVIATIONS</b>	<b>iv</b>
<b>MESSAGE FROM THE PRESIDENT</b>	<b>vi</b>
<b>FOREWORD FROM THE TREASURER</b>	<b>viii</b>
<b>01 INTRODUCTION</b>	<b>1</b>
<b>02 AIIB'S SUSTAINABILITY HIGHLIGHTS</b>	<b>2</b>
<b>03 SNAPSHOT OF OUTCOMES IN 2022</b>	<b>6</b>
<b>04 ENERGY SECTOR STRATEGY POLICY UPDATE</b>	<b>12</b>
<b>05 AIIB'S CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS</b>	<b>18</b>
<b>06 AIIB'S SUSTAINABLE DEVELOPMENT BONDS</b>	<b>24</b>
Annual Issuance Amount	26
2022 Issuances by Currency	27
<b>07 PORTFOLIO-LEVEL REPORTING</b>	<b>28</b>
Portfolio Volume	30
Portfolio Alignment	31
Portfolio Performance	31
Portfolio Breakdown by Sector and Region	32
<b>08 IMPACT 360<sup>0</sup>—MEASURING IMPACT BEYOND THE CAPITAL</b>	<b>34</b>
Bringing Economic Prosperity to the People of Gujarat: Measuring the Economic Impact of Building Better Rural Roads	36
Building India's Wind and Solar Hybrid Technology to Grow Green Energy	38



<b>09 FEATURED PROJECTS</b>	<b>40</b>
Türkiye	42
Pakistan	44
Multicountry	46
Bangladesh	48
China	50
Multicountry	52
Maldives	54
<b>10 PROJECT-BY-PROJECT REPORTING</b>	<b>56</b>
<b>IMPACT REPORT 2022 ANNEXES</b>	
<b>AIIB SUSTAINABLE DEVELOPMENT BONDS LIST OF DISBURSED PROJECTS SINCE 2016</b>	



# ABBREVIATIONS

AIIB	–	Asian Infrastructure Investment Bank
AUD	–	Australian Dollar
CAPEX	–	capital expenditure
CNY	–	Chinese Renminbi
CO <sub>2</sub>	–	carbon dioxide
COP15	–	2022 United Nations Biodiversity Conference
COP26	–	2021 United Nations Climate Change Conference
COP27	–	2022 United Nations Climate Change Conference
COVID-19	–	coronavirus disease
CRF	–	COVID-19 Crisis Recovery Facility
ESF	–	Environmental and Social Framework
ESG	–	environmental, social and governance
ESS	–	Energy Sector Strategy
GBP	–	UK Pound
GEL	–	Georgian Lari
GHG	–	greenhouse gas
GRM	–	Project-level Grievance Redress Mechanism
GWh	–	gigawatt hours
MDB	–	multilateral development bank
MW	–	megawatts
PPM	–	Project-affected People's Mechanism
SDB	–	Sustainable Development Bond
SDG	–	Sustainable Development Goal
TCCL	–	Tata Cleantech Capital Limited
tCO <sub>2</sub> e	–	tons of carbon dioxide equivalent
TRY	–	Turkish Lira
TWh	–	terawatt hours
USD	–	US Dollar





# MESSAGE FROM THE PRESIDENT



**Jin Lique**  
President and Chair  
of the Board of Directors

Since its establishment in 2016, the Asian Infrastructure Investment Bank (AIIB) has made major progress towards becoming a key financing partner for sustainable infrastructure in Asia. Over the years, AIIB has actively updated and adopted its Board-approved environmental and social safeguards into all its investment operations to strengthen AIIB's commitment to climate financing, use of environmental, social and governance approaches in capital market operations, disclosure and transparency, gender equality and protection of biodiversity and ecosystems. As of end-2022, AIIB has invested over USD38 billion across 202 projects in 33 Members. The 2022 Sustainable Development Bonds Impact Report documents AIIB's major efforts toward sustainability in 2022 and how it supported the sustainable development of our Members in an ever-changing post-pandemic environment.

Climate change-related events place millions of people and vulnerable economies at risk. To overcome and mitigate future challenges, it is important to promote clean energy investments in Asia to ensure shared prosperity. In November 2022, AIIB's Board of Directors approved an update to the Energy Sector Strategy (ESS). The updated ESS sets even stricter exclusions and limitations on our Bank's financing of fossil fuels. In particular, an all-out ban is imposed on coal: thermal coal mining, coal-fired power/heating plants, and projects that are functionally related to coal (as defined in the ESS) are explicitly excluded from AIIB's financing. This revised strategy reflects the transformational change in the global energy landscape, driven by ambitious global, regional and national goals to shift to a low- or zero-carbon energy system. The update reflects AIIB's commitment to support Members' energy transition by prioritizing renewable energy, energy efficiency, and support of infrastructure and technology development in alignment with the goals of the Paris Agreement by July 1, 2023. So far, AIIB's energy sector projects approved by 2022 are expected to avoid 19.2 million tons of carbon dioxide equivalent of greenhouse gas emissions per year.

What happened in 2022 served as a stern warning that climate change is exacerbating rather than slowing down. The aftermath of the climate crisis is ever more evident and devastating. AIIB, along with other multilateral development banks (MDBs), issued a joint statement at the COP27 global Climate Change Conference in Sharm El Sheikh, Egypt to support low to middle-income countries seeking financing to mitigate climate change and adapt to the consequences of a warmer planet. This embraces AIIB's vision, mission and goals established in the Bank's 2020 Corporate Strategy and honors commitments made toward climate finance—with the goal of climate finance making up 50% of AIIB's annual financing approvals by 2025. In 2022, AIIB approved 42 projects amounting to USD6.8 billion. Of the total approved volume,<sup>1</sup> 56% involved climate finance with 81% and 19% of the amount split towards climate mitigation and climate adaptation, respectively.<sup>2</sup> This is a tremendous achievement that places AIIB on the right path towards achieving portfolio-wide targets under our Corporate Strategy.

Due to political and economic uncertainties caused by energy insecurity, geopolitical tensions and persistent inflation, private investors have become more circumspect about investing in infrastructure projects in developing countries. Despite the turbulence experienced in 2022, the Bank has deepened its engagement with the private sector. For example, we have enjoyed increased interest from private investors to participate in our issuance of infrastructure asset-backed securities. Since its establishment seven years ago, AIIB has mobilized USD7.1 billion in private capital toward sustainable infrastructure.<sup>3</sup> To reach the scale of financing required to meaningfully address the infrastructure financing gap, calls for international support to mobilize funds from all sources. We will continue to provide Members with tailored financing solutions that support the development of infrastructure asset markets, and continuously promote the channeling of capital towards Paris-aligned investments.

There is no doubt that the task ahead is formidable. Inflation continues to put pressure on fiscal budgets of developing countries, while energy, commodity prices and food shortages remain causes of concern for many of our Members. In such an environment, we will ramp up our efforts to tackle complex challenges in the course of achieving the goal of green, inclusive and sustainable growth in our Members. This report shows how we at AIIB, together with our partners and stakeholders, are doing our part to finance the Infrastructure for Tomorrow. Our work in 2022 was an important step forward in establishing a resilient and sustainable future for all our Members.

<sup>1</sup> AIIB calculated its 2022 climate financing share excluding financing approved through the COVID-19 Crisis Recovery Facility.

<sup>2</sup> 5% of AIIB's climate adaptation finance had dual benefits of mitigation and adaptation.

<sup>3</sup> The private capital mobilization amount is reported based on project commitments instead of approvals. The 2022 reported private capital mobilization amount included projects approved in previous years. The data is provisional until final submission to the joint MDB group.



# FOREWORD FROM THE TREASURER



**Domenico Nardelli**  
Treasurer

The Impact Report is a critical tool for communicating the impact of AIIB's Sustainable Development Bond investments to our investors. As the world adjusts to a new reality following the coronavirus disease (COVID-19) pandemic, the responsibilities of multilateral development banks as issuers of and investors in financial products and providers of bond data, have become even more important. We take this opportunity to communicate our reporting approach, efforts and accomplishments in 2022 towards our goal of financing Infrastructure for Tomorrow in Asia and beyond.

Last year was a challenging one for the world with geopolitical tensions, the climate crisis, energy shortages and market instability. It will take more than just traditional green investments to achieve our net zero targets by 2050. The global community should promote holistic approaches with the goal of achieving sustainable economic growth for all, while keeping emissions under control. The AIIB Sustainable Development Bond Framework (The Framework) is at the forefront of AIIB's mission. The Framework covers not only green investments that contribute to climate mitigation and adaptation, reduce local air pollution and support biodiversity conservation, but also social and sustainable infrastructure investments in education, digital technologies, public health, rural development and urban environments. In 2022 alone, over USD7 billion of sustainable development bonds were issued by AIIB, showcasing its contribution to narrowing the gap between capital markets and sustainable infrastructure development.

AIIB recognizes that long-term economic development and environmental sustainability go hand in hand. In 2022, Members received climate financing support in areas such as mainstreaming nature-positive action to protect biodiversity and combat the effects of climate change. Of all projects approved in 2022, nearly 60% aligned with United Nations Sustainable Development Goal 13

(SDG 13): Climate Action. This reflects AIIB's commitment to sustainable development and to ensure all of AIIB's financing activities align with sustainable development objectives. In December 2022, AIIB received an award for the 'Best Sustainability Panda (CNY) Bond' at the Asset Triple A country awards. In 2022, AIIB also completed its first Georgian Lari (GEL) transaction. This is the Bank's first onshore local currency issuance of a matching local currency bond.

Since the first Sustainable Development Bond Impact Report was released in 2021, the Bank has continued to make enhancements to its reporting practices to meet the requirements of our investors. This year's report discloses the percentage of climate finance of total project financing and the Sustainable Development Goals mapping for all projects with initial disbursements in 2022. It also includes an analysis of the economic impacts generated following the completion of AIIB's transportation project in the rural region of Gujarat, India. In order to provide insight into the impact of AIIB's nonsovereign projects, the report includes a deep dive of the Bank's investment into Tata Cleantech Capital Limited.

I am pleased to share our third AIIB Sustainable Development Bond Impact Report, highlighting the Bank's contributions to building a more resilient and sustainable future.



# 01

## INTRODUCTION

The Asian Infrastructure Investment Bank (AIIB or the Bank) is a multilateral development bank whose mandate is 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 closely collaborating with other multilateral and bilateral development institutions.

AIIB published its Sustainable Development Bond Framework (the Framework) in April 2021. The Framework describes the process by which the Bank selects projects for investment and the strategies, policies and processes that apply to them. The Bank's annual impact report is prepared under the Framework. The Sustainable Development Bond Impact Report 2022 (Impact Report 2022) discloses the Bank's overall portfolio and project level results reflecting environmental and social benefits generated by its financing activities in 2022.

This report shares AIIB's journey toward sustainability and its commitment to becoming Paris-aligned by July 1, 2023. The report also presents data on AIIB's bond issuance profile, portfolio volume, alignment with thematic priorities, portfolio performance, portfolio allocation and selected project impact stories chosen to illustrate how AIIB is addressing clients' needs while also making an impact among its Members in Asia and beyond.

AIIB aims to continuously enhance its approach and respond to changes in industry best practices and market expectations. AIIB's Sustainable Development Bond Framework and Impact Report approach will be reviewed over time to reflect the evolution of the green, social and sustainable bond markets and changes in AIIB's strategies, policies and processes.

AIIB welcomes feedback from investors, stakeholders and market participants. Please email your comments to [funding@aiib.org](mailto:funding@aiib.org).

 For more information, please visit [aiib.org](https://aiib.org).



# 02

## AIIB'S SUSTAINABILITY HIGHLIGHTS

AIIB has made great efforts to establish itself as a leading institution for sustainable development finance in Asia with its strong commitment to promoting sustainable infrastructure investment. From sustainable financing to green infrastructure projects, AIIB is supporting economic development in Asia and helping build a better future for the region and globally.

In 2022, AIIB approved a total of USD6.81 billion in financing for sustainable infrastructure projects. This is a significant increase from the USD1.7 billion for nine projects approved in 2016. The timeline on the next page maps out the key highlights of the Bank's journey toward sustainability and the actions taken to further promote environmental and social sustainability in development finance.



# AIIB Sustainability Highlights, 2015–2022

2015



- **57 founding Members signed AIIB's Articles of Agreement:** Requiring the Bank's operations comply with its policies addressing environmental and social impacts

2016



- **Launch of AIIB's Environmental and Social Framework (ESF):** Including the Environmental and Social Policy, Standards and Exclusion List
- **AIIB began operations and the first AIIB Annual Meeting was held in January 2016**

2017



- **AIIB receives a Triple A credit rating from S&P, Moody's and Fitch:** Assigned 0% risk weighting and HQLA 1 treatment by the Basel Committee on Banking Supervision

2018



- **AIIB receives first environmental, social and governance (ESG) ratings:** AIIB was rated by Sustainalytics (Rating: 13.9 Low Risk), ISS-ESG (Rating: C+ Prime), and from 2019 Vigeo Eiris (Rating: 61/100)
- **AIIB develops its first SDG-mapping approach:** Linking its operations with the SDGs
- **AIIB granted permanent observer status at the United Nations General Assembly and the Economic and Social Council**

2021



- **AIIB adopts the Sustainable Development Bond Framework (SDBF)**
- **AIIB issues inaugural AUD Sustainable Development Bond**
- **AIIB publishes the inaugural SDB Impact Report:** The first report presenting AIIB's social and environmental impact



- **AIIB revises its ESF:** Including requirements on GHG emission reporting
- **AIIB revises its SDG-mapping approach:** Distinguishing SGDs by priority sectors, project benefits, safeguard actions and enablers



- **UN Glasgow Climate Change Conference (COP26):** AIIB attends its first UN climate meeting in support of implementation of the Paris Agreement
- **AIIB commits to Paris Alignment of all new investment operations by July 1, 2023**
- **AIIB's President Jin Liqun is the 2021 Chair of the Meeting of Heads of MDBs**

2020



- **AIIB issues inaugural Sustainable Development Panda Bond (COVID-19 label)**
- **AIIB issues inaugural GBP Sustainable Development Bond**



- **AIIB responds to the global pandemic with the COVID-19 Crisis Recovery Facility:** Financing up to USD20 Billion extended until Dec. 31, 2023
- **AIIB commits to a portfolio-wide climate finance target as 50% of annual financing approvals by 2025:** Aligned with peer MDBs
- **AIIB launches its 2030 Corporate Strategy:** Financing Infrastructure for Tomorrow



- **AIIB participates in the launch of the Joint Report on MDBs' Climate Finance:** AIIB joins MDBs in reporting its climate finance for the first time
- **AIIB's President Jin Liqun announces that AIIB will not finance any coal-fired power plants or any projects that are functionally related to coal**

2019



- **AIIB issues inaugural USD Sustainable Development Bond**

2022



- **Second issuance of SDBF Impact Report**
- **AIIB issues inaugural domestic local currency issuance:** AIIB's bond issuance in Georgian Lari (GEL266 million)



- **AIIB updates its Energy Sector Strategy:** Excluding coal investments for Paris Alignment
- **AIIB updates its ESF – Exclusion list:** Thermal coal mining, coal-fired power and heating plants or projects that are functionally related to coal excluded from AIIB financing



- **UN Montreal Biodiversity Conference (COP15):** AIIB attends its first UN biodiversity meeting in support of the Kunming-Montreal Global Biodiversity Framework
- **UN Sharm El Sheikh Climate Change Conference (COP27):** AIIB organizes plenary sessions on climate financing

2023



- **AIIB on track to Paris-alignment by July 2023**
- **A fast-growing MDB:** 106 Approved Members by May 31, 2023

## AIIB Sustainability Highlights, 2016–2022



CAPITAL MARKET ACTIVITIES



POLICY RELEASES AND UPDATES



AIIB MILESTONES



# 03

## SNAPSHOT OF OUTCOMES IN 2022<sup>4</sup>

SNAPSHOT OF OUTCOMES IN 2022 | 7

AIIB's Corporate Strategy defines its Mission as “**Financing Infrastructure for Tomorrow**” which combines the Bank's firm commitment to sustainability with a clear operational focus on (1) Green Infrastructure, (2) Connectivity and Regional Cooperation, (3) Technology-enabled Infrastructure and (4) Private Capital Mobilization. Sector strategies are the building blocks of AIIB's Corporate Strategy. AIIB currently implements five core sector strategies: **Energy** (updated in Nov. 2022), **Digital Infrastructure** (June 2020), **Water** (May 2020), **Sustainable Cities** (Dec. 2018) and **Transport** (Sep. 2018). Investments in each of these sectors are monitored by a project level results monitoring framework composed of relevant output and outcome indicators that can be aggregated at the portfolio/sector level.

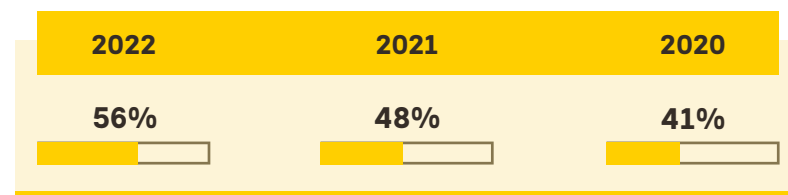
The 2022 Impact Report includes a selective list of sector outcomes where project data can be meaningfully aggregated. This snapshot covers sectors and themes that are relatively more mature in AIIB's overall portfolio.

<sup>4</sup> The snapshot of outcomes represents ex-ante expected results of AIIB supported projects. The snapshot should not be considered a comprehensive accounting of results.



AIIB continued to make progress towards the achievement of its Corporate Strategy's ambitious targets of directing 50% of overall approved financing toward climate finance by 2025, and its commitment to be Paris-aligned by July 2023. In 2022, AIIB's **climate finance** amounted to **56% of total approved regular financing**.<sup>5</sup>

AIIB Projects with Climate Financing, 2020–2022 (%)



AIIB Climate Mitigation and Climate Adaptation Projects,<sup>6</sup> 2021–2022 (%)

YEAR	CLIMATE MITIGATION	CLIMATE ADAPTATION
2022	81%	19%
2021	78%	22%



In 2022, **transport sector projects** contributed to the highest share of **climate finance (31%)**, followed by **energy projects (30%)**, **multisector (26%)**, **water (13%)**.



In 2022, **sovereign clients received 70%**, whereas **loans (24%)** and **equity investments (6%)** were made to the private sector and local governments.

#### AIIB Sector Outcomes in relation to the Sustainable Development Goals:

##### In 2022, AIIB



Approved **12 new projects** that actively apply **digital technologies** to improve the quality of infrastructure



Helped **1.22 million people** gain access to **water supply and sanitation services**



Approved **7,285 MW** of installed **renewable generation capacity**

<sup>5</sup> AIIB calculated its 2022, 2021 and 2020 climate financing share, excluding financing approved through the COVID-19 Crisis Recovery Facility.

<sup>6</sup> In 2022, 5% of climate adaptation finance had dual benefits of mitigation and adaptation, compared to 2021, when it was 2%.

**By the end of 2022, AIIB's sustainable development bonds supported the financing of 202 projects in 33 Members. AIIB financing is expected to deliver the following results:**



AIIB's energy sector projects approved by 2022 are expected to avoid **19.2 million tons of carbon dioxide equivalent (tCO<sub>2</sub>e)** of greenhouse gas (GHG) emissions per year

#### ENERGY



- **11,787 MW renewable generation capacity installed.**
- **28,090 GWh of primary energy saving** through investments to improve energy efficiency.
- **1,519 GWh of new or improved regional cooperation** through cross-border electricity transmission capacity.

#### WATER SERVICES



- **8.71 million people** with improved **access to safely managed drinking water** supply services.
- **7.42 million people** with improved access to safely managed sanitation services.
- **22 million water users** with **improved irrigation and drainage infrastructure.**

#### NATURAL DISASTER RESILIENCE



- **4,900 ha of land protection** through flood control infrastructure.
- **13.8 million people** benefited from water disaster protection.

#### TRANSPORT



- **467 million people** have access to urban mass transport including electrification of urban transportation networks, electrical buses, and more efficient underground metro facilities.
- Construction, upgrade or maintenance of **34,007 km of road, rail or metro** through a total of 25 projects.

#### DIGITAL INFRASTRUCTURE



- **23 projects** that actively applied **digital technologies** to improve quality of infrastructure.

#### GENDER SENSITIVE TARGET<sup>7</sup>



- The integration of gender considerations into AIIB's portfolio, with **44.1%** of all approved projects including **gender actions and/or meaningful gender-sensitive indicators** in the design.

<sup>7</sup> The methodology for assessing SDG5 in 2022 is refined and more stringent; thus, the 2022 figure may not be comparable to 2021.



## COVID-19 CRISIS RECOVERY FACILITY

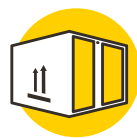


- The COVID-19 Crisis Recovery Facility (CRF) was launched in April 2020 as part of the **coordinated international response to counter the COVID-19 pandemic crisis**. Originally the duration of the CRF was set until April 2022. In February 2022, the Facility was extended till end of 2023 to continue supporting the Bank's Members in overcoming their most pressing pandemic and recovery challenges. As of December 31, 2022, AIIB has approved 56 CRF projects amounting to over USD13.56 billion.
- Through the CRF, AIIB has supported Members in alleviating and mitigating economic, financial and public health pressures arising from COVID-19. For projects that entered the CRF Pipeline prior to February 24, 2022, AIIB provided financing for immediate health sector needs, including vaccines, as well as to support economic resilience and to address liquidity constraints. For CRF projects considered after February 24, 2022, AIIB will consider a narrower scope of eligible pandemic-related responses for financing. These are: (i) cofinancing the procurement, distribution and deployment of COVID-19 vaccines and therapeutics; (ii) cofinancing Policy-Based Financing for enhanced pandemic response, preparedness and recovery; and (iii) financing essential COVID-19 emergency health care or urgent expenditure needs.

With regards to CRF financing directed towards COVID-19 vaccines, AIIB:<sup>8</sup>



Cofinanced **USD1.37 billion** in the procurement of vaccines in Cambodia, India, Mongolia, the Philippines, and Türkiye.



Cofinanced **USD600 million** in vaccines logistics and vaccination deployments in Indonesia and Côte d'Ivoire.



Cofinanced **USD100 million** in supply chain and technology improvements for vaccine manufacturing in China.



AIIB financing, along with funding from lead cofinanciers and governments is expected to contribute to the procurement of around **893 million doses** of COVID-19 vaccines, which aims to vaccinate approximately 380 million people.

<sup>8</sup> The CRF financing includes financing approved from April 2020 until Dec. 31, 2022.



Photo @ Côte d'Ivoire Strengthening of Vaccination and Health Systems under the COVID-19 Strategic Preparedness and Response Project 2022



04

ENERGY SECTOR STRATEGY  
**POLICY UPDATE**





AIIB's Board of Directors approved an update to the Bank's Energy Sector Strategy on November 22, 2022. Under the updated Energy Sector Strategy, AIIB will focus its energy investments on supporting its Members to achieve their long-term climate goals and net-zero/carbon neutrality commitments and to accelerate the just transition toward secure, affordable and sustainable energy access for all.

AIIB's 2017 Energy Sector Strategy was the first sector strategy developed by the Bank and has been effectively guiding the Bank's energy sector investments over the past five years. As of end-2022, AIIB has provided around USD7.1 billion in energy sector investments to support sustainable development and economic prosperity in Asia and beyond.

## Why Update the Energy Sector Strategy?

AIIB Members continue to face significant challenges in gaining access to secure and affordable energy. In addition, climate change-related events are threatening billions of lives and economic activities in the most vulnerable economies.

To prevent disastrous climate impacts and achieve sustainable economic and social development, Asia must take a sustainable energy development path. Recognizing this, governments in Asia and around the world have been raising their carbon reduction commitments as manifested by their net-zero and carbon neutrality pledges since 2020. Yet, a significant finance gap remains to drive this transformation, requiring the international community to step up support and mobilize resources at all levels.

In this context, AIIB provided an update to its Energy Sector Strategy to reflect the increased focus by its Members and the wider international community on climate change and energy transition. The update is underpinned by AIIB's vision, mission and institutional goals set out in its 2020 Corporate Strategy. It also aligns with commitments made by AIIB in recent years, particularly its climate finance target of 50% of total approved financing by 2025 and the alignment of investment operations with the goals of the Paris Agreement by July 2023.



**CLIMATE FINANCE TARGET:  
50% OF TOTAL  
APPROVED FINANCING  
BY 2025**



**ALIGNMENT OF  
NEW INVESTMENT  
OPERATIONS WITH THE GOALS  
OF THE PARIS AGREEMENT  
BY JULY 1, 2023**





## Key Changes

- Heightened focus on Members' energy transition

The updated Energy Sector Strategy presents a heightened focus for AIIB to support Members' energy transition by prioritizing renewable energy, energy efficiency, and supporting infrastructure and technology development. These clean energy solutions will together underpin a transformation that will help AIIB Members achieve their aspirations for energy accessibility, security and affordability.

With the Bank's commitment to align with the Paris Agreement, the update also imposes stricter limits on the financing of fossil fuels.

- The update confirms AIIB's approach to not finance coal, and projects functionally related to coal, meaning associated facilities dedicated to enabling the mining and use of coal, or projects that would not be carried out without a dedicated coal-based power supply.
- The update also excludes oil sector investments with very limited exceptions to ensure basic access in remote island communities and hard-to-reach areas and to reduce methane emissions.
- AIIB will only selectively finance natural gas projects that are transitional in nature, based on a stringent set of criteria that takes into account the evolving global climate pathways as well as Members' nationally determined contributions and long-term low greenhouse gas emissions development strategies.

Photo @ Lao PDR Monsoon 600 MW  
Crossborder Wind Power

## AIIB ENERGY SECTOR GUIDING PRINCIPLES



UNDER THE UPDATED  
ENERGY SECTOR STRATEGY,  
AIIB'S SUPPORT TO  
ITS MEMBERS WILL BE  
GUIDED BY THE FOLLOWING  
PRINCIPLES:

- 1 Promote energy access and security
- 2 Support transition to a clean energy system
- 3 Realize energy efficiency potential
- 4 Manage local and regional pollution
- 5 Mobilize private capital
- 6 Promote connectivity and regional cooperation

## ADDITIONAL RESOURCES

### Video interviews on AIIB's Strategy Updates in 2022

#### ► 2022 Update to the AIIB Energy Sector Strategy

Watch the interview with Sir Danny Alexander, AIIB Vice President for Policy and Strategy, where he answers key questions related to the updated AIIB Energy Sector Strategy.



#### ► AIIB 2030 Corporate Strategy

Learn more about the AIIB 2030 Corporate Strategy and the Bank's sustainable development journey with Sir Danny Alexander, AIIB Vice President for Policy and Strategy.





# 05

## AIIB'S CONTRIBUTION TO **THE SUSTAINABLE DEVELOPMENT GOALS**





Understanding the Sustainable Development Goals (SDGs) is important for AIIB as an MDB with a mandate to improve economic and social outcomes in Asia. AIIB's Corporate Strategy includes a framework of how AIIB's investments support the SDGs<sup>9</sup> which has been presented in AIIB's 2021 Impact Report<sup>10</sup> and included in Annex II of this report.



The SDGs are inherently interlinked, and these interrelations are critical to achieving development benefits. An SDG listed under one category does not mean that the impact of AIIB on that SDG is linked only to that respective category. These four categories, therefore, aim to offer a conceptual framework that captures the most representative and primary alignment of respective AIIB operations with relevant SDGs, while acknowledging the interlinkages.

<sup>9</sup> AIIB. 2020. Corporate Strategy, Box 2: AIIB and the Sustainable Development Goals. AIIB, Beijing. [https://www.aiib.org/en/policies-strategies/strategies/.content/index/\\_download/AIIB-Corporate-Strategy.pdf](https://www.aiib.org/en/policies-strategies/strategies/.content/index/_download/AIIB-Corporate-Strategy.pdf)  
<sup>10</sup> AIIB. 2021. Impact Report, Section 3.2. <https://www.aiib.org/en/news-events/impact-reports/sustainability-bond-impact/2021/index.html>

AIIB Projects that Contribute to the Sustainable Development Goals, 2022<sup>11</sup>



**NOTE:** The numbers sum up to more than 100%, allowing for multiple SDGs for one project. The numbers represent the count of approved projects as a percentage of the total count of approved projects in 2022 (including the Facility). The difference is the percentage of climate finance in section 3, which is based on financing volume (excluding the COVID-19 Crisis Recovery Facility).

<sup>11</sup> The methodology for assessing SDG 5 in 2022 has been refined and is more stringent; thus, the 2022 figure may not be comparable to the 2021 figure.



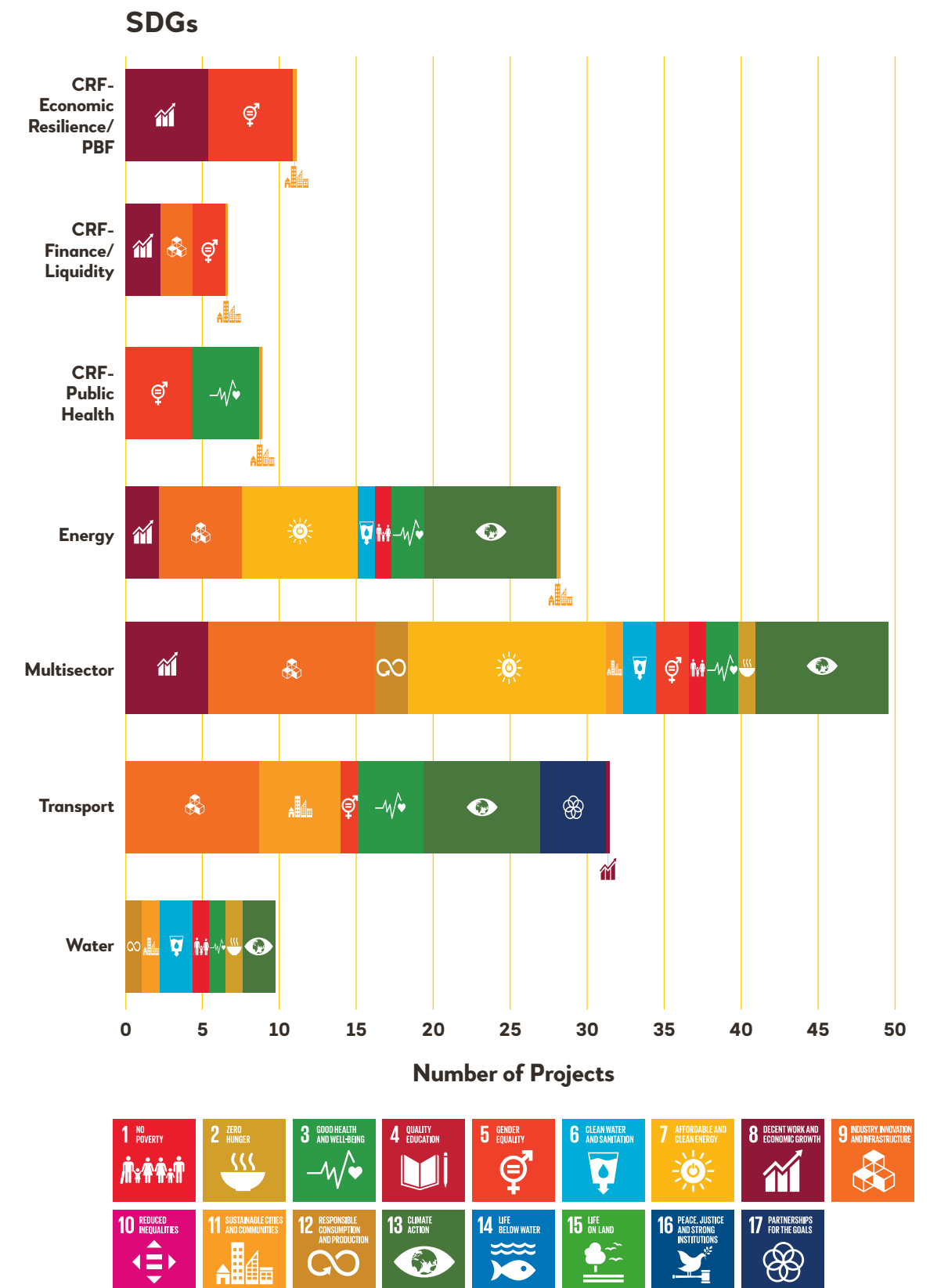
Photo @ India Gujarat Education Infrastructure and Technology Modernization Program 2021



- The majority of the projects approved in 2022, or almost 60%, have some portion of financing aligned with SDG 13: Climate Action, contributing to climate mitigation and/or adaptation.
- Due to the continuing effects of the COVID-19 pandemic, 26% of approved projects in 2022 were under the COVID-19 Crisis Recovery Facility. These projects finance emergency public health responses and help mitigate the economic impacts of the pandemic on Members. As such, many projects are aligned with SDG 3: Good Health and Well-being and SDG 8: Decent Work and Economic Growth.
- Multisector projects contribute to a variety of SDG targets due to their multidimensional nature and broader reach. In 2022, multisector projects included financing for technology-enabled infrastructure for energy networks, integrated urban development projects and development of ports and roads to improve regional connectivity. AIIB's Environmental and Social Framework aligns with a broad range of SDGs, including SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth, SDG 10: Reduced Inequalities, SDG 12: Responsible Consumption and Production, SDG 9: Industry, Innovation and Infrastructure. By following the ESF, AIIB's multisector investments contribute to these SDGs through safeguard actions that make sure that projects have a positive impact and no harm is done.



### Sector Alignment of AIIB's 2022 Approved Projects with the Sustainable Development Goals





# 06

## AIIB'S SUSTAINABLE DEVELOPMENT BONDS

Annual Issuance Amount	26
------------------------	----

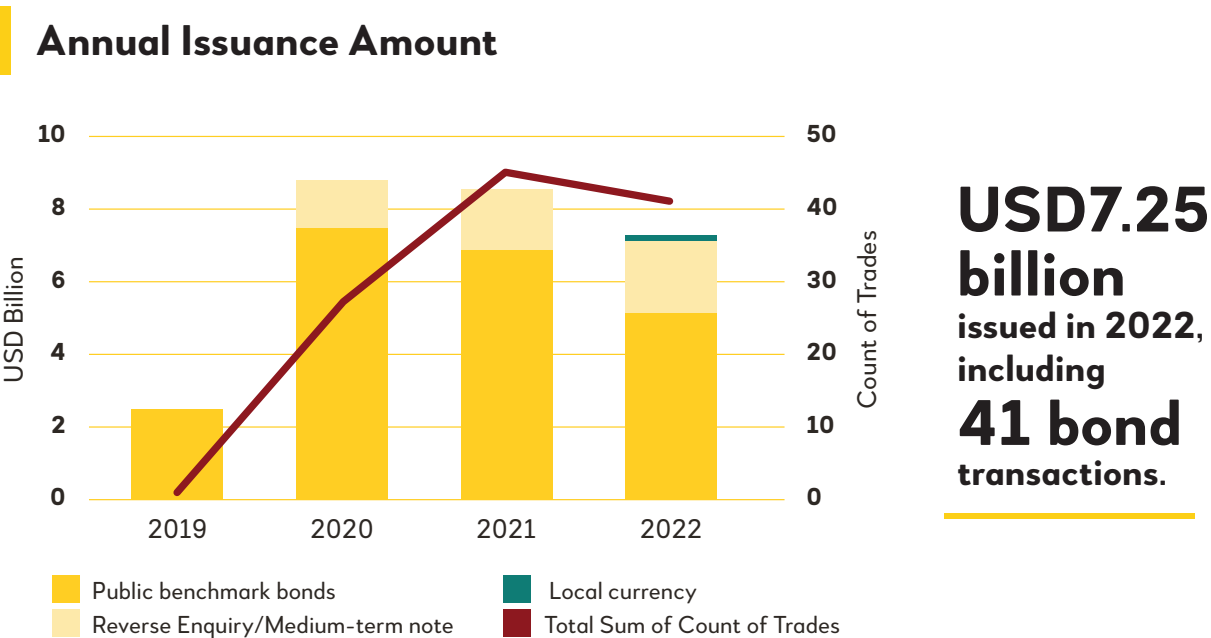
2022 Issuances by Currency	27
----------------------------	----

Photo @ Haryana Orbital Rail Corridor



In 2022, AIIB maintained consistent access to the bond market and managed to appeal to a broad investor base despite challenging market conditions. During the year, AIIB issued three USD benchmarks, its second Panda bond, one Australian Dollar (AUD) benchmark and one UK Pound (see abbreviations list) (GBP) benchmark, as well as regular reverse enquiry issuances. In December 2022, AIIB completed its inaugural Georgian Lari (GEL) issuance. It was the Bank's first local currency funding using a matching onshore local currency bond issuance.

🔗 For more information, please visit [Funding-AIIB](#).



### 2022 Issuances by Currency

Annual Issuance by Currency

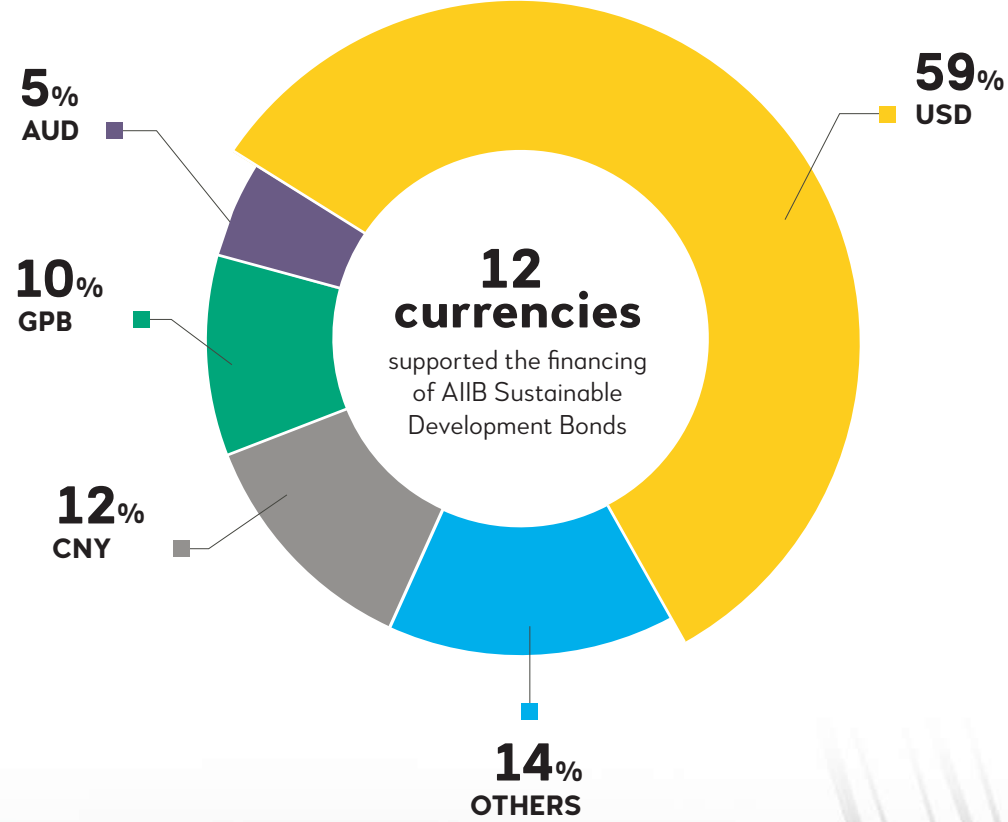


Photo @ India Haryana Orbital Rail Corridor (HORC) Part A Project 2022



# 07

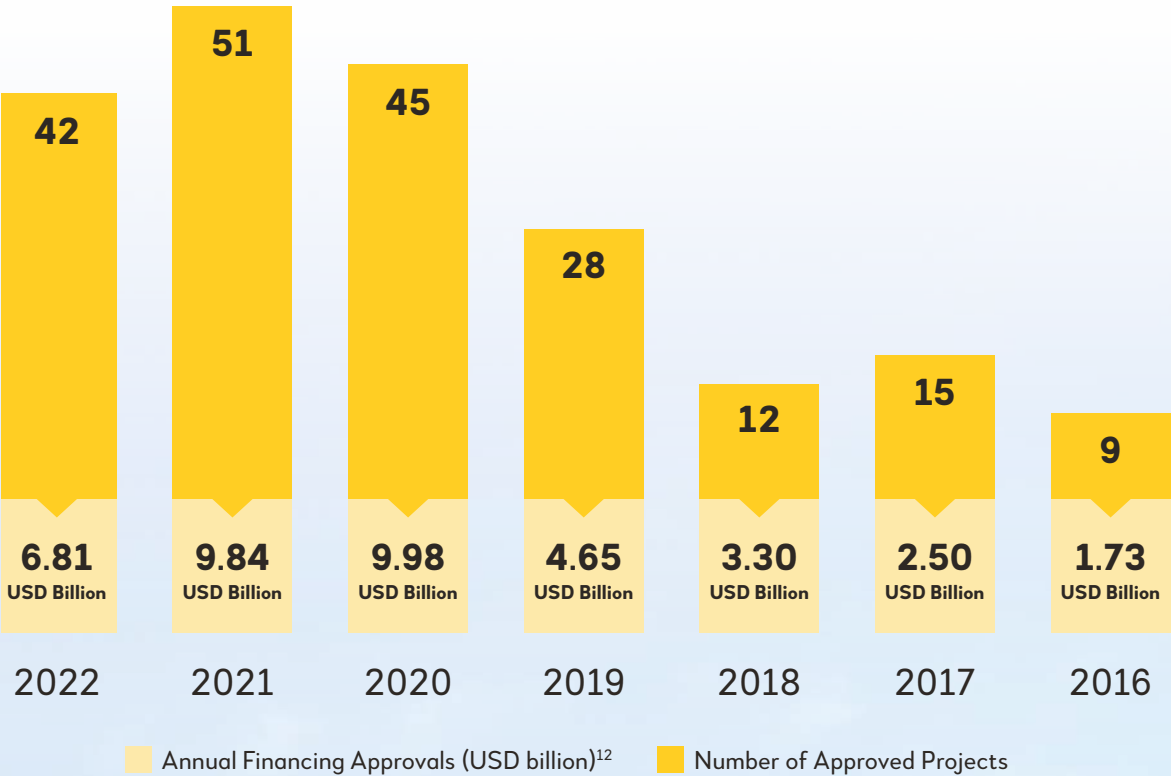
## PORTFOLIO-LEVEL REPORTING

Portfolio Volume	30
Portfolio Alignment	31
Portfolio Performance	31
Portfolio Breakdown by Sector and Region	32

Photo © China Henan Flood Emergency Rehabilitation and Recovery Project 2021

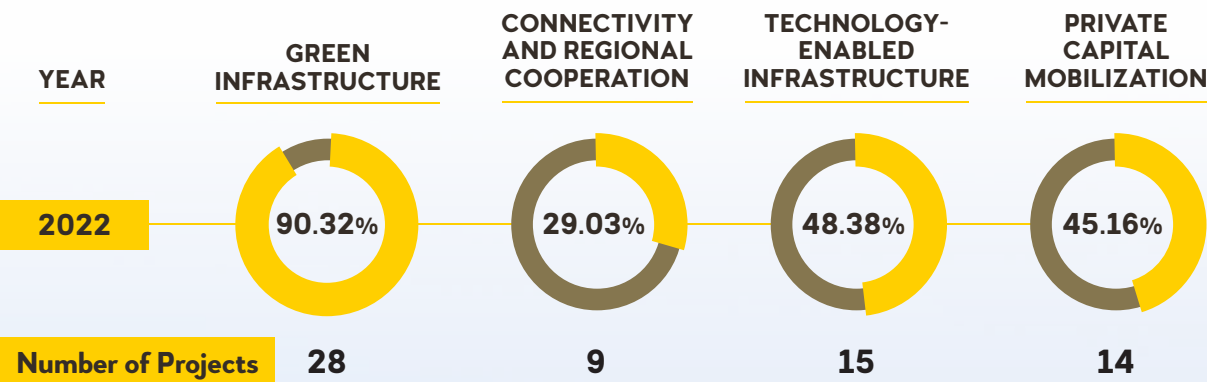


Portfolio Volume

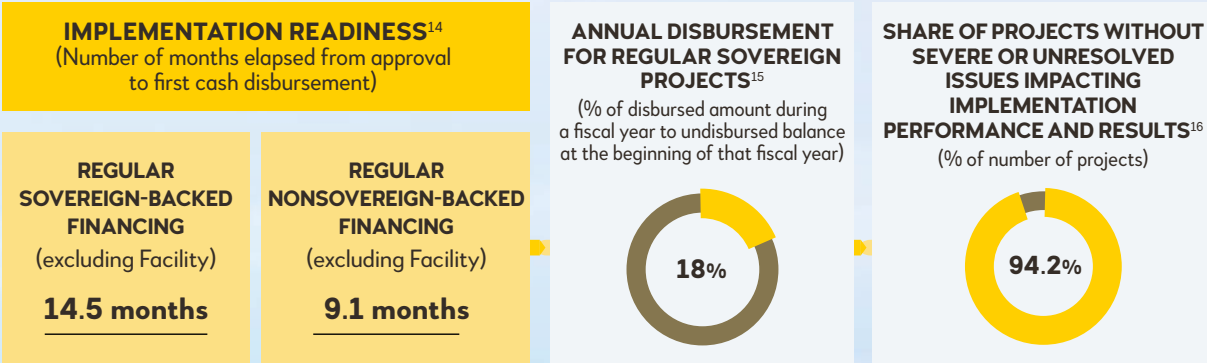


<sup>12</sup> With the adoption of the Investment Management Information System in 2022 to better manage AIIB's growing portfolio, these figures reflect updated data based on our revised reporting system.

Portfolio Alignment<sup>13</sup>



Portfolio Performance

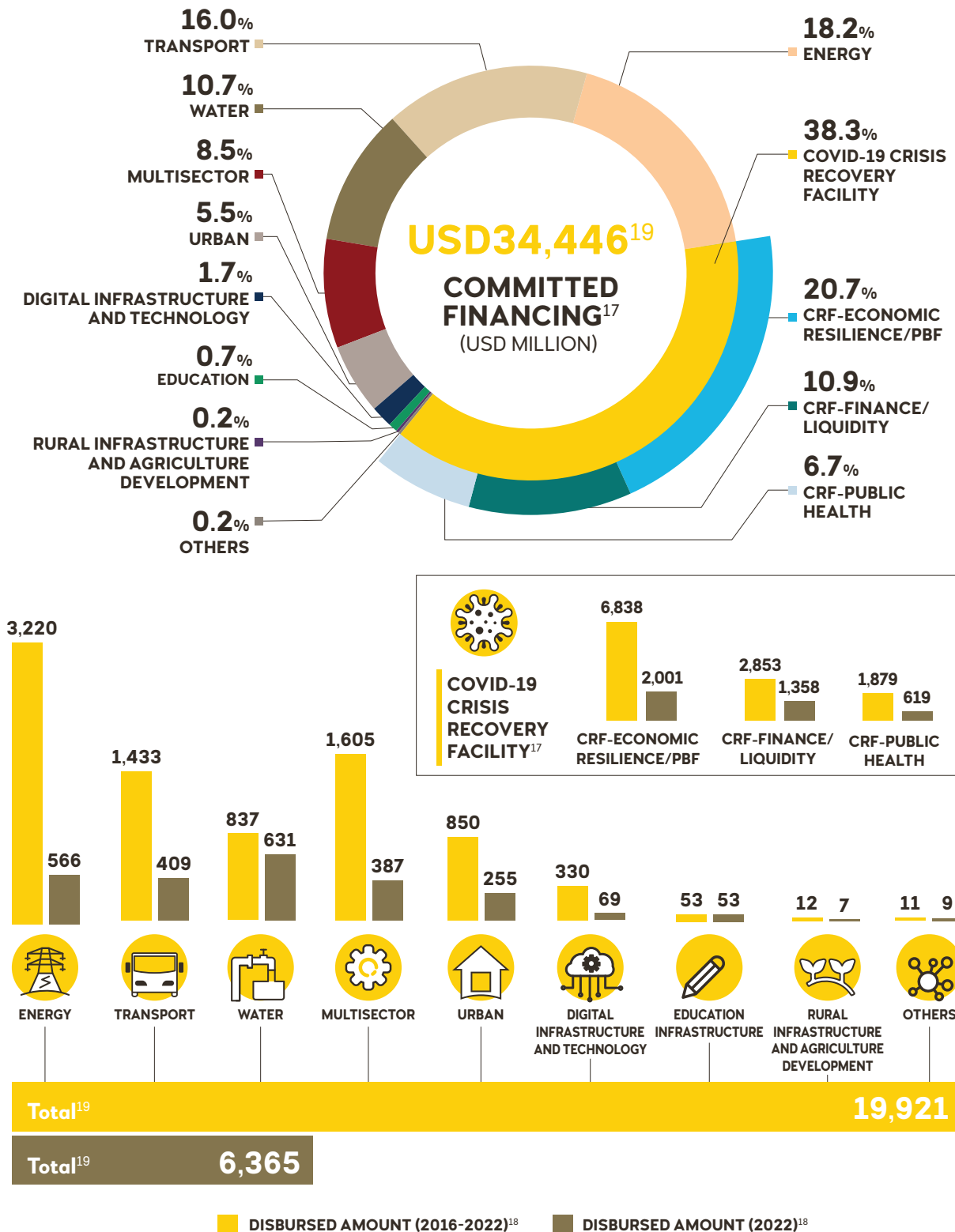


<sup>13</sup> AIIB projects approved in 2022 excluding projects under the COVID-19 Crisis Recovery Facility.  
<sup>14</sup> Implementation readiness is measured as the time elapsed from approval to first cash disbursement. Projects should be well-prepared and ready for implementation upon approval so that AIIB's financing can be used in a timely manner. Therefore, this indicator should serve as a proxy for quality at entry of approved projects. The scope includes all approved projects, excluding those under the COVID-19 Crisis Recovery Facility.  
<sup>15</sup> This indicator tracks the annual disbursement ratio for sovereign projects (excluding projects under the COVID-19 Crisis Recovery Facility). The benchmark is 18%.  
<sup>16</sup> This indicator tracks the severity of identified implementation issues and the proactivity of AIIB's operational teams to address those issues. The benchmark is 80%.

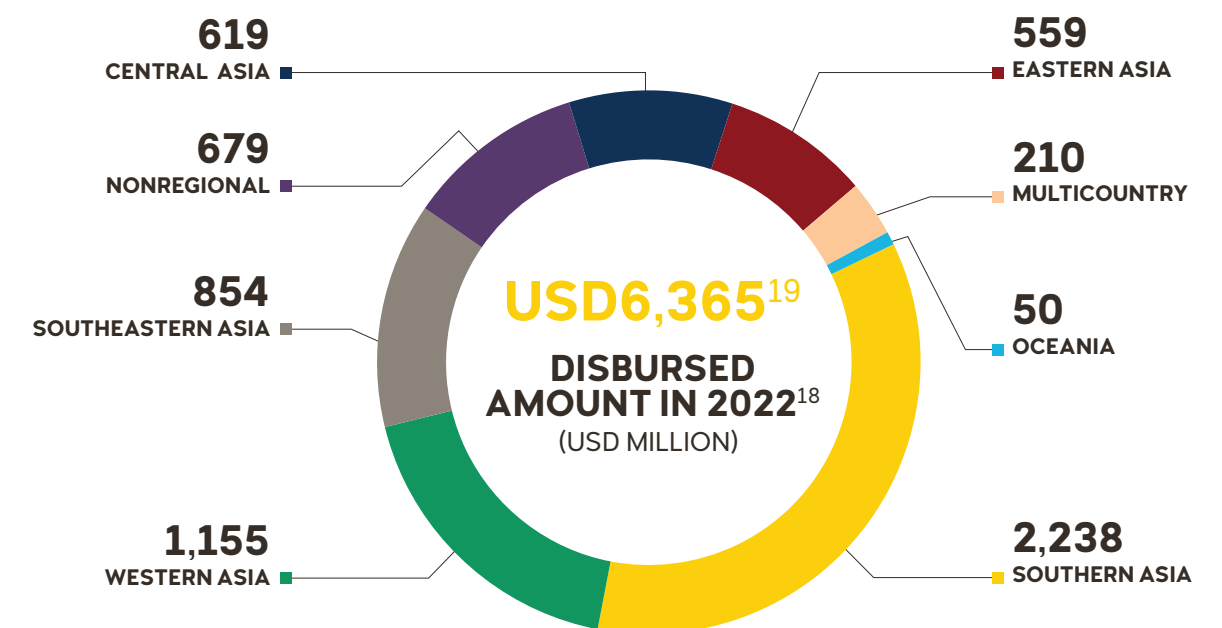
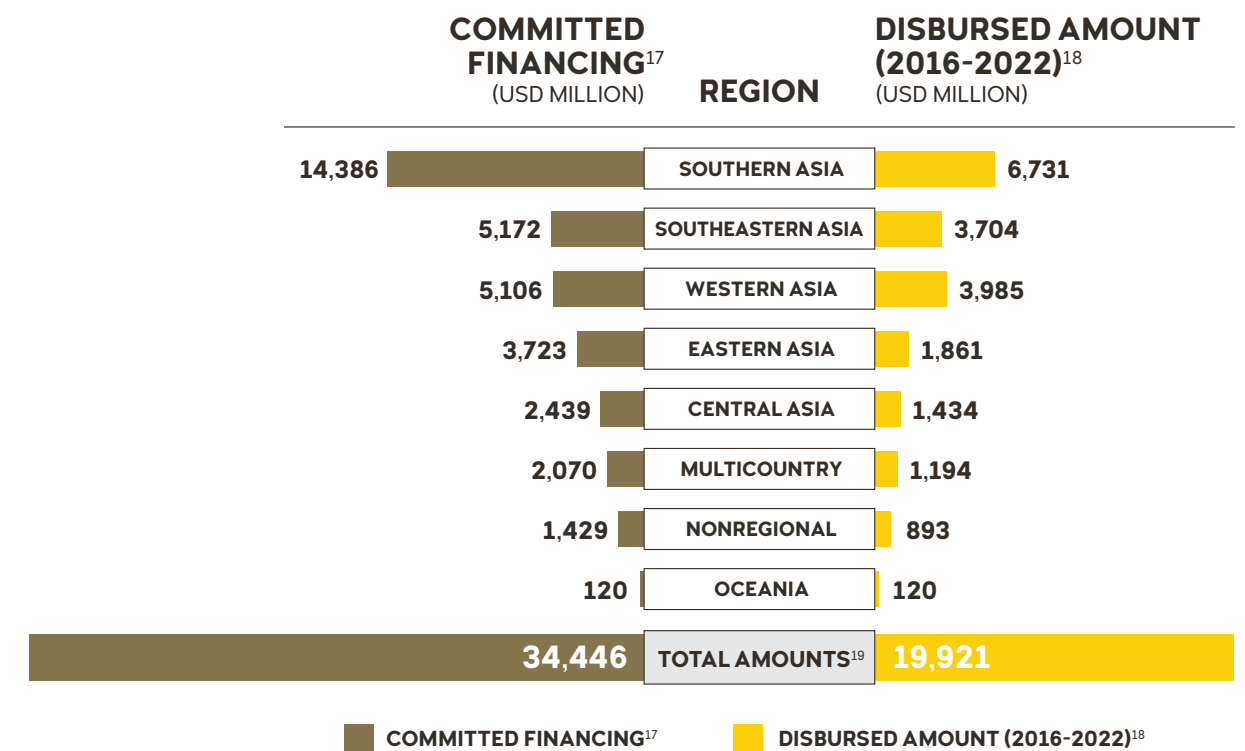


## Portfolio Breakdown by Sector and Region (as of Dec. 31, 2022)

### By Sector



### By Region



<sup>17</sup> Committed Financing Amount indicates net commitment amount, which equals signed amount minus cumulative cancellation as of Dec. 31, 2022. Non-USD currencies are converted to USD using the spot exchange rate on Dec. 31, 2022.

<sup>18</sup> Disbursed amount indicates cumulative disbursement amount out of AIB's committed financing as of Dec. 31, 2022. Non-USD currencies are converted to USD using the spot exchange rate on Dec. 31, 2022.

<sup>19</sup> Numbers may not add up to 100% due to rounding.



# 08

## IMPACT 360<sup>0</sup>—MEASURING IMPACT BEYOND THE CAPITAL

IMPACT 360<sup>0</sup>—MEASURING IMPACT BEYOND THE CAPITAL | 35

AIIB recognizes the need to assess its projects and evaluate the effects of its financing in a holistic manner that can show development outcomes and AIIB's contributions to sustainable economic growth for its Members. The following studies examine the impacts of AIIB's investments in two representative projects. They show how the Bank contributed to improvements in environmental and social conditions, and the adoption of positive community practices and knowledge.

**Bringing Economic Prosperity  
to the People of Gujarat:** 36  
Measuring the Economic  
Impact of Building Better Rural Roads

**Building India's Wind  
and Solar Hybrid Technology  
to Grow Green Energy** 38



# Bringing Economic Prosperity to the People of Gujarat: Measuring the Economic Impact of Building Better Rural Roads

One of the first completed AIIB projects was an investment to improve rural road connectivity in the Indian state of Gujarat. An analysis of the India: Gujarat Rural Roads (MMGSY) project shows that it increased economic activity, boosted nonfarm employment and had a positive impact on trade in cotton, a major cash crop in the region.<sup>20</sup>

Transport infrastructure improves access to economic opportunities, stimulates migration, increases agriculture and trade, and helps reorganize economic activities.<sup>21</sup> Last-mile connectivity is a vital factor in enabling integration and accessibility of transport infrastructure. To provide all-weather road connectivity to unconnected villages above a specific population threshold, the Government of India initiated the Prime Minister’s Rural Roads Program in 2000.<sup>22</sup> In Gujarat, the population threshold was set at 500 people. To extend connectivity to villages not covered by the national program, the state government of Gujarat launched the Chief Minister’s Rural Roads Program. To support the state government, AIIB extended a loan of USD329 million to finance phase 1 of the program, covering more than 80% of the cost. Phase 1 was completed in 2019, and provided all-weather roads to villages in 33 districts by constructing and upgrading district and farm-to-market roads where year-round connectivity was not available. In total, over 13,500 kilometers of rural roads were built or upgraded, improving connectivity for 1,060 villages.<sup>23</sup>

Rural roads are a key example of last-mile connectivity, and can help integrate local economies with external markets, facilitate the adoption of new technologies for agriculture production, and stimulate mobility and nonfarm activities. However, the full benefits of these roads are contextual, with newly connected areas still likely to face other obstacles to development.<sup>24</sup> This analysis relies on the project implementation rule based on population thresholds to identify project areas and applies a difference-in-differences approach.<sup>25</sup> Based on the 2011 Census of India, 2,867 villages in Gujarat with a population below 500 were identified as project areas, while 3,889 villages were identified as non-project areas.

The analysis finds that nightlight intensity increased by 8.2% in project areas compared to non-project areas in the post-project period (Figure A). This corresponds to 2.1% to 2.4% in additional local economic output. When restricting comparison villages with populations of between 500 and 1,000 to those in non-project areas, the estimated positive impact of the project becomes

<sup>20</sup> Gao, Jingyu, Yue Li, and Abhinav Narayanan. 2023. Transport Infrastructure and Local Economy: Evidence from the Gujarat Rural Roads Project. AIIB Working Paper No. 11. [https://www.aiib.org/en/news-events/media-center/working-papers/pdf/Transport-Infrastructure-and-Local-Economy-Evidence-from-the-Gujarat-Rural-Roads-Project\\_AIIB-Working-Paper-No.-11.pdf](https://www.aiib.org/en/news-events/media-center/working-papers/pdf/Transport-Infrastructure-and-Local-Economy-Evidence-from-the-Gujarat-Rural-Roads-Project_AIIB-Working-Paper-No.-11.pdf)

<sup>21</sup> Duranton, G. 2022. Transportation Infrastructure: A Helicopter Tour of Recent Research. Lecture, AIIB Economics Seminar. Sept. 2022; Redding, S. J., and M. A. Turner, 2015. Transportation Costs and the Spatial Organization of Economic Activity. Handbook of Regional and Urban Economics. 5. 1339-1398.

<sup>22</sup> See PMGSY’s website: <http://omms.nic.in/>

<sup>23</sup> See AIIB’s website: <https://www.aiib.org/en/projects/details/2017/approved/India-Gujarat-Rural-Roads-MMGSY.html>

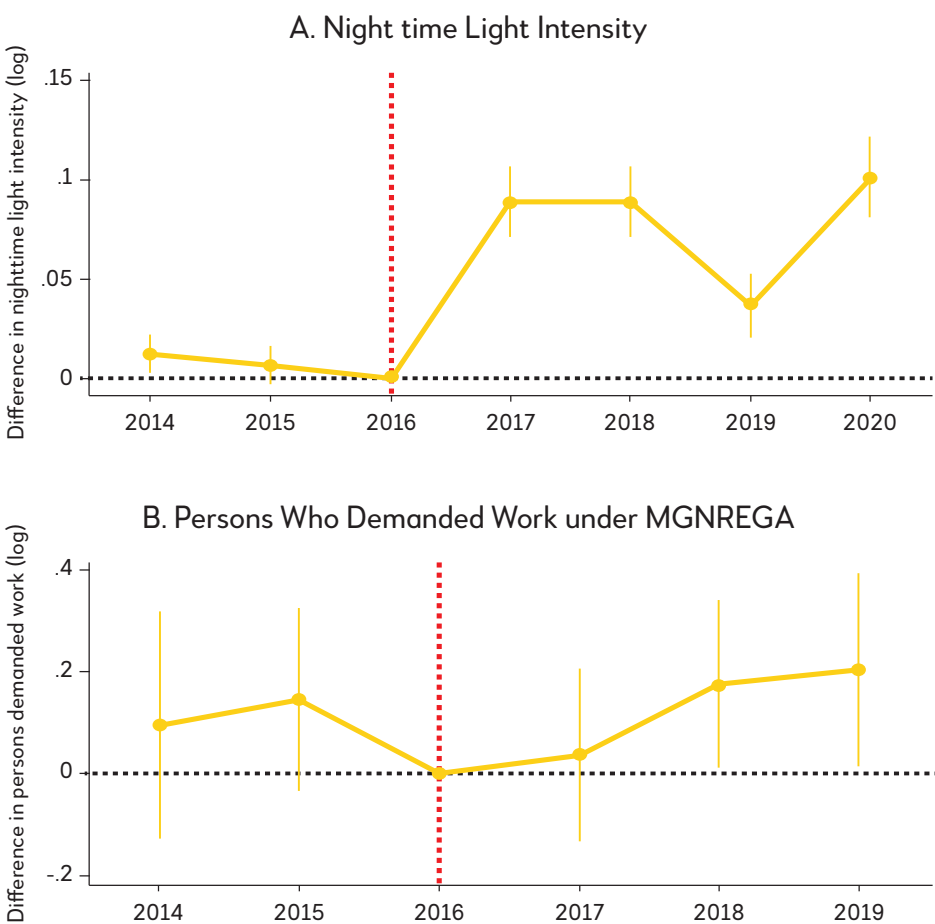
<sup>24</sup> Aggarwal, S. 2018. Do Rural Roads Create Pathways Out of Poverty? Evidence from India. Journal of Development Economics. Vol. 133, pp. 375-395. <https://doi.org/10.1016/j.jdeveco.2018.01.004>; Asher, S. and P. Novosad. 2020. Rural Roads and Local Economic Development. American Economic Review. Vol. 110, Issue 3, pp. 797–823. <https://doi.org/10.1257/aer.20180268>

<sup>25</sup> Asher, S. and P. Novosad, 2020. Rural Roads and Local Economic Development. American Economic Review. Vol. 110, Issue 3, pp. 797–823. <https://doi.org/10.1257/aer.20180268>



Photos @ India Gujarat Rural Roads (MMGSY) 2017

## Effects of Gujarat Rural Roads Project on Local Economy



MGNREGA = Mahatma Gandhi National Rural Employment Guarantee Act, MMGSY = Mukhya Mantri Gram Sadak Yojana (which translates to Chief Minister’s Rural Roads Scheme)

**NOTE:** The labels on the X-axis represent the interaction between two variables viz. MMGSY that takes the value 1 if a village qualifies under the MMGSY program and 0 otherwise, and Year, which takes the value 1 for the respective years and 0 otherwise. The dots represent the point estimates of the differences in the performance between the project areas and non-project areas in the corresponding year relative to 2016. The bars indicate the 95% confidence interval of the estimates.



smaller, but the effect remains statistically significant. Results also allude to the diminishing returns to investment hypothesis as villages with initially better road infrastructure experienced smaller benefits.

Using information from the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), the analysis further shows that both person-days worked and persons who demanded work under the program increased significantly in project areas compared to non-project areas following implementation of the project (Figure B). There is also some evidence that the quantity of cotton that arrived at local agriculture markets from the project areas increased over the project period.

👉 **Read the complete AIIB working paper on the effects of the statewide rural roads project in Gujarat, India on AIIB's website.**



Photo @ India Gujarat Rural Roads (MMGSY) 2017

## Building India's Wind and Solar Hybrid Technology to Grow Green Energy

AIIB has partnered with Tata Cleantech Capital Limited (TCCL) to support the growth of green energy in India. The nation is taking strategic measures to address climate change, including reducing carbon emissions, and AIIB has stepped up as a partner in helping India to drive this process forward. AIIB's partnership with TCCL is generating impact both directly, through the TCCL's contributions toward subprojects like energy developer CleanMax, and indirectly by helping to mobilize capital from subprojects' sponsor equity and cofinanciers' funding.

TCCL is a joint venture between Tata Capital Limited and the International Finance Corporation (IFC).<sup>26</sup> and was set up in 2010 to provide debt financing and advisory services for clean energy projects in India. The country is the world's third largest producer of electricity with installed capacity of 416 gigawatts (GW) as of March 2023. Out of this amount, renewable energy sources accounted for around 172 GW, or 41% of the total, as of end of March 2023.<sup>27</sup> The Government of India has ambitions to increase this figure to 500 GW by 2030,<sup>28</sup> which will require investments of around USD30 billion.<sup>29</sup>

As of March 2023, TCCL has financed more than 300 clean technology projects with investments of USD2.1 billion, resulting in annual reductions of 20.2 million tons of carbon dioxide equivalent (tCO<sub>2</sub>e) emissions. AIIB's USD50 million in assistance to TCCL helped finance renewable energy projects. CleanMax, one of TCCL's loan recipients, is an established provider of wind and solar power solutions in India, and its growth has been supported by financing received through TCCL. The CleanMax Vent Power Pvt project in Amreli District, Gujarat developed a 26 MW wind and solar hybrid (WSH) plant which was commissioned in October 2022.

WSH plants are increasingly being adopted to the grid as these power plants integrate wind and solar power generation, providing a larger amount of power to consumers. Wind energy generation peaks in the rainy season when there is a significant dip in solar generation. Similarly solar power is generated during the day when wind speeds are typically lower than at night. Utilizing this complementary nature, WSH plants can generate more consistent power outputs than standalone wind plants or solar plants. The benefits of this combination are both a reduction in generation losses and grid stability. WSH plants also support three key areas targeted by the national government for improved energy supplies: promoting clean energy demand, resolving transmission restraints, and providing assurance to corporate and residential users of clean energy sources.

In January 2023, the Amreli WSH plant, operating at 50% of its capacity, produced 6 GWh of electricity which was distributed through the grid. In addition, construction and commissioning of the plant created 290 jobs in various roles and benefited local vendors and businesses providing services such as accommodation, travel, and security.

Many challenges remain in expanding the use of renewable energy in India, including the vast financing resources needed to set up and develop projects. While the cost of solar panels and wind turbines has fallen significantly in recent years, the upfront financing costs remain high. AIIB's line of credit to TCCL plays an important role in supporting clean energy development and helping India achieve its net-zero targets by 2070.

👉 **Learn more about this project on AIIB's website.**

<sup>26</sup> IFC has a 19.5% stake in the joint venture.

<sup>27</sup> Government of India. 2023. Power Sector at a Glance - ALL INDIA. Ministry of Power. <https://powermin.gov.in/en/content/power-sector-glance-all-india>

<sup>28</sup> India Times. 2023. India missed 175 GW renewable energy capacity target by 30 per cent: Bridge to India. January 4. <https://energy.economictimes.indiatimes.com/news/renewable/india-missed-175-gw-renewable-energy-capacity-target-by-30-per-cent-bridge-to-india/96740844>

<sup>29</sup> The Hindu. 2022. Plan to install 500 GW of renewable energy capacity by 2030 to cost ₹2.44 trillion. December 8. <https://www.thehindu.com/news/national/cost-of-transmitting-clean-energy-in-india-to-exceed-2-trillion/article66235468.ece>





# 09

## FEATURED PROJECTS

<b>TÜRKIYE</b> Osmangazi Electricity Distribution Corporate Facility	<b>42</b>
<b>PAKISTAN</b> Khyber Pakhtunkhwa Cities Improvement Project	<b>44</b>
<b>MULTICOUNTRY</b> Data Center Development in Emerging Asia	<b>46</b>
<b>BANGLADESH</b> Rural Water, Sanitation and Hygiene for Human Capital Development Project	<b>48</b>
<b>CHINA</b> Liaoning Green Smart Public Transport Demonstration Project	<b>50</b>
<b>MULTICOUNTRY</b> STIC Asia Infrastructure Innovation Fund	<b>52</b>
<b>MALDIVES</b> Greater Malé Waste-to-Energy Project	<b>54</b>

These featured projects have been selected from the key infrastructure sectors in which AIIB operates and projects financed under the COVID-19 Crisis Recovery Facility. These projects illustrate how AIIB operations are having positive environmental and social impacts, including through investments in improving energy efficiency, enhancing urban sustainability, achieving climate resilience, bridging the digital gap and catalyzing private capital. More information on AIIB's projects can be found on [AIIB's website](#).

For each featured project,

- The results indicators are selected ex-ante outputs or outcomes expected at the time of project approval and actual project results may differ.
- Climate Mitigation/Adaptation<sup>30</sup> indicates whether AIIB's financing is attributable to Climate Mitigation Finance, Climate Adaptation Finance, or both.
- Each project's contribution to the SDGs is indicated according to AIIB's SDG mapping approach, which is designed to capture the most representative alignment of respective AIIB subsectors with relevant SDGs. Contributions to SDGs from AIIB's safeguards and other indirect activities are not included in the mapping scope. For further information, please refer to [section 5 on AIIB's Contribution to Sustainable Development Goals](#).

<sup>30</sup> AIIB tracks climate finance in its financing approvals using the Common Principles for Climate Change Mitigation Finance Tracking and the Common Principles for Climate Change Adaptation Finance Tracking, both of which are methodologies jointly adopted by MDBs and the International Development Finance Club.



## TÜRKIYE

Osmangazi Electricity  
Distribution Corporate Facility

## TARGET RESULTS



7.9 TWh/year  
of distributed net energy



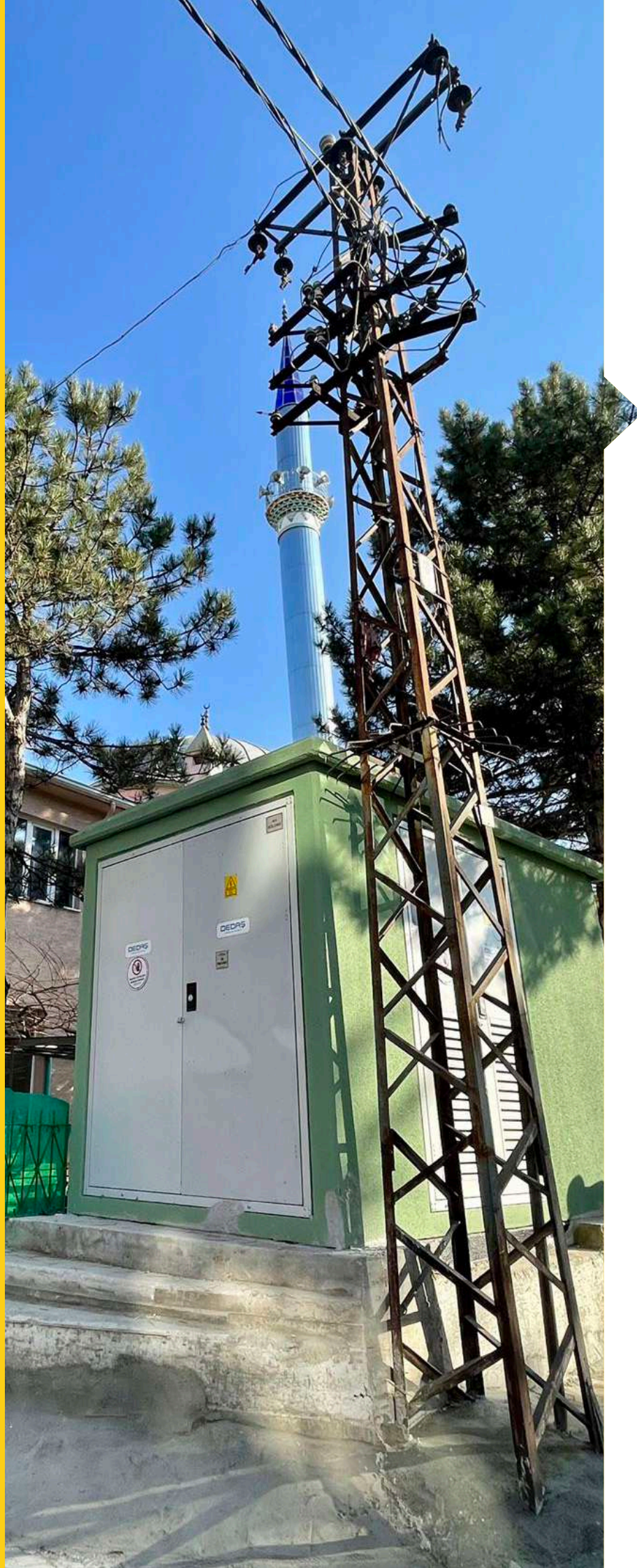
Less than 6.5%  
of annual electricity losses



45,000  
installed smart meters



1,750,000  
total connected residential  
customers



Project Name	Osmangazi Electricity Distribution Network Modernization and Expansion Project
Project Number	000458
Member	Türkiye
Approval Date	Dec. 6, 2021
Sector	Energy
Financing Type	Nonsovereign
AIIB Commitment	USD75.0 million
Total Finance amount	USD350.0 million <sup>31</sup>

## PROJECT STORY

The Osmangazi region is a landlocked area of approximately 50,000 km<sup>2</sup>, located in western Anatolia in Türkiye that encompasses the provinces of Afyonkarahisar, Bilecik, Eskişehir, Kütahya and Uşak. It has a total population of 2.84 million and 1.98 million electricity users that consumed 6.8 terawatt hours (TWh) in 2022. The region is one of Türkiye's designated 21 distribution zones, each one operated by a separate distribution system operator. Since the liberalization of Türkiye's electricity distribution sector in 2004, its distribution networks have required substantial investments to meet the country's growing electricity demand.

This project aims to modernize and expand Osmangazi Electricity Distribution's (OEDAŞ) distribution network. AIIB committed USD75.0 million to support the capital expenditure program launched by the Government of Türkiye under Türkiye's Fourth Tariff Implementation Period (TIP-4) for the years 2021-2025. AIIB brings additional value by providing local currency Turkish Lira (TRY) financing and liquidity for the development of distribution assets, facilitating the indirect mobilization of private capital and supporting the development of the TRY funding market.

The Project is expected to contribute to the expansion and digitalization of the electricity distribution network and reduce GHG emissions by improving losses incurred by the grid. At project completion in 2025, OEDAŞ network will encompass 54,000 kilometers of distribution lines, 9,000 megavolt amperes of transformer capacity and deploy more than 45,000 new smart meters to improve data gathering and system integration. The use of smart metering and smart grid technology is largely tested and replicable. Thus, the successful application of technology to this project can be replicated by other electricity distribution companies in the country.

<sup>31</sup> The project is cofinanced with the International Finance Corporation, European Bank for Reconstruction and Development, FMO- Dutch Entrepreneurial Development Bank and Denizbank.



# PAKISTAN

## Khyber Pakhtunkhwa Cities Improvement Project

### TARGET RESULTS



250,000

households provided with access to improved solid waste management services



800,000

population provided with access to improved safely managed water supply from sources meeting national water quality standards (of which 50% are females)



180,000

population served by sewerage network connected to new wastewater treatment plant (of which 50% are females)



1.6 km<sup>2</sup>

gender friendly urban spaces established



### CLIMATE MITIGATION & ADAPTATION



Project Name	Khyber Pakhtunkhwa Cities Improvement Project
Project Number	000214
Member	Pakistan
Approval Date	Dec. 16, 2021
Sector	Urban
Financing Type	Sovereign
AIIB Commitment <sup>32</sup>	EUR171.1 million
Total Project Cost	USD650.0 million <sup>33</sup>

### PROJECT STORY

The project aims to improve access to reliable and resilient urban services and strengthen the institutional capacities of urban service providers and local governments in selected cities of the Khyber Pakhtunkhwa province.

This project, which is cofinanced with Asian Development Bank, will help the Government of Khyber Pakhtunkhwa construct, rehabilitate and revitalize core urban infrastructure and services, including water supply, sewerage, solid waste management (SWM) and green urban spaces in five provincial cities of Peshawar, Abbottabad, Kohat, Mardan and Mingora. The project seeks to achieve three interlinked outputs: climate-resilient and gender-friendly urban infrastructure and services; strengthened institutional capacities; and an increase in women's involvement in urban development.

The project seeks to build up the resilience of the cities to adverse climate change impacts. The use of climate-resilient infrastructure designs and more energy efficient equipment will deliver both adaptation and mitigation benefits.

Developing urban green spaces will increase the quality of urban settings and provide opportunities to improve the health and well-being of residents by promoting sustainable lifestyles. Approximately 3.5 million residents of the five cities will benefit from enhanced SWM services, with the improved water supply directly benefiting 800,000 people. Upgraded sanitation systems in Kohat and Mardan will benefit 180,000 people. The project will address the challenges of municipal services delivery in a socially inclusive manner, providing improved quality, reliability and management of a range of basic urban services.

Women and children are the primary users of municipal services at the household level and suffer due to inadequate access. The project will assist in the delivery of good quality, well managed and reliable basic urban services to all groups. It also promotes gender equity with designs for public facilities and spaces that are women-friendly.

<sup>32</sup> Equivalent to USD183.8 million using the spot exchange rate on Dec. 31, 2022.





<sup>33</sup> The project is cofinanced with the Asian Development Bank.

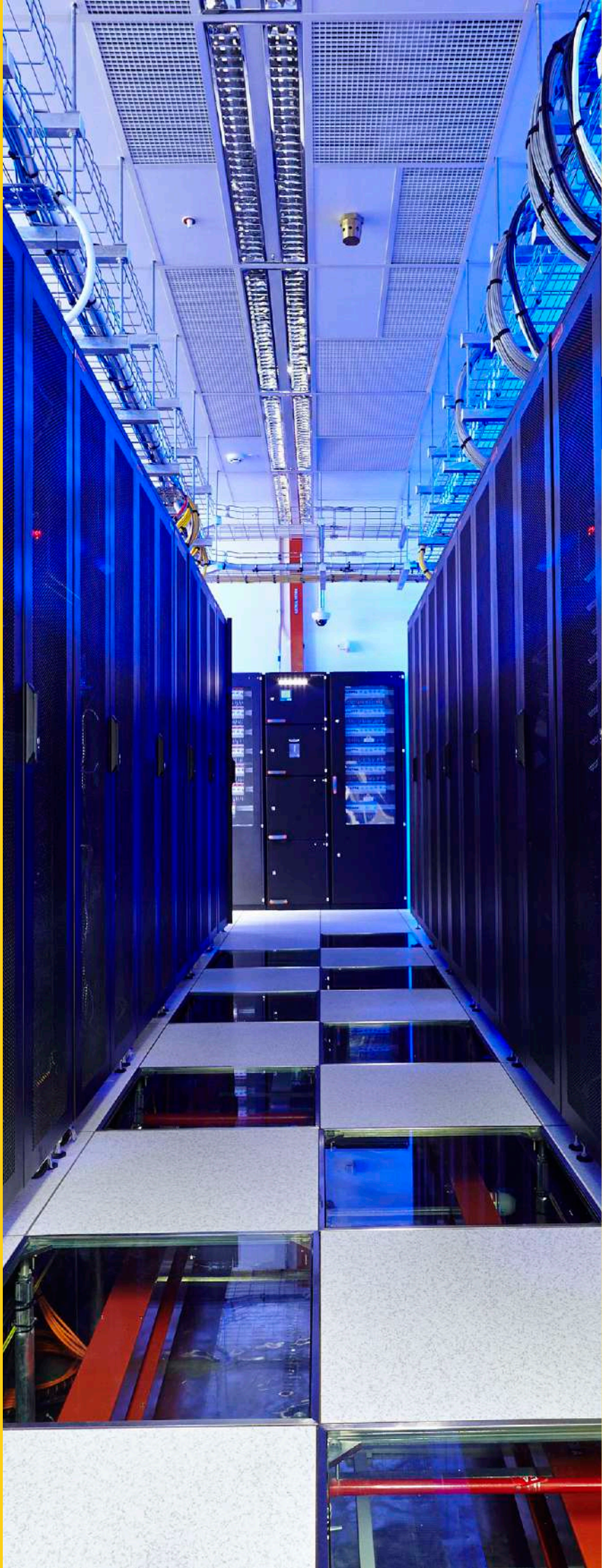


# MULTICOUNTRY

Data Center Development  
in Emerging Asia

## TARGET RESULTS

	<b>100%</b> of all investments in green infrastructure
	<b>80%</b> of investments qualify for climate mitigation financing
	<b>91,777 tons</b> of CO <sub>2</sub> emissions reduced annually by applying eco-friendly technologies
	<b>75%</b> of investments that serve Emerging Asia to help bridge the Digital Divide



### CLIMATE MITIGATION



Project Name	Data Center Development in Emerging Asia
Project Number	000502
Member	Multicountry
Approval Date	Oct. 13, 2021
Sector	Digital Infrastructure and Technology
Financing Type	Nonsovereign
AIIB Commitment	USD150.0 million
Total Project Cost	USD1.0 billion

## PROJECT STORY

AIIB partnered with Fund manager Keppel Data Centre Fund II, to promote greener digital infrastructure, help bridge the digital divide and strengthen cross-border connectivity through the development of data centers (DCs) in Emerging Asia.

The initial step of this project is to bridge the digital divide by investing in co-location DCs in developing countries of Eastern Asia, Southeastern Asia and Southern Asia. These DCs offer space and services for information and communication technology equipment to run digital services, such as remote working, online learning, smart logistics, eCommerce and digital entertainment.

In addition to the DCs, AIIB and Keppel are working together to develop good practice guidelines for the use of green technologies. Keppel has developed an ESG framework for the project that meets the requirements of AIIB's Environmental and Social Framework. This provides a systematic approach to screening, classifying and assessing environmental and social risks. The ESG Framework will allow Keppel to more effectively promote ESG performances. Moreover, it brings additional value as Keppel develops green applications and usage guidelines for DCs technology.

AIIB is also assisting Keppel in developing climate finance monitoring indicators, by internalizing the joint MDB methodology for tracking climate finance that can improve the tracking of climate finance and reduce the risk of greenwashing.<sup>34</sup>





<sup>34</sup> 2021 MDBs Joint Methodology for Tracking Adaptation Finance.



# BANGLADESH

Rural Water, Sanitation and Hygiene for Human Capital Development Project

## TARGET RESULTS

	<b>589,680</b> people provided with access to safely-managed water services (gender disaggregated indicator)
	<b>3,618,900</b> people provided with access to safely-managed sanitation services (gender disaggregated indicator)
	<b>763,000</b> handwashing stations built
	<b>USD123.4 million<sup>35</sup></b> in microfinance mobilized from micro finance institutions

<sup>35</sup> Bangladeshi Taka (BDT): BDT1.00=USD0.0092 as at May 31, 2023.



### CLIMATE ADAPTATION



Project Name	Rural Water, Sanitation and Hygiene for Human Capital Development Project
Project Number	000398
Member	Bangladesh
Approval Date	Oct. 16, 2020
Sector	Water
Financing Type	Sovereign
AIIB Commitment	USD200.0 million
Total Project Cost	USD550.5 million <sup>36</sup>

## PROJECT STORY

Bangladesh’s high population density and low capacity for managing public health risks leaves it vulnerable to high rates of morbidity from infectious diseases, such as cholera, dengue fever, diphtheria, diarrhea, typhoid and COVID-19 virus. This project is cofinanced with the World Bank and supports the Government of Bangladesh’s efforts to improve the living conditions of the rural population.

As a result of the AIIB and the World Bank assistance, an estimated 4.5 million people living in 78 Upazilas<sup>37</sup> in Mymensingh, Rangpur, Chittagong, and Sylhet Divisions are expected to gain access to safely-managed water, sanitation and hygiene (WASH) facilities in their homes by the end of the project’s implementation. An additional one million people are expected to gain access to WASH facilities in public spaces, including community clinics. Under the terms of the project, the World Bank and AIIB finance will be provided to retail microfinance institutions, which in turn will extend loans to households to upgrade WASH facilities at their residences.



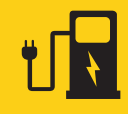

<sup>36</sup> The project is cofinanced with the International Development Association.  
<sup>37</sup> There are five tiers of government in Bangladesh. Districts are divided into 491 subdistricts, or Upazilas. Upazilas are further subdivided into 4,554 Union Parishads and 323 Paurasabha (or town councils or municipalities).



# CHINA

Liaoning Green Smart Public Transport Demonstration Project

## TARGET RESULTS

	20,960 tons of CO <sub>2</sub> emissions reduced per year
	1,285 electric buses procured and put in operation
	286 electric chargers installed
	200 tons NO <sub>x</sub> emissions reduced per year



### CLIMATE MITIGATION



Project Name	Liaoning Green Smart Public Transport Demonstration Project
Project Number	000406
Member	China
Approval Date	Nov. 11, 2021
Sector	Transport
Financing Type	Sovereign
AIIB Commitment <sup>38</sup>	EUR130 million
Total Project Cost	USD214.3 million

## PROJECT STORY

There is an urgent need to identify sustainable, cost-effective transport options for small- and medium-sized cities in China with electric vehicles, including electric buses (e-buses), seen as one of the most promising ways of reducing CO<sub>2</sub> emissions and improving air quality in urban areas. E-buses, including battery-powered electric buses (BEBs) and electric trolley buses, have been widely promoted in Chinese cities in recent years. The project aims to replace existing diesel-fueled or gas-fueled buses for modern BEBs in five small and/or medium cities in Liaoning, including Fuxin City, Hu'ludao City, Jinzhou City, Panjin City and Yingkou City.

Despite serious impacts from the COVID-19 pandemic in 2022, project implementation has progressed steadily with three consulting contracts and six BEB procurement contracts awarded. BEBs financed by the AIIB loan have been delivered and are in use. By the end of January 2023, about EUR60 million had been disbursed under the project. It is anticipated that the project will not only enhance service quality of public transport and improve passengers' riding experience, it will also improve urban environments through reduced air and noise pollution.

Upon completion, the project also aims to demonstrate that BEBs are viable options for zero-emission public transport systems in Liaoning and that smart public transport management systems can enhance the efficiency of public transport and attract more passengers to use it.

<sup>38</sup> Equivalent to USD139.2 million using the spot exchange rate on Dec. 31, 2022.



# MULTICOUNTRY

STIC Asia Infrastructure  
Innovation Fund

## TARGET RESULTS



**USD61 million**  
of private capital mobilized



**80%**  
of investment in technology-  
enabled Infrastructure



**60%**  
of investment in Green  
Infrastructure



**30%**  
of investment qualifying for  
Climate Mitigation Finance



## CLIMATE MITIGATION



Project Name	STIC Asia Infrastructure Innovation Fund
Project Number	000480
Member	Multicountry
Approval Date	Oct. 13, 2021
Sector	Multisector
Financing Type	Nonsovereign
AIIB Commitment	USD60.0 million
Total Project Cost	USD480.0 million

## PROJECT STORY

The use of digital technologies is playing an increasingly important role in both accelerating economic growth, and supporting actions to improve the environment and respond to climate change.

AIIB's investment of USD60 million in the STIC Asia Infrastructure Innovation Fund (the Fund) is allowing the Fund to extend investments into the use of digital technologies for transport, logistics, smart cities, social infrastructure and clean energy. At least 60% of the investments should support green infrastructure and 30% in climate mitigation activities.

The Fund's first portfolio company, Tik, is a smart logistics company based in Viet Nam that is using artificial intelligence in its warehouses to improve route scheduling and the efficiency of its fleet of vehicles. Following adoption of the technology now provides delivery in two hours. It has also expanded its use of eco-friendly packaging materials to 96% of the total in 2022, from the previous 70%.

Another Fund portfolio company is Ninjacart, a fresh produce supply chain business in India, which is utilizing digital technology to deliver produce from farmers to businesses in just 12 hours. Ninjacart uses digital technology to optimize deliveries, at almost one-third of the price of traditional supply chains. In addition, the company has cut spoilage from 35% to 1% for food handled, and reduced their quarterly disposal expense for food waste by 19% from 2021 to 2022.





As of now, the Fund has invested in five companies and is still expanding its portfolio in developing economies in Asia. Its investments are helping boost the use of new digital technologies and supporting innovation, propagate best practices in technology and enjoy greater sustainability in infrastructure.

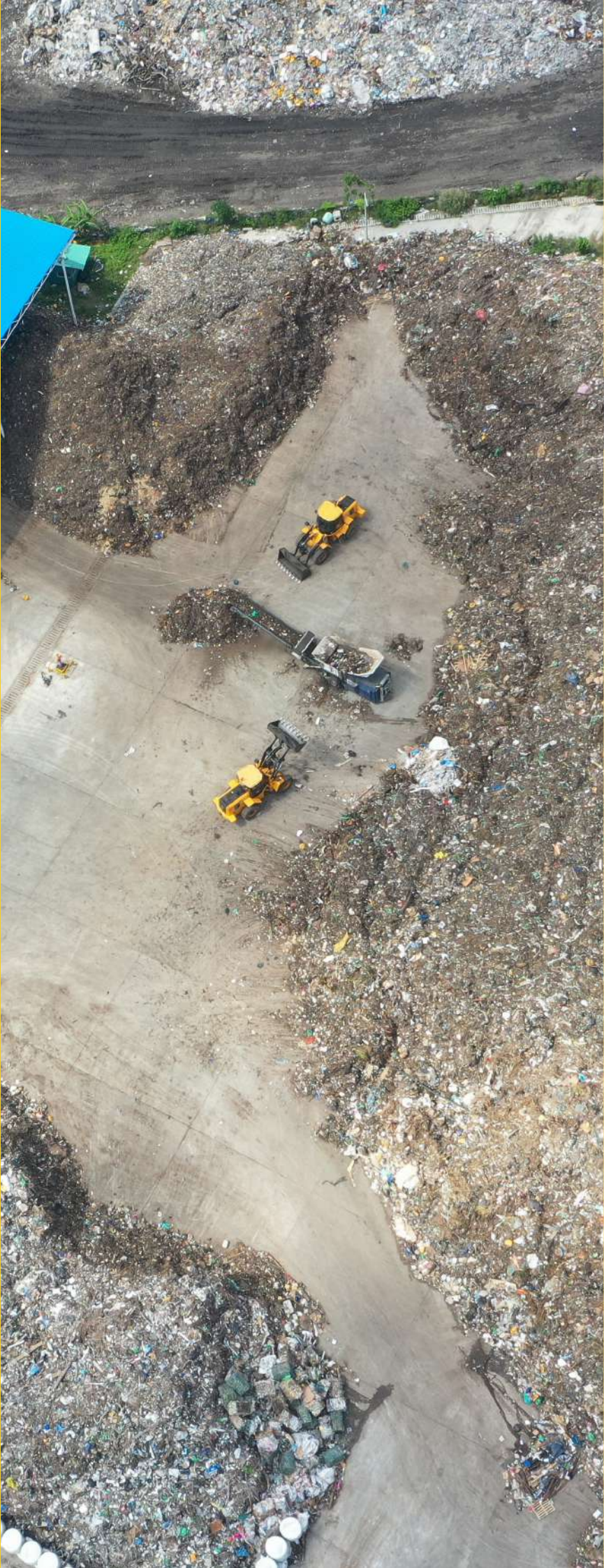


# MALDIVES

Greater Malé  
Waste-to-Energy Project

## TARGET RESULTS

	<b>80%</b> of solid waste treated with residuals, safely disposed or recycled
	<b>20,000 tons</b> of reduction in estimated annual GHG emissions
	<b>500 tons/day</b> installed capacity of WTE plant
	<b>13 MW/day</b> electricity generated from WTE plant (of which 50% is renewable energy)



### CLIMATE MITIGATION & ADAPTATION



Project Name	Greater Malé Waste-to-Energy Project
Project Number	000278
Member	Maldives
Approval Date	Sep. 10, 2020
Sector	Urban
Financing Type	Sovereign
AIIB Commitment	USD40.0 million
Total Project Cost	USD151.1 million <sup>39</sup>

## PROJECT STORY

The Maldives is composed of nearly 1,200 coral islands, spread across 90,000 square kilometers in the Indian Ocean, and is extremely vulnerable to natural hazards and climate variability. The Greater Malé region and its outer islands suffer from severe environmental pollution due to inadequate collection and haphazard disposal of solid waste. Increasing pressures on an already stressed waste management system poses a significant threat to tourism and fisheries, which are cornerstones of the Maldives’ economy and rely heavily on a clean environment.

The Government of Maldives's Strategic Action Plan 2019–2023 recognizes and seeks to promote waste as a valuable resource through regional waste management facilities and Waste-to-Energy (WTE) plants. To support this government goal, AIIB is contributing USD40 million to build an integrated WTE treatment plant that will handle up to 500 tons of garbage every day. Once it begins operations in 2025, it is expected to produce 83,200 MW of electricity, annually, along with around 21,000 tons of bottom ash and 3,360 tons of metal. The WTE plant will be able to treat its own flue gas, monitor emissions, process residues, and the ash will be stored in an engineered landfill. It is designed to reduce disaster risk and improve climate change resilience, while creating a cleaner environment and reducing GHG emissions. The project has two components and AIIB is financing the first component. All of AIIB's financing contributes to climate mitigation by supporting the establishment of a disaster and climate-resilient regional waste management facility. The second component of this project is institutional capacity building in sustainable waste management, environmental monitoring and public awareness.

<sup>39</sup> The project is cofinanced with the Asian Development Bank.



# 10

## PROJECT-BY-PROJECT REPORTING

The expected impact and contribution of AIIB's financings to development outcomes are captured by the project level results frameworks reflecting project objectives that are aligned with AIIB's mission, thematic priorities and strategic direction. Based on the project-level results framework, AIIB provides the following information: project description, project objectives and results framework, financing amounts, financing approval date, and environmental and/or social documentation. The 2022 Impact Report discloses project-level reporting:

- **Impact Report 2022:** Section 3. Snapshot of Outcomes in 2022 discloses environmental and social benefits brought by AIIB's financing.
- **Impact Report 2022 Annexes:** The Impact Report includes a detailed project-level reporting of approved projects by AIIB that began disbursement in 2022. The project tables disclose the climate financing amounts and the SDG mapping for each project. The projects are organized according to AIIB's investment sectors and the programs under COVID-19 Crisis Recovery Facility.

In addition, AIIB also publishes the **AIIB Sustainable Development Bonds** a comprehensive list of all AIIB projects that have been disbursed since 2016. This list is updated annually and published along with the annual Impact Reports. It should be read in conjunction with the latest edition of the annual AIIB Sustainable Development Bonds Impact Report.

All information relating to the projects presented in these tables should be read in conjunction with the relevant project documentation. In case of any discrepancy between the tables in these publications and such project documentation, the latter shall prevail. Find the list of approved projects on the AIIB website.



The Sustainable Development Bonds Impact Report is issued pursuant to the Asian Infrastructure Investment Bank's Sustainable Development Bond Framework, and the commitment made to annual impact reporting on the Bank's overall portfolio and project level results, reflecting environmental and social benefits generated by its financing.

This report presents data on AIIB's portfolio volume, alignment with thematic priorities, and portfolio performance, as well as selected project impact stories chosen to illustrate how AIIB is addressing clients' needs, while also supporting Members in Asia and beyond to meet their commitments to the UN Sustainable Development Goals and their nationally determined contributions to the Paris Agreement.

For more information about AIIB projects in 2022, read the [Impact Report Annexes](#) and [watch the video](#).



ASIAN INFRASTRUCTURE  
INVESTMENT BANK

AIIB Headquarters, Tower A, Asia Financial Center  
No. 1 Tianchen East Road, Chaoyang District, Beijing 100101 China