



# ASIAN INFRASTRUCTURE INVESTMENT BANK

**Global Infrastructure Cooperation Conference**

**September 03, 2019**

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As at July 15, 2019 unless otherwise stated.

The Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank with a mission to improve social and economic outcomes in Asia. Headquartered in Beijing, we began operations in January 16, 2016 and have now grown to 100 approved members worldwide. By investing in sustainable infrastructure and other productive sectors in Asia and beyond, we will better connect people, services and markets that over time will impact the lives of billions and build a better future.



**MEMBERS**  
72 Members, 28 Prospective



**PROJECTS APPROVED**  
Guided by AIIB thematic priorities



**TOTAL INVESTMENTS AND LOANS**  
Projects funded will better connect people, services and markets to promote sustainable development and prosperity

\* The Board of Directors considered the President's Memorandum and Recommendation on a proposed financing in the amount of USD50 million in the transport sector and approved it as recommended. The Board of Directors also approved the recommended derogation from the Bank's relevant information disclosure policies on the basis of applicable regulatory requirements.



# AGENDA

- About AIIB
- AIIB's Profile
- Investment Operations
- Strategies
- Work with AIIB
- AIIB Procurement

# INVESTMENT PRIORITIES

We approach lending, developing our business lines and selecting our projects based on three thematic priorities

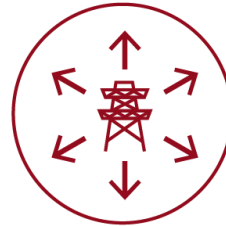


## Sustainable Infrastructure

- Promoting green infrastructure
- Supporting commitments under the Paris Agreement and the SDGs

### Project examples

- *Beijing Gas - Air quality improvement project*
- *Metro Manila Flood Management project*
- *Strengthening Power distribution in India and Bangladesh*
- *Hydropower Rehabilitation project in Tajikistan*
- *Indonesia: National Slum Upgrading Project*
- *Egypt Solar Project (225MW)*



## Cross-border Connectivity

- Prioritizing cross-border infrastructure, ranging from roads and rail to ports, airports, energy pipelines and telecoms

### Project examples

- *Tajikistan: Dushanbe-Uzbekistan Border Road Improvement Project*
- *Azerbaijan: Trans Anatolian Natural Gas Pipeline Project (TANAP)*
- *Oman: Duqm Port Commercial Terminal and Operational Zone Development Project*



## Private Capital Mobilization

- Devising innovative solutions that mobilize private capital

### Project examples

- *Asia: IFC Emerging Asia Fund*
- *India: Morgan Stanley India Infrastructure Fund*

# OVERVIEW OF SHAREHOLDING STRUCTURE

100 approved members

“

The bank...will help to mobilize much needed additional resources from inside and outside Asia... and will complement the existing multilateral development banks.

Articles of Agreement

”

\* Prospective founding member: These are prospective members who were original signatories to the Articles of Agreement in June 2015. Countries or territories who sought membership after that date are simply called prospective members. All prospective members have been approved by the Board of Governors but have not yet met the full requirements of membership.



## Members Regional

Afghanistan	Iran	Qatar
Australia	Israel	Russia
Azerbaijan	Jordan	Samoa
Bahrain	Kazakhstan	Saudi Arabia
Bangladesh	Korea	Singapore
Brunei	Kyrgyz Republic	Sri Lanka
Darussalam	Lao PDR	Tajikistan
Cambodia	Malaysia	Thailand
China	Maldives	Timor-Leste
Cyprus	Mongolia	Turkey
Fiji	Myanmar	UAE
Georgia	Nepal	Uzbekistan
Hong Kong	New Zealand	Vanuatu
China	Oman	Vietnam
India	Pakistan	
Indonesia	Philippines	

## Members Non-Regional

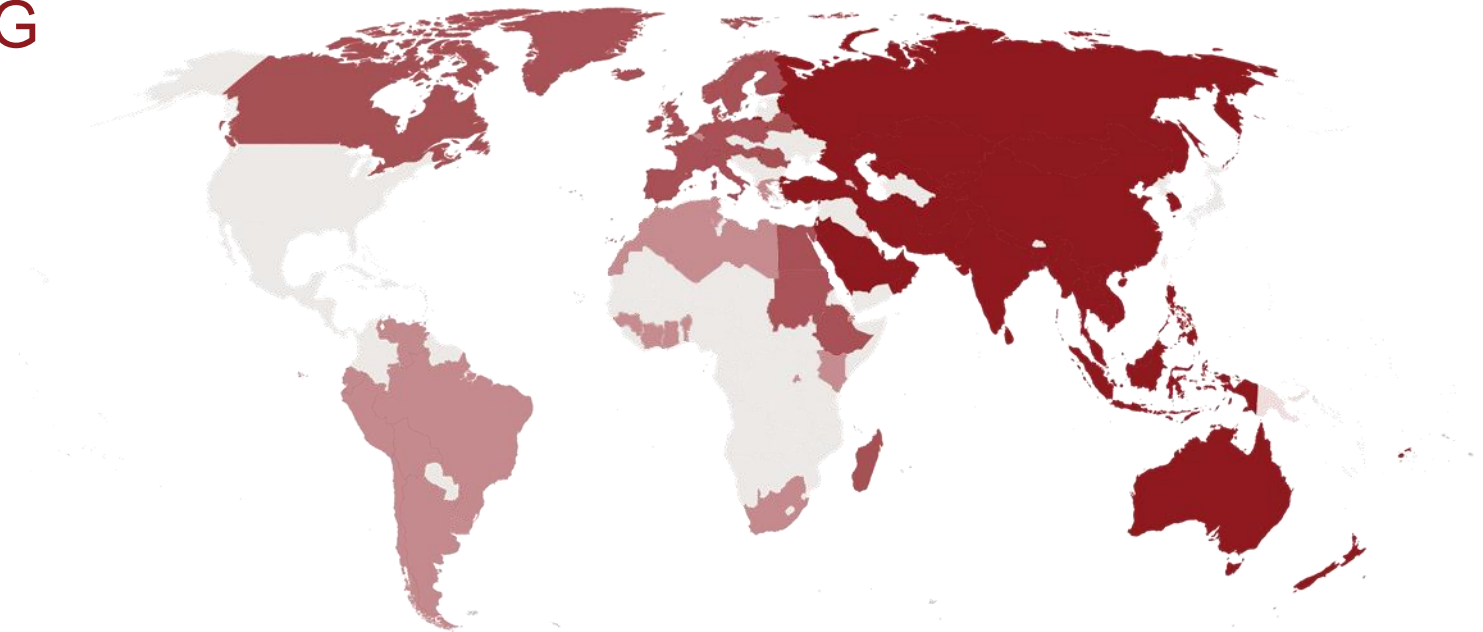
Austria	Luxembourg
Belarus	Madagascar
Belgium	Malta
Canada	Netherlands
Denmark	Norway
Egypt	Poland
Ethiopia	Portugal
Finland	Romania
France	Spain
Germany	Sudan
Guinea	Sweden
Hungary	Switzerland
Iceland	United Kingdom
Ireland	
Italy	

## Prospective Regional

Armenia  
Cook Islands  
Kuwait\*  
Lebanon  
Papua New Guinea  
Tonga

## Prospective Non-Regional

Algeria	Morocco
Argentina	Peru
Benin	Rwanda
Bolivia	Serbia
Brazil*	South Africa*
Chile	Togo
Côte d'Ivoire	Tunisia
Djibouti	Uruguay
Ecuador	Venezuela
Ghana	
Greece	
Kenya	
Libya	








# TOP FIVE SHAREHOLDERS

A strong voice for regional members

USD100 billion authorized capital: 20% paid-in shares; 80% callable shares

According to the Articles of Agreement, regional members must hold (75) percent of the total subscribed capital stock of the bank.

		Capital contributions (% of Bank total)	Share of votes held (% of total)
	China	30.89%	26.61%
	India	8.67%	7.63%
	Russia	6.78%	6.01%
	Germany	4.65%	4.19%
	Korea	3.87%	3.53%



# AREAS OF OPERATIONS

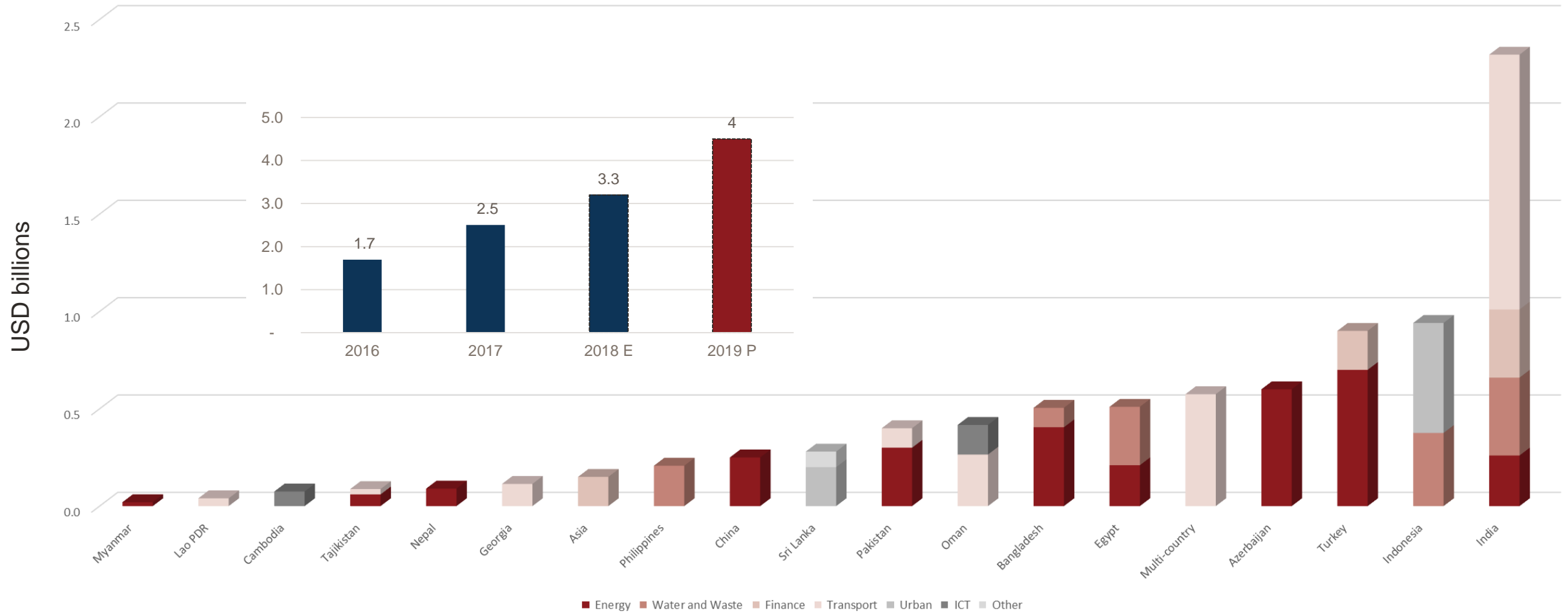
## Range of instruments offered

Sovereign loans	Nonsovereign-backed financing	Equity Investments	Guarantees
<ul style="list-style-type: none"><li>• Sovereign-backed loans will have an average maturity of up to <b>20 years</b> and a final maturity limit of up to <b>35 years</b>.</li><li>• Cofinanced sovereign lending will be encouraged.</li><li>• Appraisal of sovereign loans will take into account a full assessment of the project's benefits, risks and borrower implementation capacity.</li></ul>	<ul style="list-style-type: none"><li>• AIIB is taking a progressive approach to building its book of nonsovereign-backed financing. This approach is based on sound banking practice.</li><li>• Borrowers could range from <b>sub sovereign public entities</b> to <b>private enterprises</b>.</li><li>• The terms and conditions will be set on a commercial basis and reflect the expected risk to AIIB and market conditions.</li><li>• Loan amounts can be up to 35% of the project.</li></ul>	<ul style="list-style-type: none"><li>• AIIB will only consider making equity investments under terms it considers fair, where clear potential exit strategies are present, and where an acceptable internal rate of return is projected.</li><li>• The Bank expects to play the role of a minority investor (not exceeding 30%) and shall not seek a controlling interest in the target entity or enterprise.</li></ul>	<ul style="list-style-type: none"><li>• AIIB aims to offer guarantees.</li><li>• Projects involving guarantees will be appraised, processed, and monitored the same way as loans.</li><li>• For capital headroom and exposure management purposes, guarantees will be treated as if they were on the balance sheet (i.e. treated the same way as loans).</li></ul>



# INVESTMENT OPERATIONS—APPROVED VOLUMES

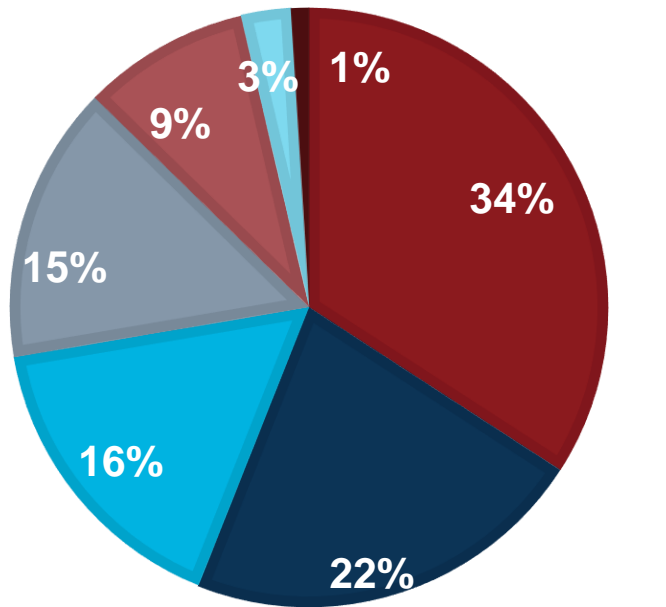
Loans approved since inception – USD8.48 billion (As of July 2019)



# INVESTMENT OPERATIONS—PORTFOLIO DISTRIBUTION

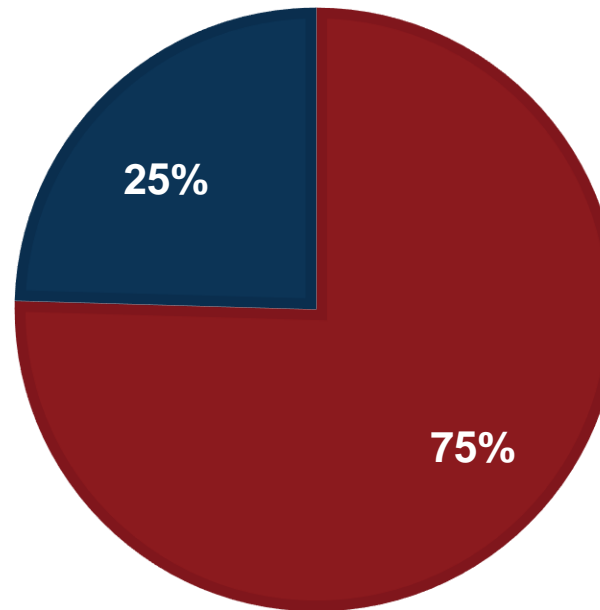
Loans approved since inception as of Q2 2019

SECTORAL DISTRIBUTION AMOUNT OF COMMITMENTS (%)



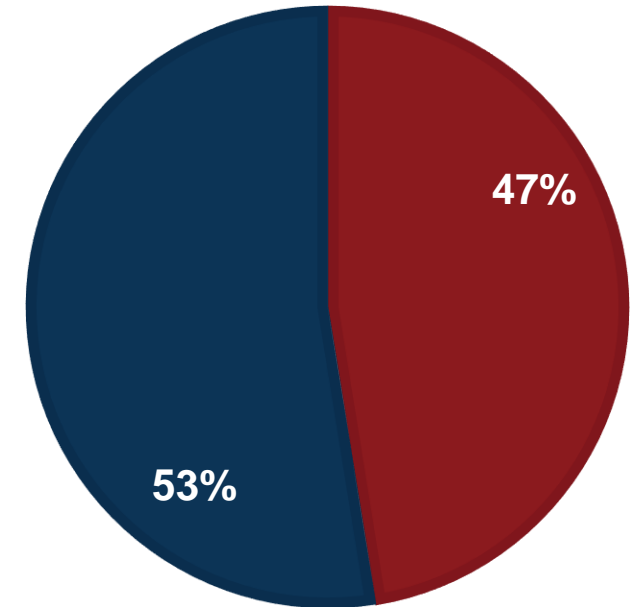
■ Energy  
■ Water and Waste  
■ Urban  
■ Others  
■ Transportation  
■ Finance  
■ ICT

SOVEREIGN VS. NON-SOVEREIGN AMOUNT OF COMMITMENTS (%)



■ Sovereign ■ Non-Sovereign

CO-FINANCING VS. STAND-ALONE AMOUNT OF COMMITMENTS (%)



■ Stand-alone ■ Co-Finance

# AIIB STRATEGIES

## Strategies serve the following purposes:

- To draw a line between what AIIB can do and cannot do in a sector
- To identify the priorities in a sector/product/theme for AIIB to build its capacity and business line
- To define the scope for AIIB's investment

## Strategies in place

- Energy Strategy
- Transport Strategy
- Sustainable Cities Strategy

SECTOR STRATEGY

- Private Capital Mobilization Strategy
- Strategy on Financing Operations in Non-regional Members
- Strategy on Investing in Equity

THEMATIC AND OTHER STRATEGIES

# AIIB ENERGY STRATEGY

## AIIB's Guiding Principles

1. Promote Energy Access and Security.
2. Realize Energy Efficiency Potential.
3. Reduce the Carbon Intensity of Energy Supply.
4. Manage Local and Regional Pollution.
5. Catalyze Private Capital.
6. Promote Regional Cooperation and Connectivity.

## Energy Sectoral Approach

- Power Transmission and Distribution.
- Energy Efficiency Investments.
- Renewable Energy Investments (hydro, solar, wind, biomass, geothermal).
- Local and Regional Pollution Management.
- Fossil Fuel Power Generation Investments.
- Oil and Natural Gas Processing, Transportation and Distribution.



# AIIB TRANSPORT STRATEGY

## AIIB's Priority

1. Trunk linkages : Linkage between major urban centers or key economic areas
2. Cross-border connectivity : Road and rail connections serving cross-border traffic. Node infrastructure such as airports, ports, dry ports, multimodal transport hubs and logistics parks that serve international passenger and/or trade flows
3. Transport integration : sustainable modes of transport through ensuring last mile connectivity and the integration of different transport modes

## Energy Sectoral Approach

- Ensuring Economic and Financial Viability
- Mobilizing Private Capital through; support for **PPPs**, being **anchor financier**
- Promoting Environmental and Social Sustainability
- Work closely with existing and new partners (e.g., Greater Mekong Subregion Economic Co-operation Program, CAREC, Belt and Road Initiative, ASEAN Transport)
- Innovative and Proven Technologies

# THEMATIC AND OTHER STRATEGIES

## PRIVATE CAPITAL MOBILIZATION

- Partner with third parties on readily investable nonsovereign projects.
- Lead the origination, structuring, and executing of stand-alone deals.
- Create new markets and deal flows.

## FINANCING OPERATIONS IN NON-REGIONAL MEMBERS

- Up to 15% of Bank's total financing to support trade and connectivity link with Asia; investments in global public goods; investments in non-regional members in geographical/economic proximity with Asia.

## INVESTING IN EQUITY

- Establishing the principles of the equity program to achieve development impact and financial return.
- Laying out the phased implementation approach and describing how results will be monitored and reported.
  - co-investments with funds where AIIB is an investor
  - direct equity investments

# B-LOAN STRUCTURE



## Key Features

- One loan agreement
- AIIB is the Lender of Record, signs a loan agreement with the borrower; thereafter part of the loan is syndicated to commercial banks
- AIIB's portion of the loan is termed the 'A loan', while the portion held by commercial lenders is termed the 'B loan'
- Loan Administration managed by AIIB
- Information fully shared with Co-lenders
- Project Risks fully shared with Co-Lenders
- Participants benefit from AIIB's privilege and immunities, by
  - (a) political risk mitigation and
  - (b) preferred status to hard currency
- AIIB's privilege provides comfort in the unlikely event of a restructuring

# PROCUREMENT POLICY - INTRODUCTION

- Aims to support recipients of bank financing to achieve successful implementation of projects through efficient, fair, ethical and transparent processes that optimize both value for money and social and environmental sustainability
- Fundamentally aligned to other MDB's procurement guidelines and MDB harmonized standard documentation
- **Procurement Framework:** Procurement Policy, the Procurement Instructions for Recipients, the Directive and the Administrative Guidance (internal only)
- **Procurement Method:** Prefers international open competitive tendering for Bank-financed project
  - Other methods may be applied provided the Recipient demonstrates to the Bank's satisfaction that the proposed procurement method adequately reflects the requirements of the Bank's Core Procurement Principles and Standards
- Permits firms and individuals from all countries to offer goods, works and services for Bank financed-projects regardless of whether the country is a member of the Bank
- Bank reviews the recipient's strategy for procurement delivery to establish whether it demonstrates economy and efficiency, is fit for purpose and delivers value for money.
- Compliance with AIIB's Prohibited Practices Policy!!!! Not signatory (yet) of cross-debarment initiative, but fully aligned!



# PROCUREMENT POLICY – CORE PRINCIPLES, STANDARDS, AND CONSIDERATIONS

## Core Principles

- Economy
- Efficiency
- Effectiveness
- Fairness: Good Governance
- Value for Money
- Fit for Purpose
- Transparency

## Standards

- Strategic procurement
- Transparent, open international competitive processes
- Optimal balance between price and quality to generate sustainable desired outcomes
- Credible recourse and impartial, equitable dispute resolution
- Quality assurance compliance checks and third-party verification
- Credible mechanism to address complaints of tenderers

## Considerations

- Advance contracting
- Retroactive financing
- Use of Recipient's country-based procurement system/procedures
- Co-financing
- Co-lenders project agreement required
- Joint: Lead co-financier's procurement guidelines/disbursement processes are applied for all project component
- Parallel: Co-financier's procurement guidelines/disbursement processes apply to the project component to be specifically financed by co-financier
- Development of domestic industry

# PROCUREMENT BY PRIVATE ENTITIES

## ***Principles applicable to procurement by private entities:***

- Established commercial practices: Concerns regarding economy and efficiency apply equally to both public and private sector contracts financed by the Bank.
- Private entity recipients do often apply (market) established commercial practices relevant to their sector other than formal open competitive tendering.
- No specific method, rules or procedures apply to private sector procurement but private sector entity needs to demonstrate that the procurement strategy applied under the project achieves fair market prices and that sound commercial practices are applied.
- It would be impractical to impose specific methods, with regard to timeline and legal considerations to sovereign lending.

# PROCUREMENT BY PRIVATE ENTITIES (CONCESSIONS)

## ***Financing private party to a concession – criteria to be met:***

- Concessions are normally public sector services that are awarded to the private sector to build, own and operate and transfer infrastructure to exploit public assets/resources.
- Because of the public and private role particular attention (due diligence) is given to how the concession was awarded. The Bank also makes an assessment based on the following criteria:
- Fairness, transparency and competition in the award process.
- Compliance with all applicable law and regulations and free of corruption and complaints.
- Terms of the concession agreement (price, quality, risk-sharing) are fairly distributed and in-line with market practices.

# PROCUREMENT OPPORTUNITIES

- Procurement opportunities are published on the AIIB website at **aiib.org/opportunities** and on the UN Development Business online portal **devbusiness.com**
- Project Summary Information documents, posted on our list of Proposed Projects are the first indication of projects that may have procurement needs

AIIB

ASIAN INFRASTRUCTURE INVESTMENT BANK

ABOUT AIIBPOLICIES AND STRATEGIESNEWS AND INSIGHTSPROJECTSTREASURYOPPORTUNITIESCONTACT

Project Procurement Opportunities

DATE	COUNTRY / REGION	PROJECT / NOTICE	SECTION	TYPE
ISSUE DATE: Apr 08, 2019	Mumbai	Minutes of prebid meeting with Amendments - Panvel Karjat Section (Mumbai Urban Transport Project –III) MRVC/W/107 dated 28th February 2019	TRANSPORT	SPECIFIC PROCUREMENT NOTICE
DOWNLOAD				
ISSUE DATE: Apr 08, 2019	Mumbai	Minutes of prebid meeting with amendments - Virar Dahisar Road (Mumbai Urban Transport Project –III) MRVC/W/101 dated 28th February 2019		
DOWNLOAD				

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Procurement Notice

India

Asian Infrastructure Investment Bank

SECTOR:Transportation

DEADLINE:18 April 2019

POSTED:1 March 2019

STATUS:Updated

DB REFERENCE N°:AIIB20-03/19

LOAN N°:FINANCING:

PROJECT:UPDATE - Mumbai Urban Transport Project –III

TITLE:Construction of Major bridges, Minor Bridges, ROB, Drains, Retaining wall, Boundary wall and Earthwork for the Quadrupling of Railway Track

NOTICE:  
Borrower/Bid No. MRVC/W/101 UPDATED ON 5 APRIL 2019 (ORIGINALLY PUBLISHED ON 1 MARCH 2019). The document "Minutes of prebid meeting with amendments.pdf" has been attached (which can be accessed by selecting the link at the bottom of the notice).

SECTOR: Energy    REGION: Nepal

Nepal: Tamakoshi V Hydroelectric Project (TV-HEP)

TwitterLinkedInFacebookGoogle+

Contact

Project-related Inquiries  
If you have any questions or inquiries related to proposed projects, please send us an email:  
SEND AN EMAIL

Report Fraud and Corruption  
If you identify any prohibited practices, please send us an email:  
SEND AN EMAIL

Project Objective:  
The objective of the Project is to reduce the supply and demand gap by providing additional power to the national grid. The Project would also help stabilize the grid by contributing to meeting the daily peak demand. The Project would provide benefits to most sectors of the economy and the population in Nepal. The primary beneficiaries would be energy users from residential, agricultural, commercial and industrial sectors, who would experience more reliable supply of electricity and fewer outages.

Relevant Documents:  
Project Summary  
Size: 244K, Format: PDF  
DOWNLOAD

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Project Number: 000261

Project Summary Information (PSI)

Project Name	Tamakoshi V Hydroelectric Project (TV-HEP)
Country	Nepal
Sector	Energy / Power Generation
Project No.	000261
Borrower	Nepal
Implementation Entity	Nepal Electricity Authority (NEA)
Environmental and Social Category	Category A
Date of PSI prepared or updated	Dec. 21, 2018
Date of Concept Approval	Dec. 18, 2018
Estimated Date of Project Approval	2019 Q4



THANK YOU