



# Asian Infrastructure Investment Bank (AIIB) Snapshot

Established in 2016 and headquartered in Beijing, the Asian Infrastructure Investment Bank (AIIB) is a Multilateral Development Bank (MDB) founded to address Asia's infrastructure funding gap, estimated at USD26 trillion through 2030.

As of August 26, 2019, the AIIB has 100 approved [members](#) worldwide, including 57 founding members such as Australia, China, France, Germany, India, Italy, South Korea, the UK as well as Canada, which joined in March 2018. AIIB's subscribed capital stock is USD100 billion.

As of Sept. 2019, AIIB has approved financing of approximately USD9.03 billion for 47 [projects](#) in 18 member countries. Major client member countries are: India, Indonesia, Turkey, Azerbaijan, Egypt, and Bangladesh. By 2020, AIIB expects to have active projects in 24 member countries.

## AIIB Priorities

AIIB approaches lending, business line development and project selection based on **three thematic priorities**:

**Sustainable Infrastructure:** Promoting green infrastructure and supporting members to meet their environmental and development goals, especially their commitments under the Paris

Agreement and the United Nations' Sustainable Development Goals.

**Cross-Border Connectivity:** Prioritizing cross-border infrastructure, ranging from roads and rail to ports, airports, energy pipelines and telecoms.

**Private Capital Mobilization:** Devising innovative solutions that mobilize private capital, in partnership with other MDBs, governments, private financiers and other partners. AIIB's presence on cofinancings helps spread risk across the MDB and private sector communities, and can help to crowd in private sector capital.

## Key Sectors

**Energy:** power transmission and distribution; energy efficiency; hydro, wind, solar, and geothermal energies; local and regional pollution management; natural gas transportation (including storage); etc.

**Transport:** highways, railways, airports, ports, multimodal transport hubs and logistics parks, transport integration, etc.

**Urban:** urban mobility, waste management, water supply and treatment, flood protection, energy efficiency, green building, industrial parks, special economic zones, commercial business districts, etc.

## AIIB's Investment Operations

While the majority of AIIB's investment will be in Asia, it can invest in any member, as long as there are ultimate benefits to Asia's social and economic development.

AIIB can provide sovereign loans, non-sovereign-backed financing, equity investments and guarantees.



AIBB reviews project ideas and proposals from clients, partners and other stakeholders and seeks to achieve an appropriate balance among borrowers, sectors, sovereign and non-sovereign projects. Projects that meet the preliminary screening criteria are included in the rolling investment program, which will be discussed and approved by the Executive Committee on a regular basis.

### **Commercial Opportunities**

Similar to other MDBs, AIBB-funded projects provide procurement and co-investment opportunities for Canadian companies.

AIBB financed projects generate numerous tendering opportunities for goods, infrastructure construction works and services. Project procurement [opportunities](#) are published on its [website](#). Eligibility to participate in these tenders is open to suppliers, contractors and consultants worldwide.

AIBB also maintains a list of [proposed projects](#). AIBB's funding program is expected to be several billion US Dollars per annum over the next several years of capital markets issuance. Funding needs are expected to rise gradually to reach approximately USD10 billion per annum by the mid-2020s. Over the coming three years, AIBB expects investments in the energy and transport sectors to represent between 60 and 70% of its total exposure.

AIBB is working towards developing its private sector pipeline, and is looking at establishing relationships and exploring partnership opportunities with private sector project developers, sponsors and investors. AIBB's non-sovereign operation is open to financing sub-national entities, state-owned enterprises, private sector companies, Public-Private Partnerships (P3) or hybrid structures.

AIBB's considerable financial resources, its ability to provide sovereign-backed and non-sovereign-backed financing within the same balance sheet, and its prioritization of mobilizing private capital into infrastructure development will enable the bank to support P3 and commercially financed solutions.

As the success of P3 projects is often influenced by various economic and political factors out of the control of private investors, they often require risk-mitigating instruments. As such, AIBB can provide an option to mitigate non-commercial risks and viability gap financing.

For additional information please contact:  
[Lili.Zhou@international.gc.ca](mailto:Lili.Zhou@international.gc.ca)

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