Scaling up Climate Technology Solutions

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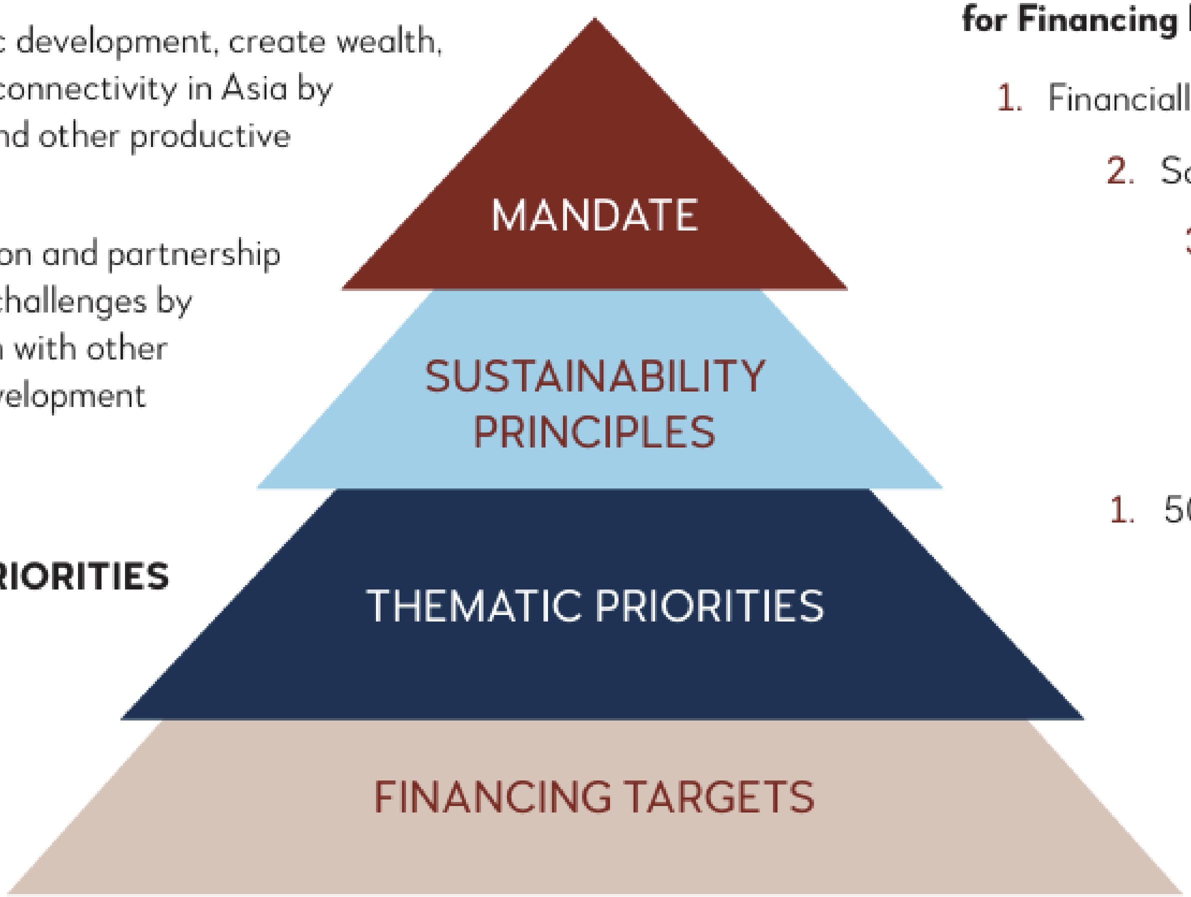
AIIB: Mandate, Priorities, Principles and Targets

What is AIIB's institutional MANDATE?

1. Foster sustainable economic development, create wealth, and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors; and
2. Promote regional cooperation and partnership in addressing development challenges by working in close cooperation with other multilateral and bilateral development institutions.

What are the THEMATIC PRIORITIES guiding AIIB's pipeline?

1. Green infrastructure
2. Connectivity and regional cooperation
3. Technology-enabled infrastructure
4. Private capital mobilization



What are AIIB's SUSTAINABILITY PRINCIPLES for Financing Infrastructure for Tomorrow?

1. Financially and economically sustainable
2. Socially sustainable and inclusive
3. Environmentally sustainable

What are AIIB's corporate FINANCING TARGETS?

1. 50% climate financing by 2025
2. 25%-30% cross-border connectivity by 2030
3. 50% private sector projects by 2030

AIIB: Operations

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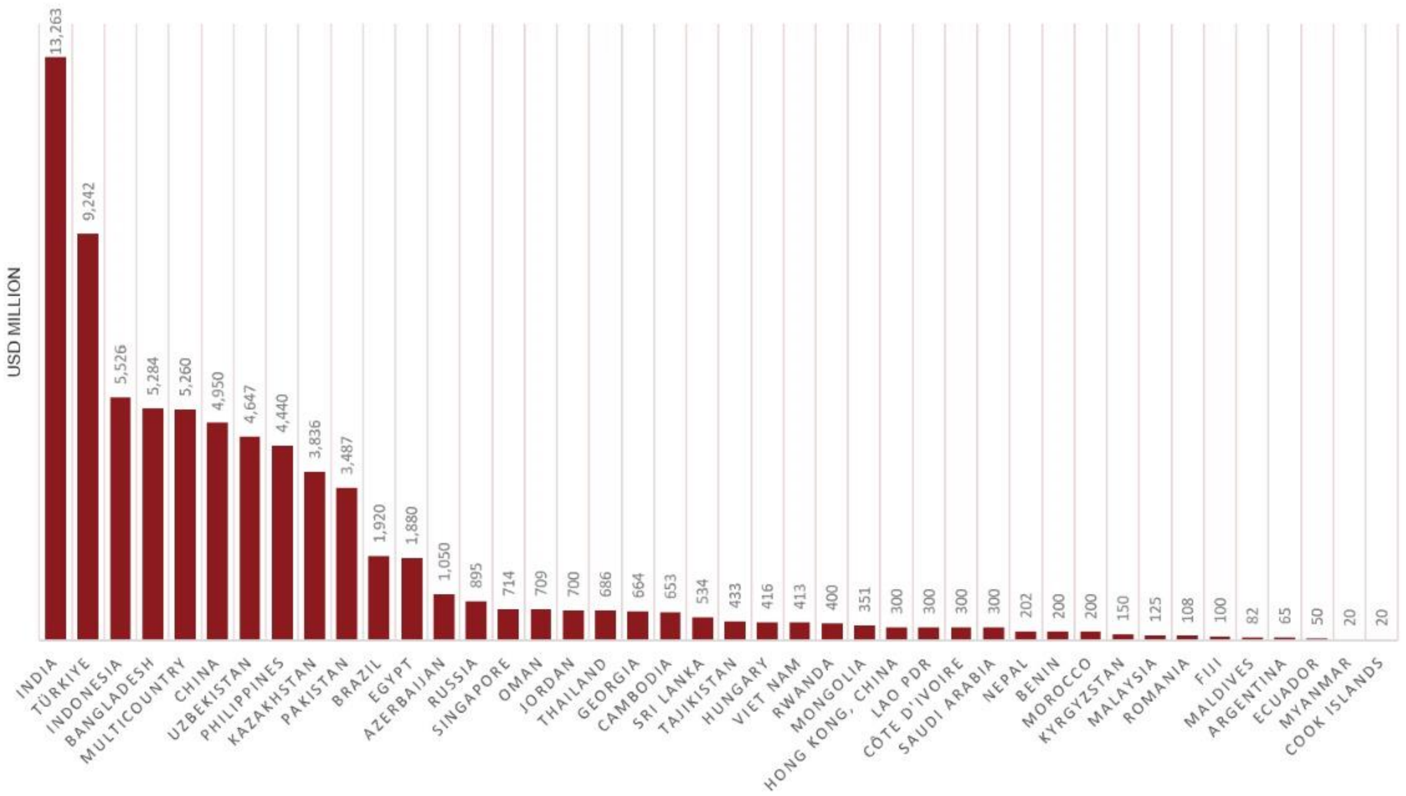
Investment Operations

Approved projects since inception: USD74.88 billion. Number of projects approved: 381.

Investments in energy, transport, connectivity, digital, water, sanitation, public health, finance, rural infrastructure and agriculture development, urban development and others.

AIIB will leverage its balance sheet to mobilize financing for the private sector.



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Climate and Technology are at the heart of AIIB's mission

AIIB's Climate Action Plan (2024–2030) serves as our strategic compass for directing investments toward a low-carbon future. Commitment to aligning all new operations with Paris Agreement and dedicating at least 50% of annual approvals to climate financing.

The Plan is built on 4 core principles:

Meeting Differentiated Member Needs. Recognizes that member countries are at different stages of economic development. Provides tailored, just-transition climate solutions that fit local circumstances rather than a one-size-fits-all approach.

Holistic Approach. Integrates mitigation, adaptation, and biodiversity conservation into infrastructure design. Promotes concept of *Nature as Infrastructure*, utilizing nature-based solutions to build climate resilience.

Mobilizing Capital. Leverages partnerships—such as AIIB accreditation with Green Climate Fund—to unlock private and public capital for climate projects.

Facilitating Technological Innovation. Supports development and widespread adoption of technologies across entire value chains (e.g., EVs, battery storage, and low-carbon materials).

Climate and Technology are at the heart of AIIB's mission

1. Mission | Financing Infrastructure for Tomorrow. By investing in sustainable infrastructure, AIIB unlocks **new capital**, **new technologies** and new ways in which to address **climate change** and to **connect** Asia, and the world.

2. Thematic Priorities | All AIIB investments ordinarily add value through one or more thematic priorities:

- Green Infrastructure
- Connectivity & Regional Cooperation
- **Technology-enabled Infrastructure**
- Private Capital Mobilization

3. Sectors | Technology-enabled Infrastructure can apply to any infrastructure sector:

- Energy
- Transport
- Water
- Urban
- Digital Infrastructure
- Social Infrastructure
- Other Productive Sectors

4. Clients | Adding value to clients by financing and promoting:

- Application of technology to infrastructure
- Development of infrastructure technologies

AIIB's Climate Technology Approach

Climate relevance of Technology-enabled Infrastructure

- Climate technologies matter because they can reduce emissions, improve resilience, and lower lifecycle costs in infrastructure systems
- Most impactful when they are embedded in infrastructure delivery, not treated as standalone add-ons
- However many fail to scale because infrastructure markets (especially in EMs) face information gaps, weak awareness of solutions, and difficulty financing early development

AIIB supports climate technologies across the full development cycle

- Early-stage ideas and adoption. AIIB helps close a double information gap: the infrastructure sector often lacks awareness of available technologies while innovators often struggle to find financing for development
- Demonstration and validation. AIIB can back pilot use cases, proof-of-concept projects, and early deployment settings where climate technologies are still unproven at scale
- Commercialization and scaling. AIIB supports clients in applying technology in infrastructure projects to improve value, productivity, efficiency, resilience, sustainability, inclusion, transparency, and governance
- Market-building. AIIB's InfraTech Portal is designed to increase knowledge, connect users and suppliers, and promote wider adoption of infrastructure technologies

Financing Climate Technology (1)

AIIB is helping climate technologies become bankable infrastructure solutions, not just promising ideas

- AIIB acts as a venture risk-taker for early-stage green tech, a market facilitator for scaling, and a systemic investor for deploying mature infrastructure technologies
- Its strategies include equity investments in green funds and applying blended finance to make technology deployment economically viable

Financing instruments

1. Sovereign-Backed Loans & Guarantees

- Loans or guarantees provided to or explicitly guaranteed by a member government or its central bank
- Projects must be in AIIB's sector focus areas (energy, transport, water, rural infrastructure, etc.)
- The borrower must provide a sovereign guarantee and the project must align with AIIB's ESF

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Financing Climate Technology (2)

2. Non-Sovereign-Backed (NSBF) Financing

- Direct loans to private enterprises, SOEs or financial institutions without government backing
- AIIB assesses commercial viability, financial sustainability, and development impact of the private project. It also ensures adherence to rigorous environmental and social standards

3. Equity Investments

- AIIB takes equity stakes in infrastructure funds or directly in operating companies
- AIIB evaluates both financial returns and development prospects. It targets private capital mobilization and aims to support innovative infrastructure projects

4. Guarantees

- Guarantees issued as credit enhancements to cover debt service defaults under loans caused by specific sovereign or non-sovereign events
- These must mitigate project risks and catalyze private capital mobilization

Financing Climate Technology (3)

5. Climate-focused Policy-Based Financing (CPBF)

- Quick-disbursing budget support to help governments implement their climate plans
- Requires governments to meet specific policy actions and reform targets in key sectors designed to mobilize private climate finance, rather than funding a specific physical asset

6. Special Funds and Grants

- Project Preparation Special Fund (PPSF) provides grants during preparatory phase of a project
- Focused on improving project quality and bankability. It gives preference to low-income AIIB members (IDA-only) and those with capacity constraints

General Eligibility Criteria for all AIIB instruments

- Strategic Alignment. The project must promote "Infrastructure for Tomorrow", focusing on green infrastructure, connectivity, and technology
- Thematic Focus. Must fit AIIB's Focus Areas such as sustainable cities, transport, and renewable energy

National Coordination of Climate Projects: Good Practices (1)

Governance practices

- Set up a single government focal point for each project, with a formal inter-ministerial steering committee that includes Ministry of Environment, Climate Change, finance, planning, and sector agencies
- Consider establishing high-level climate councils or task forces that convene key decision makers to align policies. For federal or decentralised nations, formal forums for central-local collaboration are critical
- Agree roles early: policy lead, technical lead, safeguard lead, procurement lead, and fiscal/borrowing lead
- Establish clear process for project preparation and implementation oversight
- Use one consolidated government position on safeguards, land, permits, climate resilience, and counterpart financing to avoid conflicting instructions during appraisal and supervision

Project preparation

- Start coordination at concept stage not after appraisal, because of importance of upstream feasibility studies, E&S assessments, and other preparatory work
- Ensure climate and environmental agencies review project design against national NDCs, adaptation plans, and environmental regulations before the project is finalized
- Build in realistic timelines for permits, land acquisition, and stakeholder consultations

National Coordination of Climate Projects: Good Practices (2)

Implementation discipline

- Maintain a joint implementation dashboard covering procurement, safeguards, financial management, and physical progress
- Hold regular coordination meetings with clear issue logs and deadlines, especially when multiple agencies share responsibility
- Keep E&S and fiduciary workstreams connected, since coordinated engagement across those streams helps projects meet IFI standards and avoid bottlenecks

Capacity and systems

- Invest in capacity on procurement, financial management, environmental and social safeguards, and reporting
- Use AIIB project preparation support and related facilities where capacity gaps are constraining readiness
- Where national systems are strong, align them with AIIB requirements; where gaps remain, fill them with targeted training and clear supervision arrangements

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Thank you

Energy Sector Strategy: Sustainable Energy for Asia

Box 1. Financing the Low-Carbon Energy Transition: An Example of AIIB's Sustainability Approach

Asian Infrastructure Investment Bank's sector strategies provide strategic direction in selecting projects for its financing. AIIB's Energy Sector Strategy: Sustainable Energy for Asia outlines six sustainability principles that guide the build-up of the Bank's energy portfolio during its early years of operation.

- Principle 1: Promote energy access and security.
- Principle 2: Realize energy efficiency potential.
- Principle 3: Reduce the carbon intensity of energy supply.
- Principle 4: Manage local and regional pollution.
- Principle 5: Catalyze private capital.
- Principle 6: Promote regional cooperation and connectivity.

The following illustrate the Bank's areas of focus in financing energy projects:

1. Renewable Energy

By financing renewable energy projects, AIIB aims to support the development of intermittent renewable energy—including but not limited to hydropower, wind, solar and biomass—to reduce fossil fuel consumption and increase access to modern energy through decentralized generation, and mini- and micro-grids.

2. Energy Efficiency

By financing energy efficiency projects, AIIB aims to support generators and utilities to improve the efficiency of existing power generation facilities, develop and implement loss reduction programs through demand-side management, improve building energy efficiency and enhance the efficiency of district heating networks in light of growing energy demand.

3. Lower-Carbon Energy Transition

By financing investments that are demonstrably compatible with a country's transition toward sustainable, low-carbon energy and internationally agreed targets, AIIB aims to support and accelerate its members' respective transitions toward a low-carbon energy mix, including lower-carbon emissions from fossil fuels.

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