



**2021 Business Plan and Budget
Summary
December 2020**

1. The Asian Infrastructure Investment Bank (AIIB or the Bank) launched its [Corporate Strategy \(CS\) for 2021-2030](#) in September 2020. The annual business plan and budget (BPB) will serve as a key tool for implementing the CS. To support clear alignment with the CS, from 2021 onwards, the annual BPB will be structured based on the five pillars of the CS¹, complemented by efforts to bolster AIIB's core principles².
2. **Operating environment.** 2021 is expected to remain a challenging year with considerable uncertainties, depending on how the COVID-19 pandemic continues to evolve. Recognizing this, AIIB will adopt a conservative and focused approach. The 2021 BPB was developed based on a more constrained scenario (i.e., base case scenario), where: (1) economic recovery is expected to be modest; and (2) international travel is expected to remain largely restricted during the first half of the year, with conditions beginning to gradually normalize during the second half of the year. Should circumstances evolve to be better or worse than expected, the Bank will review the 2021 BPB and adjust its activities and resource allocation over the course of the year to respond to the evolving circumstances as appropriate.
3. **Focus areas.** Given the base case scenario and considering that 2021 will be the first year where the CS comes into effect, AIIB will mainly focus on the intersections between the COVID-19 crisis needs and the CS objectives. Five areas are expected to present relatively more opportunities and/or challenges for the Bank in 2021. They are green infrastructure financing, technology-enabled infrastructure financing, private sector infrastructure financing, broadening client reach and maintaining high project standards. At the same time, considering the high degree of uncertainty, the Bank will remain agile, adaptive and responsive to evolving client demand.
4. AIIB will continue to provide both regular financings and financings under its [COVID-19 Crisis Recovery Facility](#) (Facility), which was established in April 2020. Under the base case scenario, Facility financings are expected to comprise a sizeable share of AIIB's investments in 2021. The size and specific nature of Facility financings are expected to vary based on the severity of the pandemic/crisis across countries/regions. Should the pandemic increasingly subside, there could be more opportunities for AIIB to use its

¹ They are establishing market position, achieving impact at scale, adding value along the project cycle, serving a broad range of members, and building the corporate culture.

² They are high project standards, financial sustainability and sound banking, and strong multilateral governance and oversight.

regular financings to support member governments and the private sector in recovering from the crisis and resuming longer-term investments for economic development.

5. In addition, AIIB will take moderate steps in a few other areas to support a more balanced implementation of its CS. Efforts will mainly be toward building staff capacity, foundational expertise and operational readiness to better enable future progress. These areas include, but are not limited to, connectivity and regional cooperation (particularly cross-border connectivity), social infrastructure, upstream project support and corporate culture.
6. AIIB will measure its progress through several annual business indicators, which comprise the Corporate Scorecard indicators as set out in the CS and several additional indicators that are more suitable for the areas highlighted for the year. Table 1 provides a summary of the 2021 key focus areas and projected annual business indicators. The projections reflect the Bank's expectations based on currently available information and may be subject to change based on evolving circumstances.

Table 1: 2021 Key Focus Areas and Projected Annual Business Indicators

Pillars and Principles	Key Focus Areas and Projected Annual Business Indicators
Pillar 1: Establishing market position	<ul style="list-style-type: none"> • Further enhance capacity and build investment pipelines in green infrastructure and technology-enabled infrastructure to support members' efforts in catalyzing a green infrastructure-driven recovery and strengthening digital connectivity. This would also help AIIB to realize its target of 50 percent climate financing by 2025. • Build internal capacity and knowledge on market needs and investment opportunities in cross-border connectivity (toward realizing its target of 25-30 percent of actual approved financings by 2030) and social infrastructure. <p><i>Projections of annual business indicators for 2021:</i></p> <ul style="list-style-type: none"> ○ <i>Climate financing*: 35-38% of actual approved financings (ex-Facility).</i> ○ <i>Cross-border connectivity*: 8-10% of actual approved financings (ex-Facility).</i> ○ <i>Number of technology-enabled infrastructure investments: 5-8 investments (ex-Facility).</i>

Pillars and Principles	Key Focus Areas and Projected Annual Business Indicators
Pillar 2: Achieving impact at scale	<ul style="list-style-type: none"> • Provide both regular financings and Facility financings to be agile, adaptive and responsive to client demand, which may evolve as the COVID-19 crisis continues to unfold. • Deploy a range of financing instruments to support varying private sector needs (particularly to weather through and recover from the crisis), and further strengthen capacity towards establishing AIIB's capacity as a lead financier of private sector infrastructure (which will also contribute to realizing AIIB's target of 50 percent private sector financing by 2030). <p><i>Projections of annual business indicators for 2021:</i></p> <ul style="list-style-type: none"> ○ <i>Total capital mobilization*: USD6.9-10.1 billion¹.</i> ○ <i>Annual financing approvals*: USD6.0-9.0 billion².</i> ○ <i>Capital mobilization (ex-Facility)*: USD0.9-1.1 billion.</i> ○ <i>Private sector projects*: 20-30% of actual financing approvals (ex-Facility).</i>
Pillar 3: Adding value along the project cycle	<ul style="list-style-type: none"> • Continue to develop and offer a range of financing instruments to serve the diverse financing needs of clients. • Ensure readiness to perform the implementing partner role for the Global Infrastructure Fund (GIF) and Multilateral Cooperation Center for Development Finance (MCDF) to complement and enhance AIIB's capacity in project preparation support and enable the mobilization of external resources going forward. <p><i>Projections of annual business indicators for 2021:</i></p> <ul style="list-style-type: none"> ○ <i>Number of projects utilizing internal or external financial resources that support project preparation: 5-8 projects.</i>
Pillar 4: Serving a broad range of members	<ul style="list-style-type: none"> • Broaden client reach to more low- and middle-income members, particularly those in Asia, while maintaining a portfolio with acceptable credit quality, which is necessary for AIIB's financial sustainability. • Further explore investment opportunities in non-regional members toward realizing the Bank's priorities on cross-border connectivity and green infrastructure. <p><i>Projections of annual business indicators for 2021:</i></p> <ul style="list-style-type: none"> ○ <i>Number of members in which AIIB has approved operations: 30-35 members.</i>

Pillars and Principles	Key Focus Areas and Projected Annual Business Indicators
Pillar 5: Building the corporate culture	<ul style="list-style-type: none"> • Establish baselines for both the client and staff dimensions of corporate culture, and identify potential indicators that could be included as annual business indicators in the Bank’s future business plans. • Improve internal efficiency, which will in turn strengthen AIIB’s agility and client responsiveness, and enhance processes for talent management, fostering leadership principles/behaviors and cultivating a growth mindset. <p><i>Projections of annual business indicators for 2021:</i></p> <ul style="list-style-type: none"> ○ <i>Workforce diversity–Gender*</i>: 41-43% of women professional staff.
Principle: High project standards	<ul style="list-style-type: none"> • Increase vigilance on: (1) project risks (especially environmental and social risks); (2) macroeconomic developments (especially debt sustainability concerns) in members where AIIB has or is considering investments; and (3) the risk of non-performing/distressed assets. <p><i>Projections of annual business indicators for 2021:</i></p> <ul style="list-style-type: none"> ○ <i>Implementation readiness (ex-Facility)*</i>: 9-12 months. ○ <i>Annual disbursement for sovereign projects (ex-Facility)*</i>: 15%. ○ <i>Share of projects without severe or unresolved issues impacting implementation performance and results*</i>: 80%.
Principle: Financial sustainability and sound banking	<ul style="list-style-type: none"> • Remain vigilant in managing AIIB’s funding program, liquidity portfolio, and operational and non-operational risks, as well as remain prudent and disciplined in managing the Bank’s budget. • Prepare for and implement the LIBOR transition.
Principle: Strong multilateral governance and oversight	<ul style="list-style-type: none"> • Operationalize the Learning and Evaluation Framework, which is the final component of the Oversight Mechanism under the Complaints-resolution, Evaluation and Integrity Unit (CEIU), and further strengthen and deepen engagement with all members.

* Corporate Scorecard indicator.

¹ Includes AIIB’s total financing approvals (regular and Facility), and capital mobilized by AIIB from other private and public sources (ex-Facility).

² Inclusive of Facility financings.

7. AIIB will continue to strengthen its staffing and information technology (IT) capacities toward delivering its 2021 Business Plan and supporting future business growth guided by the CS. The Bank will also continue to ensure its office environment is conducive and supportive of staff wellbeing, in a manner that is consistent with its green core value.

8. **Budget.** An administrative budget of USD205.4 million and capital budget of USD5.3 million were approved by AIIB’s Board of Directors to support implementation of the key focus areas outlined in the 2021 Business Plan.