

For information

Finance Committee

Asian Infrastructure Investment Bank

This paper provides supplementary information in the light of the enquiries made by the Hon Chu Hoi-dick (Annex A) on the funding approval vide FCR(2017-18)2.

General considerations

2. In responding to the various requests for information, the Government would like to highlight several important general considerations in order to provide a proper context.

3. First of all, as part of the Chinese delegation, we participated in the Chief Negotiators Meetings and contributed to the discussion and formulation of the Articles of Agreement (“AoA”) of the Asian Infrastructure Investment Bank (“AIIB”). The purpose of the AoA is to set out a proper governance structure and overriding principles for the AIIB’s operation. It entered into force in late 2015 with the signing of 57 founding members. Under the framework set out in the AoA, the daily operations are undertaken by the management under the oversight and direction of the Board of Directors (“BoD”) of the AIIB. The AoA is the framework agreement based upon which potential members would evaluate their decision to apply to join the AIIB or not.

4. While we continue to participate in the AIIB’s BoD meetings as an Advisor in the China constituency after the establishment of the AIIB, we took part mainly in an advisory and observer role. There are strategy and policy deliberations not open to us.

5. The AIIB’s BoD formulates policies after full deliberation on the priorities advocated by different members and it takes decisions on project funding requests on the basis of analysis by other multilateral development banks, the AIIB’s own due diligence outcome and the circumstances of the individual projects and local situation. It is not for the Government to comment or justify a particular decision taken by the AIIB.

6. As regards transparency and accountability, the AIIB has established procedures and a policy on information disclosure (see paragraph 18 below). The AIIB has made available information concerning, among other things, its investment decisions and policies on its website.

(A) Groundwork for joining the AIIB

7. In December 2014, we indicated to the Central People's Government our intent to join the AIIB. Since then, we have been discussing with the Ministry of Finance ("MoF") and the AIIB on Hong Kong joining the AIIB as a non-sovereign member.

8. Regarding Hong Kong's participation in the AIIB, the Government has studied different reports between end-2014 and mid-2015, covering such topics as the demand for infrastructure in Asia, returns to infrastructure investment, financing options for infrastructure, roles and functions of multilateral financial institutions, Hong Kong's functions and advantages, etc.. One of the conclusions from these reports is that there is a huge demand for infrastructure investment in Asia, and setting up a new institution dedicated to promoting infrastructure investment, e.g. an Asian infrastructure fund or a dedicated infrastructure investment bank, should facilitate such development¹.

9. Our research then also looked into the feasibility of Hong Kong's participation in the AIIB. As relevant parties were discussing the details and agreement for establishing the AIIB around March and April 2015, and given that Hong Kong is not a sovereign state, it is of utmost importance to ensure that the AIIB provides appropriately for the participation of non-sovereign economies.

10. Throughout this process, we have communicated with the MoF on, among other things, matters relating to our participation and membership, e.g. the admission process of new members. The MoF was supportive of Hong Kong's aspiration to become a member of the AIIB and has invited Hong Kong officials to take part in AIIB meetings as members of the Chinese delegation since March 2015.

¹ The idea of setting up an infrastructure investment bank has been raised by, among others, the Economic and Social Commission for Asia and the Pacific of the United Nations and the Asian Development Bank.

11. Regarding consultation, we followed past practice and consulted the Legislative Council Panel on Financial Affairs on 16 March 2017 rather than conducting a public consultation. Members were supportive of the proposal of joining the AIIB as a new member, and our subscription of AIIB's shares. It may be noted that the public's stance as reported in various media was similarly positive towards Hong Kong's participation in the AIIB.

(B) Projects approved by the AIIB

12. For approving a project, the AIIB will undertake a due diligence process considering in detail factors such as returns, feasibility, and environmental impact before making a decision. Since its commencement of operation in 2016, the AIIB has approved 12 projects in seven countries with a total commitment of US\$2 billion.

13. The AIIB has provided detailed information on all approved projects² and proposed projects³ on its website. For the approved projects, a summary table is at **Annex B** for Members' reference. Further materials can be found in the project documents available on the AIIB's website.

14. The AIIB does not disclose information on projects that it has not approved.

15. We see limited value for the Finance Committee to discuss the merits of individual projects or rationale of the decisions taken by the AIIB, as these decisions are not taken by the Government and they do not concern directly the question of Hong Kong's participation as a member in the AIIB.

(C) Energy Sector Strategy

16. The AIIB's draft energy sector strategy is still work in progress, and the approval of energy sector projects is taken by the AIIB's BoD having regard to its preferred strategy and the local circumstances of the borrowing members. It is not for this Government to defend AIIB's policies or the deliberation of the BoD.

² <https://www.aiib.org/en/projects/approved/index.html>

³ <https://www.aiib.org/en/projects/proposed/index.html>

(D) Environment and Social Framework

17. As explained in paragraphs 3 to 5 above, we are not in a position to explain the details of the Environmental and Social Framework on AIIB's behalf. We also do not consider the Finance Committee an appropriate forum to discuss the Framework, as it is not directly relevant to the current funding application.

18. On part (iii) of section (D) of Hon Chu's letter, a copy of the AIIB's Public Information Interim Policy is attached for Members' reference (**Annex C**). As explained in paragraphs 3 to 5, we are not in a position to explain the details in the Policy.

19. On part (v) of section (D) of Hon Chu's letter, we would like to point out that the AIIB does have an independent accountability and complaint mechanism. In fact, the AIIB has a mechanism for Report of Fraud and Corruption⁴. The AIIB has also put in place a Policy on Prohibited Practices⁵. In March 2017, the AIIB announced that it would adopt the list of sanctioned firms and individuals under the Agreement for Mutual Enforcement of Debarment Decisions⁶. This means that close to 1,000 entities that have been debarred by five other leading multilateral development banks⁷ are also now debarred by the AIIB. Moreover, its Compliance, Effectiveness and Integrity Unit reports directly to the BoD which underlines the importance the AIIB attaches to clean practice and integrity. As the Unit's Director General, Mr. Hamid Sharif, explains, "AIIB's institutional arrangements create increased accountability and transparency because I report directly to our Board of Directors as the head of the integrity unit. This creates an open channel that will improve the bank's ability to react and deal with any suspicions of corruption or unethical behavior in our projects⁸."

(E) Others

20. As explained in paragraphs 3 to 6, we are not in a position to explain the details of the AIIB's project approval policy and disclose its

⁴ <https://www.aiib.org/en/about-aiib/who-we-are/report-fraud-corruption/index.html>

⁵ https://www.aiib.org/en/policies-strategies/_download/policy-on-prohibited-practices/policy_on_prohibited_practices.pdf

⁶ https://www.aiib.org/en/news-events/news/2017/20170307_001.html

⁷ They are the African Development Bank Group, the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank Group, and the World Bank (WB).

⁸ https://www.aiib.org/en/news-events/news/2017/20170307_001.html

internal parameters. However, on question (iii) of section (E) of Hon Chu's letter, the AIIB has put in place a Risk Management Framework⁹.

21. On question (iv) of section (E) of Hon Chu's letter, the AIIB's Business Plan and Budget for 2016 and 2017 are available on-line¹⁰. A copy of the two documents is at **Annex D**.

Financial Services and the Treasury Bureau
28 April 2017

⁹ https://www.aiib.org/en/policies-strategies/_download/risk-management-framework/AIIB-Risk-Management-Framework-final-14Nov-clean.pdf

¹⁰ https://www.aiib.org/en/policies-strategies/_download/business-summary-2016/aiib-2016-business-plan-and-budget.pdf ; and
https://www.aiib.org/en/policies-strategies/_download/business-plan-2017/aiib-2017-business-plan-and-budget.pdf

敬啟者

關於：認繳亞洲基礎設施投資銀行的股本的財委會項目

謹查詢如下：

(A) 香港政府前期準備工作

(i) 請政府告知本委員會，香港政府從何時開始有意加入亞投行？作出此決定之程序為何？

(ii) 在落實加入亞投行前，請政府具體告知本委員會當中的準備工作，並向本委員會提交相關研究。

(iii) 請政府告知本委員會，在政府作出加入亞投行此決定前後，共多少次跟中國政府進行會面商討有關事宜；並提供當中商討的內容、範疇和結論。

(iv) 請政府告知本委員會，就是否加入亞投行一事，沒有進行公眾諮詢的原因。

(v) 由於亞投行是一大型政府間國際組織（IGO），茲事體大，請問政府是否會考慮就是否加入亞投行一事先進行公眾諮詢，再提交本委員會審議有關事宜和撥款？

(B) 有關「亞投行項目」

(i) 請政府告知本委員會，亞投行已經批出項目的名單；同時請政府告知，已向亞投行申請項目但未獲批出的名單；並請政府告知本委員會，亞投行已經否決的項目名單。

(ii) 為了讓本委員會更清楚地了解亞投行的運作，就亞投行已批出的項目，請政府告知本委員會：

(1) 每項已批出項目的細節，包括金額、項目目的、每年回報率、成本及開支、對環境和社會的影響、對受影響人士的賠償和處理方案等；

(2) 每項已批出項目的貸款條件（如有）；

(3) 項目的負責公司細節。

(iii) 為了讓本委員會更清楚地了解亞投行的運作，就亞投行已經否決的項目，請政府告知本委員會：

(1) 有關項目的細節；

(2) 否決有關項目的詳細原因和準則。

(iv) 據了解，亞投行的貸款項目須滿足 3 大標準，即財務可持續性、環境友好和被當地社會所接受。請政府告知本會，亞投行方面對該三大標準的定義和準則為何？

為了讓本委員會更清楚地了解亞投行的運作，亦請政府詳細告知本會，已經批出的項目如何得以符合該三大標準，即：

(1) 每項已批出項目分別如何符合財務可持續性；

(2) 每項已批出項目分別如何符合環境友好的準則；是否有聘請獨立（第三方）的顧問公司進行環境評估報告？

(3) 每項已批出項目分別如何符合被當地社會接受的準則，是否有經過詳細諮詢？是否有跟受影響居民（如有）、環境團體、公民社會團體進行會面？如有，諮詢時間、參與的程度和結論如何？如否，亞投行方面如何能得出「被當地社會接受」的結論？是否有經當地的立法機關進行討論和表決？

(C) 「能源戰略和政策」

(i) 亞投行的能源戰略一直備受外界關注，能源戰略的訂立也對其後亞投行的運作有重大影響。根據資料，從 2016 年 10 月開始，亞投行先後對能源戰略進行了兩輪各持續約 1 個月的公開意見征集，並在其官方網頁公開了前後兩版草稿；請政府告知本委員會，是否有就《能源行業戰略》（AIIB Energy Sector Strategy）向亞投行提交香港政府的意見？若有，請提交該意見書於本委員會參閱。若否，請政府向本委員會解釋，不就此重要諮詢提交意見的原因。

(ii) 有關亞投行的能源戰略和政策，請政府告知本會，政府有關當局對亞投的能源戰略和政策的看法和願景。

(iii) 在亞投行的指導方針中多次提及對氣候變化的關切和對《巴黎協定》的支持。而在現時已獲批出的亞投行貸款項目中，大部份集中在能源基建；然而，亞投行已經批准的 4 個能源項目中，大部份均與可再生能源無關，而是采取了相對保守的路線，突出能源管線和輸電網絡「下鄉」，化石能源發電技術的提升，以及「負責任」的水電設施建設和升級。

請問亞投行的具體能源指導原則和準則為何？為何在已批出項目均與「綠色」的操作原則背道而馳？

(iv) 煤電是被公認為最不潔淨的化石能源，而煤電在亞洲的擴張帶來的環境和公眾健康代價正日益成為關注焦點，因此煤電在亞投行能源戰略的地位也備受外界關注。

請政府告知本會香港政府對此議題的立場和原則為何，並詳細解釋。

(v) 縱使在目前亞投行批准和審核中的項目並不包含煤電廠，但在亞投行的能源戰略諮詢的過程和發出的官方草稿中，亞投行卻明確表示將有條件地支持高效清潔的煤電和油氣發電項目。

請問把煤電納入能源戰略中，如何能符合亞投行指導原則中中氣候變化的關切和對《巴黎協定》的支持？

(vi) 此外，亞投行表示的「有條件」支持的「有條件」，意指為何？當中的原則和標準為何？此「有條件」如何能符合亞投行指導原則中中氣候變化的關切和對《巴黎協定》的支持？

(vii) 同樣地，關於「水電項目」的開發中，亞投行在第一輪諮詢草稿中明確表示「在亞洲開發水電勢在必行」，然而發展水電建設一向被公認為會帶來影響生物多樣性以及原住民生活等問題。

請政府告知本會香港政府對此議題的立場和原則為何，並詳細解釋。

(viii) 請問亞投行打算如何處理此等牽涉人權和社會的影響？發展水電帶來的影響是否會違反亞投行的《環境與社會保障框架》？是否會帶來大規模移民等社會問題？若會，亞投行打算如何處理？

(ix) 而亞投行在批出水電項目貸款時的原則和標準為何，請詳細解釋。

(x) 根據資料，目前亞投行已批准了一項與世行聯合注資的巴基斯坦塔貝拉壩的水電站擴建項目，且有一項塔吉克斯坦努列克水電站升級改造項目正在審核之中。

請政府告知本會，批准該巴基斯坦塔貝拉壩的水電站擴建項目的原則和標準為何？是無條件批出抑或是有條件批出？若是後者，批出的條件為何？又，請問該項目是被界定為 ESF (Environment and Social Framework) 中的類別 A (category A)、B 或 C？原因和準則為何？

請就上述問題詳細解釋。

(xi) 同理，請政府告知本會，塔吉克斯坦努列克水電站升級改造項目的審核條件、標準和原則為何？

(xii) 就亞投行能源戰略方面，另一外界高度關注的問題是亞投行是否會投資發展核電。在《能源行業戰略》的第一輪諮詢中，亞投行發出的諮詢草稿中提出雖然原則上不投資核電站，但卻認為「當某一地區出現國際社會認可的對核能的合理需求時，可以考慮投資核電項目。」

(xiii) 請問亞投行有否，及會否承諾不會投資發展核電。

(xiv) 請告知本會香港政府對亞投行會否發展投資核電項目的立場，並解釋原因。

D《社會和環境保障框架》

(i) 磋商：

亞投行在 2015 年 9 月起就《社會和環境保障框架》進行了為期 8 天的磋商，與利益各相關方進行會面。

亞投行於 9 月 7 日在其官方網站上公佈了《環境和社會保障政策》草案及與利益相關方針對草案內容進行磋商的計劃，但首次磋商設於 9 月 10 日，距亞投行發出磋商通知僅三天。在如此短的時間下，要就磋商進行登記並作出準備，可說是難若登天，連香港的立法會議員也未必做得到，不要說是處於網絡設備不發達的地區而可能受影響的社區，他們甚至無法及時得到磋商通知。

磋商活動不採用現場交流，僅以視像和或電話會議的方式進行，這樣的技術安排也篩除許多基層的意見和建議。在亞洲的很多區域，人們甚至沒有網絡，視像會議也不是普遍使用的技術；對於像環境和社會保障這類各方關注的重要政策，兩個小時的遠程磋商方式難以取得建設性的成果，更不要說是吸納到可能受影響人士和團體的意見。

這很難令公眾相信亞投行對最可能受項目影響的和被邊緣化的群體給予了充分的關注。

磋商以英語為唯一官方語言，且不設翻譯服務，為受影響群體，尤其是原住民參與討論增加了許多困難。

請政府解釋亞投行進行這高度設限和排除性極高的磋商模式的原因；並告知本委員會亞投行計劃再度就《社會和環境保障框架》進行磋商的時間表和進行方式。

(ii) 政策和標準

(1) 亞投行的《社會和環境保障框架》雖然遵循國際金融機構慣例對亞投行投資的項目進行分類管理，但卻在具體管理手段和標準上均不及國際慣例，甚至低於中國（這

環境保護方面是全球名列前茅地做得差的國家）國內現時於環境保護法律法規的要求。

請政府向本委員會解釋，A、B、C類項目的定義，以及亞投行把項目劃為A、B或C類的原則和標準。並向本委員會分別詳細解釋A、B、C類項目的處理手法和貸款準則、條件和限制有何分別。

（2）在可能對環境和社會造成累積性的不可逆的嚴重影響的A類項目，除了要求客戶或項目申請人提供全面的文件外，請問亞投行有否明確規定對A類項目不給予貸款的條件的標準和原則？或有否對A類項目設有任何限制貸款的標準和原則？

又，請問亞投行要求項目A客戶提交的文件是否包括環境及社會影響評估（ESIA）及是否需要開展社會和環境評價過程？

（3）亞投行在B類項目中的限制和要求更低，甚至沒有在環境和社會影響評價方面有強制性要求，有可能導致許多高風險的B類項目在沒有充分環境和社會影響評估的情況下得到批准。

請政府告知本會，關於B類項目的貸款標準和要求。以及解釋為何在對環境及社會造成不少傷害的B類項目中，沒對在環境和社會影響評價方面有強制性要求。又，亞投行會否規定把有約束力的社會和環境影響評估（例如ESIA）適用於所有B類項目中？若否，原因為何。

註：《赤道原則》（Equator Principles）要求每個A類和B類項目均須開展社會和環境評價過程。而亞開行《保障政策聲明》要求A類和B類項目都必須提交環境評價報告。

<https://www.adb.org/zh/documents/safeguard-policy-statement>

若有，請提交有關文件予本委員會參閱和解釋。若否，請提供詳細原因。

（4）有關亞投行不予提供貸款的情形（Environmental and Social Exclusion List），除了牽涉嚴重違反道德和國際法例標準的項目（如軍火、毒品、走私野生動物等）外，請政府告知本委員會，其他對環境和社會有重大風險的行業或項目並未被列入禁止貸款的範圍的詳細原因。

（5）在禁止名單中（Environmental and Social Exclusion List），《社會和環境保障框架》只表明「不會故意對涉及下列內容的項目融資」（The Bank will not knowingly finance Projects），相比起亞洲開發銀行（亞開行），則有相對明確得多的規定：「以下內容不符合亞開行融資支持。」

不會故意（Not knowingly）這用詞相當含混和模糊，令人擔心假若項目以後出現問題，亞投行會以「非故意」的藉口而推卸責任。（P.46 AIIB Environmental and Social Framework）

請政府向本委員會解釋，亞投行以模糊而非明確的字眼去訂立框架的原因。

（iii）關於項目透明度的規定

有意見指出，亞投行關於項目透明透嚴重不足。

「草案所提及的對於信息公開和透明度的規定僅僅要求客戶進行信息披露，而銀行本身並無規定信息披露義務，僅以在官網上公佈客戶提供部分資料以對客戶履行其披露義務進行“支持”。草案僅要求客戶“對於項目運作的環境與社會風險及影響有關的信息進行披露”，然而並未提及亞投行是否應對項目層面的信息、客戶的運營信息以及社區居民申訴信息進行披露。這對於一個多邊開發銀行性質的亞投行來講，顯然在透明度的製度安排上存在欠缺。」

請政府向本委員會提供亞投行的信息披露政策，並就有關政策向本委員會詳細解釋。

（iv）關於亞投行的責任規定

草案諸多條款對客戶在環境和社會保護方面提出了要求，但幾乎沒有關於亞投行本身責任和義務的規定。在少有的幾條關於亞投行作為和不作為的條款中，使用了“可以（may）”等強制力不足的字眼，無法體現亞投行對自身的嚴格要求及責任擔當的態度。

具體例子體現於《社會和環境保障框架》的第六十五條，假如客戶不能履行亞投行規定的社會和環境責任，亞投行僅表示「可能」會採取「適當的措施」。

（“If the Client fails to comply with its environmental and social obligations in accordance with the legal agreements governing the Project, the Bank consults with the Client on corrective measures to bring the Client back into compliance. If the Client fails to reestablish compliance within a time frame deemed appropriate by the Bank, then the Bank may exercise its available contractual remedies under its legal agreements governing the Project.”）

（P.24 AIIB Environmental and Social Framework）

（1）請政府告知本委員會，為何亞投行在相關法規中僅使用「可能」，而不採用「需要」或相關意思的字眼？是否不願意為亞投行應負上的責任訂立明確規定？

（2）另請政府告知本委員會，關於「適當的措施」，意指為何？

(v) 亞投行的問責和申訴機制

據本人了解，亞投行並沒有設立任何獨立的問責和申訴機制，令可能受到負面影響的群體和人士，不能夠利用申訴和救濟機制來維護其權益。

請政府解釋亞投行不設立獨立問責和申訴機制的原因。若亞投行實質上設有獨立問責和申訴機制，請政府向本委員會提交有關文件。

E.其他

(i) 據了解，亞投行的貸款項目分為私營融資和主權擔保。請政府告知本會，私營融資和主權擔保的審批條件和準則是否有分別？若有，請告知本會當中詳細分別和原因。

(ii) 關於項目回報率方面的問題，請政府告知本會，亞投行在審批貸款項目時，是否有關於回報率的期望和預計？而當中訂立回報率的原則為何？

(iii) 由於亞洲基礎設施建設和經濟環境未如理想的國家在各方面風險都不低，請問亞投行是否有一套準則和方法去量度和計算各類風險？亦請告知風險防範措施的 Protocol。

(iv) 請政府向本委員會提供亞投行自成立以來的全年工作計劃和預算。

此致

立法會財務委員會主席陳健波議員
財經事務及庫務局局長陳家強教授

立法會議員朱凱迪謹啟

2017年4月22日

Projects approved by the Asian Infrastructure Investment Bank

Country	Project Name	Project Amount (in USD)	AIIB Loan Amount (in USD)	Other MDB Loan Amount (in USD)	Approval Date	Remarks
Pakistan	National Motorway M-4 (Shorkot-Khanewal Section) Project ¹¹	273,000,000	100,000,000	100,000,000	24-Jun-16	co-financed with ADB sovereign-backed loan
Tajikistan	Dushabe-Uzbek Border Road Improvement ¹²	105,900,000	27,500,000	62,500,000	24-Jun-16	co-financed with EBRD sovereign-backed loan
Bangladesh	Distribution System Upgrade and Expansion Project ¹³	262,900,000	165,000,000	-	24-Jun-16	stand-alone sovereign-backed loan
Indonesia	Natinonal Slum Upgrading Project ¹⁴	1,743,000,000	216,500,000	216,500,000	24-Jun-16	co-financed with WB sovereign-backed loan
Pakistan	Tarbela 5 Hydropower Extension Project ¹⁵	823,500,000	300,000,000	390,000,000	27-Sep-16	co-financed with WB sovereign-backed loan
Myanmar	Myingyan Power Plant Project ¹⁶	312,000,000	20,000,000	78,000,000	27-Sep-16	co-financed with WB sovereign-backed loan

¹¹ Project document available at: https://www.aiib.org/en/projects/approved/2016/_download/pakistan-national-motorway/document/approved_project_document_pakistan_national_motorway.pdf

¹² Project document available at: https://www.aiib.org/en/projects/approved/2016/_download/tajikistan/document/approved_project_document_tajikistan_border_road_improvement.pdf

¹³ Project document available at: https://www.aiib.org/en/projects/approved/2016/_download/bangladesh/document/approved_project_document_bangladesh_distribution_system_upgrade_and_expansion.pdf

¹⁴ Project document available at: https://www.aiib.org/en/projects/approved/2016/_download/indonesia/document/approved_project_document_national_slum_upgrading.pdf

¹⁵ Project document available at: https://www.aiib.org/en/projects/approved/2016/_download/pakistan-tarbela-5/approved_project_document_tarbela_5_hydropower_extension.pdf

¹⁶ Project document available at: https://www.aiib.org/en/projects/approved/2016/_download/myingyan/approved_project_summary_myingyan_gas_turbine.pdf

Country	Project Name	Project Amount (in USD)	AIIB Loan Amount (in USD)	Other MDB Loan Amount (in USD)	Approval Date	Remarks
Oman	Duqm Port Commercial Terminal and Operational Zone Development Project ¹⁷	353,330,000	265,000,000	-	8-Dec-16	stand-alone sovereign-backed loan
Oman	Sultanate of Oman Railway System Preparation Project ¹⁸	60,000,000	36,000,000	-	8-Dec-16	stand-alone sovereign-backed loan
Azerbaijan	Trans Anatolian Natural Gas Pipeline Project ¹⁹	8,600,000,000	600,000,000	2,900,000,000	21-Dec-16	co-financed with WB sovereign-backed loan
Bangladesh	Natural Gas Infrastructure and Efficiency Improvement Project ²⁰	453,000,000	60,000,000	167,000,000	22-Mar-17	co-financed with ADB sovereign-backed loan
Indonesia	Dam Operational Improvement and Safety Project Phase II ²¹	300,000,000	125,000,000	125,000,000	22-Mar-17	co-financed with WB sovereign-backed loan
Indonesia	Regional Infrastructure Development Fund Project ²²	406,000,000	100,000,000	100,000,000	22-Mar-17	co-financed with WB sovereign-backed loan

¹⁷ Project document available at: https://www.aiib.org/en/projects/approved/2016/_download/duqm-port-commercial/document/20161213051938915.pdf

¹⁸ Project document available at: https://www.aiib.org/en/projects/approved/2016/_download/oman-railway-system/project-document/approved_project_document_oman_railway.pdf

¹⁹ Project document available at: https://www.aiib.org/en/projects/approved/2016/_download/trans-anatolian/document/tanap-project-document.pdf

²⁰ Project document available at: https://www.aiib.org/en/projects/approved/2017/_download/bangladesh/document/bangladesh-natural-gas-infrastructure_document.pdf

²¹ Project document available at: https://www.aiib.org/en/projects/approved/2017/_download/indonesia/document/indonesia-dam-operation-document.pdf

²² Project document available at: https://www.aiib.org/en/projects/approved/2017/_download/indonesia/document/project-document_Indonesia_Regional_Infrastructure_Development_Fund.pdf



Public Information Interim Policy

January 2016

1. The Asian Infrastructure Investment Bank (the Bank) has been established to foster sustainable economic development and create wealth and improve infrastructure connectivity in Asia, and to promote regional cooperation and partnership in addressing development challenges. The Bank is committed to a policy on disclosure of information in order to promote transparency in its operations. This commitment is explicitly recognized in Article 34-4 of the Bank's Articles of Agreement.
2. This Public Information Interim Policy sets out the Bank's guiding principles on disclosure and confidentiality of information, categories of information to be made public, types of information to be treated as confidential and provisions for implementation. This Interim Policy is the first instrument in the establishment of the Bank's policy on public information. The Bank's overall framework of institutional, operational and financial policies is in the process of development and its operations have yet to commence. Thus, implementation of this Interim Policy will be reviewed annually, so that a comprehensive Policy on Public Information can be adopted in light of the Bank's early experience.
3. The issuance of this Interim Policy at the time the Bank is formally established reflects the importance of transparency in its work.

A. GUIDING PRINCIPLES

4. The Bank is committed to enhancing transparency and accountability in all its activities so as to meet its purposes as summarized in paragraph 1 above. The Guiding Principles for its policy on public information are as follows:
 - *Principle 1: Promoting Transparency.* The Bank is guided by the underlying presumption that, whenever possible, information concerning the Bank's activities will be made available to the public in the absence of a compelling reason for confidentiality.
 - *Principle 2: Enhancing Accountability.* The Bank is committed to enhancing its accountability to its shareholders. The Bank recognizes the importance of public information and communication with other stakeholders that are affected by or interested in the Bank.
 - *Principle 3: Protecting Confidentiality.* As a financial institution and an international organization, the Bank has a responsibility to restrict access to information whose

disclosure could cause harm to specific parties or interests, particularly its members, clients, and co-financiers. As detailed in C below, confidential information can include personal information, information provided in confidence, financial information, and deliberative information.

B. PUBLIC INFORMATION

5. The Bank makes information public in three broad categories: Institutional, Operational and Financial. Public information is accessible, wherever feasible, through posting on the Bank's website (www.aiib.org).¹ Information accessible under the Guiding Principles that is not posted on the website may also be requested in accordance with paragraph 11 below.

6. *Institutional Information.*

- A. *Board of Governors.* The list of the Bank's members and their subscribed capital and voting power and the list of the Bank's Governors will be posted and updated regularly. The time and place of each Annual Meeting of the Board of Governors will be posted in advance, and the summary of proceedings (including Board of Governors' Resolutions) will be published after the Annual Meeting.
- B. *Board of Directors.* The list of Directors and Alternate Directors and their voting groups and the terms of reference and membership of Board committees will be posted. The schedule of upcoming Board discussions will be posted in advance, and the minutes will be posted after meetings.
- C. *Bank Management.* The organizational chart for the Bank, showing its departments and component parts, will be posted.
- D. *Strategy, Annual Plans and Budget.* The Board of Directors approves the strategies, annual plan and budget of the Bank. Summaries of these documents will be posted after Board approval of the main document.
- E. *Annual Reports.* The Annual Report of the Bank will be published and posted in connection with each Annual Meeting of the Board of Governors. The Bank may produce additional periodic reports on aspects of its operations in the future, such as procurement, and these reports or summaries will also be posted.
- F. *Basic Documents.* The Bank's basic documents will be posted, including the Articles of Agreement and Chief Negotiators' Report, the By-Laws of the Bank, the Rules of Procedure of the Board of Governors and Rules of Procedure of the Board of Directors, the Codes of Conduct for Board Officials and for Bank Personnel.
- G. *Employment Information.* The Bank will post its basic salary structure. In accordance with the Bank's human resources policy, the Bank will use its website, among other media, for staff recruitment.

¹ The public availability of many categories of Bank information under this Interim Policy shall not be construed as a waiver of the archival immunity afforded to the Bank under Article 47, paragraph 2, of its Articles of Agreement, except with respect to any information disclosed in accordance with this Interim Policy

7. ***Operational Information.*** The operational policies of the Bank will be posted.
 - A. *Project Documents.* The Bank will post detailed documents for Sovereign-Backed Financings and summary documents for Non Sovereign-backed Financings, following approval of the Financing.
 - B. *Environmental and Social Information.* The Bank will post Environmental and Social Information for Projects in accordance with the Bank's Environmental and Social Policy. Under that Policy, Environmental and Social Information for Projects includes draft environmental and social assessment reports, environmental and social management plans and frameworks, resettlement plans and frameworks, Indigenous Peoples plans and frameworks, and the Bank's reviews of the use of country and corporate systems.
 - C. *Procurement.* The Bank will post General Procurement Notices, Special Procurement Notices and Contract Award Notifications for procurement financed by the Bank under its Financings.
8. ***Financial Information.***
 - A. *Financial Statements.* The Bank's audited financial statements, including any Special Funds and Trust Funds, will be posted. Upon approval by the Board of Directors, unaudited condensed quarterly financial statements will be posted.

C. CONFIDENTIAL INFORMATION

9. The Bank is committed to transparency in the Guiding Principles. Nevertheless, there are some instances where disclosure could cause harm to specific parties or interests. In line with the practices of other international financial institutions, the Bank does not provide access to the types of confidential information listed below. Documents may be restricted or redacted accordingly.
 - A. *Personal information.* Personal information includes the personal staff records, medical information and personal communications of Directors, Alternate Directors, the President and Vice Presidents, other Bank officials and Bank staff (including consultants) and their families. Personal information also includes information related to staff appointment and selection processes, the Bank's internal conflict resolution mechanisms, and internal investigations of staff misconduct and conflict of interest.
 - B. *Safety and Security.* Information related to safety and security includes information whose disclosure would compromise the security of Bank officials and staff and their families, contractors, other individuals and Bank assets. This type of information also includes information whose disclosure is likely to endanger the life, health or safety of any individual or the environment.
 - C. *Privileged and investigative information.* Privileged information includes information subject to attorney-client privilege, such as communications to and from the General Counsel, internal Bank counsel and other legal advisors. Investigative information includes information related to internal investigations as well as the independent accountability function and the evaluation function.

- D. *Third-party information and proprietary information.* Information provided by member countries, partners and other third parties on the understanding of confidentiality is not disclosed without express permission of the party providing the information. Such information may include financial, business, proprietary or other non-public information. Communications among Governors and Directors (including Alternate Directors) are also considered confidential information.
- E. *Deliberative information.* Deliberative information includes documents intended for internal purposes only, or classified as confidential, and Board documents not authorized for release. Deliberative information includes all documents that, if disclosed, would or would be likely to compromise the integrity of the Bank's own deliberative and decision-making processes, including internal documents and communications, communications with member countries or other co-financiers, drafts of reports and agreements, and emails, whether issued by Board members, Bank officials and staff or the Bank's consultants, attorneys or agents.
- F. *Financial information.* Financial information includes estimates of future borrowings, financial forecasts and credit assessments and data on the Bank's financial transactions, as well as information used to execute financial and budgetary transactions. Financial information also includes details of individual transactions under Bank financings, and banking or billing information of the Bank, member countries, clients, recipients or vendors, including consultants.
- G. *Violation of National Laws or Other Applicable Regulations.* The Bank does not disclose information if such disclosure would violate applicable law (such as restrictions imposed by securities or banking laws) or would contravene its Articles of Agreement.
- H. *Corporate Administration.* The Bank does not provide access to information relating to the Bank's corporate administrative matters, including, but not limited to, corporate expenses, procurement, real estate and other activities.

D. IMPLEMENTATION

10. The Bank's Director General, Communications and Development, advised by the General Counsel and other members of the senior management, will oversee the implementation of this Public Information Interim Policy.

11. The Bank's website will be the principal mechanism for disclosure of public information. Requests for information may be submitted to the Director General, Communications and Development through the website, or by mail and fax. Guidelines on processing requests, including time limits, will be developed and posted at a later stage. If the Director General, Communications and Development determines that the information requested cannot be made available under this Interim Policy, the requester will be provided an explanation. If a requester believes that a request for information has been unreasonably denied, an appeal may be submitted to the Corporate Secretary. The Corporate Secretary will make appropriate arrangements for impartial review of the appeal by a designated review officer. The Corporate Secretary will review the review officer's recommendation in consultation with the General Counsel and other members of the senior management; the decision of the Corporate Secretary on the recommendation will be final.

E. PUBLIC INFORMATION POLICY REVIEW

12. The Bank's Management will provide a review of the implementation of this Interim Policy to the Board of Directors annually. A comprehensive Policy on Public Information would be adopted by the Board of Directors in the future, in light of the Bank's early experience. In the interim, any new Bank policy that is not covered by this Interim Policy will articulate the disclosure requirements for information and documents to be produced under that policy, consistent with this Interim Policy. This Interim Policy will be updated regularly and posted on the Bank's website.



SUMMARY: AIIB 2016 BUSINESS PLAN AND BUDGET

January 2016

The 2016 AIIB Business Plan (BP) and Budget were approved by the Bank's Board of Directors on January 17, 2016. The BP sets out the strategic and institutional priorities for 2016, supported by the approved administrative budget of \$ 52.4 million, plus a capital budget of \$ 7.5 million.¹

The BP and Budget embody the shared goals and priorities identified in extensive discussions over the course of 2015 with the Bank's 57 Prospective Founding Members. The institutional and operational strategic goals reflect that 2016 will be a year of institution building and capacity development.

The Bank's key institutional challenges are to: finalize the policy foundation and administrative framework; bring on board a top caliber managerial team and experienced professional staff to ensure effective implementation; and develop and nurture a strong ethics-based corporate culture. Operationally, Management aims to start a rolling pipeline and to deliver high quality, timely financing to clients.

Given the start-up nature of the first year of operations, there will be a mid-term review (MTR) with the Board of Directors. At the MTR, Directors will also discuss the approach, approval processes, and timeline for the 2017 Business Plan and Budget.

¹ A Start-Up budget of \$ 8.3 million, approved at the 6th Chief Negotiators Meeting on August 24-25, 2015 in Tbilisi, Georgia, will be folded into the 2016 Budget as of February 1, 2016.

2017 Business Plan and Budget

Summary

December 2016

1. The Asian Infrastructure Investment Bank (AIIB – the Bank) commenced its operations on January 16, 2016, to help its members to meet an estimated \$21 trillion financing gap between the region’s demand for infrastructure, projected at \$40 trillion from 2015 to 2030, and available financial resources. There is a clear international consensus that increased levels of sustainable infrastructure investment can play an important role in supporting growth. The Bank aims to work with public and private sector partners to channel its own resources, together with private and institutional funds, into sustainable infrastructure investment.
2. During its first year of operations, the Bank has made strong headway towards achieving its Shareholders’ institutional goals of building a strong principles-based organization, and delivering timely and cost-effective financial services to its clients. The Bank’s management team was recruited and the first stage of the strategic staffing program was completed.
3. The Bank achieved the majority of its performance milestones set forth in the 2016 Business Plan and Budget, and made substantial progress on the remaining few. It delivered a targeted lending program, with 9 projects approved totaling \$1.73 billion by the end of the year.
4. During its first year of operations, client demand and stakeholder engagements have strongly validated the original rationale for the creation of the Bank, and emphasized three areas of particular relevance, which have now evolved into the Bank’s emerging **thematic priorities**:
 - ***Sustainable Infrastructure*** – promoting green infrastructure and supporting countries to meet their environmental and development goals.
 - ***Cross-country Connectivity*** – prioritizing cross-border infrastructure, ranging from roads and rail, to ports, energy pipelines and telecoms across Central Asia, and the maritime routes in South East and South Asia, and the Middle East, and beyond.
 - ***Private Capital Mobilization*** – devising innovative solutions that catalyze private capital, in partnership with other MDBs, governments, private financiers and other partners.

5. The **institutional goals** for 2017 build on the progress made during the Bank's inaugural year and lay the foundation for implementing the thematic priorities:

- ***Sharpening the Bank's Strategic Focus and Shaping its Corporate Brand*** – the Bank has a specific geographic and sectoral mandate which enables it to offer specialized skills, expertise and market knowledge. Building on the *thematic priorities* described above, the Bank will sharpen its core sectoral competencies and develop its business lines. This will provide the building blocks for honing the Bank's business lines, beginning with the energy sector, followed by transport and sustainable cities. Over time, the Bank aims to become a 'go-to' project finance organization in these areas of specialization.
- ***Scaling-Up Support to Clients and Refining the Programming Approach*** – providing high quality, cost effective and timely services to clients are at the heart of the Bank's mandate. In 2017, the Bank will focus on enhancing engagement with clients to better understand their needs. The programming approach – the process for developing the Bank's investment pipeline – will be further refined to better integrate the Bank's core thematic priorities with clients' demands.
- ***Bolstering Financial Sustainability and Paving the Way for Market Access*** – the Bank will further strengthen its core financial architecture, including risk management, as it poises itself to scale-up investment and enter into capital markets.
- ***Continuing Institution Building*** – in its second year of operation, the Bank will continue to refine, deepen and enhance its institutional and policy frameworks and ensure their effective implementation. This will allow the Bank to meet immediate business needs, as well as pave the way for longer-term business development. A key priority will be preparing a mechanism for independent investigation of complaints regarding AIIB non-compliance with its policies. The Bank will also put in place institutional arrangements to give effect to the newly enhanced Policy on Prohibited Practices (PPP), helping to keep its operations corruption free.

6. An administrative budget of \$87.15 million has been approved to support the 2017 program implementation, and will be subject to a mid-year Board of Directors Review. During the Review, Management will advise the Board on progress in budget execution and seek approval for major budget adjustments, as may be warranted.