



Asian Infrastructure Investment Bank (AIIB)

For Prelims: Asian Infrastructure Investment Bank (AIIB), Asian Development Bank (ADB).

For Mains: Asian Infrastructure Investment Bank (AIIB) and projects supported by it in India

Why in News

Recently, former [Reserve Bank of India \(RBI\)](#) governor **Urjit Patel** has been appointed **vice-president of the Beijing-based [Asian Infrastructure Investment Bank \(AIIB\)](#).**

- In October 2021, the **Union Minister of Finance** participated in the **6th Annual Meeting of the Board of Governors of AIIB.**

Key Points

- **About:**
 - It is a **multilateral development bank** with a mission to improve social and economic outcomes in Asia.
 - It **aims to** connect people, services and markets that over time will impact the lives of billions and build a better future by investing in sustainable infrastructure and other productive sectors.
 - It is established by the **AIIB Articles of Agreement (entered into force December 2015)** which is a multilateral treaty.
 - It is **headquartered in Beijing (China)** and began its operations in January 2016.
- **Various Organs of AIIB:**
 - **Board of Governors:**
 - The Board of Governors consists of one Governor and one Alternate Governor appointed by each member country. Governors and Alternate Governors serve at the pleasure of the appointing member.
 - **Board of Directors:**
 - Non-resident Board of Directors is responsible for the direction of the Bank's general operations, exercising all powers delegated to it by the Board of Governors.
 - **Senior Management:**
 - AIIB staff is headed by the President who is elected by AIIB shareholders for a five-year term and eligible for reelection once.
 - **International Advisory Panel:**
 - The Bank has established an International Advisory Panel (IAP) to support the President and Senior Management on the Bank's strategies and policies as well as on general operational issues.
- **Key Accomplishments of AIIB:**
 - **Rapid Growth in Worldwide Membership:**
 - AIIB began operations in 2016 with 57 founding Members (37 regional and 20 non regional). By the end of 2020, it had **103 approved Members representing approximately 79% of the global population and 65% of global GDP.**

- **Highest Credit Rating Assigned by Three Major Rating Institutions:**
 - Since 2017, AIIB has received **AAA ratings** with a stable outlook from the top credit rating agencies— Standard & Poor's, Moody's and Fitch.
 - Industry recognition of its sound financial standing has enabled it to expand its presence in international capital markets.
- **Permanent Observer Status in the United Nations:**
 - In 2018, AIIB was granted **Permanent Observer status** in the deliberations of both the **United Nations General Assembly** and the **Economic and Social Council**, the two development-focused principal organs of the global body.
- **Governance Model Enhancing Efficiency and Accountability:**
 - AIIB has created an effective environment for its **Board of Directors to take a strategic approach** to direct and oversee the work of an accountable management.
 - The **Bank's Accountability Framework** is an innovative governance model that positions AIIB to embed a culture of accountability throughout the organization.
- **Policies and Strategies Developed or Finalized:**
 - Strategies for all major infrastructure sectors and for investing in equity, mobilizing private capital and financing operations in non regional members have all been approved and being implemented.
- **AIIB and India:**
 - The AIIB has **approved more loans for India** than any other member of the bank.
 - **China is its biggest shareholder** and India is the second-largest.
 - The AIIB has funded **28 projects in India amounting to USD6.7 billion.**
 - It has recently **emphasised green projects** and supporting public health initiatives during the **Covid-19** pandemic, besides infrastructure.
 - In October 2021, India applied for loans from the AIIB and **Asian Development Bank (ADB)** to procure 667 million doses of Covid-19 vaccines with the ADB expected to lend USD1.5 billion and the AIIB around USD500 million, under the ADB's **Asia Pacific Vaccine Access Facility (APVAX) initiative.**
 - Last year (2021), the AIIB also approved a USD356.67 million loan to the Indian government to support the **expansion of the Chennai metro rail system.**

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