

UNIT 2 – BANKING - The Asian Infrastructure Investment Bank

The Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank (MDB) conceived for the 21st century. The Bank's foundation is built on the lessons of experience of existing MDBs and the private sector. Its modus operandi will be lean, clean and green:

Lean- with a small efficient management team and highly skilled staff;

Clean- an ethical organization with zero tolerance for corruption;

Green- an institution built on respect for the environment.

The AIIB, a modern knowledge-based institution, will focus on the development of infrastructure and other productive sectors in Asia, including energy and power, transportation and telecommunications, rural infrastructure and agriculture development, water supply and sanitation, environmental protection, urban development and logistics, etc.

The AIIB will complement and cooperate with the existing MDBs to jointly address the daunting infrastructure needs in Asia. AIIB welcomes all regional and non-regional countries, developing and developed countries, that seek to contribute to Asian infrastructure development and regional connectivity.

Headquarters- Beijing, China

Official language - English

President- Jin Liqun

Main organ- Board of Governors
Board of Directors

HISTORY

Representatives from 22 countries signed the October 2014 Memorandum of Understanding (MOU) to establish the AIIB and Beijing was selected to host Bank headquarters. Mr. Jin Liqun was

appointed as the Secretary General of the Multilateral Interim Secretariat. By the deadline of March 31st for submission of membership applications, the Prospective **Founding Members had increased to 57.**

The bank started operation after the agreement entered into force on **25 December 2015.**

Major economies that did not become PFM (Prospective Founding Members) include the G7/G8 members' Japan and the United States

Share Holders

The capital of the **bank is \$100 billion**, equivalent to 2/3 of the capital of the Asian Development Bank and about half that of the World Bank. Asian countries will contribute up to **75 per cent** of the total capital and be allocated a share of the quota based on their economic size. BRICS **members China, India and Russia are** the three largest shareholders, with a voting share of 26.06 per cent, 7.5 per cent and 5.92 per cent, respectively.

Current News about AIIB

- AIIB 1st Annual Meeting to be held in **Beijing on June 25-26, 2016.**
- **Asian Infrastructure Investment Bank** and **European Investment Bank** agree to strengthen cooperation
- The Asian Infrastructure Investment Bank's Board of Directors approved its **first 4 loans totaling \$509 million** to finance 4 projects. Three of the 4 projects are co-financing operations with multilateral development bank (MDB) partners. The approved loans are:
 - \$165 million loan for a Power Distribution System Upgrade and **Expansion Project in Bangladesh;**
 - \$216.5 million loan for a National Slum **Upgrading Project in Indonesia**, expected to be co-financed with the World Bank;
 - \$100 million loan to finance the Shorkot-Khanewal Section of **National Motorway M-4 in Pakistan**, co-financed with the Asian Development Bank (ADB) and the United Kingdom's Department for International Development (DFID); and
 - \$ 27.5 million loan for the Dushanbe-**Uzbekistan** Border Road Improvement Project in Tajikistan, co-financed with the European Bank for Reconstruction and Development (EBRD).
- Former IAS officer **DJ Pandian** has been appointed as **vice president and CIO of AIIB**
- India's **Dinesh Sharma** has been elected to the board of directors of the Asian Infrastructure Investment Bank (AIIB). He has been elected

to the 12-member board through a secret ballot. This is the first board of directors of AIIB.

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