

ESG Award Public Sector and Multilateral – AIIB

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The judging team was particularly impressed by the AIIB submission and the decision was unanimous that it should win this coveted ESG award to recognise the effort it has put into driving forward this agenda.

And they did not hold back on their views saying “AIIB is playing a vital role in developing and supporting green infrastructure with its clients” adding that it “takes ESG extremely seriously and is willing to lead from the front... exactly what a multilateral or public sector agency should do”.

One judge on the day said: “Since launching its AIIB Sustainable Capital Markets Initiative in 2018, more than 37% of the AIIB portfolio was invested in either sustainability bonds or green bonds as of December 2020. Through this largescale investment, AIIB has been able to constructively engage with Asian corporates to help improve their sustainability profiles across the region.”

The Beijing-based multilateral development bank notes the information advantage ESG integration provides asset allocators and portfolio managers.

“We believe a thorough consideration of ESG factors by investment institutions can improve the fundamental analysis they undertake and ultimately the investment choices they make,” said Dong-ik Lee, Director General of Banking Department Region 1 at AIIB. “The next stage of development will rely on innovation of ESG investment thinking and practice.”

Another judge added: “The AIIB has a comprehensive agenda and strategy and yet with clear focus areas, delivering tangible impacts in emerging markets and locations with more limited access to certain types of financing and advisory. It is setting the tone for social and environmental standards in infrastructure projects in Asia, constantly improving goals and targets and given the example by tapping and supporting sustainable finance instruments.”

Yet another said: “As a multilateral development bank covering areas that typically attract less investment into clean energy, AIIB has the ability to drive genuine change. It’s recently unveiled corporate strategy appears intended to do exactly that, with a 2025 target of directing 50% of approved financing into climate finance.”

AIIB’s corporate strategy and ESG standards are driving forces behind the bank’s success.

“AIIB invests in sustainable infrastructure for tomorrow guided by its corporate strategy and high-quality standards in environmental social and governance aspects,” said Quan Zheng, Director General of Policy, Strategy & Budget at AIIB. “By integrating ESG standards into our financing operations, we unlock the greatest potential to mobilize private capital in sustainable infrastructure investment in Asia.”



A judge added: “The AIIB – as do all multilaterals – has a critical role in channelling capital to infrastructure projects, where there may be gaps and the typical institutional capital is not flowing to... certain jurisdictions and typically of more greenfield nature.

“In addition, projects and companies have become used to the high standards of ESG policies that their capital come attached with, which opens up the channels for more and other sources of capital.”

Sustainability is a core component of AIIB’s decision-making.

“AIIB's purpose is to foster sustainable economic development for our members. Leading and supporting ESG investments into our members is a critical part of fulfilling that purpose. We will continue our investments in this area which can catalyse more private capital especially into our emerging market members,” said Najeeb Haider, Director General of Banking Department Region 2.

In late October, AIIB announced that it will fully align with the goals of the Paris Agreement by mid-2023. The bank estimates its cumulative climate finance approvals will be \$50 billion by 2030. This figure will be a fourfold increase in annual climate finance commitments since AIIB started publicly reporting the number in 2019.

AIIB will actively lead events during COP26 at the MDB Pavilion. Sessions include mobilising private capital for climate-friendly infrastructure and scaling up adaptation finance in the Asia Pacific.

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