



6th Annual Meet: AIIB

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Why in News

Recently, the Union Minister of Finance participated in the 6th Annual Meeting of the Board of Governors of **Asian Infrastructure Investment Bank (AIIB)**.

Key Points

- **India's Stand:**
 - **Help in Covid:**

Appreciated AIIB's **prompt actions in providing financial support** to Member Countries, including India, in their efforts to **contain and combat Covid-19**.
 - **Multilateral Banking:**

Emphasised the **importance of multilateral banks** in supplementing countries' efforts to cope with the Covid-19 crisis and the looming climate crisis.
 - **Expectations from the Bank:**
 - Need to **explore investment opportunities in the creation and development of assets in social infrastructure sectors**.
 - To further **intensify private sector capital mobilisation** for inclusive and green development.
 - To **set up a Resident Board and Regional Offices** to ensure accountability, transparency and quality of operations and investments.

- **AIIB's Stand:**
 - **Suggestion for India:**

It should **strike a balance between ramping up physical infrastructure and the social infrastructure** such as healthcare systems.
 - **Future Endeavours in India:**
 - It would look to **fund both social as well as climate-resilient infrastructure** in India in the coming years.
 - It will **align its operations with the goals of the Paris Agreement** to cope with climate change.

India and AIIB

- India was **among the AIIB's 57 founding members** in 2016.
- It is also its **second-largest shareholder** (with 7.62% voting shares) after China (26.06%).
- It has **received USD 4.35 billion from the Bank**. This is the **highest of any country**, with the bank so far approving loans of USD 19.6 billion to support 87 projects in 24 countries.
 - **Turkey** is second with USD 1.95 billion.
- AIIB has approved financing projects in India in a host of sectors like energy, transport and water including the **Bangalore metro rail project** (USD 335 million), **Gujarat rural roads project** (USD 329 million) and Phase 3 of the **Mumbai urban transport project** (USD 500 million).
 - India needed to **develop modern infrastructure** and when the Bank screened proposals, it **worked with the government to ensure that priority** was given to infrastructure projects which could deal with **climate change**.
- In a recent virtual meeting, **India** said that it **expects AIIB to introduce new financing instruments**, provide financing for social infrastructure and to integrate development of climate resilient and sustainable energy access infrastructure into AIIB's recovery response to the Covid-19 crisis.
 - This implies that **India is unlikely to alter its engagement with the China-led Asian Infrastructure Investment Bank (AIIB)**, despite a host of **offensive measures** announced recently to reduce its trade and investment links with China.

Asian Infrastructure Investment Bank

- It is a **multilateral development bank** with a mission to improve social and economic outcomes in Asia.
 - It meets clients' needs by unlocking new capital and investing in infrastructure that is green, technology-enabled and promotes regional connectivity.

- It is **established by the AIIB Articles of Agreement** (entered into force December 2015) which is a multilateral treaty.
 - The Parties (**57 founding members**) to agreement comprise the Membership of the Bank.
 - AIIB's **membership has grown to 102 countries now.**
- It is **headquartered in Beijing** and began its operations in January 2016.

Source: TH