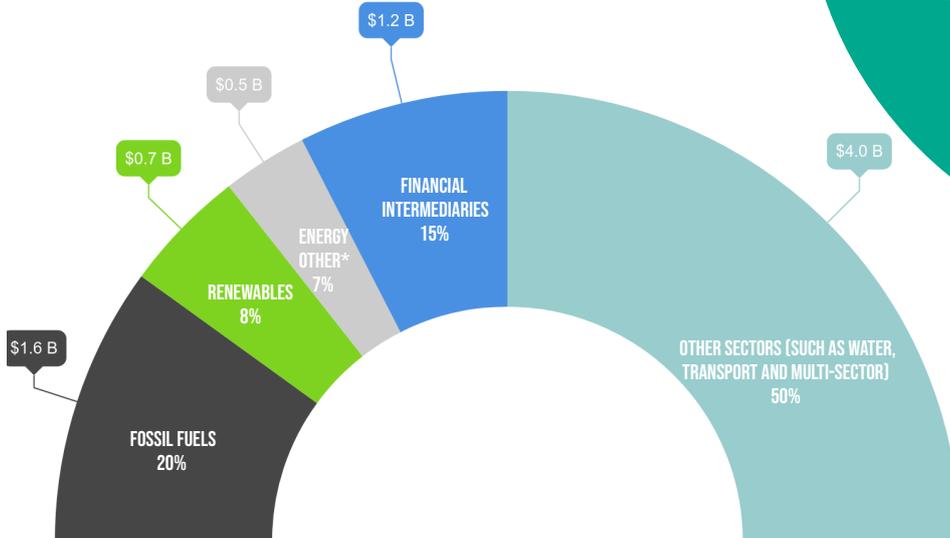




# AIIB AND CLIMATE CHANGE

## AIIB TOTAL PORTFOLIO \$8 BILLION



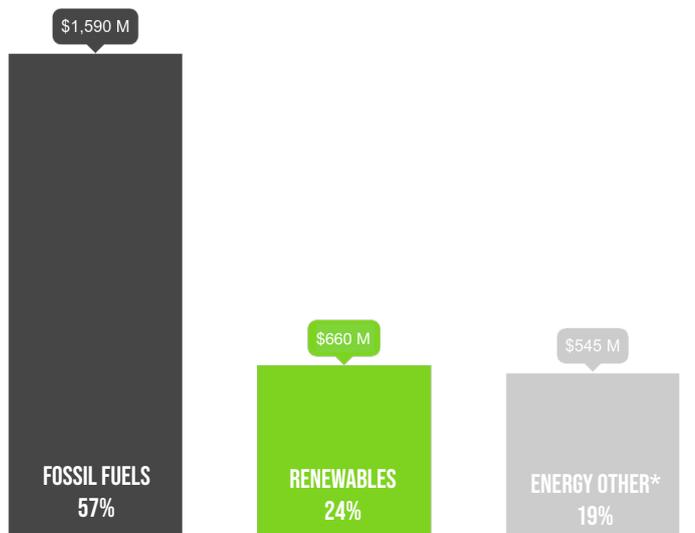
The Asian Infrastructure Investment Bank (AIIB) is the world’s newest multilateral development bank. It launched in 2016, just after governments signed the Paris Agreement on climate change, and aspires to be “lean clean and green.”

But despite these laudable ambitions, three years in, its lending portfolio shows a very different reality. Out of just over \$8 billion invested, 20% of funding has gone towards fossil fuels, while only 8% has gone to renewables. Looking just at the bank’s energy lending, fossil fuels represent almost 60% of funding against just under a quarter for renewables.

### What is the Paris Agreement?

Governments around the world signed the Paris Agreement in December 2015, uniting them in common cause to fight climate change and help developing countries in particular adapt to its effects. The agreement aims to keep the global temperature rise to well below 2°C above pre-industrial levels, while pursuing efforts to limit warming to 1.5°C. Countries are required to set out their climate priorities and targets in so-called nationally determined contributions (NDCs), and to strengthen these over time.

## AIIB ENERGY SECTOR PORTFOLIO TOTAL \$2.7 BILLION



\* Energy other includes projects, such as transmission and distribution, where the fuel source is not defined.

### Risky financial intermediaries

Funding through financial intermediaries (FIs) – such as infrastructure and private equity funds – represents 15% of the AIIB’s portfolio. Unlike direct investments in a company or project on the ground, an FI investment essentially ‘outsources’ funding decisions to a third party, which in turn invests the capital in sub-projects or sub-clients. This poses significant risks, as there is little information about what happens to the funds once they have been disbursed to the FI.

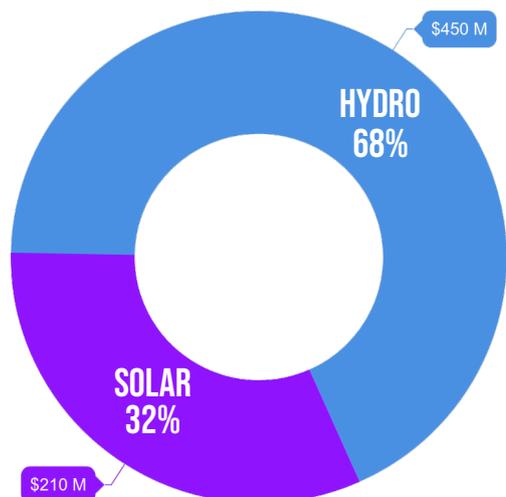
The AIIB’s FI investments have backed fossil fuels, including coal, gas and heavy fuel oil.

### Natural gas – a false solution

All of the AIIB’s direct investments in fossil fuels support natural gas projects. There are a number of reasons why gas is not a viable option for the transition to a 1.5°C world. Natural gas emits carbon dioxide as well as methane, both potent greenhouse gases. Prioritising gas capacity can often displace new wind and solar projects which goes against the urgent need to decarbonise the power sector.

# AIIB RENEWABLE ENERGY PORTFOLIO

## TOTAL \$660 M



Over one billion people in the world live without access to energy. Distributed renewable energy projects are better suited to reach energy poor communities in the so called 'last mile' away from the grid. Access to energy can liberate women from time consuming tasks, such as fuel wood collection. Small scale renewable energy projects can have additional benefits for gender equality, such as providing women with training and subsequent jobs as technicians.

Renewable energy only represents 8% of the AIIB's portfolio. Most of this goes towards large-scale projects, including hydropower – known to cause significant negative environmental and social impacts - while very little goes to support energy access for poor communities.

**The AIIB must step up its game and take a leadership role in the fight against climate change!**

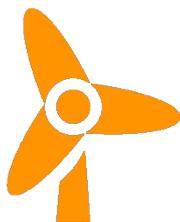
**This starts with three key steps:**



**Develop an AIIB Climate Change Action Plan, with clear and ambitious targets for how the AIIB will align its policies and operations with the Paris Climate Agreement and efforts to limit the global temperature increase to 1.5°C above pre-industrial levels.**



**Provide a road map for the AIIB to shift direct and indirect investments from fossil fuels to renewable energy by 2020, including ruling out all financing for coal and any investment that would result in increased coal use, and matching the World Bank's commitment to end financing for upstream oil and gas.**



**Ensure all energy projects funded by the AIIB help lift more people out of energy poverty in a sustainable way, especially by scaling up support for decentralised renewable electricity and clean cooking solutions. This should exclude large hydro dams which can cause extensive social and environmental harms.**

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