

GraSPP Research Seminar & HSP Seminar

“The Roles and Responsibilities of IFIs beyond COVID-19

—AIIB’s Innovative Features in Governance and International Standards”

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Comments

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The seminar aims at a comparative study of International Financial Institutions (IFIs) with a focus on innovative features of Asian Infrastructure Investment Bank (AIIB) in governance and international standards to address challenges and opportunities beyond COVID-19 as well as United Nations Sustainable Development Goals (SDGs).

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GraSPP
THE UNIVERSITY OF TOKYO

**Graduate Program on
Human Security (HSP) The
University of Tokyo**

Roles and Responsibilities

Economic rationale and relevance

- ✓ Provision of international public goods
- ✓ Counter-cyclical
 - “umbrellas ready for rainy days”

Governance

AIIB's core values

“Lean, Clean and Green”

- ✓ Operate in an efficient way
- ✓ Zero tolerance to corruption
- ✓ Help prevent destruction of the earth



Governance (continued)



We are lean. By being cost-effective and efficient, we become agile and responsive to our clients' demands and deliver results. A nonresident Board of Directors, a small yet highly experienced management team and a core of highly motivated, skilled and dedicated staff move us forward. This combination of dedication, skills and experience enables us to listen to our borrowers and shareholders and develop innovative solutions tailored for them.



We are clean. We have zero tolerance for corruption and we adhere to the highest standards of integrity, accountability and ethics in our projects and for our staff. We have institutionalized measures to protect whistleblowers who report fraud and corruption. We espouse transparency by releasing public information based on our guiding principles of disclosure.



We are green. We have integrated into our operations a profound sense of awareness and respect for the environment and social sustainability. We support our members in addressing climate concerns as they transition to a low-carbon energy mix.

Source: 2017 AIIB Annual Report.

Standards

“Critics warn that the China-led bank may fail to live up to the environmental, labour and procurement standards that are essential to the mission of development lenders.”

The Economist. **November 11, 2014**. *The Economist explains—Why China is creating a new "World Bank" for Asia.*

AIIB's policies and standards are broadly aligned with those of other multilateral development banks as demanded by all stakeholders.

Expectations, or suggestions

Differentiate—be innovative and unique.

Stay lean—be efficient and effective.

No dumping for volume—don't be a loss leader.

AIIB's Mission defined in its first Corporate Strategy for 2021-2030:

“We enable clients to build **Infrastructure for Tomorrow (I4T)**—green infrastructure with sustainability, innovation and connectivity at its core.”



Source: 2019 AIIB Annual Report.

Prospects

Speaking to reporters after a cabinet meeting, Mr Aso said Japan “could consider entering talks” on joining the AIIB if some of its concerns about lending standards and the bank’s governance were addressed. Other officials rowed back on the comments, implying that Mr Aso misspoke. “We are cautious about joining,” said Yoshihide Suga, chief cabinet secretary. “Minister Aso’s position is the same. I think his point was that participation is impossible to the extent that these problems are not resolved.”

Source: Financial Times. **March 20, 2015.**

Constructive competition between International Financial Institutions for quality to help accomplish long-term goals, including SDGs, of the stakeholders.