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REPORT

Billions Beyond Control

AIIB's Disclosure Deficit

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Executive Summary

This report combines two assessments of the Asian Infrastructure Investment Bank's (AIIB) transparency performance. The first draws on the 2025 DFI Transparency Index by Publish What You Fund (PWYF), which compares AIIB's transparency policies with those of other multilateral development banks (MDBs). The second is based on findings from the AIIB Watch, a civil society initiative monitoring environmental and human rights risks in AIIB-financed infrastructure projects. Rivers without Boundaries International Coalition (RwB) contributed the chapter on the Nature Finance Accelerator Program. We would like to thank Recourse for their comments on parts of the report as well as AIIB staff for answering pertinent questions.

Key findings:

Part I: AIIB in the 2025 DFI Transparency Index

- AIIB's non-sovereign portfolio scored 37.1 out of 100, performing worse than the majority of MDBs. Its sovereign portfolio scored 58.5 out of 100, placing fifth among the ten MDBs assessed.
- AIIB is the only MDB without a published impact management methodology and the only institution that routinely relies on the environmental and social policies of co-financiers and clients rather than consistently applying its own standards.
- AIIB does not disclose indirect investments (sub-investments) made through financial intermediaries, in contrast to several other MDBs that provide such key information.

Part II: Transparency in Practice

- **Disclosure on resettlement and land acquisition:** The precise number of people affected by resettlement is frequently not disclosed. When data is available, documentation is inconsistent, varies widely in quality, and contains contradictory information about resettlement impacts. Key environmental and social documents are repeatedly published after project approval. Prior to approval, documentation often does not include a full risk assessment based on field visits.
- **Financial intermediary projects:** Information on end use of the funds and subprojects remains largely unavailable. Several AIIB FI projects support institutions with substantial exposure to fossil fuel infrastructure subprojects with major human rights concerns.
- **Financing fossil fuels:** AIIB continues to finance fossil fuel projects. Projects that appear to be clean energy finance, such as the proposed China Inner Mongolia Clean Energy Transition Project, are in reality financing fossil fuel infrastructure – in this case, a coal project.

Key findings:

- **Speed of project approval timelines:** The Environmental and Social Framework allows management to shorten disclosure periods without public accountability. Some projects were disclosed for periods shorter than the minimum requirements, without formal justification.
- **Climate Policy-Based Financing (CPBF):** Because CPBF is provided as budget support, the final use of funds is difficult to track, yet AIIB classifies 100% of CPBF disbursements as climate finance. This creates a risk of overstating climate impacts and weakens accountability for environmental and social outcomes.
- **Nature Finance Accelerator Program:** AIIB's first foray into "nature finance" is based on non-transparent FI arrangements with no mandatory disclosure of policies, procedures, or subprojects. A number of arrangements and indicators preclude the AIIB from monitoring measurable positive outcomes for biodiversity. As an example, 20% of the loan to the Bank of Jiangsu targets climate-related cross-border investments, but the link to the project's "nature positive" objectives remain unclear.

Recommendations:

Disclosure & due diligence

- Enforcement and disclosure of risk management classifications and methodology
- Build in-house capacity for ESS reporting and documentation, and strengthen monitoring of client and co-financier reporting
- Standardized reporting requirements for clients
- Disclose documents directly instead of linking to external websites
- Mandatory minimum disclosure periods of 30/60 days prior to Board approval, in all cases. Proposed projects should be uploaded on the AIIB webpage within this timeframe. Exceptions should only be made following Board discussion, with formal reasons disclosed within the same minimum disclosure periods

Land acquisition & resettlement

- Consistent documentation and disclosure of resettlement and land acquisition impacts
- Consistent implementation of existing disclosure policies
- Documentation and publication of overall resettlement impacts across operations
- Respect the right to exercise agency over decisions that may fundamentally alter the lives of project-affected people

Financial intermediary lending, CPBF & Nature Finance

- Disclosure and monitoring of subprojects and end use of funds
- Consistent implementation of existing exclusion list, especially with regard to coal
- Add a prohibition of new oil and gas investments in the exclusion list during the upcoming energy sector policy review
- Disclosure and transparency on what can be classified as "climate finance"
- CPBF should not be linked to national NDCs but to a 1.5°C pathway instead
- Fully include CPBF and Nature Finance under the ESF
- Mandatory systematic downstream monitoring and documentation of Nature Finance and CPBF by the bank

Foreword

Every person is entitled to information about projects or programs which affect their livelihood and their environment. It is a basic human right.[1] Engaging communities with deep attachment to their land and natural resources who are affected by large-scale infrastructure projects respects their dignity, knowledge and right to "exercise agency over decisions that may fundamentally alter their lives".[2] We are advocating for a new, just approach to community engagement. Without comprehensive, accessible and culturally appropriate information, affected communities are not able to meaningfully engage with a projects' investors or sponsors. Translating relevant documents and making them understandable for the general public is an essential step. One prerequisite here is a clear set of rules that define when and how information must be disclosed, including strict time limits. The current best practice at International Financial Institutions (IFIs) is the so-called 'Pelosi Amendment' in US budget law. According to it, information must be disclosed 120 days before board approval at an IFI. The World Bank's private arm, the International Finance Corporation (IFC), follows a policy guideline under which summaries of project information and environmental and social assessments must be made public 60 days before a loan is approved.[3] These regulations do not guarantee that projects will proceed without problems, but they respect affected parties' right to information.

AIIB was founded only in 2015 and could have been a transparency champion among the MDBs, learning from decades of traditional lending practices and avoiding others' past mistakes. However, for the first six years of its existence AIIB had no timebound disclosure rules at all. This transparency gap existed until 2021. AIIB's standards regarding public access to information on the environmental and social impacts of the infrastructure projects it finances are set out in its Environmental and Social Framework (ESF), which was adopted before AIIB began operations in January 2016. The ESF was revised in 2019, fundamentally overhauled in 2020–21, and supplemented by an addendum in 2024. In its 2019 revision, the bank emphasized that it:

> **"believes that transparency and meaningful consultation is essential for the design and implementation of a Project and works closely with its Clients to achieve this objective." (Paragraph 13, p.4).**

As various stakeholders have noted, however, the 2021 ESF review failed to adequately address the need for robust timebound information disclosure and for the bank to adequately assess its clients' own environmental and social documentation.[4]

Robust environmental and social standards are essential for a multilateral development bank, particularly since AIIB's business model is based on financing large-scale infrastructure projects with far-reaching consequences for people and the environment. Only effective safeguards can prevent biodiversity loss, air and water

[1] Universal Declaration of Human Rights. (10.12.1948), Art. 19, https://www.un.org/en/about-us/universal-declaration-of-human-rights

[2] A just Alternative to Development-Forced Displacement: Policy proposal to advance a just energy transition for project-affected communities (Oct. 2025, p.6). https://www.inclusivedevelopment.net/wp-content/uploads/2025/10/A-Just-Alternative-to-DFDR-Policy-Proposal-Online-Version.pdf

[3] International Finance Corporation. (2012, January 1). Access to Information Policy. Paragraph 34. https://www.ifc.org/content/dam/ifc/doc/2010/2012-ifc-access-to-information-policy-en.pdf

[4] Urgewald. (2021, June 14). 2021 Approved review of environmental and social safeguards of AIIB. https://www.urgewald.org/sites/default/files/media-files/2021-06%20urgewald%20critical%20brief%20AIIB%20ESF%20review%20.pdf
Horta, K. & Wang, W. (2026, January 27). A Decade of Questionable Governance at the Asian Infrastructure Investment Bank. The Diplomat. https://thediplomat.com/2026/01/a-decade-of-questionable-governance-at-the-asian-infrastructure-investment-bank/
Horta, K. & Wang, W. (2020, October 22). The AIIB's Transparency Deficit. Project Syndicate. https://www.project-syndicate.org/commentary/asian-infrastructure-investment-bank-environmental-social-risks-by-korinna-horta-and-wawa-wang-2020-10
NGO Forum on ADB (2023, October 5). Civil Society Groups Bring Urgent Calls for Transparency, Accountability, and Redress for Harm Done. https://www.forum-adb.org/post/civil-society-groups-bring-urgent-calls-for-transparency-accountability-and-redress-for-harm-done

pollution, the irreversible destruction of wildlife habitats, the massive displacement of communities, and the loss of livelihoods.

AIIB sees itself as an investment bank, not a traditional development bank. Its name—Asian Infrastructure Investment Bank—already makes clear its focus on financing the "Infrastructure for Tomorrow," as stated in the title of its corporate strategy. AIIB is funded by its member states' paid-in capital, ultimately public funds. Therefore, the bank is accountable to the public.

According to AIIB's website, it aims for a "prosperous Asia based on sustainable economic development". However, the bank needs to be clearer in its goals. If the member states' citizens do not reap the benefits, AIIB needs to fill the transparency gaps this report identifies. Without transparency, people who should partake in the proposed "sustainable development" are left in the dark about what the investments mean for their livelihoods. Reliable environmental and social standards depend on robust information and reporting requirements, not least to enable public participation and prevent harm.

It is imperative that project-affected local communities receive clear, timely, and actionable information before projects get approved and implemented. This is the only way to avoid biodiversity loss, water and air pollution, irreversible destruction of wildlife habitats, massive resettlement of communities, and the loss of livelihoods. This allows problems to be identified at an early stage and avoided where possible. While better than nothing, the 60 days for Category A and 30 days for Category B projects [5] introduced only in October 2021 are merely a minimum standard and lack, as this report shows, mandatory character. Additionally, the bank's due diligence rules on transparency leave too many loopwholes to truly deliver "sustainable development and prosperity" for the people.

1 DFI Transparency Index

The Asian Infrastructure Investment Bank's transparency has been assessed through Publish What You Fund's DFI Transparency Index.[6] This chapter reviews AIIB's performance in the assessments, with a particular focus on environmental and social transparency, and the transparency on financial intermediaries. The review is based solely on AIIB's own documents and policies.

The DFI Transparency Index assesses the transparency of leading multilateral and bilateral development finance institutions.[7] Initially covering 30 portfolios in 2023, its scope expanded to 32 portfolios with the inclusion of sovereign and non-sovereign portfolios of the New Development Bank in 2025.

The Asian Infrastructure Investment Bank in the DFI Transparency Index

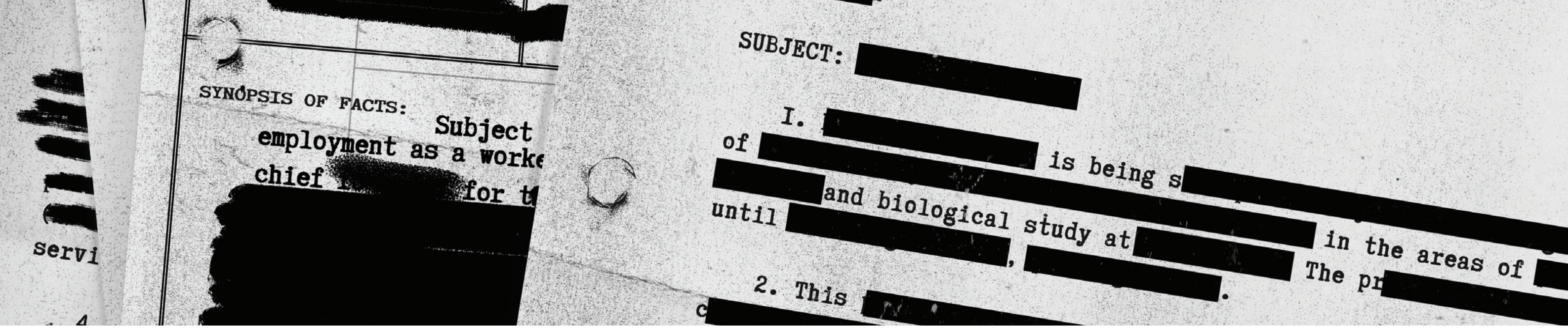
AIIB's non-sovereign portfolio scored a total of 37.1 out of 100 in the 2025 DFI Transparency Index.[8] Overall, AIIB placed ninth out of 22 institutions that were assessed. AIIB performed worse than the

[5] AIIB (2024). Environmental and Social Framework. https://www.aiib.org/en/policies-strategies/_download/environment-framework/AIIB-Environmental-and-Social-Framework_ESF-June-2024.pdf. The categories refer to AIIB's own project risk categorization, which is explained in Chapter 2 of this report.

[6] Advancing DFI Transparency (2021). https://www.publishwhatyoufund.org/app/uploads/dlm_uploads/2021/10/Advancing-DFITransparency.pdf

[7] https://www.publishwhatyoufund.org/dfi-index/

[8] https://www.publishwhatyoufund.org/dfi-index/2025/aiib-non-sov/



majority of MDBs, with the exception of the Development Bank of Latin America and the Caribbean (CAF), the New Development Bank (NDB), and the Islamic Corporation for the Development of the Private Sector (ICD). It performed better than the majority of bilateral DFIs, with the exception of British International Investment and Proparco. AIIB's non-sovereign score marked an increase from the 2023 Index when it scored 30.6 out of 100.[9] The higher score is the result of slight improvements in the transparency of impact management.

AIIB's sovereign portfolio scored a total of 58.5 out of 100 in the 2025 DFI Transparency Index, placing fifth out of 10 assessed MDBs.[10] Notably, AIIB outperformed the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) in the sovereign assessment, while lagging behind them in the non-sovereign assessment. This difference is largely explained by the fact that AIIB discloses results for sovereign operations while EBRD and EIB do not. However, as with the non-sovereign portfolio, AIIB's overall performance was diminished by the relatively low accessibility of the data that it does disclose.[11]

Impact Management

The Impact Management component of the DFI Transparency Index measures how transparently a DFI predicts, measures, and evaluates the impacts of its investments. Somewhat unusually, across the 2023 and 2025 Index assessments, **AIIB did not publish an impact management methodology**. (AIIB did pass the sub-indicator for having an evaluation policy at CEIU but no specific impact methodology nor evaluations at the project or multi-project/sector level.) This makes it difficult to understand how AIIB assesses the investments' potential impact and how it monitors the results of ongoing assessments. It also means that stakeholders are unable to ascertain how AIIB determines the additionality of its investments and how it attributes impacts according to its investment role.

- For its non-sovereign portfolio, AIIB scored 7.25 out of 30 in the Impact Management component of the 2025 Index. AIIB does not disclose results for its non-sovereign operations, making it impossible to ascertain their development impact at the project level.
- AIIB scored 19 out of 30 for its sovereign portfolio, ranking fifth out of ten institutions. AIIB discloses the alignment of its impacts with the sustainable development goals (SDGs), while the disclosure of metrics and targets at project level was consistent enough to pass the Index's indicators.

ESG & Accountability to Communities

The ESG and Accountability to Communities component of the Index measures the transparency of the ways in which a DFI predicts, mitigates, and communicates the ESG aspects of their activities. At the organizational level, this includes E&S global disclosure policy and E&S community disclosure policy. At the project level, this includes E&S plans and assessments, and

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[9] Scores in the 2023 and 2025 DFI Transparency Indexes are not directly comparable due to methodology changes, including the creation of new climate finance indicators and subsequent re-weighting of other indicators in the interim period.

[10] https://www.publishwhatyoufund.org/dfi-index/2025/aiib-sov/

[11] The DFI Transparency Index uses a scoring system to incentivise the publication of data in centralised, accessible and usable formats, such as downloadable datasets and websites, rather than PDF files. Reference link: https://www.publishwhatyoufund.org/download/2027-dfi-transparency-index-methodology/?tmstv=1788788088.

[12] AIIB (2021). Learning and Evaluation Policy. https://www.aiib.org/en/policies-strategies/_download/Learning-and-Evaluation-Policy/AIIB-Learning-and-Evaluation-Policy-for-Board-approval_190521-FINAL.pdf

assurance of community disclosure. Given the nature of the Index's assessment, the majority of indicators assess transparency at the "global" level—essentially online disclosure via the institution's website. While this data is important, it does not necessarily reflect the transparency of institutions as experienced by project-affected people and communities who may rely on other forms of disclosure more appropriate to their contexts.

Broadly speaking, AIIB's environmental and social policies are designed to promote transparency. The bank has rules regarding early disclosure[13] of investments, E&S document disclosure for high- and medium-risk projects, the application of E&S policies at the investment level, explanation of project risk categorization, and clear investment exclusions.

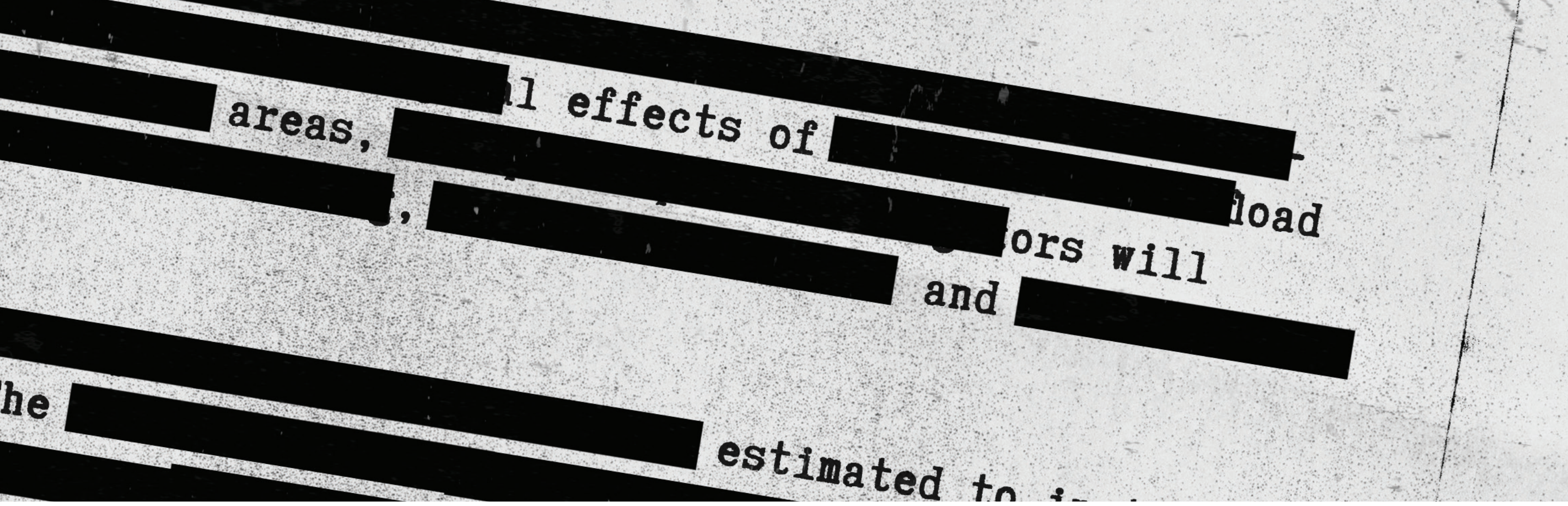
The only policy indicator AIIB failed to score points on relates to the translation of E&S documents into appropriate languages. This raises the risk that project-affected people and communities would not be able to understand the environmental and social risks that projects pose.

AIIB stands out as the **only MDB in the DFI Transparency Index** that, in instances of co-investment, subsumes its own E&S policies to those of other MDBs. This frequently results in a situation where AIIB adopts the risk categorization of its co-investor and relies on that MDB for the disclosure of E&S policies. Additionally, in some instances, AIIB relies on clients for the disclosure of E&S documentation, linking to external websites rather than publishing them itself. These approaches are accepted by the DFI Transparency Index where clear links to the relevant documents are provided. However, the approach does come with risks since AIIB does not retain control of the availability of the documents in question.

Overall, AIIB performs relatively strongly in the E&S component of the Index, ranking third with a score of 17.67 out of 30 for its non-sovereign portfolio, and second with a score of 23.67 out of 30 for its sovereign portfolio. While the scores indicate that there is significant room for improvement, the comparative performance is worth mentioning. This is partly explained by the generally higher risk in AIIB's portfolios compared to other MDBs, reflecting its focus on large-scale infrastructure projects. Across all MDBs, the DFI Transparency Index has found that policies and rules for disclosure are stronger in high-risk projects (Cat. A) and, as such when measuring disclosure, AIIB benefits from its portfolio composition. We do not suggest that MDBs should prioritize high risk projects but recognize that disclosure is typically higher in such investments.

Despite its comparatively strong performance, AIIB needs to improve in a number of areas. Disclosure of E&S documentation is less transparent in medium-risk projects, while a lack of assurance of disclosure, particularly in relation to non-sovereign projects, means it is frequently difficult to ascertain whether

[13] Early disclosure definition for the indicator (PWYF https://www.publishwhatyoufund.org/dfi-index/dfi-transparency-tool/es-global-disclosure-policy/): "An early disclosure policy details the period of time that a DFI has to disclose a proposed investment or activity before it is considered for board approval. "



the strong E&S policies have actually been implemented and whether communities have been meaningfully consulted. These insights support the broader findings of this report, namely that there is a disconnect between relatively strong E&S policies and their implementation at the project level, particularly in with regard to disclosure to project-affected communities.

Financial Information

The Financial Information component measures the transparency of DFIs' financial performance and the structuring of investments. At the organization level, this includes audited financial reports. At the project level, this includes currency of investment, mobilization, and concessionality.

AIIB performs relatively poorly in the Financial Information component of the DFI Index. AIIB does not disclose private capital mobilization data at a project level for its non-sovereign operations. It is also not transparent about co-financing details, concessionality, and the terms of private sector investments. In addition, there are significant deficiencies in the transparency of climate finance across both sovereign and non-sovereign portfolios. The non-sovereign portfolio received no points for the disclosure of climate finance while the sovereign portfolio disclosed data only in pdf format.

Financial Intermediary Sub-Investments

The Financial Intermediary (FI) Sub-Investments component of the Index measures the transparency of the ways in which investments in FIs are used. At the organization level, this includes FI sub-investment policy. At the project level, this includes private equity fund sub-investments and FI (bank) sub-investments; the latter component is only used in the non-sovereign assessment of the DFI Index.

AIIB is generally not transparent regarding financial intermediaries' sub-investments, disclosing neither the sub-investments of private equity funds nor the high-risk sub-investments of banks in which it has invested. In the former case, this stands in contrast with multiple MDBs and bilateral DFIs that disclose fund sub-investments. In the latter case, AIIB's practice lags behind that of the International Finance Corporation that mandates the disclosure of certain high-risk sub-investments.[14] The lack of transparency regarding FI sub-investments is problematic as it limits the ability of project-affected people and communities to identify AIIB's role in harmful activities. In turn, this limits opportunities for accountability and redress.

[14] https://www.ifc.org/content/dam/ifc/doc/2023/202309-ifc-guidance-note-on-financial-intermediaries.pdf

2 The AIIB Watch: 21 Months of Data Collection and Monitoring

The AIIB Watch is a civil society project that documents environmental and human rights issues arising from infrastructure projects financed by the Asian Infrastructure Investment Bank (AIIB).

It consists of an early-warning system and a dedicated website where monitored projects are published.[15] While at the start only approved projects that violated due diligence were covered, today the AIIB Watch focuses on early stages of the project cycle. These projects are usually published online when key decisions are being prepared and before projects are fully implemented. The monitoring relies on project-level information disclosed by the AIIB and co-financiers, supplemented by information from CSO partners in the country or region where the project is implemented. This chapter presents the results of Urgewald's project-level analysis of AIIB-financed projects proposed between April 2024 and December 2025.

Projects are flagged through the early-warning system based on core risk areas typical of large-scale infrastructure: resettlement and land acquisition, environmental destruction, human rights violations, fossil fuel financing, and shortcomings in transparency and disclosure due diligence. The flagging is intended to draw attention to potentially problematic AIIB projects. The goal is to establish a cooperation network: local CSOs can provide further important information, and collaboration can be coordinated. If additional information becomes available or a new development emerges, a new AIIB Watch case will be created based on the information gathered. Selection criteria include available information, potential impacts, and active CSO engagement.

The AIIB Watch and its flagging captures key details of projects at the proposal stage, including the sector, risk categorization, financing volumes, co-financiers, approval timelines, and whether key documentation is disclosed before approval. By consistently tracking these criteria, recurring patterns and structural shortcomings in the AIIB's project pipeline can be identified.

The analysis of projects is often constrained by the availability, quality, and timing of public disclosures. Where key information is missing or incomplete, this is treated as a relevant finding rather than as evidence of the absence of impacts.

Between April and December 2024, a total of 24 projects were flagged through the early warning system, followed by another 32 projects in 2025.

The most common concerns that prompted monitoring by the AIIB Watch were resettlement and land acquisition.

The most common concerns that prompted monitoring by the AIIB Watch were resettlement and land acquisition. Additionally, transparency issues stood out as a major concern in 2024, whereas economic displacement became a key issue in 2025.

[15] Urgewald. Case Studies on AIIB financed Projects. https://www.urgewald.org/en/aiib-watch

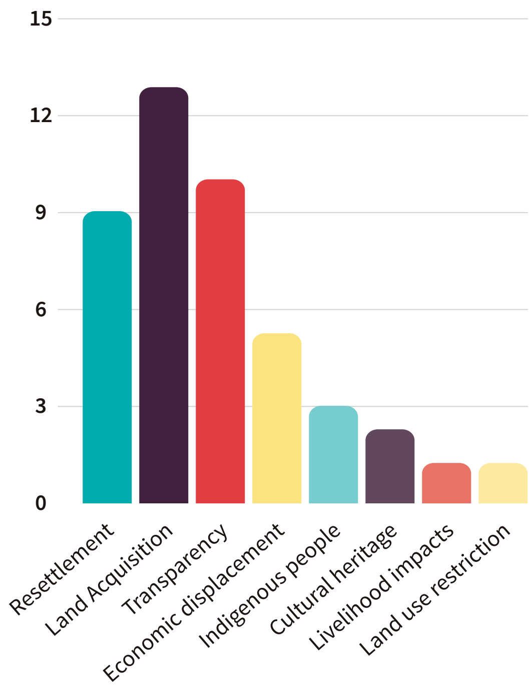


Figure 1: Key issues triggering AIIB Watch monitoring in 2024

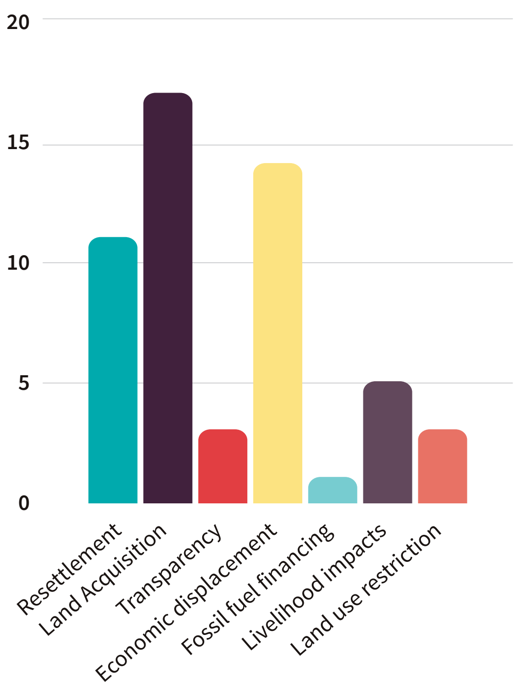


Figure 2: Key issues triggering AIIB Watch monitoring in 2025

Additionally, transparency issues stood out as a major concern in 2024, whereas economic displacement became a key issue in 2025.

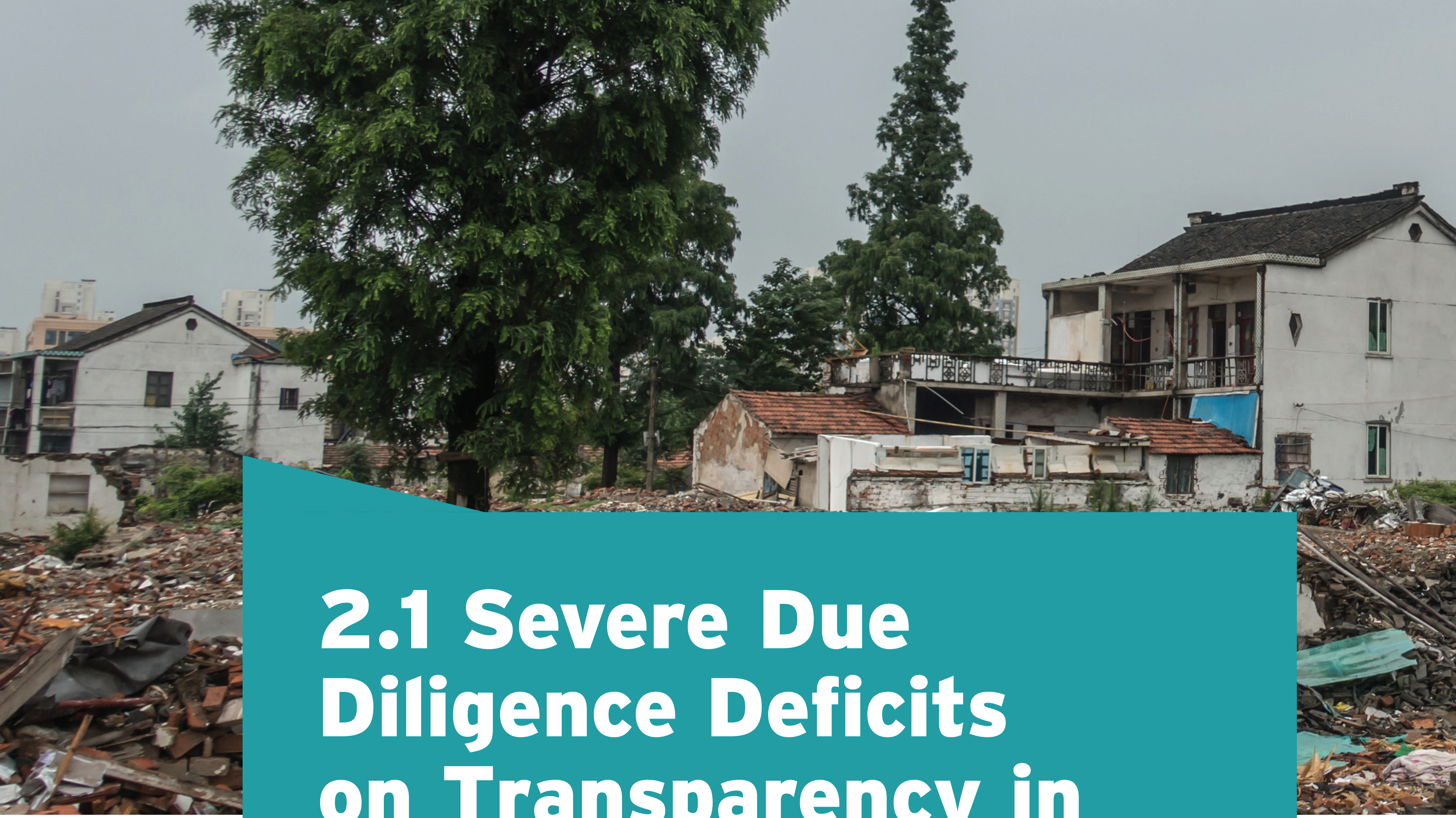
Resettlement and land acquisition remain critical as they often result in forced displacement, loss of livelihoods, and inadequate compensation for affected communities. Similarly, economic displacement, while often overshadowed by physical resettlement, remains a significant concern. Infrastructure projects can disrupt local economies, leading to income loss and long-term instability for affected populations.

Transparency issues were monitored due to a lack of publicly available information on project details, making it difficult to assess potential risks.

The AIIB's Environmental and Social Risk Framework categorizes projects into four groups (A, B, C, FI) based on the highest risk and potential impacts of their components. Category A projects are, according to the bank, "likely to have **significant adverse impacts** on the environment or project-affected people". Projects are put into Category B if they have "limited number of **potentially adverse environmental and social impacts**",[16] and category C projects are likely to come with minimal or **no adverse environmental and social impacts**. A project is Category FI if it involves a financial intermediary (FI) to which the bank delegates the decision on the use of its funds, including the selection, appraisal, approval and monitoring of the sub-projects.

Out of the monitored projects, 21 belonged to Category A, 22 – to Category B, 1 – to Category C, 10 – to Category FI, and two projects had no E&S risk category. This shows that if we put the right to development first and monitor projects along their due diligence of information disclosure, the risks for impacts to project-affected people or the environment are not limited to Category A projects. Crucially, Category A and B projects do not differ much when it comes to resettlement and land acquisition issues. Therefore, consultation processes related to resettlement, land acquisition and information disclosure should not differ in quality or depth.

[16] AIIB. (2024, p.19). Environmental and Social Framework. https://www.aiib.org/en/policies-strategies/_download/environment-framework/AIIB-Environmental-and-Social-Framework_ESF-June-2024.pdf



2.1 Severe Due Diligence Deficits on Transparency in Resettlement & Land Acquisition Practice

AIIB's regulations for these issues are spread across the entire text corpus of the ESF,[17] which makes them difficult to analyze. The ESS2 (Land Acquisition and Involuntary Resettlement) addresses concretely only the bank's requirements of the client to address the impact of project-related land acquisition on restrictions to land use and access to assets and natural resources.

The client is responsible for documenting **physical displacement**, such as relocation or loss of land or shelter, as well as **economic displacement**, including loss of assets and restrictions on land use, including the loss of income sources or other means of livelihood. Resettlement is considered involuntary (ESS2, 6) if people are displaced because the land is expropriated under national law, restrictions on land use are imposed involuntarily, evictions without "formal, traditional or recognizable use rights" (6.4.), or other involuntary land use restrictions.

Under the AIIB's ESS2, **clients** must ensure that involuntary resettlement is avoided or minimized. Where this is unavoidable, they must ensure that the livelihoods and living standards of all displaced persons are improved beyond pre-project levels or at least restored (ESS2 11, 15.1, 34). The benchmark for managing involuntary resettlement and land acquisition long time was the IFC Performance Standard 5 (PS5). This recognizes different forms of livelihood loss, long-term hardships and impoverishment, and the role of governments to avoid involuntary resettlements:

The government often plays a central role in the land acquisition and resettlement process, including the determination of compensation, and is therefore an

[17] AIIB. (2024). Environmental and Social Framework. https://www.aiib.org/en/policies-strategies/_download/environment-framework/AIIB-Environmental-and-Social-Framework_ESF-June-2024.pdf

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important third party in many situations. (…) Experience demonstrates that the direct involvement of the client in resettlement activities can result in more cost-effective, efficient, and timely implementation of those activities, as well as in the introduction of innovative approaches to improving the livelihoods of those affected by resettlement.[18]

Now, after 15 years, this standard is reviewed by an independent evaluation group (IEG). It became clear that IFC PS5 cannot be counted as a benchmark any longer. We support critique mentioned in the policy proposal for a just alternative to development-forced displacement: "Standards like the International Finance Corporation's (IFC) Performance Standard 5 (PS5) presume a project's purpose justifies land expropriation and displacement, without assessing the project's contribution to the general welfare or weighing costs to communities and ecosystems."[19] PS5 also ignores loss of livelihood and involuntary resettlement during project implementation. Additionally, early engagement with the potentially affected communities including a systematic assessment of No-Go zones is missing. As a basic benchmark for inclusive management and disclosure practice, the Green Climate Fund (GCF) requires accredited entities to publicly disclose land acquisition and involuntary resettlement documents in local languages at least 60 (Category B) to 120 days (Category A) before project approval or implementation.[20] Additionally, they are posted in locations convenient to affected people. At least for timebound disclosure, this is the better benchmark.

The AIIB ESS2 requires addressing gender-differentiated impacts and vulnerabilities, enhancing the socioeconomic status of displaced poor or vulnerable groups, and allocating enough resources to allow

[18] PS5, https://documents1.worldbank.org/curated/en/118341491472998007/txt/113841-WP-ENGLISH-PS5-Land-acquisition-2012-PUBLIC.txt

[19] Inclusive Development International (Oct. 2025). A just Alternative to Development-Forced Displacement: Policy proposal to advance a just energy transition for project-affected communities. P.2.

[20] Environmental and social policy, Green Climate Fund (2021). https://www.greenclimate.fund/sites/default/files/document/revised-environmental-and-social-policy.pdf https://www.greenclimate.fund/sites/default/files/decision/b21/decision-b21-15-b21-a15.pdf, Liane Schalatek (2025, Heinrich Böll Stiftung), The Green Climate Fund. https://climatefundsupdate.org/wp-content/uploads/2025/03/CFF11-2025-ENG-GCF-DIGITAL.pdf, and Unpublished evaluation by Karien Lotter.

displaced people to benefit from the project. Clients have to implement land-based or equivalent compensation strategies and promptly replace or fully compensate for lost assets, for instance, by providing displaced individuals with adequate housing.

However, monitoring projects' resettlement impacts revealed several recurring concerns.

First, in many cases documented on the AIIB Watch information disclosure was inadequate. In some cases, disclosure times were shorter than mandated under the ESS. Second, the numbers provided were often inconsistent and lacked standardization, making it difficult to assess and compare resettlement impacts across projects.

No data and missing documents: In 2024, 11 out of 16 projects flagged due to ESS2-related issues did not provide data on the number of people affected by physical and/or economic displacement, nor by land acquisition. In 2025, 20 of the 29 projects flagged due to ESS2-related issues did **not publish sufficient data on the number of people affected by displacement or land acquisition**. 16 of the 20 did not disclose any numbers regarding the scope of the affected population at all.

By not disclosing the information on affected people, AIIB violates its own ESS2, section 11.3.:

> "(The client is required to) Involve affected persons in consultation on the LARP/LAP/RP and disclose the draft resettlement documentation."

The ESS2 requires the publication of a draft of the LARP/LAP/RP[21] including data on affected people (following disclosure standard ESS1, 20 and 21) in the abovementioned timeframe.

For instance, the description of the 'Guizhou Liupanshui Smart Urban Transformation Demonstration Project'[22] in China states that significant land acquisition is required for new construction. Social risks and impacts may include loss of livelihood or displacement, whether permanent or temporary, due to land acquisition. However, **no other documents that further explain the impact on affected people were disclosed alongside the project summary.**

Disclosure after approval: On top of this, key environmental and social documents, such as Environmental and Social Impact Assessments (ESIAs) and Resettlement Action Plans (RAPs), **are often published only after financial approval**. This restricts meaningful external review while decisions are still open.

Inconsistency: Even where figures were disclosed, the **reporting of ESS2 impacts was inconsistent**, making comparisons between projects and an assessment of overall impacts very difficult. Some projects disclosed the number of households and affected people, while others only disclosed either one or the other. This makes it difficult to analyze, compare and understand the severity of the impact. Most concerningly, some projects indicate clearly that they cannot yet determine the resettlement impact. **Prior to approval, documentation often does not include a full risk assessment based on field visits**, and project sites are not yet finalized. As a result, resettlement impacts are frequently preliminary, based on estimates, or missing altogether. This prevents external

[21] Land Acquisition and Resettlement Plan (LARP), Land Acquisition Plan (LAP) or Resettlement Plan (RP) (collectively, LARP/LAP/RP).

[22] AIIB. (2024). China - Guizhou Liupanshui Smart Urban Transformation Demonstration Project Summary. https://www.aiib.org/en/projects/details/2024/_download/China/AIIB-PSI-P000735-China-Guizhou-Liupanshui-Smart-Urban-Transformation-Demonstration-Project_7724.pdf

People are affected; there is just a lack of public knowledge and disclosure of information, and that has to change

stakeholders from adequately assessing risks prior to approval and raises concerns whether financing decisions are made based on incomplete information. Sometimes, data is provided for one of the triggers of ESS2, such as economic displacement, but there is no clear number indicating how many people would be affected by physical displacement.

Additionally, the available project documentation contains **contradictory information regarding the resettlement impact**. While one section suggests that no resettlement is expected, other sections indicate that the project triggers ESS2 and that small-scale resettlement or land acquisition impacts may occur. In some cases, specific resettlement figures are provided, but they differ. Either different documents provide different numbers or assessments, or the same document contradicts itself.

One example of such a contradiction is the project "Proyek Hijaunesia Staple Financing – Gajahmungkur 100 MW Floating Solar PV Project" in Indonesia. The project summary from September 2025[23] states that 178 households, comprising 634 people, will be affected by the project. However, the land acquisition and livelihood restoration plan refers to 470 households and 1,826 affected individuals.[24] In July 2026, the previously mentioned project summary was deleted and replaced with a new one. However, even the new summary fails to align with the land acquisition and livelihood restoration plan, mentioning 403 project-affected households.[25]

Different terminology: Moreover, while all projects clearly state which ESS they trigger, **different terminology is used to describe the impacts** and no clear definitions are provided for these terms. For example, resettlement is described as 'large-scale resettlement', 'involuntary resettlement', or simply 'resettlement'. The differences between these terms and their specific thresholds are unclear. The category 'large-scale' is also sometimes used for land acquisition, but there is no indication of the thresholds for this term. Other terms used include 'livelihood impact' and 'livelihood disruption', as well as 'severely affected' and 'significantly affected', and 'affected', which are used without a clear explanation. As a result, it is unclear how these terms differ from one another, what they encompass, and what implications they have for project preparation, mitigation measures, or the rights and entitlements of affected people.

[23] AIIB. (2025). Proyek Hijaunesia Staple Financing – Gajahmungkur 100 MW Floating Solar PV Project Summary. https://www.aiib.org/en/projects/details/2025/_download/indonesia/AIIB-PSI-P000995-Gajahmungkur-100-MW-Floating-Solar-PV-Project-09292025-Clean.pdf

[24] AFRY & Greencorp. (2025). Land Acquisition and Livelihood Restoration Plan. Solar PV Power Plant in Gajah Mungkur Regency, Central Java, Indonesia. https://www.aiib.org/en/projects/details/2025/_download/indonesia/LALRP-Gajahmungkur_CLEAN_FINAL-DRAFT-for-Disclosure_10Sep25-1.pdf

[25] AIIB. (2026). Proyek Hijaunesia Staple Financing – Gajahmungkur 100 MW Floating Solar PV Project Summary. https://www.aiib.org/en/projects/details/2026/_download/Indonesia/PSI-P000995-Indonesia-Proyek-Hijaunesia-Gajahmungkur-vFinal.pdf

Since the resettlement plans (LARP, LAP, or RP) are provided by the client, there is no consistency in the layout of the documents, which makes it difficult to find the relevant information. Even documents from the same client and for quite similar projects are not consistent in their reporting. AIIB needs to reliably enforce the transparent implementation of the ESS. It should ensure that the documents are reliable, understandable, and contain all the necessary information. If AIIB provides funding for a project, it is responsible for ensuring that its own transparency standards apply. Missing or inconsistent data does not mean missing impact. People are affected; there is just a lack of public knowledge and disclosure of information, and that has to change. AIIB's project documents—which should entail the full range of environmental and social impact assessments and management plans—do not routinely assess the impacts and mitigation measures in project recipient countries where the national law often has lower requirements than IFI safeguards. In many instances, project- affected people and communities were denied public consultation and compensation for those without land titles or ownerships.

2.2 Financial Intermediary Projects

Financial intermediary (FI) projects are a distinct risk category within the AIIB's portfolio. Rather than financing individual projects directly, AIIB provides capital to financial institutions, investment funds, or development banks, which then allocate the funds through on-lending or equity investments.

Environmental and social risks are assessed through the FI's internal Environmental and Social Management System (ESMS), while AIIB only evaluates whether the ESMS in general complies with the requirements of its ESF. This approach delegates much of the responsibility for project selection and oversight to financial intermediaries while significantly reducing the transparency of the investments ultimately financed.

For this reason, FI projects are often monitored on the AIIB Watch due to transparency concerns. In 2024, six FI projects and one Capital Market project were flagged in the early warning system. In 2025, four FI projects were flagged. Compared to project finance, FI operations disclose particularly little information. In many cases, AIIB project documents provide only a short description of the investment objective, without identifying the sectors, companies, or infrastructure projects that ultimately receive AIIB financing. This lack of disclosure makes it nearly impossible for affected communities, civil society organizations, and the general public to assess whether the projects comply with the AIIB's environmental and social standards.

Protests by the village communities of Macala and Mangala in November 2024 outside the gates of the Mozambique LNG gas facilities. The AIIB project ABFL Sustainable Infrastructure Financing provides financing to Aditya Birla Finance Ltd, which invests in multiple companies involved in the LNG project.

Commercial Confidentiality Cannot Justify Lack of Disclosure

AIIB and other development finance institutions frequently argue that greater transparency of FI investments would compromise commercially sensitive information. However, actual disclosure practices refute this argument.

Investors and banks routinely publish substantially more information about their investments than AIIB itself. Some investments are publicly listed on their own websites, while additional information can be found, with some effort, in regulatory filings, disclosure documents, or behind paywalls on commercial financial databases such as PitchBook and FactSet. This information's existence demonstrates that **commercial confidentiality cannot adequately account for AIIB's near-complete lack of transparency** regarding the end use of funds and disclosure of FI subprojects.

The AIIB-funded **NIIF PMF II** project illustrates this problem. The project description in the project summary contains only five sentences describing the investment, stating merely that the fund "invests in infrastructure assets supporting India's environmental, social and economic priorities."[26] By comparison, the National Investment and Infrastructure Fund (NIIF) publicly highlights numerous infrastructure investments on its website.[27] However, additional disclosure documents reveal investments that are not on the website, including one of the fund's largest holdings in the gas company **Indian Oil Adani Gas Private Limited**.[28] Although this information is publicly accessible through other sources, none of it is disclosed through AIIB project documentation. The result is that stakeholders cannot evaluate whether AIIB's investment is consistent with its environmental and climate objectives, and investments in fossil fuel companies are not mentioned in the AIIB project documentation or disclosed to the public. As a public bank, AIIB needs make such information much more accessible.

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[26] AIIB. (2026) Project Summary Inforamtion. NIIF PMF II. https://www.aiib.org/en/projects/details/2026/_download/India/Updated-PSI-P000832-India-NIIF-PMF-II_for-disclosure-April-2026.pdf

[27] National Investment & Infrastructure Fund (NIIF). Our Investments. https://niifindia.in/our-investments/

[28] NIIF Infrastructure Finance Limited. (2023). General Information Document dated July 24, 2023. p.56 https://niififl.in/pdf/shelf_disclosure_documents/NIIF%20IFL_General%20Information%20Document_24072023.pdf

Limited Transparency Undermines Climate Accountability

The above is not an isolated case. Several other AIIB FI projects support institutions with substantial exposure to fossil fuel infrastructure, while the absence of subproject disclosure makes it very difficult to determine what activities the AIIB financing ultimately funds.

The **BNDES Green and Sustainable Infrastructure On-Lending** project is presented as supporting renewable energy and sustainable infrastructure in Brazil. Progress is measured by the number and value of sub-loans financed, yet neither AIIB nor BNDES discloses which projects ultimately receive financing through the AIIB loan. Without this information, there is no way to determine whether the investment supports genuinely sustainable infrastructure or indirectly enables environmentally harmful activities. This concern is particularly relevant given that BNDES is the largest investor in Petrobras, Latin America's largest oil and gas company.[29]

Similarly, as described in the project summary, the AIIB client **ABFL, through the Sustainable Infrastructure Financing** project, provides financing to Aditya Birla Finance Ltd.[30] While the project is presented as supporting sustainable infrastructure, independent data from the Investing in Climate Chaos database[31] shows that Aditya Birla Capital has invested approximately US$3.37 billion in 35 fossil fuel companies, including multiple companies that are involved in the highly controversial **Cabo Delgado LNG project in Mozambique**, which has been criticized by the Office of the UN High Commissioner for Human Rights, among others, for alleged grave human rights violations.[32]

Without information on the ultimate recipients of AIIB financing, there is no way to verify that the bank's resources are not indirectly contributing to oil and gas expansion, environmentally harmful activities, and human rights violations.

Transparency Is Essential for Environmental and Social Accountability

The AIIB Watch further demonstrates that the disclosure of FI subprojects is essential to ensuring accountability for affected communities. Transparency enables civil society, affected communities, and individuals to raise concerns about the environmental and social impacts of subprojects before harm is done.

The **Aguas Pacífico desalination plant**, financed through the AIIB-supported **Patria Infrastructure Fund V**, illustrates this point. The desalination plant is one of the subprojects disclosed on the FI's website,[33] but AIIB also directly invests in it through a co-investment project.[34]

The plant has been promoted as a climate resilience initiative intended to address Chile's worsening drought and water scarcity. Viewed solely through the information presented by the company and the fund, the project appears to represent a positive adaptation measure.

Local communities' concerns paint a different picture. Communities have strongly opposed the project, arguing that it exacerbates rather than alleviates regional water insecurity.[35] Rather than supplying drinking water for local communities, the desalinated water is largely intended for industrial users, particularly the mining and electricity sectors. More than half of the desalinated water is destined for Anglo American's Los Bronces copper mine. During

[29] Investing in Climate Chaos (2025) Petroleo Brasileiro SA – Petrobras. https://investinginclimatechaos.org/data?org=Petroleo+Brasileiro+SA+%E2%80%93+Petrobras

[30] AIIB (2026) Project summary ABFL Sustainable Infrastructure Financing. https://www.aiib.org/en/projects/details/2026/_download/India/AIIB-PSI-P000906-India-ABFL-Sustainable-Infrastructure-Financing-February-9th-2026.pdf

[31] Investing in Climate Chaos (2025) Aditya Birla Capital. https://investinginclimatechaos.org/data?org=Aditya+Birla+Capital

[32] Urgewald. (2026). GOGEL: Cabo Delgado, Mozambique. A Resource-Rich War Zone. https://gogel.org/cabo-delgado-mozambique-resource-rich-war-zone

[33] PATRIA. Infrastructure Fund V. https://www.patria.com/infrastructure-fund-V/ (last accessed on 20/08/2026)

[34] AIIB. (2025). Patria Infrastructure Fund V. Co-Investment: Project Aqua. https://www.aiib.org/en/projects/details/2025/approved/multicountry-patria-infrastructure-fund-v-co-investment-project-aqua.html (last accessed on 20/08/2026)

[35] Radio JGM. (2025, November 7). La promesa del agua en medio de la escasez hídrica en olmué. https://radiojgm.uchile.cl/la-promesa-del-agua-en-medio-de-la-escasez-hidrica-en-olmue/

Local communities play a central role in identifying and raising environmental and social concerns related to AIIB-financed projects

construction, the developer also purchased water from local wells that were already subject to rationing because of prolonged drought, placing additional pressure on scarce local water resources. Although the company later committed to supplying some water for domestic use in response to public criticism, community organizations argue that the desalination plant does not carry out the treatment processes normally required to produce potable drinking water.

Local communities play a central role in identifying and raising environmental and social concerns related to AIIB-financed projects. They are often the first to experience a project's impacts and to report problems to project developers, government authorities, or AIIB itself. It is essential for board members to know about affected communities' concerns. Without disclosure of FI subprojects, however, neither board members nor affected communities can address such concerns. As a result, potential environmental and social risks are not transparent to the board and the wider public.

Greater transparency and disclosure of FI subprojects would strengthen the AIIB's accountability and risk management by ensuring that local communities' concerns can reach AIIB headquarters, enabling the Bank to identify and address problems earlier and avoid financing projects with significant environmental and social risks. The same pattern, delegated oversight paired with minimal disclosure, reappears in an even starker form in AIIB's two newest financing instruments, CPBF and the Nature Finance Accelerator Program, discussed in Chapter 3.

2.3 Financing of Fossil Fuel Projects

AIIB's Project Merlion funds the Az Zour Power Plant K.S.C. gas-powered desalination plant as part of its sustainability tranche.

Between 2016 and 2022, 36% of AIIB's energy investments went to gas infrastructure.[36] Our flagging not only shows that gas financing is continuing; it also reveals further fossil fuel financing.

Beyond the potential fossil fuel links identified in financial intermediary (FI) projects, the AIIB Watch uncovered two projects that clearly finance fossil fuel infrastructure, one of them with a direct link to coal investments. More concerningly, project titles sometimes obscured their fossil fuel nature because they either revealed little about their actual purpose or suggested that they would support clean energy.

One example is the **China Inner Mongolia Clean Energy Transition Project**, proposed in October 2025.[37] Despite its name and its framing as part of the energy transition, the project is in fact a gas pipeline extension connecting coal-to-gas plants to an existing gas network. By supporting infrastructure that serves coal-to-gas facilities, the project is linked to the coal value chain and thereby violates the AIIB's ESF, which prohibits coal investments.

Project Merlion poses a similar concern. The project is an investment in capital market operations, a relatively new financial instrument intended to mobilize private capital. An earlier Urgewald publication found that 62% of AIIB's investments through capital market operations support fossil fuel companies.[38] Project Merlion continues this pattern: 44% of its investments are directed to oil and gas infrastructure.[39] Even its sustainability tranche is not free from fossil fuel exposure, with 41% financing gas-powered water desalination plants.

Together, these findings show that project-level monitoring is necessary to reveal the bank's fossil fuel exposure. Gas infrastructure receives continued support, while projects with links to fossil fuels are being presented under the banner of clean energy or sustainability.

[36] Urgewald. (2023). Deutschland stützt öffentliche Gasbank. 2016 bis 2022 investierte die AIIB 36% ihrer Gelder in Gasinfrastruktur. https://www.urgewald.org/sites/default/files/media-files/urgewald%20-%20Briefing%20Energieprojekte%20AIIB_final.pdf

2.4 Approvals & Speed of Financing

Information disclosure is formally recognized as a core element of AIIB's ESF and its Policy on Public Information (PPI). Binding disclosure deadlines were introduced in 2021, after six years of operation without mandatory timeframes. Overall, neither the Management Plan nor the ESF as a whole mention "legally binding" commitments. On the contrary, the ESF uses the limitation "if/ as appropriate" 120 times, and "viable/ if feasible/deferral" is used over 60 times. Under the current framework, minimum disclosure periods are set at 60 days for Category A projects and 30 days for Category B projects (sovereign/ non-sovereign alike) "prior to consideration of the Bank's financing for approval".[40] While this represents progress in comparison to "no timeframes", these timeframes remain limited when compared to international best practices. The Pelosi Amendment, widely considered the gold standard for multilateral development banks, requires the publication of environmental impact assessments and key project documentation 120 days **prior** to **Board approval (not, as in the case of AIIB, bank approval)**.[41] Institutions such as the Asian Development Bank (ADB) and the GCF have adopted the Pelosi Amendment standard, providing a significantly longer window for public review and engagement.

Additionally, AIIB's disclosure requirements remain less stringent and less predictable. The ESF allows management to shorten or extend disclosure periods at its discretion, with such decisions reported only to the Board of Directors. As a result, some projects are **disclosed for even less time than the minimum disclosure periods** set out in the ESF, as illustrated by the examples above. Many of the projects the AIIB Watch monitored had disclosure periods shorter than the minimum required by the ESF, which can only be explained either by **a breach of the policy** or by the use of this exemption rule. In either case, this limits civil society's and affected communities' ability to raise concerns before projects are approved. Once a project is approved, there are very limited ways for project-affected people to influence project design or get remedy when harm is done. The Project-Affected People's Mechanism is supposed to fulfill this function, but so far it has not accepted a single case as eligible.

Moreover, the reasons for shortening the disclosure period remain unknown to civil society, increasing the risk that management will use this exemption whenever it is convenient. In addition, exemptions based on "commercial sensitivity" allow postponement of disclosure to an unspecified future date, further limiting transparency.

The AIIB Watch closely monitors the uploading and disclosure of documents. The monitoring revealed that the **speed of project approval is increasing** and that the existing minimum disclosure periods are sometimes not realized in practice. Several projects were approved within timeframes significantly shorter than those mandated by the formal disclosure periods. This is particularly pronounced in the case of FI

[37] Urgewald. (2026). Briefing: China Inner Mongolia Clean Energy Transition Project. https://www.urgewald.org/sites/default/files/media-files/2601_Project%20Concerns%20China%20Inner%20Mongolia%20Clean%20Energy%20Transition%20Project.pdf

[38] Urgewald. (2024). Infrastructure for Yesterday: The AIIB's Capital Market Operations Include Major Fossil Fuel Investments. https://www.urgewald.org/sites/default/files/media-files/urgewald_Paper_AIIB_Capital_Market_Operations.pdf

[39] Clifford Capital. (2026). Bayfront Infrastructure Capital V Pte. Ltd.: Investor Report June 2026. https://api.cliffordcapital.sg/dev/file/download?id=2076592182441181186

[40] AIIB (2024), Environmental and Social Framework (ESF), VII, 67.1+2, pages 35-36. https://www.aiib.org/en/policies-strategies/_download/environment-framework/AIIB-Environmental-and-Social-Framework_ESF-June-2024.pdf

[41] Within the AIIB's so-called Accountability Framework, the President can independently approve projects of up to $300 million in the public sector, up to $150 million in the private sector, and up to $35 million in equity investments—all without prior approval by the Board of Directors.

projects, which are not only less transparent but also often hastily approved. However, the trend extends beyond FI financing. Across project types, shortened timelines make it increasingly difficult for external stakeholders to analyze documentation, identify risks, and raise concerns in a timely manner.

For example, the **JC Leasing Green and Blue Loan** was approved in May 2024 after less than three weeks of disclosure. Similarly, multiple FI projects in 2024 were approved within four weeks of disclosure or less. The same acceleration was evident in other projects as well.

The **Yantai Higher Vocational School Project**, a Category B project, was approved in August 2024 in less than four weeks. Comparable cases were also observed in 2025, including a FI project and the **Türkiye: Antalya Airport Expansion Project (Long Term Facility)**, a Category A project, approved in less than three weeks after disclosure. These are not isolated past incidents but rather a systemic problem, as ongoing experiences that occurred after the research period of this report confirm. The documents for the **Brazil: FS Biofuel Green Financing Project**, which was quickly approved in 2026, were not made available to the public beforehand. This practice deliberately excludes the public and limits critical scrutiny of the corporations involved. Also, the sovereign US$1 bn project to **India Program for Growth, Resilience, Energy Security and Sustainability**[42] got approved after being disclosed for only 20 days.

Additional transparency concerns arise from inconsistencies in how projects are presented over time. In some cases, project names are changed after approval, making it difficult to track projects across documents and disclosures. For instance, the project initially disclosed as the **Program for Development and Resilience for the Southern Region Project**[43] was later renamed the **Southern Brazil Sustainable Infrastructure and Trade Recovery Project.**[44] In other cases, projects are removed from the AIIB website without explanation, such as the **SchneiTec 150 MW Solar PV Power and BESS Project**, which the AIIB Watch flagged in March 2025. These practices further complicate external monitoring and reduce traceability.

Additional transparency concerns arise from inconsistencies in how projects are presented over time. In some cases, project names are changed after approval, making it difficult to track projects across documents and disclosures.

3 New Developments

The way in which financial intermediary lending narrows disclosure by delegating oversight to intermediaries was demonstrated in Chapter 2.2. AIIB's two newest instruments, Climate Policy-based Financing (CPBF) and the Nature Finance Accelerator Program (NFAP), expand on this logic: Both rely on sovereign or intermediary systems rather than AIIB's own Environmental and Social Framework, and both were introduced without prior assessment of the transparency gaps.

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[42] Additional transparency concerns arise from inconsistencies in how projects are presented over time. In some cases, project names are changed after approval, making it difficult to track projects across documents and disclosures.

[43] AIIB (January 2026). Project Summary Information. The Program for Development and Resilience for the Southern Region. https://www.aiib.org/en/projects/details/2026/_download/Brazil/PSI-P000975-Brazil-The-Program-for-Development-and-Resilience-for-the-Southern-Region-Project-Clean-13-Jan-2026.pdf

[44] AIIB (July 2026). Project Summary Information. Southern Brazil Sustainable Infrastructure and Trade Recovery Project. https://www.aiib.org/en/projects/details/2025/approved/brazil-southern-brazil-sustainable-infrastructure-and-trade-recovery-project.html

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3.1 Transparency in Climate Policy-based Financing (CPBF)

In June 2024, AIIB updated its Environmental and Social Framework (ESF) and introduced provisions for the newly approved Climate Policy-Based Financing (CPBF) instrument.

The CPBF is intended to be a **sovereign-backed finance** instrument to support the bank's members in implementing political and institutional reforms in accordance with their climate action plans (e.g. Nationally Determined Contributions, or NDCs) submitted to the UN Framework Convention on Climate Change (UNFCCC). They are programs of “institutional reform actions” and comprise “(a) Loans to or with the guarantee of the Member; and (b) Guarantees that: (i) cover debt service defaults under a loan that are caused by a Government’s failure to meet a specific obligation in relation to the Project or by a borrower’s failure to make a payment under the loan; and (ii) are accompanied by a Member Counter-guarantee and Indemnity”.[45] They can be offered as co-financing or as standalone financing (close coordination with IMF and other MDBs is envisioned).[46]

The purpose is to support **policy and institutional reforms** to create an enabling environment for attracting and mobilizing private capital. According to AIIB, the objective is “scaling up climate finance and accelerating the Member’s transition towards a low carbon and climate resilient future”.[47] AIIB will “**prioritize** programs with a strong focus on climate adaptation”[48] and concrete links to **climate-related** infrastructure investments.[49] This formulation does not specify whether the money is mandatorily linked to investment for climate-protection purposes. Moreover, according to the Operational Policy, after disbursement the investment does not necessarily need to be linked to climate-related activities:

"Use of Proceeds. If the CPBF is provided in the form of a Loan, the Member may use the proceeds of the Loan for any productive activity, provided that the proceeds of the Loan may not be used for expenditures excluded under the Loan Agreement; such excluded expenditures include, among others, those activities and items specified in

[45] AIIB. (2024). operational policy on financing. p.16. https://www.aiib.org/en/policies-strategies/_download/operation-policy/AIIB-Operational-Policy-on-Financing_OPF.pdf

[46] AIIB. (n.d.). Infographic: AIIB Climate-Focused Policy-Based Financing Overview. https://www.aiib.org/en/what-we-do/Climate-Focused-Policy-Based-Financing/pdf/AIIB-Climate-Focused-Policy-Based-Financing_FLYER.pdf

[47] Ibid.

[48] Ibid.

[49] AIIB (2024). Paper on AIIB’s Climate-Focused Policy-Based Financing. p.4&12. https://www.aiib.org/en/what-we-do/Climate-Focused-Policy-Based-Financing/pdf/Paper-on-AIIB-Climate-PBF_For-disclosure_July-10-2024-final.pdf

the Environmental and Social Exclusion List of the Bank's Environmental and Social Policy (Excluded Expenditures)."[50]

The CPBF requires that the program country has an appropriate macroeconomic policy framework that allows for sustainable fiscal and monetary policies. These policies should be consistent with economic growth and macroeconomic stability (in particular, debt sustainability) as defined by the IMF. AIIB generally refers to coordination with other multilateral development banks (MDBs), and in particular the IMF, regarding the IMF's assessment of the marcro policy framework, fiscal conditions, as well as its debt sustainability.[51] It can be assumed that this coordination also includes selection and sequencing of reforms as well as policy advice. If AIIB considers the macroeconomic conditions in the respective country to be appropriate and the Climate Policy Based Program (CPBP) is consistent with the member's climate action plan, the approved funds are incorporated into the national budget, counted in full as climate finance.

The ESF was updated not only to introduce critical enhancements like the alignment of CPBF programs with members' implementation of their climate action plan but also to simultaneously exclude CPBF operations from almost all ESF obligations: "Sections IV, Roles and Responsibilities through Section X, Project Implementation, Monitoring and Reporting and the ESSs of this ESP do not apply to CPBPs."[52] Only the Environmental and Social Exclusion List (ESEL) and the Project-affected People's Mechanism (PPM) still apply, the latter only in cases where there is no other lead financier.[53] The Exclusion List refers to climate protection in only one respect: "thermal coal mining, coal-fired power and heating plants or projects that are functionally related to coal."[54] Other exclusions involve baseline principles such as child- and forced labor, and the manufacture of weapons and ammunition.

AIIB delegates accountability for environmental and social impacts to the lead financier in co-financed projects (the preferred mode for CBPF). In standalone CPBFs, the bank only engages if it has already established capacity "to undertake policy dialogue and underpinning analyses in the relevant Member and/or infrastructure area(s) to develop and oversee CPBF on its own and/or with the support of partners."[55] This would mean that AIIB mainly relies on the member country's policies and expertise for the management and mitigation of social and environmental risks and impacts.

AIIB's Operational Policy on Financing (OPF), Environmental and Social Policy (ESP) and Procurement Policy (PP) will be amended to include CPBF (…). For CPBF co-financed with MDBs that have established PBF frameworks, AIIB may apply the environmental and social policy frameworks of the other MDBs that govern policy-based financing, in accordance with these amendments" (p. 15, §32, Paper on AIIB CPBF); "While retaining responsibility for its own assessment and financing decision, the Bank will consult the IMF on the adequacy of the Member's macroeconomic policy framework. Further details on the scope of CPBF assessment are in the amended OPF and ESF." (p. 16, §34, Paper on AIIB CPBF)[56]

According to the operational policy, the recipient of the loan has to manage shortcomings in the project implementation (VIII, 8.1.). We were assured by AIIB that "Where significant risks or shortcomings are identified, the Project Document sets out measures to address them before or

[50] AIIB (2024). Operational Policy on Financing, 6.6, p. 25, https://www.aiib.org/en/policies-strategies/_download/operation-policy/AIIB-Operational-Policy-on-Financing_OPF.pdf

[51] AIIB. (2024). Paper on AIIB's Climate-Focused Policy-Based Financing. p.12. https://www.aiib.org/en/what-we-do/Climate-Focused-Policy-Based-Financing/pdf/Paper-on-AIIB-Climate-PBF_For-disclosure_July-10-2024-final.pdf

[52] AIIB. (2024). Environmental and Social Framework. p.16 https://www.aiib.org/en/policies-strategies/_download/environment-framework/AIIB-Environmental-and-Social-Framework_ESF-June-2024.pdf

[53] AIIB. (2024). Environmental and Social Framework. p.16

[54] AIIB. (2024). Environmental and Social Framework. p.82

[55] AIIB. (2024). Paper on AIIB's Climate-Focused Policy-Based Financing. p.14, §26c.. https://www.aiib.org/en/what-we-do/Climate-Focused-Policy-Based-Financing/pdf/Paper-on-AIIB-Climate-PBF_For-disclosure_July-10-2024-final.pdf

[56] AIIB. (2024). Paper on AIIB's Climate-Focused Policy-Based Financing. https://www.aiib.org/en/what-we-do/Climate-Focused-Policy-Based-Financing/pdf/Paper-on-AIIB-Climate-PBF_For-disclosure_July-10-2024-final.pdf

2024-2026 approved and proposed Climate Policy-Based Finance projects

Country/Year	Name	Investment Amount (USD in million)	E&S Category	Co-financier
Approved				
Bangladesh (2024)	Climate Resilient Inclusive Development Program (Subprogram 1)	400	B (ADB ESF)	ADB (lead)
Bangladesh (2025)	Climate Resilient Inclusive Development Program (Subprogram 2)	400	B (ADB ESF)	ADB (lead)
Brazil (2025)	Value-Enhancing Reforms for Development and Ecological Sustainability (VERDES) Climate Policy-Based Financing	1000	N/A (AIIB ESF)	Standalone
Egypt (2024)	Generating Resilience, Opportunities, and Welfare for a Thriving Egypt	300	N/A (AIIB ESF)	WB
Uzbekistan (2024)	Accelerating the Uzbekistan Climate Transition for Green, Inclusive, and Resilient Economic Growth (Subprogram 1)	250	C (ADB ESF)	ADB (lead)
Uzbekistan (2025)	Green and Resilient Market Economy Program	500	N/A (AIIB ESF)	WB
Kazakhstan (2026)	Inclusive and Sustainable Economic Growth Development Policy Operation	400	N/A (AIIB ESF)	WB (lead)
Total approved: USD 3250 Million				
Proposed				
Indonesia (2026)	Climate Adaptation and Green Resilience Program - Sub-Program 1	500	N/A (AIIB ESF)	Standalone
Indonesia (2026)	Indonesia's Green Transition and Climate-Resilient Economic Development Program (Subprogram 1)	500	N/A (AIIB ESF)	Standalone
Indonesia (2026)	Affordable and Sustainable Energy Transition Program, Subprogram 2	150	C (ADB ESF)	ADB (lead) KfW, AFD, JICA
Papua New Guinea (2026)	Growth and Resilience Climate Policy-Based Financing (CPBF) with a Catastrophe Deferred Drawdown Option (Cat-DDO)	112.5	N/A (AIIB ESF)	WB
Philippines (2026)	Energy Transition and Climate Resilience	200	N/A (AIIB ESF)	WB
South Africa (2026)	Resilient Climate Action Program for Just Energy Transition	500	N/A (AIIB ESF)	WB, AfDB, KfW +
Uzbekistan (2026)	Second Uzbekistan Green and Resilient Market Economy Climate Policy-Based Financing	250	N/A (AIIB ESF)	WB
Uzbekistan (2026)	Accelerating the Climate Transition for Green, Inclusive, and Resilient Economic Growth – Subprogram 2	250	N/A (ADB ESF)	ADB (lead)
Fiji (2026)	Sustainable and Resilient Growth Program (Subprogram 2)	20	C (ADB ESF)	ADB
Viet Nam (2026)	Green Growth and Just Energy Transition	300	N/A (AIIB ESF)	KfW
Türkiye (2026)	Climate Action Acceleration Program	800	N/A (AIIB ESF)	Standalone
Bangladesh (2026)	Water Resilience and Climate-Smart Urban Service Delivery Program (Subprogram 1)	400	N/A (AIIB ESF)	Standalone
Rwanda (2026)	Climate Resilience for Sustainable Growth Program	100	N/A (AIIB ESF)	Standalone
Total Proposed: USD 4082.5 Million				
Total: USD 7332.5 Million				

during implementation, as appropriate. Environmental and social aspects are also subject to monitoring."
(Sept. 2026)

Billions for AIIB's New Climate Policy-Based Financing (CPBF)

Since the start of CPBF in 2024, AIIB launched 20 CPBF projects with a total investment amount of US$7,332.5 Million. AIIB's website lacks transparency when it comes to publishing CPBF projects. There is no separate search option for CPBF nor does the AIIB always mention CPBF in the project title (in fact 3 times out of 20); instead, it is necessary to scan every project one by one for the keyword "CPBF," which is sometimes hidden in the description, the project summary, or under "Environmental and Social information". It remains unclear why the visibility of CPBF projects is so obscured. Only when a project is co-financed with another MDB as the lead, the specific program has an E&S category assigned. In all other cases the E&S categorization is "not applicable" (N/A).

In the time **between April and June 2026 eight proposals entered the pipeline** with a total investment amount of US$3,3 billion. The Indonesian **Sustainable Energy Transition Program, Subprogram 2** does not explicitly mention CPBF, but it resembles all other CPBF projects closely, so we counted it as one.[57] On July 1st, 2026, Urgewald flagged these eight CPBFs following the usual AIIB Watch flagging criteria. They involved the countries Türkiye, South Africa, Philippines, Uzbekistan, Vietnam, Papua New Guinea, and Indonesia (twice). Except for two projects (Türkiye: Climate Action Acceleration Program and Indonesia: Climate Adaptation and Green Resilience Program - Sub-Program 1), all are co-financed with various development banks, such as the World Bank, African Development Bank, KfW, ADB or JICA.

The sheer volume of financing planned for these projects and the short time between concept appraisal and financing approval reinforce the criticism around project approval speed raised in Chapter 2.4.

Example: The Indonesia: Climate Adaptation and Green Resilience Program, Sub-Program 1 shows that there were just 15 weeks between the Date of Concept Decision (June 5) and the Date of Financing Approval (September 21).[58] When we first flagged the project on July 1st, it involved a total investment of US$1 billion. Since then, the bank has divided this project into two separate subprograms, splitting the investment amount between them: "The indicative financing envelope is US$1 billion, with US$500 million for each subprogram."[59] Subprogram 2 cannot be found on AIIB's website. In case of the earlier CPBF Bangladesh: Climate Resilient Inclusive Development Program (Subprogram 1)[60] from 2024, Subprogram 2[61] was not published until a year later, in 2025. Given this context, we can assume that Subprogram 2 for Indonesia will not be developed until sometime in 2027. Such changes undermine civil society monitoring, as the bank does not report on them transparently. In general, concepts should be available much earlier and include input from civil society.

AIIB must improve transparency to conduct adequate monitoring of the projects within such a short timeframe. Furthermore, **the ESEL list must be expanded to include additional fossil fuels to prevent downstream investments** that are not conducive to the NDCs' implementation. The ESF, which in practice is almost never applicable, is also a major point of criticism and should be applied comprehensively. In the rest of this chapter, we will dive more deeply into these issues.

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[57] AIIB. (2026). Affordable and Sustainable Energy Transition Program, Subprogram 2: Project Summary Information. https://www.aiib.org/en/projects/details/2026/_download/Indonesia/AIIB-PSI-for-P001048-Indonesia-CPBF-May-14_updated.pdf

[58] AIIB. (2026). Indonesia Climate Adaptation and Green Resilience Program - Sub-Program 1 https://www.aiib.org/en/projects/details/2026/_download/Indonesia/0729_P001111_PSI-CPBF-CARE_Appraisal-updated.pdf

[59] AIIB. (2026). Indonesia Climate Adaptation and Green Resilience Program - Sub-Program 1. p.2 https://www.aiib.org/en/projects/details/2026/_download/Indonesia/0729_P001111_PSI-CPBF-CARE_Appraisal-updated.pdf

[60] AIIB. (2024). Bangladesh: Climate Resilient Inclusive Development Program (Subprogram 1) https://www.aiib.org/en/projects/details/2024/approved/Bangladesh-Climate-Resilient-Inclusive-Development-Program-Subprogram-1.html

[61] AIIB. (2025). Bangladesh: Climate Resilient Inclusive Development Program (Subprogram 2) https://www.aiib.org/en/projects/details/2025/approved/bangladesh-climate-resilient-inclusive-development-program-subprogram-2.html

Policy-Based Financing: An Old Story

Policy-based financing is not a fundamentally new approach. It has long been used by other MDBs such as the World Bank where it is now called Development Policy Financing (DPF) and previously Structural Adjustment. Criticism of the World Bank's lending impacts across the Global South has existed for decades, all the way from grassroots movements to academia to prominent former World Bank employees themselves. We want to explore if AIIB's CPBF is merely "old wine in new bottles" or clearly stands apart from this track record.

Under World Bank DPF, funding is disbursed based on so-called Prior Actions, typically eight to ten policy reforms that often require the drafting or adoption of new laws.[62] The IMF or the International Finance Corporation (IFC) are frequently consulted when developing a macroeconomic framework for the borrowing country. Policies subsequently required as part of Prior Actions tend to follow the neoliberal playbook: privatization, deregulation, and fiscal austerity.[63] Positive climate outcomes are a secondary by-product at best and in such cases reported as "climate co-benefits".

The DPF funds are provided as unearmarked budget support that the government can freely spend for any purpose, only restricted by the "Excluded Expenditures", for instance alcoholic beverages, tobacco, military goods, and nuclear reactors and their components, including fuel.[64] In effect, in the absence of exclusions for fossil fuels, governments can use DPF funds to finance coal-fired power plants or upstream oil and gas activities. There is a notable overlap between countries with extensive plans to expand coal production and those receiving high levels of DPF funding, including Indonesia, Mozambique, Egypt, Türkiye, and Poland.[65] The World Bank simply cannot ensure that DPF funding does not finance fossil fuels.

Does CPBF Follow World Bank DPFs?

AIIB Senior Management assured CSOs in a meeting in March 2026 that CPBF is not general budget support like the World Bank's DPF but rather follows an upstream reform process via Prior Actions paired with CSO engagement, followed by downstream infrastructure investments.[66] Despite management's distinctions, both instruments feature a similar design.

Just like DPF, fund disbursements in CPBF are based on prior actions. What makes CPBF unique among other MDBs is the exclusive focus on countries' national climate plans to formulate these reforms. However, this dedicated climate mandate is undermined by the unrestricted nature of the funds, which are provided as unearmarked budget support and can be spent on anything.

The bank's monitoring mechanisms do not ensure that the disbursed funds are actually spent on climate-related activities or yield additional climate benefits.

The extensive exceptions of CPBF from most ESF provisions are reminiscent of the aforementioned limited exceptions in spending of DPF funds—especially the blatant omission of almost all fossil fuels. Without a strict tracking mechanism and a strong safeguarding framework, CPBF risks reproducing the exact shortcomings of

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[62] Urgewald. (2019). World Bank Group Financial Flows Undermine the Paris Climate Agreement: The WBG contributes to higher profit margins for oil, gas, and coal. p.16 https://www.urgewald.org/sites/default/files/World_Bank_Fossil_Projects_WEB.pdf?ref=opendemocracy.net

[63] Bretton Woods Project. (2021, March 23). What is World Bank Development Policy Financing? https://www.brettonwoodsproject.org/2021/03/what-is-world-bank-development-policy-financing/ ; Bretton Woods Project. (2024, April 9). Gambling with the planet's future? https://www.brettonwoodsproject.org/wp-content/uploads/2025/08/Gambling-with-the-planets-future-WBG-DPF-final-web-small.pdf

[64] World Bank (2026). Development Policy Financing. p.7 https://thedocs.worldbank.org/en/doc/2107287efb5b3710e54dd723958063d4-0290012026/original/DPF-Bank-Policy-Jul-2026.pdf

[65] Urgewald. (2019). World Bank Group Financial Flows Undermine the Paris Climate Agreement: The WBG contributes to higher profit margins for oil, gas, and coal. p.22

[66] AIIB. (2026). Climate-Focused Policy-Based Financing Presentation to civil society. (unpublished). "It is not a general macroeconomic or sectoral Policy based Financing".

the DPF model, where funds can flow into fossil fuel expansion. This minimizes the significance of CPBF's unique selling point, making the two models even less distinct from one another.

The minor differences between CPBF and DPF are ultimately undermined and blurred by the instruments' specific design. AIIB senior management's insistence on clear distinctions, including the assertion that CPBF is not general budget support, suggests an attempt to pre-empt criticism. This stance is difficult to understand and lacks substance.

Behind the Green Branding: Structural Loopholes in Climate Finance and NDCs

Despite being framed as a dedicated tool to accelerate climate action, a critical analysis of CPBF reveals significant structural loopholes, accounting flaws, and severe deficits regarding governance and environmental safeguards. Only thermal coal is excluded, and in line with AIIB's Energy Sector Strategy, fossil gas is actively promoted as a "transition fuel".[67] Because eligibility under CPBF relies on borrowing countries' NDCs, many of which still endorse fossil fuel expansion, CPBF funds risk subsidizing long-term gas infrastructure, locking countries into high-carbon energy pathways. According to AIIB, the main objective is to help member countries to implement their NDCs.

AIIB's methodology for judging whether a CPBF operation is aligned with the Paris Agreement relies on the shared MDB principles for policy-based lending.[68] The approval of the largest gas power plant ever financed by AIIB was following an assessment under this framework. **This framework uses national NDCs as the primary benchmark.** Within this framework, even policy measures that carry the risk of "carbon lock-in" are aligned with climate protection goals, as long as this risk is "adequately managed and mitigated."[69] Research about NDCs has found that collectively, these are still far off the mark, resulting in at least 2.5 °C[70] warming. Instead of NDCs, CPBF and the MDBs' joint principles should use a credible 1.5°C trajectory as yardstick.

Setting aside the criticism leveled at NDCs as the primary benchmark, it remains questionable whether AIIB itself systematically aligns its investments with national NDCs.

In Uzbekistan, AIIB provided financing to the Surkhandarya gas power plant, the largest in its history.[71] The country holds only 0.9 % of the global gas reserves and in their NDCs, Uzbekistan has committed to increasing the share of renewable energy in power generation to 25 % by 2030.[72] Thus, this power plant—which is scheduled for completion around 2027—locks Uzbekistan into more fossil fuel infrastructure and serves as an illustrative example of how AIIB undermines its own stated goal of supporting countries in implementing climate protection through their NDCs.

Because of the explained mechanism of CPBF-funds as not earmarked budget support flowing directly into national treasuries, their actual end use cannot be tracked. Despite this lack of traceability, AIIB counts CPBF disbursements as 100% climate finance, which raises serious concerns about greenwashing in AIIB's investment data. Beyond verifying the formal completion of agreed Prior Actions, the bank's monitoring

[67] AIIB. (2022). Energy Sector Strategy: Sustainable Energy for Tomorrow. p.8 https://www.aiib.org/en/policies-strategies/strategies/sustainable-energy-asia/.content/index/_download/AIIB-Energy-Sector-Strategy-Update_Final_Nov-2022.pdf

[68] World Bank (2023). Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment of New Operations: Policy-based Lending Operations https://documents1.worldbank.org/curated/en/099216306162369542/pdf/IDU08810db5603f2804643091250b4e0c94af6a6.pdf

[69] Ibid. p.8 §19 & §20

[70] United Nations Environment Programme. (2023). Emissions Gap Report 2023. p.22 https://wedocs.unep.org/rest/api/core/bitstreams/ad8dea00-b147-49c9-aafc-9e070fafacd5/content

[71] AIIB. (2025). Surkhandarya 1,590MW CCGT Power Plant – Project Summary Information. https://www.aiib.org/en/projects/details/2025/_download/Uzbekistan/20251031-PSI-P000603-Surkhandarya-1560MW-CCGT.pdf

[72] UNFCCC. (2022). Republic of Uzbekistan: Updated Nationally Determined Contributions. https://unfccc.int/sites/default/files/NDC/2022-06/Uzbekistan_Updated%20NDC_2021_EN.pdf

mechanisms do not ensure that the disbursed funds are actually spent on climate-related activities or yield additional climate benefits.

CPBF Circumvents Safeguards

CPBF operations are excluded from nearly all standard provisions of the ESF, apart from the exclusion list and access to the PPM. Pre-loan consultations and post-disbursement monitoring are made exclusive responsibility of the borrowing country. Where loans are co-financed and another MDB takes the lead, in many cases the ADB, the safeguarding framework of that MDB applies. Even when the projects co-financier does not take the lead, which is the case for the six co-financed projects with the World Bank, "The assessment of ES impacts (…) is largely informed by the analytical work of the World Bank".[73] In effect AIIB abdicates its safeguarding and consultation duties and outsources them to other MDBs, financial intermediaries, or the borrowing country.

When it comes to transparency, AIIB claims that, "The Bank discloses on its website in a timely manner: (a) a summary of its environmental and social analysis; and (b) information about the availability of the PPM (or other applicable IAM)."[74] According to this statement, there are no timebound disclosure obligations like for other AIIB projects and no detailed Environmental Impact Assessment (EIA), either. AIIB is only required to analyze "whether the actions under the CPBP are likely to have significant adverse environmental or social impacts; and the Member's systems to address these impacts".[75]

Due to the above as well as the explicit promotion of private capital mobilization and downstream investments, the CPBF has drawn criticism similar to the one discussed in Chapter 2.2 about Financial Intermediaries (FI) projects. The lack of transparency and accountability does not allow civil society to raise concerns about the environmental and social impacts or, if applicable, seek grievance remedy through the bank's PPM.

> ***AIIB abdicates its safeguarding and consultation duties and outsources them to other MDBs, financial intermediaries, or the borrowing country***

[73] AIIB. (2026). Uzbekistan: Second Uzbekistan Green and Resilient Market Economy Climate Policy-Based Financing. p.2. https://www.aiib.org/en/projects/details/2026/_download/Uzbekistan/Initial-PSI-P001146-Uzbekistan-Second-Uzbekistan-Green-and-Resilient-Market-Economy-Climate-Policy-Based-Financing-Jun-04-2026_final_clean.pdf

[74] AIIB. (2024). Environmental and Social Framework. p.17. https://www.aiib.org/en/policies-strategies/_download/environment-framework/AIIB-Environmental-and-Social-Framework_ESF-June-2024.pdf

[75] Ibid.

3.2 The "Nature Finance Accelerator Program" Transparency Gap

History of AIIB Involvement in Nature Finance

In its early years, AIIB showed little interest in adopting effective biodiversity safeguards such as China's domestic Ecological Conservation Redlines. A shift toward nature finance knowledge production began after the appointment of Chief Economist Erik Berglof. In 2023, the bank released the flagship report Nature as Infrastructure (NAI), which reframed ecosystems as an asset class capable of de-risking private capital and complementing grey infrastructure.[76] That same year AIIB's Climate Action Plan explicitly promoted "Natural Infrastructure" and nature-based solutions as tools for climate resilience while keeping nature finance largely nested into climate finance.[77] The 2024 brochure surveying instruments (biodiversity loans and bonds, debt-for-nature swaps, performance-linked loans, blended finance),[78] and the 2025 report Infrastructure for Planetary Health[79] followed.

Most of these publications do not disclose specific policies on biodiversity finance or accomplishments in nature conservation. By mid-2025 only two projects— mangrove restoration in Guangxi Beihai[80] and wetland components in Inner Mongolia Ulanhot[81]—articulated nature-based elements, both remaining in the proposal stage for years. A promised standalone Approach to Nature and Biodiversity, announced in the 2024 Climate-Focused Policy-Based Financing paper,[82] never materialized. The Operational Policy confined such financing to climate-aligned programs.[83] Portfolio-level SDG reporting continues to omit biodiversity as a standalone indicator, folding any nature-finance activity into climate-finance figures.[84] AIIB is likely to retreat to "tick the box" mode of nature finance accounting based on a common taxonomy adopted by the ten largest MDBs.

Flaws of the Common Nature Finance Taxonomy

AIIB is a co-sponsor of the MDB **Common Nature Finance Taxonomy**,[85] adopted in 2025. This taxonomy introduced a two-tier classification: "Nature Positive Finance" and "Nature Mainstreaming Finance".

Both create significant transparency and accountability gaps. "Nature Positive Finance" requires measurable positive outcomes for biodiversity, yet the parallel category of "Nature Mainstreaming Finance" is left essentially undefined beyond the vague claim that it "enables a broader economic

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[76] Nature as Infrastructure https://www.aiib.org/en/news-events/asian-infrastructure-finance/_common/pdf/AIIB-Asian-Infrastructure-Finance-2023-Report.pdf

[77] AIIB Climate Action Plan (2023). https://www.aiib.org/en/how-we-work/paris-alignment/_download/AIIB-Climate-Action-Plan.pdf

[78] https://www.aiib.org/en/news-events/media-center/blog/2024/pdf/Investing-in-Nature-as-Infrastructure-The-Opportunity_web-file_18OCT.pdf

[79] Infrastructure for Planetary Health. https://www.aiib.org/en/news-events/news/2025/aiib-report-urges-infrastructure-development-prioritize-health-climate-nature-save-lives-protect-planet.html

[80] https://www.aiib.org/en/projects/details/2023/proposed/China-Guangxi-Beihai-Lianzhou-Bay-Marine-Ecological-Restoration-and-Protection-Project.html

[81] https://www.aiib.org/en/projects/details/2023/proposed/China-Inner-Mongolia-Ulanhot-Green-and-Climate-Resilient-Urban-Development-Project.html

[82] Climate-Focused Policy-Based Financing paper. https://www.aiib.org/en/what-we-do/Climate-Focused-Policy-Based-Financing/pdf/Paper-on-AIIB-Climate-PBF_For-disclosure_July-10-2024-final.pdf

[83] https://www.aiib.org/en/policies-strategies/_download/operation-policy/AIIB-Operational-Policy-on-Financing_OPF.pdf

[84] 2025(2026) Report on Sustainable development Bonds

[85] https://www.aiib.org/en/about-aiib/who-we-are/partnership/_download/MDB-Common-Nature-Finance-Taxonomy.pdf

transition toward practices aligned with delivering the nature positive goal”[86] without clear demonstration of measurable progress against nature-positive criteria.

This **permits banks to count as nature finance any grey-infrastructure or project that merely attaches eligible nature activities** (watershed management, tree planting, mangrove add-ons, etc.), even when the core investment may cause significant harm. Because measurable conservation outcomes are not required for the mainstreaming tier—only the volume of finance allocated to eligible activities—**projects can be tagged and aggregated into “green”** or climate-nature totals without rigorous evidence of net ecological benefit. The taxonomy, therefore, risks to greenwash portfolios the dominant impacts of which remain extractive and/or habitat-degrading and converting tokenistic “nature” components into reported nature-finance volumes, thereby diluting the integrity of alignment claims under the Global Biodiversity Framework.

Nature Finance Accelerator Program (NFAP) approves its first project

At UNFCCC COP30 in November 2025, AIIB and EBRD released a joint paper on public-private partnerships (PPP) for nature which discussed a scheme called “Nature Finance Accelerator Program”. Through the NFAP,

> “AIIB will provide on-lending facilities to partner banks that are (…) front-runners for the nature and biodiversity agenda, thereby expanding these banks’ nature financing capacity to deliver impact at scale. The partner banks will identify, prepare, and financially structure nature-related subprojects aligned with an internationally recognized nature finance taxonomy. The program will target the bankable nature-related subprojects with **measurable nature impacts** and climate co-benefits, as well as leverage capital from private sources.”[87]

No further description of the NFAP is publicly available on the website.

In June 2025 AIIB signed letters of intent with two Chinese provincial banks (Bank of Jiangsu and Bank of Huzhou) under its Nature Finance Accelerator Program, signaling intent to scale on-lending for nature-related subprojects.[88] **The Bank of Jiangsu (BoJ)**,[89] which obtained the first US$300 million NFAP loan in June 2026,[90] is well-versed in Chinese domestic and international green finance operations. Its 2025 ESG Report claims that in 2025 its “balance of loans for ecological protection, restoration and utilization” reached RMB 63.5 billion RMB (US$9.5 billion), while its overall “balance on green credit” was nine times larger.[91]

According to BoJ’s 2025 ESG Report, the bank seeks to identify and avoid harming both "statutory protected areas” and “ecologically fragile areas", prohibiting credit support for projects that do not comply with the ecological protection red lines. It strictly excludes projects involving items from BoJ's “biodiversity activity negative list”; and clearly specifying management measures for biodiversity risks at the project, customer and asset levels. At the same time, the ESG report features a single example of a “biodiversity finance project”, a loan to an energy company for construction of its biomass utilization project to process approximately 300,000 tons of wet sludge annually and generate green electricity. It is **largely unclear which specific natural habitat or species will**

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[86] https://www.aiib.org/en/about-aiib/who-we-are/partnership/_download/MDB-Common-Principles-for-Tracking-Nature-Finance.pdf

[87] https://www.aiib.org/en/news-events/news/2025/_pdf/Unlocking-Private-Finance-for-Nature-as-Infrastructure11.15.pdf

[88] https://www.aiib.org/en/news-events/news/2025/aiib-joins-forces-with-bank-jiangsu-bank-huzhou-tencent-advance-nature-finance.html

[89] The bank serves as the Central and East Asian Council Member Representative of the UNEP Financial Initiative Bank Council, and participates in nature and biodiversity finance working groups of the China-UK Green Finance Working Group.

[90] PSI BoJ Project https://www.aiib.org/en/projects/details/2026/_download/China/PSI-P000950-NFAP-Bank-of-Jiangsu-Updated-PSI_10-JULY_clean.pdf

[91] BoJ 2025 ESG Report https://www.jsbchina.cn/ENNEW/about/announcement/72276.html. In 2025, the BoJ formulated the "Bank of Jiangsu Biodiversity Finance Framework" (based on the People’s Bank of China’s “Biodiversity Finance Catalogue -Trial Version”), which fixed the definition, identification process, risk management, benefit assessment and information disclosure mechanism of biodiversity finance for all operations across the Bank.

benefit from the project outcomes. Moreover, BoJ's 2025 Green Finance report presents a matrix for measuring positive environmental impacts of financed projects that does **not contain clear biodiversity-specific indicators** (e.g. for positive impacts, it is limited to reduced GHG emissions and saved volumes of water).[92]

Transparency concerns on the first AIIB nature-finance loan

Published data on the BoJ loan is generally scarce: The only available information is AIIB's five-page document on the project, which states that:

> "at least 80% of the loan proceeds will be earmarked for eligible subprojects **classified as nature finance** under the MDB Common Nature Finance Taxonomy across China. Eligible nature-related activities ...: (a) restoring or conserving natural ecosystems, (b) addressing key drivers of nature loss, or (c) integrating nature-based solutions in infrastructure. Priority sectors in the Jiangsu context include **Water, Sanitation and Waste Management, and Urban Development**".

Although listed in the Common Taxonomy, the selected sectors provide limited opportunities for achieving specific measurable results in conserving natural ecosystems or species. Also, there is no information disclosure on subprojects or end use of the funds.

Another transparency gap concerns the remaining 20% of the loan which will be spent on cross-border climate change-related subprojects in AIIB member countries, aligned with the Multi-Jurisdiction Common Ground Taxonomy, which does not include nature conservation in its list of activities.[93]

There are only four "Project Objective Indicators": amount of private money mobilized, volume of water conserved/treated, GHG emission avoided/sequestered, and hectares of land preserved/restored. Only the last indicator may be directly relevant for nature conservation activities, but for this it has to differentiate quality of "preserved land" according to its value for conservation of biodiversity. In addition, BoJ is supposed to establish a "subproject nature indicator tracking system", but it is unclear what this entails and whether AIIB will use it to measure progress in nature conservation.

While Category A subprojects are not eligible for FI operations, AIIB has delegated to BoJ the responsibility for selection, screening, appraisal, approval and monitoring of subprojects in accordance with agreed eligibility criteria (likely from the Common MDB Taxonomy) and "BoJ's **enhanced** Environmental and Social Management System (ESMS)". AIIB retains oversight through prior review and approval of the first three subprojects and all higher-risk activities. The ESMS will be "further **enhanced**", through an agreed Environmental and Social Action Plan (ESAP) and disclosed "in accordance with AIIB ESP requirements". These are non-transparent arrangements with minimal strings attached similar to AIIB's other FI operations.

"Nature positive finance": a paradigm shift or business as usual?

According to AIIB's ESF, the "FI Policy Overview" should be subjected to "early disclosure" during the bank's due diligence assessment of the project.[94] In the same phase of due diligence, the client is required to submit the ESAP to AIIB.[95] Neither BoJ's FI Policy Overview nor the ESAP have been disclosed prior to the project approval.

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[92] Bank of Jiangsu Green Finance Report 2025 2026-08-13 https://www.jsbchina.cn/ENNEW/about/announcement/73381.html (pages 56 and 69)

[93] https://finance.ec.europa.eu/document/download/e83394d0-daf1-487e-b1bf-922731767a10_en

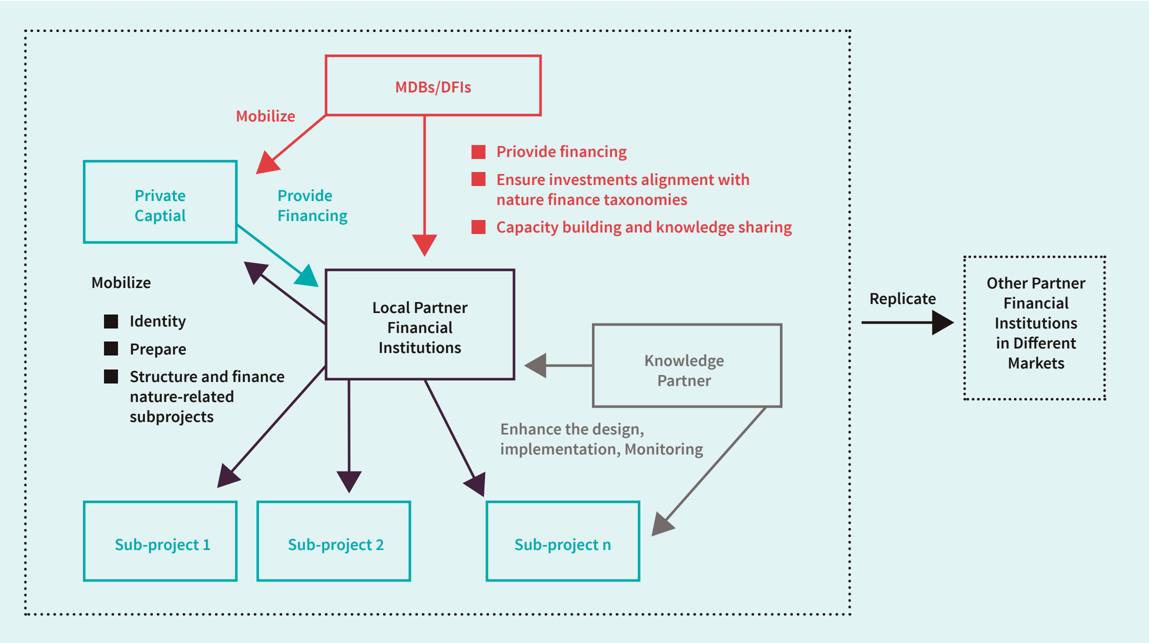
[94] As per paragraph 67.1.of the AIIB's Environmental and social policy (ESP), see ESF https://www.aiib.org/en/policies-strategies/framework-agreements/environmental-social-framework.html

[95] As per paragraph 79 of the ESP.(see ESF)

All other mentioned documents—“Subproject nature indicator tracking system”, ESMS,[96] AIIB’s “prior review and approval of the first three subprojects” (unless fall into “higher risk category”)—must not necessarily be disclosed according to AIIB policies. BoJ’s promised ESAP disclosure long after the loan approval will add little to transparency and provide no opportunities for stakeholder engagement.

Judging from disclosed information, this first NFAP US$300 million project has no clear nature-specific conservation objectives. As it contributes only 3% to the volume of BoJ’s “balance of ecological loans” and has no clear goal or design, it is unlikely to bring about any useful changes. AIIB’s statement that the project is **“expected to contribute to a paradigm shift toward ecological civilization”** does not seem to rest on concrete facts. AIIB’s description of the proposed NFAP project with the Bank of Huzhou[97] (which is identical to that of the BoJ in its objectives, indicators and management system) makes us fear that this precedent will turn into a pattern of slapping a “nature finance” label on future intermediary-driven projects with obscure arrangements and uncertain nature conservation value.

Diagram on the Nature Finance Accelerator. [98]



[96] A special paragraph 24.1 in AIIB’s Environmental and social standard (ESS1) is inserted to deny such disclosure. (see ESF)

[97] https://www.aiib.org/en/projects/details/2026/proposed/china-nature-finance-accelerator-program-bank-of-huzhou.html

[98] Source: AIIB,EBRD (2025) Unlocking Private Finance for Nature as Infrastructure: A Public-Private Partnership. https://www.aiib.org/en/news-events/news/2025/_pdf/Unlocking-Private-Finance-for-Nature-as-Infrastructure11.15.pdf. p.31

4 Conclusion

Transparency lacks implementation: AIIB's transparency framework looks stronger on paper than it is in practice. This report combines two perspectives: Publish What You Fund's DFI Transparency Index, which assesses what AIIB commits to on paper, and AIIB Watch's project-level monitoring, which examines whether these commitments translate into disclosure in practice.

Across both, the same pattern emerges: Where policy performs relatively well, a persistent gap remains between the commitment and what is actually disclosed at project level, so that information needed to assess environmental and social risks is often unavailable before approval. For instance, AIIB scores relatively high in the E&S component of the Index. However, project-level monitoring reveals that this performance is not always reflected in implementation. The Index rates the stronger disclosure requirements for Category A projects positively. However, project-level monitoring shows that significant environmental and social impacts are not confined to Category A projects, as numerous Category B projects raised major environmental and social concerns.

Standards are circumvented: In other cases, the policy sets out a standard, but broad exceptions make circumventing it possible. For instance, the policy establishes minimum disclosure periods, but management can waive these requirements at its discretion without disclosing the reasons to the public. The project-level monitoring shows the practical consequences of this: key documents are often made available late in the project cycle, while approval timelines are increasingly compressed. Over the monitoring period, this trend intensifies, with a growing number of projects moving from disclosure to approval within a very short timeframe. This combination significantly narrows the window for external scrutiny and reduces opportunities for meaningful engagement before financial commitments are made.

Due Diligence gap: In yet other cases, transparency is lacking, both at the policy level and in practice. Unlike several other MDBs, AIIB does not disclose the underlying investments of private equity funds or high-risk sub-investments. In cases where NGOs were able to identify sub-projects independently, these included fossil fuel investments and projects associated with significant impacts on project-affected people. Without disclosure of underlying investments, it is often impossible for external stakeholders to assess the actual environmental and social impacts of AIIB-financed activities. It also deprives affected communities of the opportunity to identify risks, engage in project design, and raise concerns before harm occurs.

Huge financial expenditures without accountability: The new lending instruments, Climate Policy-Based Financing (CPBF) and Nature Finance, are AIIB's two newest and very well-funded vehicles. Both reproduce the same weakness this report identifies elsewhere, lacking disclosure or safeguarding regulations that match their scale.

CPBF projects are disclosed inconsistently, circumvent AIIB's own safeguards and bear all the risks inherent to World Bank DPFs. Additionally, CPBF is counted as 100% climate finance without clear disclosure, monitoring and exclusion regulations. The AIIB nature finance accounting is based on a common taxonomy adopted by the ten largest MDBs which permits banks to count as nature finance any grey infrastructure or project that merely tacks on eligible nature activities. AIIB's NFAP wants to "target the bankable nature-related subprojects with measurable nature impacts and climate co-benefits", without disclosing any subprojects nor disclose the methodology for monitoring and safeguard policies.

With 22.5 percent of voting shares, European shareholders bear a particular responsibility for closing these gaps and for ensuring that AIIB's latest instruments receive the necessary scrutiny, as the bank's other investments to date should have, too.

Abbreviations

AIIB	Asian Infrastructure Investment Bank
ADB	Asian Development Bank
CPBF	Climate Policy-Based Financing
CPBP	Climate Policy-Based Program
CSO	Civil Society Organization
DPL	Development Policy Loans
E&S	Environmental and Social
EIA	Environmental Impact Assessment
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESAP	Environmental and Social Action Plan
ESEL	Environmental and Social Exclusion List
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESS	Environmental and Social Standard
FI	Financial Intermediaries
IAM	Independent Accountability Mechanism
IFC	International Finance Corporation
IFI	International Financial Institutions
JICA	Japan International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau
LARP/LAP/RP	Land Acquisition and Resettlement Plan (LARP), Land Acquisition Plan (LAP) or Resettlement Plan (RP)
MDB	Multilateral Development Bank
IMF	International Monetary Fund
NDC	Nationally Determined Contributions submitted to the Framework Convention on Climate Change (UNFCCC)
NIIF	National Investment and Infrastructure Fund
PAP	Project-affected People
PPI	Policy on Public Information
PPM	Project-affected People's Mechanism
PWYF	Publish What You Fund
PSI	Project Summary Information
RAP	Resettlement Action Plan
SBF	Sovereign-backed Finance
UN	United Nations
WB	World Bank

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