



ASIAN INFRASTRUCTURE INVESTMENT BANK

**THE FOURTH ANNUAL MEETING
OF THE BOARD OF GOVERNORS**

SUMMARY OF PROCEEDINGS

**Luxembourg City, Luxembourg
JULY 12-13, 2019**

ASIAN INFRASTRUCTURE INVESTMENT BANK

Headquarters

B9 Financial Street, Xicheng District

Beijing, 100033

China

Phone: +86 10 8358 0000

Website: www.aiib.org

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INTRODUCTORY NOTE

The 4th Annual Meeting of the Board of Governors of the Asian Infrastructure Investment Bank took place on July 12-13, 2019, in Luxembourg City, Luxembourg. His Excellency Pierre Gramegna, Governor for Luxembourg, served as the Chair.

The Summary of Proceedings records the texts of statements submitted by Governors in alphabetical order by members, the transcript of Governors' contribution at the Governors' Roundtable, and the resolutions adopted by the Board of Governors of the Asian Infrastructure Investment Bank.



Danny Alexander
Corporate Secretary
Asian Infrastructure Investment Bank

Beijing, China
October, 2019

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AGENDA

OFFICIAL SESSION OF THE BOARD OF GOVERNORS

1. Opening of Meeting
2. Adoption of the Agenda
3. Work Progress Report by President Jin Liqun
4. 2018 Annual Report
5. Admission of New Members - Benin
6. Admission of New Members - Djibouti
7. Admission of New Members - Rwanda
8. Date and Place of 2020 Annual Meeting
9. Election of Officers of the Board of Governors
10. Appreciation

GOVERNORS' BUSINESS ROUNDTABLE

1. Opening of Meeting
2. Thematic Discussions
 - a) Topic 1: Cooperation and Connectivity
 - b) Topic 2: AIIB Corporate Strategy
 - c) Topic 3: Digital Infrastructure
3. Closing

OPENING SESSION

ADDRESS BY PIERRE GRAMEGNA MINISTER OF FINANCE OF LUXEMBOURG AND CHAIR OF THE BOARD OF GOVERNORS

Welcome to the Grand Duchy of Luxembourg, the green heart of Europe, a founding member state of the European Union and birthplace of Robert Schuman, spiritual father of the European dream.

Welcome to the fourth Annual Meeting of the Asian Infrastructure Investment Bank (AIIB). It is indeed a great privilege to chair this event that is taking place for the first time in Europe.

Your Royal Highness, your presence means a lot to all of us and highlights your commitment to peace and international cooperation.

Let me extend my sincere appreciation to the AIIB, which agreed to our offer to host this annual meeting. This is a testament to Luxembourg's long-lasting commitment to multilateralism.

The Grand Duchy's turbulent past is a true mirror of European history. During the Middle Ages, several Princes of Luxembourg wore the crown of the Holy Roman Empire. In Early Modern Times, its renowned fortress was a major cause of disagreement in the battle between the great powers. And, during the 20th century, Luxembourg was a victim of WWI and WWII and then acted as a catalyst in the unification of Europe.

History has taught us, that only cooperation and dialogue ensure peace and prosperity. It is therefore not surprising that multilateralism is in our DNA.

Let me first devote a few thoughts to multilateralism and the global challenges of our planet.

First and foremost, multilateralism and international cooperation matter and the last decades prove that a lot has been achieved.

Over the last 25 years, more than a billion people have been lifted out of extreme poverty, which has fallen to a record low. Access to water, energy and to digital connectivity have made tremendous progress.

Nevertheless, a lot more must be done if we want to achieve the Sustainable Development Goals by 2030 and tackle the formidable challenge of climate change. Only multilateralism and international cooperation can insure reaching these objectives. Today's meeting is a shining example of such a common endeavor.

Unfortunately, there are also signs of a declining path of multilateralism and that is worrisome. The rise of nationalism, the temptation of unilateralism and the looming

risk of trade wars shake the very foundations of our international order. We need to stem the tide of unilateralism and safeguard the values of international cooperation.

Two major events in the recent past stand out as historical milestones in this context. One is the Paris agreement of December 2015 on climate change. The second is the launch of the AIIB in January 2016. The two treaties nurture hope and have a common goal.

“Making this planet a better place for all, through responsible and sustainable investment and action”.

As a true believer in international cooperation, Luxembourg is honored to have become the first European member of the AIIB.

The AIIB is the most recent and arguably the most modern international financial institution of the world. With its motto “Lean, Clean and Green” the AIIB has developed a new multilateral model to address the needs of infrastructure on the old silk road between Asia and Europe.

To fulfill on the development promise, the AIIB needs a sound and stable set up:

→ Institutions that are lean in order to achieve highest operational efficiency and quality;

→ Working methods that are clean and operate according to the highest international standards of governance; and

→ Investments that are green in order to promote sustainable development, mindful of climate change and the environment.

Many achievements have been made in only three and a half years. The bank has emerged as a beacon of multilateralism, while surpassing expectations in growth.

Operations are spread over 17 countries and 45 projects that required investments of 8.45 billion US dollars. From initially 57 the number of members has increased to 97. Moreover, several more might join by tomorrow, so that we hope that the AIIB will soon reach the mark of 100 members. All this is proof of the attractiveness of this institution, despite its young age.

Ladies and Gentlemen,

Allow me to say a few words on climate change; an issue that is close to my heart because there is always a challenge of climate change challenge in every initiative we take.

If the AIIB wants to make a real difference, climate change issues need to be at the forefront of its investment decisions. But public money alone cannot do the job.

If we want to switch from the billions of US dollars or Euros to trillions, we need to mobilize the private sector. The public money should ensure the guarantee or serve as leverage to trigger larger projects.

We can here draw on the lessons learnt from the Juncker plan and the European Fund for Strategic Investments that the EU started 5 years ago.

Indeed, the EFSI has mobilized €335 billion in additional investment across the Union since 2015 and created some 750,000 jobs. By 2020, that number is expected

to rise to 1.4 million. EFSI epitomizes the success of the strategy of a public-private partnership under the stewardship of the European Investment Bank.

The recent conference organized this month by the Bridge Forum Dialogue here in Luxembourg at the headquarters of the EIB, with Danny Alexander as a keynote speaker, highlighted the common inspiration that drives both the AIIB and the EIB.

Over the last 5 years, Luxembourg has implemented a series of initiatives to redirect financial flows towards green and sustainable projects.

The Luxembourg-EIB climate finance platform and the International Climate Finance Accelerator are a few examples of this policy.

Let me also mention the success of the Luxembourg Green Exchange, the world's leading platform dedicated exclusively to securities that are green, social or sustainable. Two weeks ago, the World Bank announced that it would list all of its sustainable development bonds on the Luxembourg Green Exchange.

Similarly, Luxembourg has joined the coalition of finance ministers for climate action; a ministerial-level group “supporting the use of fiscal policy, public financial management and mobilization of climate finance to promote domestic and global action on climate change.”

I am pleased that several seminars held during this year’s annual meeting will focus on the commitments of the Paris agreement, the importance of clean energy and the future of sustainable finance.

Ladies and Gentlemen,

Cooperation and connectivity are the themes of this annual meeting.

As Minister of Finance of a country with a leading financial center, the second largest investment fund center worldwide, I know that cooperation between public and private sectors is crucial to create and implement win-win strategies.

Creating synergies in mobilizing financial resources of governments, international institutions and the private sector will be key for achieving a better connectivity between Europe and Asia.

A better-connected Europe and Asia will help people to enjoy higher standards of living. It will create more opportunities for jobs, education, cross-collaboration and research. Investments in transport corridors, energy, human and digital networks will strengthen the resilience of societies and regions and prepare for a low-carbon future.

Recent decades have seen a dramatically accelerating pace in the development and adoption of new technologies. This rapid technological change is affecting almost every area of the economy, society and culture.

Harnessing frontier technologies will be crucial in achieving more prosperous, sustainable, healthy and inclusive societies.

Digital connectivity is a high priority for the Government of Luxembourg. The newly created Ministry for Digitalization is at the core of our efforts to identify digital opportunities, monitor digital risk and improve citizens’ daily lives. This strategy has allowed us to transform the country into a true ICT hub in the heart of Europe.

In 2019, the Digital Economy and Society Index ranked Luxembourg second for digital connectivity in the European Union.

Luxembourg is therefore the right place to put the theme of international cooperation and connectivity at the heart of the annual meeting.

In conclusion, I would like to congratulate the AIIB for being a ray of hope for multilateralism. Founding this new bank was a courageous decision and the right choice for the world. Let me give you four reasons why I say so:

1. AIIB is an optimistic and concrete initiative to change the future.
2. AIIB strengthens the rules based international system.
3. AIIB is building mutual trust between public shareholders from all over the world.
4. AIIB is a key player for leveraging private capital.

I wish to thank all those who have worked hard over the last months in the frontline or backstage, to make this event a success, particularly the whole team at the Ministry of Finance.

I wish us all an interesting annual meeting and to the more than 1500 participants a pleasant stay in Luxembourg.

**ADDRESS BY JIN LIQUN
PRESIDENT OF THE ASIAN INFRASTRUCTURE INVESTMENT BANK**

His Royal Highness Grand Duke of Luxembourg; Prime Minister; Distinguished Governors and Members of the Board of Directors; Honored Guests; Ladies and Gentlemen.

We in the Asian Infrastructure Investment Bank are honored to be invited to this beautiful country for our fourth annual meeting, the first to be held in Europe and outside Asia. I would like to thank you, Grand Duke, Prime Minister, Finance Minister and your people, for your generous hospitality. Since we arrived, we have been overwhelmed by and immersed in an atmosphere of friendship, harmony and liveliness.

Luxembourg was the first among the European countries to join the preparation to create a new multilateral development bank. From the beginning, Luxembourg played an important role in designing and shaping AIIB's governance for the 21st century. Three and a half years into our operation, it is time we came to Luxembourg, and to Europe, to inform our European stakeholders about how we have developed.

Finance Minister Pierre Gramegna, I recall vividly our conversation on the creation of AIIB. Your insights and frankness touched me immensely. You were clear-cut in your position: What AIIB should be. What it shouldn't be. What AIIB should and shouldn't do. I am sure your ideas about the identity and behavior of the proposed bank represented the opinion and sentiment of Luxembourg and its people. Later on, when touring other European countries, what I heard from prospective shareholders convinced me that your words reflected the broader European perspective.

I would like to take this opportunity with you here—Grand Duke, Prime Minister and Finance Minister—to announce AIIB's intention to list the Euro Medium Term Note program on the Luxembourg Stock Exchange.

AIIB was conceived and born in Asia, but it owes its birth and growth to the wisdom and labor of all the founding members. European shareholders have prodigiously contributed to the creation of this new MDB. As a result, AIIB holds distinctively European characteristics. And—in adherence to our values of being lean, clean and green—we set the bar at par with the governance structure of other MDBs, of which European countries are founding members. Those values show that we have zero tolerance for corruption and that we promote the green economy.

There has always been a strong bond between Asian and European countries. Asia and Europe share the same vast continent. We are physically bound to each other. Yet tough terrain impedes this geographical affinity, hampering exchanges in commerce, investment and culture. Now is the time to improve our connectivity in all its dimensions.

AIIB is mandated to improve connectivity among its members and among the regions. But operations in infrastructure investment must adapt and evolve. Emphasis

should be placed on a green approach to building infrastructure. Project implementation should be green. Operation and maintenance of facilities should be green. Overall growth and development stemming from infrastructure should be even greener.

On December 12, 2015, just a few weeks before AIIB became operational in January 2016, about 200 countries concluded negotiations on the Paris Agreement. It was within this atmosphere of multilateral efforts to address the formidable challenge of climate change that our Bank was born. Climate change mitigation is crucial for all of us and, more importantly, for generations to come. There is no alternative but to tackle this challenge head-on.

We are now faced with a global situation far more complicated than what it was three years ago. Overall, global growth is stabilizing, but protectionism and disruption of trade and cross-border investments constitute a major risk to many countries. Many low-income countries are particularly vulnerable to market turbulence. Their exports are likely to suffer setbacks; their debt sustainability adversely affected.

The complexity of our global, political and economic situation should not inhibit us from investing in priority projects where our members need them most. Slower investment in crucial sectors will compromise long-term development. A well-coordinated investment program in infrastructure and other productive sectors in low-income countries will boost growth. It will create jobs and reduce poverty. It will empower women. This will then drive a higher level of development where governments can afford more investment in education and health, ultimately realizing long-term economic and social achievement.

AIIB and other MDBs have a crucial role to play in this regard. Today, the world is not short of liquidity. Asia has consistently maintained a high savings rate, although great variance exists within the region or across countries.

At present, risk-averse investors are allocating money to developed market equities—with major indices at or near all-time highs—and to low-risk fixed income. This is driving bond yields across Europe into marginally positive territory.

The main issue is that the mechanisms for turning these vast savings pools into long-term investments is, sadly, still limited. Asian equity and fixed income capital markets are still at an early stage of development in terms of depth, breadth and impact.

Infrastructure projects are typically large, require a long gestation period and demand a stable, predictable policy and regulatory climate amenable and conducive to such investment.

Economists in MDBs, including AIIB, have done research and analysis on the constraints affecting growth in developing Asia. They still point to lack of infrastructure investment as the main cause.

A converging view is that developing countries should invest around eight percent of their GDP in infrastructure. This is a level of investment that not only meets basic needs, but also helps countries catch up economically. For every dollar spent in gross

capital formation, 40 cents should be spent on infrastructure. While some Asian economies have increased their investments to six to seven percent of GDP, other economies are struggling, particularly countries at low income levels.

Estimates vary, but our best analysis points to many lower and lower-middle income members needing to boost infrastructure investment by a third. Unable to mobilize private capital for infrastructure investment, they must consider allocating public resources for that purpose without putting pressure on their public balance sheets.

While it is important for developing economies to raise their infrastructure investment, it must be done sustainably, not least on the issue of debt. Public and external debts of many countries in Asia have risen. Especially so for smaller economies, where sometimes large infrastructure investments can increase debt-to-GDP ratios quickly. Investing in high-quality infrastructure is important. New investments must increase a country's capacity to service debts, not just having debts to service. Quality means selecting projects with high economic returns, designing them well and financing them sustainably. Quality means ensuring that projects benefit the local population, do no harm to people or the environment and leave no chance for corruption. This is what it means to be lean, clean and green.

For those members with a high level of debt, we have to strike a proper balance between budget control to ensure debt sustainability and well-coordinated, well-designed infrastructure investments to pave the way for long-term development. Commercial sources of capital may run shy from these countries, but AIIB must be an even more supportive partner capable of meeting their special needs. These countries should not be left behind.

This is exactly the challenge facing AIIB and our client members. This is the very reason why we need to ramp up our concerted efforts to help these countries. We have a sense of urgency to fulfil our duty. Over the last three years and a half, we at AIIB—the Board of Directors, the Management and the staff—have worked together in close collaboration to make this Bank ready for the challenge.

We have noticed that while existing barriers to infrastructure development are being rolled back, new ones are raised. This is a cause for concern. The collective wisdom, knowledge and influence to removing these impediments lies in this very room. It lies within all of you. Governors, Directors, policymakers, private financiers, civil society and media are all here today. By working together, we have the power to remove these roadblocks. Together we can create domestic reforms, perform policy coordination and think holistically about country and regional infrastructure and supporting facilities.

Cooperation and Connectivity is the theme of our annual meeting for the simple reason that infrastructure is complex, particularly when it comes to connectivity projects. It will take all of us who are here today to work together to move the needle. We need concrete action today.

MDBs are here to help smooth over these challenges. We believe infrastructure bottlenecks can only be effectively resolved through partnership. Through risk-sharing. Through international cooperation.

I met President Malpass of the World Bank in April when I discussed with him the cooperation between our two banks and more broadly about the collaboration among all MDBs. I shared similar conversations with President Nakao of ADB and President Chakrabarti of EBRD, among others. I pay special tribute to President Hoyer of EIB, who has kindly hosted AIIB, our Board of Directors and Management this week. We are looking forward to deepening our partnership and cofinancing.

We are going to expand our programs beyond Asia because Asia cannot sustain itself without working with other regions. We live in the same small village. We are all neighbors, irrespective of the oceans that separate us geographically. Governors and ministers, if we have not done anything yet in your region and individual countries, please understand that we have you and your people on our minds. We are moving toward you.

MDBs also need to evolve and adapt to new trends in financing infrastructure. How we cooperate, govern ourselves and support our clients must not stagnate, or we risk missing opportunities. Many of our recent projects are evidence of our expanding capabilities. They show our commitment to partnership and working with our clients to bring well-designed projects to fruition:

- We launched an ESG Enhanced Credit Managed Portfolio that aims to develop infrastructure as an asset class, develop debt capital markets for infrastructure and promote the integration of Environmental, Social and Governance principles in fixed income investments in Emerging Asia.
- We are supporting our clients to develop high-quality infrastructure projects with an eye on mitigating climate impact, like our Mandalika Urban and Tourism Infrastructure Project. The project is an ideal fit for Indonesia's economic profile.
- We are making our green impact felt with projects like our on-lending facility to finance mid- and large-scale solar and wind power projects in India.

I am delighted that at this annual meeting, AIIB will introduce its variable spread loan product. This will give borrowers the flexibility to select interest terms that are consistent with their sovereign debt management strategy and suited for their debt servicing capability. This year, we will also introduce local currency products in selected currencies, providing more options to borrowers.

Building off the triple-A credit ratings received from all three major credit rating agencies, we issued our debut Global Dollar Bond this year. Investors from around the world participated in the bond, and as such it priced at the tightest levels in line with our global MDB peers. This positions AIIB as a "premium supranational."

In December last year, the General Assembly of the United Nations granted AIIB permanent observer status. This is an important milestone for the Bank. That such a privilege was granted with the full support of the international community, including states that are not members of AIIB, underscores the high expectations that the Bank

will make a real and lasting contribution to economic growth, development and enhanced connectivity in Asia.

We are looking forward to our ever-growing membership. Tomorrow, the Board of Governors will consider, and we hope will approve, the membership of new applicants, bringing our total number of approved members to 100. This will be another significant landmark for the Bank.

Collaboration and partnership must extend to all involved. AIIB is inclusive, open and diverse in its views. In this 21st century world, we must be flexible and agile if we want to achieve the great goals set out for our new organization. Now in the final year of our startup phase, the basic building blocks of the Bank are in place. We have achieved much in our early development, but a lot of heavy lifting still needs to be done.

Governors, ministers and board members, we see it as our job to position AIIB to meet the challenges of today and the future. We are doing our utmost to steer our business to a stronger place with each passing year.

I am heartened by your presence here in Luxembourg because I have seen the power of collaboration in action. Yet, we have only just begun. I believe the future for Asia is bright. With your help, we have become the Bank striving for connectivity in Asia. With your help, we will become the Bank that connects Asia to the world.

**ADDRESS BY INDRANEE RAJAH
MINISTER IN THE PRIME MINISTER'S OFFICE, SECOND MINISTER FOR
FINANCE AND EDUCATION OF SINGAPORE
AND VICE-CHAIR OF THE BOARD OF GOVERNORS**

Your Royal Highness Grand Duke, Prime Minister, Finance Minister, President Jin, Distinguished Board of Governors and Directors, Excellencies, Ladies and Gentlemen.

I would like to thank the Government of Luxembourg and AIIB and congratulate them for the hospitality and excellent arrangements for this morning's event.

Infrastructure is a critical economic and social enabler that, if done well, can enable a virtuous cycle of growth.

Singapore welcomes this year's theme – "Cooperation and Connectivity".

It is timely for us to look at ways to:

- Deepen integration;
- So as to facilitate trade and investment flows;
- Thereby, connecting and bringing prosperity to all our peoples in line with the Sustainable Development Goals.

Since its establishment, the AIIB has contributed substantively to regional infrastructure development.

But there is more that we can and must do together since Asia's population is not only growing, but also rapidly urbanizing.

This means that our demand for sustainable infrastructure will continue to grow.

It is therefore crucial that we foster a conducive environment to support the development of good infrastructure projects. The recent G20 Principles for Quality Infrastructure Investment is a good starting point.

As the Bank enters its next phase of growth, it must continue to strengthen its role not only as a financier, but also as a knowledge institution for stakeholders along the infrastructure value chain.

It could do so in the following ways:

First, strengthening engagement with its peers.

We commend the AIIB's efforts in collaborating with other multilateral development institutions, such as the signing of a co-financing framework agreement with the World Bank and Memorandum of Understanding for Strengthening Cooperation with the Asian Development Bank.

We encourage more of such cooperation. They are key to addressing development challenges, including to promote good governance and other best practices throughout the lifecycle of infrastructure projects.

Second, by working with governments more systematically.

The AIIB should continue working with governments in an open, inclusive manner, through regional initiatives like the Belt and Road Initiative (BRI) as well as the Tri-lateral Partnership for Infrastructure Investment in the Indo-Pacific.

The Bank can lead the way for building effective country platforms which the G20 Eminent Persons Group on Global Financial Governance recommended and is being implemented.

Through strong country ownership and partnership with the Bank, the AIIB can help:

- Ensure that invested projects are aligned with national priorities;
- Encourage the adoption of core standards for projects and
- Maximize development impact across various development partners.

Third, by mobilizing the private sector more effectively.

Asia's infrastructure needs are huge and cannot be met by public funds alone. Private sector capital must be mobilized if we are to bridge the infrastructure financing gap.

The AIIB recognizes this and has developed its Strategy for Mobilizing Private Capital for Infrastructure.

We commend the Bank's participation in non-sovereign projects, as well as its steady progress to originate, structure and execute standalone non-sovereign deals.

It is not just capital. The private sector also has a vast range of professional expertise, including in dispute resolution.

There is value in tapping on such expertise. To this end, Singapore has recently introduced the Singapore Infrastructure Dispute-Management Protocol, or the SIDP.

It seeks to establish a panel of professional experts, which could include lawyers, engineers and financiers, who provide advice to resolve infrastructure disputes at an early stage without parties having to go through lengthy arbitration or litigation processes or at least if they do, having the issues crystallized, thereby reducing cost and time.

We will encourage the AIIB to adopt the SIDP in relevant projects.

We have also in Singapore developed arbitration, litigation and now mediation. Next month, the International Convention on Mediation will be signed in Singapore, that is effectively the mediation equivalent of the New York Convention for Arbitration, so we would encourage members to look at the mediation convention as an additional means of resolving disputes.

Singapore, as an infrastructure hub in Asia with an extensive ecosystem to support infrastructure, stands ready to support the AIIB in its important agenda.

We are committed to working through Infrastructure Asia as a platform to connect local and international stakeholders across the value chain, encourage information exchange, facilitate infrastructure investments and enable infrastructure players in the region to tap these opportunities.

Thank you very much.

**ADDRESS BY MOHAMED MAAIT
MINISTER OF FINANCE OF EGYPT
AND VICE-CHAIR OF THE BOARD OF GOVERNORS**

Your Excellencies, Your Royal Highness Grand Duke Henri, the Grand Duke of Luxembourg, Mr. Pierre Gramegna, Minister of Finance of Luxembourg, Mr Xavier Bettel, Prime Minister of Luxembourg, Distinguished Governors, President Jin & Heads of Delegation, Ladies and Gentlemen.

Allow me to express my gratitude and appreciation to the Grand Duchy of Luxembourg for the excellent organization and warm hospitality. It is indeed a pleasure to speak today at the fourth Annual AIIB Meeting. Egypt was amongst the founding members of the AIIB, the first African country to join the Bank, and a country that firmly believes in the Bank mission and mandate of contributing to sustainable transformation of Asia and the rest of the world through enhancing cross-border connectivity, ensuring sustainable infrastructure, and mobilizing private capital.

Egypt is strategically located at a vital crossroads between Africa, Asia and Europe and hence we certainly support the Bank focus this year on “Cooperation and Connectivity”. Egypt’s distinctive location along with Suez Canal has made us of special significance to the world serving as a trade interlocutor for the East and the West.

Recently Egypt has adopted an ambitious, home grown and comprehensive economic reform program. This program has yielded numerous gains including the restoration of macroeconomic stability and the regaining of market and investors’ confidence, growth pick-up that has been job rich and broadly based, and sizeable improvement of its public finance and debt sustainability. Building on these successes, we are working on safeguarding macroeconomic stability and enhancing structural reforms to unleash Egypt potential and to secure a high and inclusive growth path. Institutional reform is also being deepened and broadened to create a hospitable environment for increased private sector participation.

Upgrading Infrastructure base is a top priority for us. The G20’s global infrastructure outlook, points out that there is a significant infrastructure financing gap estimated at around USD 230 billion in Egypt alone over the next decade. The infrastructure investment gap within Asia and Africa is estimated to be around USD 630 billion per year and this gap would reach around 1.2 trillion dollars over the next decade when taking into consideration funding needs of social infrastructure. It is also worth mentioning that the current infrastructure gaps in Africa cost its countries around 2% of annual GDP growth.

Therefore, many governments are shifting to explore more commercial financing, mobilize private investment for large infrastructure projects and utilize public private partnerships for infrastructure projects. This also requires developing cross-continental economic integration that can spur sustainable economic development, progress and prosperity. Thus, it is absolutely essential to lay the necessary

frameworks to catalyze the mobilization of private sector capital alongside the public sector to develop major projects that encourage cross-border connectivity and fill the huge infrastructure financing gap across our respective regions.

There are many initiatives that embody our desire to enhance cross border connectivity. Initiatives such as the Belt and Road initiative as well as the Asia-Africa Growth corridor both aim to enhance cooperation between Asia and Africa. It is also with great pleasure that I inform you that the recent 12th Extra-Ordinary African Union summit held few days ago in the Niger saw the official launch of the operational phase of the African Continental Free Trade Area agreement. This agreement covers a market of 1.2 billion people with estimated GDP worth USD 2.5 trillion across 55 member states of the African Union. This landmark achievement offers additional infrastructure development opportunities that requires all of us to deepen our joint cooperation.

Let me conclude by saying that there is a need for us to commit ourselves to fulfill the dreams and aspirations of our peoples. The only way to fulfill their aspirations is through building strategic and inclusive partnership between governments, international organizations, global financial institutions as well as the public and the private sector to close current infrastructure financing gaps. It is important to ensure that needed mechanisms are in place to mobilize adequate capital to finance in a sustainable manner our developmental needs including securing reliable technical assistance from development financial institutions and multilateral development banks to our countries.

**ADDRESS BY XAVIER BETTEL
PRIME MINISTER OF LUXEMBOURG**

Your Royal Highness, Dear Speaker of Parliament, Members of Parliament, President of the State Council, my dear Deputy Prime Ministers, Distinguished Governors and Members of the Board, Your Excellencies, ladies and gentlemen.

Dear friends, Huan Ying Lai Dao Lu Sen Bao. Marhabaan bikum fi Luksamburgh. I think my Chinese or my Arabic are not perfect, but that should be welcome to Luxembourg.

I have to tell you that I'm very pleased to welcome all of you to Luxembourg.

Dear Governor, I remember when we had to take the decision to join or not to join. As you can imagine it was not the easiest decision, because some colleagues told us don't do it. Don't do it. In my country, we have something in which - which is, I think, one of our strengths - is to believe. To believe in things.

My country was not always the rich country it is today. My country was a poor country. We were agricultural country. We were able to always try to be the first mover to be able to do things because we believed in those things. That's why we believed in steel and we became rich country because of the steel production in our country.

Then we believed in finance, and we are still one of the first in Europe and the second in the world and the banking place is one of the most important in the world. We believed in communication. SES is one of the biggest satellite company in the world. We believed in media with Bechtel, one of the biggest broadcasters in Europe, which was even the channel of freedom where a curt and divided Europe was the news, the free news, in some eastern country.

We believed in our Asian friends. Even if some countries said don't do it, we did it. We had discussion in the Council of Government where we thought we have to make it. We believe in it. I'm very happy that we were the first one. I know that my friend at that time, David Cameron, was not that happy because he was the second one.

That happened, but the fact was we believed, and we want to do things. It's the same like Europe, we believed in Europe.

I belong to a generation - I never lived the war. I grew up here freely in this country from different roots. My grandmother was Russian Orthodox. My grandfather was a Polish Jew. My other grandmother was French, not very religious, and my grandfather was a Catholic from Luxembourg.

Even in my country, I should not forget the second World War. I could have been punished being liberal, having Jewish blood, being married to man. All these different things which today seems accepted, and it's not accepted everywhere.

We believed in this peace project in 57. If we would have at that time asked all the others do you believe in this peace project, people would have said Germany and

France together round the table, this will be for six months. We are still around the table. It's not always easy, but we believed in a common project. We believed in this fact that we are able to live in peace today, after 57, the biggest, longest ever peace project we have in our history.

We are all different. We have different traditions, we have different culture, we have different languages, but we respect each other. We speak to each other. The biggest problem now is that just speak about each other, but we forget to speak with each other. We believe in Luxembourg - I see the symbol, and I really want to thank the whole team of the Minister of Finance for the organization is this bridge. Maybe you just passed a bridge to come here. Luxembourg is not only - it was a fortress. My country was a fortress, and with the Treaty of London we open our walls and we believed in the others.

I was Mayor of this city before being Prime Minister. This city has over 70 per cent of non-Luxembourgers. During the last elections, we had no-one elected from extreme right party. We believe that being different, being open, being ready to take next challenges together, is the key of success. If we all in the world would have this respect, it would be much easier. We want to be partners.

When I went to the BOAO Forum - it's the B-O-A-O Forum - and I had the discussion with Li Keqiang. We signed this Road and Belt Initiative together as Luxembourgish country because we believe in exchange, we believe in bridges. We believe in the fact that no one of us can resolve common problems by himself.

Dear Governor, dear Chair, you both spoke about the climate. I was very lucky to have an official visit to China just after the announcement of some countries, especially one country, to resign from Paris Agreement. The fact was, was it going to be domino effect, and at the meeting with your President in China who told me no. We want to stick to it. I fully believe that we have to understand that economy and ecology are not enemies if we're able to do it on the right time, on the right direction.

We cannot say that we don't care about what will be the state of our planet after we lived on it. We cannot do that. We cannot change the past, but we have to change our future. There is - you said about infrastructure, our government has the ambition to invest. Not investing today in our society is leaving a debt to the next generation. Not being responsible would be the biggest mistake of our generation for the next generation.

Thank you so much for the trust in my country. Thank you so much for the fact that you gave us the possibility to work together. I am very happy that you are here today in Luxembourg, very close to the European Investment Bank which is the counterpart in Europe. I hope to see you much more often in Luxembourg in future. Xiexie!

ADDRESS BY GRAND DUKE HENRI OF LUXEMBOURG

Presidents, Ministers, Excellencies, ladies and gentlemen. Seventy-five years ago, the allies landed in Normandy. D-day was the turning point in the fight against the Nazis. A year later World War II ended, which marked a long period of peace and prosperity for Europe.

Delegates from 44 nations met in Bretton Woods in July '44 to agree upon a series of rules for a new international monetary system. The two major accomplishments of the conference were the creation of the International Monetary Fund, and the International Bank of Reconstruction and Development.

Today, on July 12, 2019, nearly 100 nations have come together here in Luxembourg to affirm their commitment to international economic co-operation and sustainable development as the best way to preserve peace, security, and combat poverty.

My father, Grand Duke Jean, who sadly passed away two months ago, would have been proud to see the spirit of co-operation and openness, having spent more than two years on the battlefields during the World War II, and having witnessed the devastating consequences of extremism and nationalism.

For Luxembourg, international co-operation, partnership, and friendship remain the most effective tools to achieve global security and prosperity. Since 1980, development co-operation has been at the forefront of Luxembourg's foreign policy. The country invests more than one per cent of its gross national income into development aid. Our nation is a founding member of many international organizations and institutions such as the European Union, the United Nations, the Council of Europe, the Bretton Woods Institutions and the OECD.

Multilateralism frameworks have proven to be more democratic, inclusive, and strong, even when they face difficult challenges. It was therefore a logical step for Luxembourg to join the Asian Infrastructure Investment Bank as the first non-regional member. Many more countries have joined since. In times of global opportunities and uncertainties, international financial institutions such as the AIIB are a key ingredient to a multilateral system based on the rule of law. This is needed in a time where climate change and conflicts present increasing dangers to lives of millions, and where human rights are under threat around the world. Global solutions are crucial to tackle these problems.

The theme of the 2019 annual meeting is co-operation and connectivity. By 2050, two thirds of the global population will be living in cities. This rapid urbanization poses a major threat to sustainable development and bio-diversity. Improved connectivity, and smart mobility, will contribute to the objective of the Paris Agreement to keep increase in the global temperature under two degrees.

The infrastructure of tomorrow must improve the quality of life of millions of people while being sustainable. Working together to create sustainable cross-regional investment can help revive the old roots networks. The ancient Silk Road played a

crucial role in the development of civilization of Europe, the Middle East, China, Japan, India and the whole of Africa.

By contributing to building New Silk Roads, the AIIB promotes free trade, open borders and economic co-operation. Only through international co-operation can we shape political, economic and social development.

Excellencies, ladies and gentlemen, at the beginning of this year my dear wife, the Grand Duchess, launched an initiative to focus on the distress, isolation, and stigmatization of women who became victims of sexual violence in conflict zones. She placed women and children's rights at the heart of her humanitarian action. We are therefore pleased that Luxembourg and the AIIB are co-organizing a panel that focuses on issues of gender equality in the field of sustainable infrastructure.

Excellencies, ladies and gentlemen, the connectivity between Europe and Asia is vital for peace, stability, economic prosperity, and inclusive development. Achieving sustainable development goals is our common duty and responsibility. Thank you very much.

OFFICIAL SESSION OF THE BOARD OF GOVERNORS

PRESIDENT'S REPORT TO THE BOARD OF GOVERNORS

Your Excellencies,

The Chair of the Board of Governors, the Vice Chairmen, Distinguished Governors, Members of the Board of Directors, Honored Guests, Ladies and Gentlemen.

Let me begin by expressing once again our deepest appreciation to the Government of Luxembourg for hosting the Asian Infrastructure Investment Bank fourth annual meeting, our first on the European continent. I would also like to thank the people of Luxembourg for their generous hospitality.

I'm pleased to have this opportunity today to report to you on the progress AIIB has made since our meeting in Mumbai in June 2018. Over the last year AIIB's membership has continued to expand, compared to 86 members a year ago we have now accepted 97 members from across the globe, of which 72 have completed their membership process. Applications from three more countries, Benin, Djibouti and Rwanda will be considered by our Board of Governors later this session. But I think you have already - thank you very much. With your support, AIIB's membership will reach a new milestone of 100 members.

While still young, AIIB has become a respected member of the international community. I'm happy to report that AIIB was granted a permanent observer status by the General Assembly of the United States in December last year, with the support of all members of the United Nations. Together with the growth in new members, it's a clear recognition of our relevance and the contribution to the global multilateral system, it's the acknowledgement of the importance placed on this Bank achieving its mandate to drive economic development in Asia and beyond through investment in infrastructure and other productive sectors.

Distinguished governors, the creation of AIIB and our ambitious long-term vision have led to high expectations. Meeting these expectations will take tough work. It will require us to build a deep expertise, lead innovative and technically complex projects and provide a wider range of financial instruments. As you know, AIIB has identified the full institutional priority areas on which to focus, the strategic direction, serving clients, financial sustainability and building the institution. Over the last 12 months AIIB has taken important steps in all these priority areas.

First, on pursuing the Bank's strategic direction, our three thematic priorities, sustainable infrastructure, cross-border connectivity and private capital mobilization, continue to shape our business activities. We finalized our transport and sustainable cities strategies in the second half of 2018. This year our Board of Directors approved the strategy on investing in equity. We are now working on developing strategies that

will guide our operations in the water and digital infrastructure sectors. These strategies will complete our program of sector strategies and form the building blocks for development of our first corporate strategy, which is expected to be finalized in the second half of 2020, with broad participation by our staff.

The corporate strategy will constitute a critical step in the Bank's strategic alignment to our shareholders' priorities as we lay out our goals and objectives for the coming five to 10 years. Your comments during yesterday's governors round table provided valuable guidance for this. Earlier this year we launched our inaugural annual publication entitled Asian Infrastructure Finance. The report identifies significant infrastructure opportunities that can bring about trade and development that supports income growth. This is a very modest first step in our efforts to build up our economic research capacity. We will try to produce reports on selected themes without duplicating the work of our peers.

Second, we are taking steps to better serve our clients while scaling up our investment operations. Since the Bank's inception, 45 projects in 17 members totaling US\$8.4 billion have been approved. For 2019 we are on track to reach the indicative target of \$3.5 billion to \$4.5 billion of approved financing. To date, 10 projects totaling US\$980 million have been approved. Here I wish to strongly emphasize the immense importance that our Bank attaches to addressing client needs to project quality and to effective project monitoring. We listened to shareholders and enhanced our offering to clients in services and products.

To provide an essential platform for systemic and program-based engagement with our member clients, we have established a client relations programming office, a better channel of communication being built and initial results of pipeline development are noticeable. Another key step in our endeavor to meet the needs of our clients is introduction of new financial products. Our Board of Directors approved a variable spread loan product in December 2018, which we have begun to roll out from 1 July. We are on track to launch local currency products for selected currencies and introduce AIIB's guarantee program later this year.

We are fine tuning our approach to efficient deployment of AIIB's project preparation special fund resources to prepare high quality projects, especially in low income developing countries. We have also put our bank on an early learning path to improve our operational effectiveness. Our complaints resolution, evaluation and integrity unit, the CEIU, has completed early learning evaluations of two of our ongoing projects. We are also developing our evaluation learning framework to operationalize this function.

Following extensive public consultations, our Board of Directors approved a project-affected people's mechanism. This is to receive possible submissions from project-affected people who have complaints about the implementation of the environment and social policy. Partnership is deeply embedded in our business model and co-financing continues with all major multilateral development banks, international

financial institutions and the bilateral partners. Meanwhile, we are building our standalone pipeline.

With guidance from our Board of Directors, our bank is considering hosting the secretariat and providing services to the Multilateral Cooperation Center for Development Finance, MCDF an MCDF finance facility. The MCDF will serve as a platform to foster in developing countries infrastructure and connectivity investments that are of high quality and adhere to international standards. The multilateral feature of MCDF is not to be compromised.

Third, our bank's financial position continues to strengthen thanks to our rigorous risk management and control frameworks, as well as effective management of our equity capital. This is your money. As of 1 July, we had received capital payments totaling US\$16.2 billion, a robust underpinning to our lending operations and administering of the expenses. Our external auditor has issued an unqualified opinion on AIIB's 2018 financial statements. I'm also delighted that all three major international credit rating agencies have reconfirmed our AAA rating for AIIB for 2019.

Building on our robust financial position we issued our debut global bond on 9 May. The pricing of this US\$2.5 billion five-year bond demonstrates investors' strong confidence in AIIB with \$4.4 billion of orders from over 90 investors representing 27 countries worldwide. I'm pleased to share with you that we have embarked on the final phase of our comprehensive risk management framework. This was supported data, robust needs data and the system integration, as well as scaling up of information systems.

While implementing an internal control framework and targeting the certification of internal control over financial reporting in early 2020. Our internal audit function is now fully operational and providing regular updates to the audit and risk committee, to the Board of Directors. Finally, I'm very pleased to inform you that implementation of our 2019 administrative budget is on track. We continue to prudently and judiciously manage our resources to support the realization of institutional priorities and strategic directions.

Last but not least, on institution building, effective governance is key to the success of any organization. AIIB will live up to our promise to our shareholders to do our best to maintain an exemplary model of governance that is guided by best practice in accountability, transparency, responsiveness and effectiveness. The accountability framework that was approved by the Board of Directors in April 2018 became effective at the start of 2019. This framework represents an important milestone for AIIB's governance, clearly demarcating the respective roles of the Board of Directors and its President. It will enable AIIB to become a more efficient, effective and truly differentiated multilateral development bank in the 21st century.

The management team and I are fully aware that successful implementation of this framework underpins not only our institutional effectiveness, but also the Bank's reputation. Let me assure you we take this extremely seriously. Under this new framework I proved the first project delegated to the President on 26 March. Just this

week we finalized the oversight mechanism of the Board of Directors. The mechanism is based on the principles of transparency, openness, independence and accountability, providing the Board of Directors with all the necessary tools to supervise the management and operation of this bank.

The relationship between the Board of Directors and the management continues to strengthen. Our biannual board/management retreats have proved most valuable. We both are engaged to address the issues, challenges and opportunities the Bank faces. This also showcases our mutual trust. Visits of the Board of Directors to member countries facilitates and enhances dialogues and on the ground engagement with our members. Three board country visits were organized over the past year to Bangladesh, Egypt and Oman respectively and I thank all those countries which hosted the Board of Directors' visits.

Ladies and gentlemen, our staff are invaluable assets. As of 1 July, we have 225 staff on board. We are developing a strategic staffing plan to meet our future needs and build a diverse and high caliber workforce. We're also committed to ensuring progress towards an improved gender balance by hiring more qualified women professionals. I would welcome European professionals to apply and join our bank. I would like to take a moment here to express my deep appreciation to our staff for their unrelenting commitment to achieving our bank's mandate.

We're taking steps to strengthen our bank's culture by implementing a multiyear culture building program. We launched our cultural attributes in 2018, we are now working to translate these attributes into a series of cohesive and concrete bottom-up programs that promote teamwork, collaboration, innovation and shared learning. We have also developed a comprehensive training and development roadmap to enhance the quality of leadership and upgrade the skills of the Bank's staff. I'm pleased to inform you that the construction of a permanent headquarters is almost complete. We have already started the preparations for our move to the new building in early 2020.

We look forward to welcoming you at the next annual meeting in our permanent building. Distinguished governors, our bank is nearing the completion of the start-up phase. Thanks to your guidance, we have achieved much in our early development, but there is more to be done. We have just taken off the ground, there's a long way to go. As we grow and expand, we will not compromise our founding principles and will always uphold the highest standards that you expect of us. Moving forward, we will continue to ramp up our efforts towards building a modern, efficient, responsive and lean institution. As always, I will count on your continued support and guidance.

Thank you very much.

RESOLUTIONS ADOPTED BY THE BOARD OF GOVERNORS

ASIAN INFRASTRUCTURE INVESTMENT BANK

BOARD OF GOVERNORS

Resolution No. 80

*Admission of the Republic of Benin
to Membership of the Asian Infrastructure Investment Bank*

The Board of Governors,

HAVING CONSIDERED the application by the Republic of Benin (the Applicant) for membership in the Bank;

TAKING INTO ACCOUNT Articles 3, 5 and 44 of the Articles of Agreement of the Bank;

ACTING UPON Article 3.2 of the Articles of Agreement;

RESOLVES THAT

The Applicant be admitted to Membership in the Bank on terms and conditions as follows:

1. The Applicant shall deposit with the Bank an instrument of accession to the Articles of Agreement not later than December 31, 2019.
2. The Applicant shall subscribe to up to fifty (50) shares of the capital stock of the Bank, of which ten (10) shares shall be paid-in and forty (40) shall be callable shares. The par value of each share shall be one hundred thousand (100,000) United States dollars.
3. Payment of the amount subscribed to the paid-in capital stock of the Bank shall be made in five (5) installments of twenty (20) percent each of such amount. The first installment shall be paid on or before the date of the deposit of the instrument of accession by the Applicant. The remaining four (4) installments shall become due successively one (1) year from the date on which the preceding installment becomes due.
4. The Applicant shall become a non-regional member of the Bank on the date referred to in the preceding paragraph upon the completion of its payment of the first installment.

The Board of Governors wishes to bring to the attention of the Applicant Members' obligation under Article 44.2 of the Articles of Agreement, in order to enable the Bank to fulfil its purpose and carry out the functions entrusted to it by Members.

(Adopted July 13, 2019)

Resolution No. 81

Admission of the Republic of Djibouti to Membership of the Asian Infrastructure Investment Bank

The Board of Governors,

HAVING CONSIDERED the application by the Republic of Djibouti (the Applicant) for membership in the Bank;

TAKING INTO ACCOUNT Articles 3, 5 and 44 of the Articles of Agreement of the Bank;

ACTING UPON Article 3.2 of the Articles of Agreement;

RESOLVES THAT

The Applicant be admitted to Membership in the Bank on terms and conditions as follows:

1. The Applicant shall deposit with the Bank an instrument of accession to the Articles of Agreement not later than December 31, 2019.
2. The Applicant shall subscribe to up to five (5) shares of the capital stock of the Bank, of which one (1) share shall be paid-in and four (4) shall be callable shares. The par value of each share shall be one hundred thousand (100,000) United States dollars.
3. Payment of the amount subscribed to the paid-in capital stock of the Bank shall be made in five (5) installments of twenty (20) percent each of such amount. The first installment shall be paid on or before the date of the deposit of the instrument of accession by the Applicant. The remaining four (4) installments shall become due successively one (1) year from the date on which the preceding installment becomes due.
4. The Applicant shall become a non-regional member of the Bank on the date referred to in the preceding paragraph upon the completion of its payment of the first installment.

The Board of Governors wishes to bring to the attention of the Applicant Members' obligation under Article 44.2 of the Articles of Agreement, in order to enable the Bank to fulfil its purpose and carry out the functions entrusted to it by Members.

(Adopted July 13, 2019)

Resolution No. 82

Admission of the Republic of Rwanda to Membership of the Asian Infrastructure Investment Bank

The Board of Governors,

HAVING CONSIDERED the application by the Republic of Rwanda (the Applicant) for membership in the Bank;

TAKING INTO ACCOUNT Articles 3, 5 and 44 of the Articles of Agreement of the Bank;

ACTING UPON Article 3.2 of the Articles of Agreement;

RESOLVES THAT

The Applicant be admitted to Membership in the Bank on terms and conditions as follows:

1. The Applicant shall deposit with the Bank an instrument of accession to the Articles of Agreement not later than December 31, 2019.
2. The Applicant shall subscribe to up to fifty (50) shares of the capital stock of the Bank, of which ten (10) shares shall be paid-in and forty (40) shall be callable shares. The par value of each share shall be one hundred thousand (100,000) United States dollars.
3. Payment of the amount subscribed to the paid-in capital stock of the Bank shall be made in five (5) installments of twenty (20) percent each of such amount. The first installment shall be paid on or before the date of the deposit of the instrument of accession by the Applicant. The remaining four (4) installments shall become due successively one (1) year from the date on which the preceding installment becomes due.
4. The Applicant shall become a non-regional member of the Bank on the date referred to in the preceding paragraph upon the completion of its payment of the first installment.

The Board of Governors wishes to bring to the attention of the Applicant Members' obligation under Article 44.2 of the Articles of Agreement, in order to enable the Bank to fulfil its purpose and carry out the functions entrusted to it by Members.

(Adopted July 13, 2019)

Resolution No. 83

2018 Annual Report

The Board of Governors RESOLVES THAT:

1. The Board of Governors of the Bank takes note of the 2018 Annual Report submitted by the Board of Directors of the Bank in accordance with Section 3 (b) of the By-Laws of the Bank.

(Adopted July 13, 2019)

Resolution No. 84

Date and Place of the 2020 Annual Meeting

The Board of Governors RESOVLES THAT:

1. The invitation of the Government of the People's Republic of China to hold the 2020 Annual Meeting of the Bank in Beijing, China be accepted.
2. The 2019 Annual Meeting be convened in Beijing, China from July 2 to 3, 2020.

(Adopted July 13, 2019)

Resolution No. 85

Election of Officers of the Board of Governors

The Board of Governors RESOVLES THAT:

The Governor for the People's Republic of China be elected Chair, and the Governors for the Republic of the Union of Myanmar and the Republic of Iceland be elected Vice Chair of the Board of Governors of the Bank, to hold their respective offices until the election of officers at the end of the 2020 Annual Meeting of the Board of Governors.

(Adopted July 13, 2019)

Resolution No. 86

Appreciation

The Board of Governors RECORDS:

Its warm appreciation and thanks for the generous and gracious hospitality of the Government and people of the Grand Duchy of Luxembourg on the occasion of the Fourth Annual Meeting of the Bank held in Luxembourg from July 12 to 13, 2019.

(Adopted July 13, 2019)

GOVERNORS' ROUNDTABLE DISCUSSION

Topic 1: Cooperation and Connectivity

China

Thank you. Thank you, Madam Chair. Thank you, Minister Gramegna. Also thank you, President Jin. First I would like to thank the Government of Luxembourg and our colleagues from Luxembourg for the warm hospitality in hosting this Annual Meeting for AIIB.

Since this is the first AIIB Annual Meeting taking place in Europe, I would like to focus my intervention on the issue of how can AIIB best support Europe/Asia connectivity. I learn from this morning's opening ceremony that Luxembourg is a country believe in bridge, so we have the logo of bridge here as the logo of this Annual Meeting.

My first point is about the spirit of a bridge, that is the cross-border connectivity. I would like to emphasis the cross-border nature of the AIIB projects, because when we talk about how AIIB can support Europe/Asia connectivity, of course AIIB is in the position to support infrastructure within the member countries. But more importantly we need to support the cross-border countries. For instance, we did a project of Trans Anatolian Natural Gas Pipeline Project, which spans over multiple Eurasia countries.

I think those projects would be most desirable. President Jin made a speech this morning that AIIB's mandate is to connect Asia to the world. By connecting Asia to the world, I think the closest gateway is to connect Asia through Europe to the world. We want to encourage more cross border nature of the AIIB financing in the future.

The second point is we would encourage the connectivity and better alignment among different initiatives between Europe and Asia, and also work together with the different sub regional mechanisms. We would like to encourage AIIB to cooperate the mechanisms like the GMS carry those sub-regional mechanism in Asia.

We would also encourage AIIB to work as an honest broker to align a strategy with the members developing the plans, such as the BRI initiative, and also the EU strategy on connecting Europe and Asia, and also other initiatives. We would also like to encourage AIIB to trend some policy dialogues with subnational mechanisms such as Euro Asia Economic Union, and also the RCM.

Certainly we believe that AIIB should work on the cutting edge areas of infrastructure, which would reflect the comparative advantage of Asia and

Europe. For instance, we can work on the non-traditional infrastructure areas, such as the airport and the digital infrastructure.

Having said this, let me also say a few words on how China is working in developing quality and sustainable infrastructure. We made the efforts in two aspects. First we developed a set of policy framework for sustainable financing to encourage high quality and high standards. China has endorsed the guiding principles on financing the development of belt and road with 26 countries, and we also signed MOU on collaboration matters of common interest under the belt and road initiative with six MDBs. This April China also issued the debt sustainability framework for participating countries of the belt and road initiative.

The second aspect is we initiated a multilateral mechanism to promote quality project preparation. The platform is MCDF, and we work together with eight MDBs including the AIIB establish the multilateral cooperation center for development financing, that is MCDF. We tried to finance the project preparation from the very upstream in line with the high standards. Let me stop here, thank you.

Spain

Thank you, Chair, thank you very much. Also thanks to our hosts for such a warm reception here in Luxembourg. Connectivity is clearly one of the key features of the modern economy I would say, more the key features of the modern world. But we don't have that much time so I will focus just on the economy.

Here I would like to start by stressing the two main impacts that we see in connectivity. On one hand it enhances efficiency and productivity by creating a global value chain across the world that allow countries to specialize on the fields where they do better, the end results in higher production, higher employment, higher economic growth.

But connectivity is not only about economic growth, it also has a social impact, in terms that it allows for a much inclusive growth. It is a way to make sure that all communities, it doesn't matter how remote they are located, can benefit from economic growth and can take part of it.

In essence connectivity plays such a key role in the world, that's where we see that also AIIB can play a key role in promoting connectivity particularly in Asia, and with Asia and the rest of the world.

On two fronts again here, on one front I wanted to highlight the need for the AIIB, as it's well considered and well included in your mandate, to partner with other potential partners like some national institutions and multinational development banks. This is essential to really promote the amount of resources that are needed to effectively have an impact in connectivity in Asia. But it's not enough, you also need to take on board the private sector, this is one of the

fields where the AIIB with its structure with this strategy can be more effective, and where we can really make an impact in Asia.

I'm not just talking about financing infrastructure projects, cross border infrastructure projects, but also promoting spaces of dialogue where the different stakeholders can cooperate, another of the topics of the session today, to develop business friendly environment, to develop the highest environmental and social standards, to develop local financial markets that are particularly relevant when funding infrastructure that are usually also funded in local currency.

All these measures are essential if we really want to take on board the private sector. Here the Bank can play a key role. Also in promoting some de-risking measures, like the ones that have been implemented here in Europe with the AIIB very successfully in the implementation of the so-called Juncker plan.

We think that the experience that we have had in Europe, in my home country in Spain, with a huge promotion, with huge development of infrastructure over the last 30 years that have changed from Spain being one of the laggards in the terms of infrastructure in Europe, to be at the top in terms of transport, energy and telecommunication infrastructure.

But also benefiting from being part of a wider area from being part in Europe of an integrated regional market. Here is where we also think that the AIIB can play a role in promoting an integration in Asia and the connectivity between Asia and the rest of the world. I stop here as well. Thank you very much.

Myanmar

Thank you, Chair. Thank you very much to the Government of Luxembourg and also to the AIIB for the hospitality extended to our delegations. Myanmar has been isolated for many years in the past, and now we have opened up and we are willing to get integrated into the global community. Very recently we have developed our national sustainable development plans as the MSDP, Myanmar Sustainable Development Plans, in which coordination, cooperation, partnership and the connectivity are the integral and central part of the plan.

In terms of coordination, we are emphasizing not only the international cooperation as we have been always talking about, but also the cooperation among the silos domestically, particularly to have the strategic planning process, project selection process, project financing, project implementation, and project monitoring process, all these processes to be going through smoothly.

In the area of connectivity, we are emphasizing not only physical or tangible connectivity, we are also emphasizing a lot of on intangible connectivity, which is even more important in terms of connectivity we are trying to create. Not only across the domestic nations but also across the international jurisdictions.

Particularly relating to connectivity, we have a chance, because we are the latecomers, so latecomers normally have the latecomer's advantage. We have been very much looking forward to taking that latecomers advantage in order to not only to leapfrog but also to make a quantum leap in the future.

I'm just going to give some examples, particularly how latecomers advantage can be achieved these days, particularly in the area of electronic payments. Whenever we talk about electronic payments across the country, it has always been a problem particularly the countries like Myanmar where the banking penetration is not very intensive. It has been always difficult across the countries between one country to another country. We also have a lot of migrant workers working across the country, it has been quite difficult for these migrant workers to send electronic money back home to their families.

We have been discussing with many central banks in the region particularly to have this electronic cross border payments to be possible. As you know whenever we talk about electronic payments, it has been always difficult to discuss with the central banks, because central banks are always very cautious and very conservative particularly relating to all these kinds of cross-border payment systems.

But what is really important is that it is not because it is a revolutionary change that many regulators are quite cautious about, it is just that sometimes we need a bridge particularly to make this happen, this connectivity to happen quite successfully.

The bridge is that since we are discussing with the central banks to have a bridge particularly to have this electronic payment system from one mobile telephone to another mobile telephone happen, electronically on real time basis. But at the same time the actual transactions of the money can flow through the banks conventionally and also traditionally at T plus 1, T plus 2 basis.

What we are trying to do is to make this connectivity possible without having any concerns or any cautiousness that is expressed by regulators among the countries. We have been successfully discussing now with the BOT of Thailand as well as the MAS of Singapore as well. This is one of the examples of how the connectivity in terms of digitization is being handled across the country.

AIB happens to be one of the very effective and efficient platforms through which such kind of cooperation, coordination can be achieved and can be strengthened throughout the partnership, and what is more important is friendship.

Sri Lanka

Thank you, Madam Chair. First of all may I congratulate the AIB for choosing this historic city of Luxembourg to hold its Annual General Meeting. Also thank the Government of Luxembourg for the excellent arrangements and

the hospitality. Madam Chair, in the innovation development growth of many Asian countries including Sri Lanka has been driven by large infrastructure projects, which are required given the lack of connectivity to facilitate domestic industries, international trade, as well as FDI.

In this context Sri Lanka recently categorized as an upper middle-income country, is transitioning from a rural base economy to a more urbanized economy, orientated around manufacturing and services. The present Government of Sri Lanka highly focuses on productive investment on infrastructure competitiveness, innovation and linking to the global markets, and international value chains by further highlighting export led growth models.

During the last two decades Sri Lanka has heavily invested in infrastructures, such as ports, airports, expressways, with the purpose of improving the connectivity. Sri Lanka gears up to become a regional hub, an export driven economic hub of the region, improving connectivity with the region and the world through a high developed network of expressways, ports and airports is vital. It will boost unprecedented opportunities in industrial growth, agriculture and trade while generating unemployment for the youth of our country.

One of the main concerns in investing in infrastructure is improving financial sustainability and economic efficiency while giving due considerations on environmental aspects and enhancing resilience against natural disasters.

It is in this context Sri Lankan Government has already taken measures to build a momentum for reforms and initiatives to convert number of vital infrastructure projects like ports and airports, financial sustainable. These initiatives will assist in leveraging the strategic location of Sri Lanka to become the regional hub while minimizing the unnecessary burden on the national budget.

Therefore, I think AIIB as a multilateral bank has more opportunity and responsibility to assist member countries in improving connectivity through investment in infrastructure. However, introducing and adopting best practices as well as technology, and improving the standards of infrastructure is important since only quality and well-developed infrastructure can achieve the desired objectives of economic development through the connectivity.

Standalone infrastructure, or lack of financial viability in infrastructure development will lead to many fiscal and social constraints. Therefore, robust domestic policies in improving infrastructure standards and financial suitability is being introduced in Sri Lanka through various policy reforms and especially with the active participation of the private sector.

Finally leveraging various global initiatives like BRI and facilitating with structure private sector led infrastructure developments will improve the connectivity with the world, and inevitably pave the way for countries like Sri Lanka to move forward. Thank you.

Bangladesh

Thank you very much, Madam Chair. Good afternoon to all of you. I would like to express my sincere appreciation to the Government of the Grand Duchy of Luxembourg and AIIB for the guest arrangements and the generous hospitality.

Excellencies and distinguished delegates, before going in details, let me touch upon some of the significant progress that Bangladesh had achieved during the past decades. You know that the country has two visions, the first one is to be a middle-income country by 2021, and the second one is a developed country by 2041. To achieve these goals the government has taken many plans including five-year plans and prospective plans, and also we have developed a delta plan 2100. We are hopeful that with our programs we'll be able to achieve our goals to ensure water and food security, economic progress and sustainable development through managing climate change scenario.

Excellencies, due to the extent of numerous challenges, no single agency of government can keep going alone. A sound stock of infrastructure investment, and financing will definitely ease the way of achieving our development goals. At this point regional integration, inclusive growth is very important. AIIB may call for a renewed set of partnerships not only with traditional partnership, but also with large number and varied stakeholders including particularly the private sector.

In this scenario to drive productivity and create growth and jobs, connectivity investments need to ensure market efficiency, and be fiscally viable. Connectivity might reduce negative externalities, such as environmental impact, congestion, pollution and accidents. In short, connectivity could be economically, physically, environmentally and socially sustainable in the long term.

Cross border infrastructure projects in the case of Bangladesh is very helpful. The scope of rising the household incomes through improved access to market, and increase the access of the economic opportunities, and basic choice of services is also very important for us.

AIIB may along with other development partners, scale up its operation in countries like Bangladesh in other Asian countries, for better infrastructure for its emerging member countries. As we look to connect more with the private sector, AIIB may consider developing partnership with private sector more and for improved connectivity.

As you know that the whole globe will be facing the challenge of digital connectivity, AIIB may consider about non-physical infrastructural development like education and health sector infrastructure financing, as we need to prepare our youths for digital and robotics era.

Finally I would like to thank AIIB and help us in addressing the financing gaps. Thank you very much.

Nepal

Thank you Chair, Good afternoon all of you. In the beginning, I would like to thank the Government of Luxembourg for organizing this Board of Governors meeting. This in no doubt about the importance of connectivity in this world. As I am representing a least developed country Nepal, the government has kept digital infrastructure as a priority to promote better connectivity. Many countries, including Nepal have committed to fulfill the targets of sustainable development goal by 2030. Therefore, there are three issues for Nepal to pursue SDGs;

Firstly, bridging the fiscal gap to finance the infrastructure projects. As the government has various responsibilities to achieve the people's aspiration, there is always a lack of resource to allocate for the development activities. In this regard, the multilateral institution like AIIB would be the important vehicle to finance the connectivity projects. However, there is always a repayment risk for less developed countries to acquire the high interest rate bearing loan. Therefore, we are expecting concessional alternative for certain years.

Secondly, capacity gap is also an issue in Nepal. Not only in the public sector, private sector also needs capacity development and technology transfer activities to build confidence and to engage in the economic activities. I am confident that AIIB can play an important role in this regard.

Thirdly, the governance issues are also indispensable to get better results.

I hope AIIB would be a key institution having concrete strategies to develop better connectivity in least developed countries like Nepal.

Thank you.

Uzbekistan

Thank you, Minister Indranee, President Jin, dear fellow Governors. I just want to comment quickly and briefly the cooperation and connectivity is very important topic for Uzbekistan which is one of only two double landlocked countries in the world. When we talk about connectivity and cooperation we talk about it in two ways, first way is the connectivity within the wider central Asia region, and in this regard for last two and a half years, we together with our neighbors, achieved a lot by opening up the borders, by restoring roads and railways, and by eliminating visa requirements between ourselves. I'm sure my fellow colleagues from Tajikistan, Kazakhstan and other countries could support and confirm this.

When we talk about second way of connectivity, it's the connectivity with the wider world. In this regard Uzbekistan is trying to push forward two initiatives. One of them is to build the railway Uzbekistan, Kyrgyzstan, China, which will

allow us to dramatically reduce the time of delivery of goods all the way along starting from the Chinese ports at the Yellow Sea until Europe. This is what our fellow Governor from China was mentioning.

The second initiative is to create, to build up the railway, Mazari-Sharif-Kabul-Peshawar, which will allow us to connect the railway system of the CIS countries with the south Asia and through CIS countries it will connect South Asia with the European railways. I'm sure that AIIB could play a role and potentially be involved in these two projects. Thank you very much.

Hungary

Thank you, Madam Chairman. Speaking about connectivity I think it's on the agenda of the AIIB since its inception, and the fact itself that this annual meeting is taking place in Europe, in Luxembourg, is a good demonstration how important connectivity for the Bank and for the rest of the member countries is. I think in this context I should express our gratitude to our Luxembourgian host for the warm hospitality and for the excellent organization.

The Asian region is one of the most dynamic and productive area on the globe, but unfortunately they still held back from realizing its full potential by the constraints of infrastructure, caused by the lack of investment. We are convinced that AIIB serves as a central role in addressing this infrastructure gap.

We are fully aware that Asia sustainable development can only be achieved through greater connectivity with the rest of the world, including Europe. Connectivity in that sense also means partnership. Hungary as part of the 16+1 process and member of the OBOR initiative, has always been supportive of connectivity across Asia, as well as Asia and Europe, and successfully concluded project in south east and central Asia through different financial instruments.

In that sense, by sharing our experience Hungary will actively contribute to meeting regional and global infrastructure and water challenges. Speaking about water, which is also part of the connectivity, because water has become a global issue. Water in general doesn't respect borders, rivers, thunderstorms, floods, are just ignoring the borders as I said, important sustainable development goals as well as cross cutting teams relating to multiple sustainable development goals is words to be defined as a strategic one. We very much welcome and commend the Bank that water strategy elaboration has started, and it has become a pioneer institution among multilateral development banks.

For Hungary it is important that the international financial institutions such as the AIIB to be more active, agile, in crowding in private sector when co-financing water projects. Hungary has already hosted two large scale

international conferences related to water, and we are going to organize in October the Budapest Water Summit, the third one, and we in Hungary, our experts, our engineers, and our professionals are ready to share our knowledge and technologies with our partners, and Hungary is committed to such strategic discussions.

We hope that the next Budapest Water Summit to be held this October will provide for all stakeholders with an opportunity to redefine our horizons when it comes to managing the world's water resources either they are abundant, either they are scarce, either they are over built in whatever context. Madam Chairman, thank you very much.

Pakistan

Thank you, Chair. Excellencies, ladies and gentlemen, in the very outset let me thank the Government of Luxembourg, Minister of Finance and the AIIB for arranging this event, and the Government of Luxembourg to hosting us.

The very idea of connectivity to my mind is very modern, innovative, anti-status quo, and democratic. Because in 21st century we can't live in the past, disjointed, fragmented and in our individual silos. With the modernization we need to interact between the nations, between the individuals, and between the countries. For that we need to connect through roads, through railways, through air and through other modes of communication.

Unfortunately the part of the world where I'm from is most fragmented, disjointed, that is southeast Asia and East Asia. We are more, would require to be connected and facilitate from this very idea. Pakistan is the first country who benefited from the belt and road initiative through China, Pakistan economic corridor as a pilot project. With this we feel that this will change the dynamics of the less developed areas of our country through which this corridor is going through with more connectivity, with industrialization, and connection with the people. With this I conclude, thank you very much.

Jordan

Thank you so much. Ms Chair, Mr President, ladies and gentlemen, good evening. Jordan is appreciative of the Grand Duchy of Luxembourg for this hospitality and warm welcome. I would also like to commend the Bank efforts for another successful year of operations under the leadership of the President Jin Liqun.

The theme is of considerable importance. Jordan is interested in moving and contributing to the Bank comprehensive vision, as it believes that better connection between nations and financial institutions across borders can lead to more infrastructure investments, new jobs and high-quality growth.

Connectivity in our region can be improved, and in many sectors, such as energy and power, transportation, telecom, infrastructure, agriculture, development, water, environment, protection and logistics. Above all people to build new contacts. The Belt and Road Initiative can also provide an important contribution to this as connectivity of infrastructure and unimpeded trade, and financial integration are among its main goals.

It's needless to say that the Bank can play a significant role in providing strong financial support for the development of information infrastructure, connectivity and internet cooperation, that have de facto become an engine for innovation driven development. Key factors for accelerating economic transformation.

Learning from each other experience would very much help. In Jordan we have unswervingly followed the road of reforms, and pursued a national development effort that have sought to attract international investment and safeguard the private sector in order to generate new opportunities and provide job for citizens.

Excellences, synergies and complementarities with other partners are crucial. To maximize the impact of the interventions on the partner countries, I refer here to the EU external investment plan, designed to unlock investment potential from businesses and private investors into the EU neighborhood and in Africa, where the plan aims to crowd in private investments that would otherwise not materialize in key focus areas. Small businesses, sustainable cities, sustainable energy, and connectivity, plus access to Internet and digitization.

This is also in addition to the strategy connecting Europe and Asia as China hinted this morning. I would like to highlight the importance of addressing also the impact of the climate change, which will continue to be a priority for the globe. Inclusive green finance is an evolving policy area where concerted efforts are still needed to devise and implement policies, regulations, and national strategies to mitigate or build resilience to the sweeping effects of the climate change.

Excelsencies, Jordan is pleased to know about the creation of the multilateral center for development finance, which offers the Bank greater international engagement and the broad cooperation to promote high quality cross border connectivity, and infrastructure, and to promote coordination and information sharing amongst stakeholders in particular MDBs and other partners in cross country investments.

In conclusion, Jordan would like to thank President, management and bank staff for their committee work, and we look forward to further progressing and to assisting the Bank as much as possible in its outstanding work.

Thank you so much.

Topic 2: AIIB Corporate Strategy

Germany

Many thanks. I begin my remarks by thanking Pierre and the Government of Luxembourg for hosting AIIB's first annual meeting in Europe. Like Luxembourg, Germany has been a founding member of AIIB, when the Bank was established in 2015. Collectively we all shared the objective to set up a top tier multilateral institution through which members could work together to contribute to Asia's unfolding and economic potential, and to work together towards achieving that goal.

In our view AIIB has performed very strongly so far, measured against this objective. AIIB's track record confirms the initial intentions of AIIB's founding members, the strategies and policies are fully in line with international standards, and we're very happy about that. We congratulate the President and all staff members and Board members for this work.

The Bank is financially sound with a AAA rating, a first SEC approved bond issuance in May 2019 which struck great success, and was placed across the planet and established AIIB as a top rate issuer. All of these projects promised to deliver development impacts along the core mission of the Bank, given the achievements we expect the Bank to continue going for best results. This does, of course, also apply to the development of its future corporate strategy.

Asking AIIB for a corporate strategy is asking the Bank to make systematic choices to the products and services through which it is planning to create competitive value across its divisions, how it will provide these products and services, and what this implies for the financing side.

The first issue relates directly to AIIB's mission. The articles state among the core purposes of the Bank to foster sustainable economic development in Asia by investing in infrastructure. Demands for infrastructure in Asia are massive, yet these demands do not come in form of bankable projects. Hence for AIIB to continue to increase its impact, we would expect the Bank to assume a stronger role in assisting clients in transforming needs into projects, and in many of the bilateral discussions I've had today, I've heard many examples of this work already being embraced, and many of the decision interventions today also pay testimony to that.

This involves continuing to strengthen its approach towards the mobilization of private capital, and we're also happy to hear that very good progress has been made, and is continuing to be made in this mobilization.

The second issue refers to the consequences that this role would entail for AIIB's self-chosen commitment to operate as a lean organization. Given this pledge for efficiency, we obviously cannot expect the AIIB to expand both the scope and depth of its activity. Rather we appreciate the planned corporate

strategy as an opportunity through which AIIB may focus and sharpen its business model, and sectorial focus in delivering value for Asia.

Last but not least, discussing AIIB's corporate strategy also leads to thoughts about the Bank's future financing model. As to the latter I would like to invoke the general prerogative of financial sustainability. Financial markets and their institutions have privileged AIIB with the highest levels of trust from the very beginning, as reflected in best in class grades by major rating agencies. This is a tremendous asset that would not be easy to rebuild should this trust be forfeited. We thus ask management to safeguard AIIB's financial sustainability and the corporate strategy to come, and the success and the interest and the pricing levels of the first bond issuance I think pays testimony that this goal is being implemented very well so far.

Summing up the observations, the answer as to what we expect from the AIIB's corporate strategy is already stated in the very name of the bank itself. We expect it to assume an Asian focus in its geographic outlook, as well as to put an emphasis on infrastructures in its sectorial concentration and we've heard many achievements in this, and aspirations as well in today's discussion. We hold that for AIIB to prosper it will have to be able to refinance its activities by focusing on return generating investments, while also offering expertise as a bank that is helping its clients to transform their needs into projects. Thank you very much.

France

Thank you very much for giving me the floor, Chair, and thank you also to Pierre Gramagna of Luxembourg for the reception and the hospitality. I think that we are dealing this afternoon with an important issue, and that it will be very useful, it's very useful to give guidance before the Board retreat in September.

Giving what has already been said in a number of interventions and the very positive results of the Bank for the first three and a half years of activity, in terms of project financing as well as establishing governance, we are really confident that the corporate strategy will be a useful tool for the management and the Board.

One of the reasons why France decided to join the Bank when it was created in 2015 was the willingness to work stronger on filling the financing gap for infrastructure in Asia. We know the region faces major challenges in terms of sustainable infrastructure, and we wanted to be part of this joint effort. Over the next 10 years Asia will still need major investments to deal with infrastructure needs, and one major challenge will be to mobilize private resources and sector while public resources won't be enough.

It is indeed very important to have a corporate strategy which should help set the Bank's holistic medium-term direction. Regarding the key areas to spell out in this corporate strategy, I believe that it should remind that the core mandate of the Bank and the very reason the Bank was created was to focus indeed on infrastructure in Asia, and we will support that idea considering that the Bank is still building up its capacities and expertise.

Secondly, we strongly support the idea to push for an ambitious climate agenda in line with the green motto of the Bank. As all multilateral development banks need to play their role in implementing this agenda, and in promoting sustainable infrastructure, we would encourage AIIB to set ambitious objectives, and measurable objectives, with financing targets for climate in the corporate strategy.

We also decided to join the Bank because of the key features of the business model, which is very innovative in comparison with other MDBs, like no resident Board, no country offices, lean human resources structure, and focus mandate on infrastructure in Asia, and lastly no concessional financing.

We support the Bank's effort to recruit more staff over the months to come to scale up projects and capacities to develop and implement new projects. But we also support this idea of a lean MDB doing innovative sustainable development finance, and we are very happy to test this challenging set up and the possibility to have this new model among MDBs as long as high international standard are met, or continue to be met. Thank you very much for your attention.

United Kingdom

Thank you, and can I add my thanks to those of others to our hosts Luxembourg for their hospitality and the good organization, we would expect nothing less from Luxembourg.

Can I say that I agree entirely with the contributions that have been made so far. I'm grateful to have the opportunity to join this discussion on what is a very important topic, corporate strategy. Over the last three years the AIIB has established itself as an innovative global institution cementing its place in the global financial architecture. The UK has been involved from the very start, we were the first G7 member to join the Bank, and we continue to support the Bank strongly on its journey.

I was especially pleased to welcome the listing of the Bank's \$2.5 billion inaugural global bond on the London Stock Exchange a few months ago, that was an important milestone for the Bank. Now that the institutional foundations are in place, development of a comprehensive corporate strategy is vital for setting the Bank's direction, as it moves from the start-up phase into the growth phase. It's important that we work together to ensure that we get this right, and

as others have said, the strategy has to underpin and emphasize the Bank's key ambitions to be lean in its structure, clean in its behavior and green in its objectives.

Given this the strategy must help define and strengthen the Bank's role at the heart of the global green agenda, including alignment with the sustainable development goals and the Paris Climate Agreement.

Building on the progress of the first three years, the strategy must also support the Bank's approach to learning from projects, to drive continuous improvement of operations. Furthermore, focusing on the Bank's value add as an innovative and collaborative global institution, the strategy should provide a framework in which the Bank can continue working with other institutions while developing its own niche and its own USP.

Finally, all of this must be underpinned by a robust framework to measure the results and impacts of investments, both on society and on the wider infrastructure gap facing Asia.

In summary I see this strategy as a roadmap for creating the truly green innovative collaborative lean global learning organization that the AIIB has the potential to be. This is clearly a challenging but exciting piece of work to undertake, and the UK looks forward to participating in this task over the next year. Thank you.

Indonesia

Let me start by congratulating Government of Luxembourg and AIIB for hosting this annual meeting, the first outside Asia. Talking about the infrastructure in the future, I believe the infrastructure to support connectivity both within countries and between countries, or across border, will be still very much important, especially in the area of transport, energy and information communication technology. However, in the future we have to pay attention to the digital economy and then sustainable and green development, and more importantly any of such develop should have significant impact for regional development.

We know very well building infrastructure, for example, building the toll road doesn't mean that it's only for reducing the time travel for the vehicles, but more importantly for regional development surrounding the corridor of the toll roads.

For the role of AIIB in the near future, there are two main concerns that AIIB needs to take into account. First is the issue of debt sustainability, especially among the member countries in Asia. Secondly, it's also typical for Asia, it's about climate change and disaster mitigation. In order to deal with these two main concerns, AIIB should be the leading MDBs in engaging private sector in infrastructure investment.

AIIB can give from the basic like technical assistance for member countries on how to engage private sector, but AIIB can also play the role through their attractive financing scheme to attract the appetite of private sector in infrastructure investment in member countries, either through public/private partnership, or through direct private sector participation in infrastructure investment.

Dealing with the issue of the disaster mitigation and climate change, we expect in the future any infrastructure finance or supported by AIIB should have the highest standard to deal with the issue of climate change and also to deal with the possible natural disaster.

Indonesia is not the only country in Asia that's very vulnerable to disasters like earthquake, tsunami and also volcanic eruption, but we know there are other countries that also vulnerable to those kinds of disasters. Of course, to mitigate disaster any infrastructure built needs to have the highest standard in order to reduce the impact of the disaster itself. Thank you very much.

Turkey

Thank you very much, Mr Chair. I would also like to join others in thanking the Government of Luxembourg for the warm hospitality as well as the excellent organization. I also would like to thank the management for their performance so far. Also congratulate them for the debut bond transaction that they achieved earlier this year, which further strengthens the Bank's place in the global financial architecture.

The corporate strategy document obviously is a key one, and will guide the Bank in the medium term. In this regard we find this discussion very timely to make sure that the document will have the input from all stakeholders at the right time. We believe that the strategy should cover four prominent mega trends that will shape the regions infrastructure demand going forward.

The first one is discussed in various sessions this morning is urbanization, and the rapid urbanization actually. As you all know by 2030 more than half of the Asian population will live in cities and this ratio will increase to 65% by 2050. The strategy that the Bank will come up with has to take this fact into account.

We think that the newly adapted AIIB strategy for sustainable cities will achieve this goal, but the Bank can do a lot more than that we think, especially in transportation sector, this will be a crucial area for the Bank.

The second is an important again issue for the region as well as for Turkey, is the refugee issue. As you probably all know Turkey has the highest number of refugees globally with more than four million people, obviously this comes with a very high cost economically as well as socially. We were working with some international institutions to share this burden and come up with solutions

to this huge problem. We expect AIIB to look into this matter as well, we would like to work with AIIB as well on this issue.

The third issue I would like to mention is climate change, again this is a very important issue. Asia has a lot of countries which are very vulnerable to climate change, and if you look at some independent studies, more than 100 million people in the region will have to migrate to other countries by 2050 because of climate change. This is also again related to refugee issue, so obviously the Bank cannot solve this problem itself, but it could play an important role in terms of what mitigation and adaptation. This will be in the Bank's future work.

Finally, the ageing issue is also important looking again at independent studies, more than 15% of the population in the region will be older than 65 by 2040, so the Bank has to make sure that its policies takes this fact into account.

In financially supporting all those megatrends that I just mentioned, obviously the Bank has to involve the private sector, there is no way that including all the MDBs combined cannot tackle these issues themselves. For that regard we have to explore ways to bring in private sector money, and this should be also embedded within the business model of the Bank, to make sure that the capital of the Bank is affectively used, so guarantee schemes and other ways of using the Bank's capital more effectively should definitely be in the work plan going forward.

Again another important issue is project preparation, because in some countries which are smaller and poorer countries, it's not easy to find bankable projects. The Bank has to help these countries, build capacity, and give the necessary technical support to prepare projects.

Corporate strategy should also set a clean framework for Bank's institutional structure. Let me just mention a few of our ideas here as well. With respect to the staff recruitment we think that the Bank has to focus more diversity among member countries. We suggest that the Bank organize recruitment-advancing events in member countries to attract professionals from different jurisdiction, and get more traction from other countries.

Second, so far we think the non-resident Board has been quite effective and efficient for the Bank. It has proven to be successful as well, so we think that we should keep the current status. Finally, the Bank currently does not plan to establish country offices, however as the Bank grows, and you know the operations increase, we think we should revisit this idea and maybe look for opportunities to grow into some regions as well.

Thank you very much.

Azerbaijan

Thanks. Excellencies, distinguished guests, ladies and gentlemen, let me on behalf of the Government of Azerbaijan express my deepest respect and gratitude to the Government of Luxembourg and the Asian Infrastructure Investment Bank Secretariat for an excellent arrangement for this annual meeting.

Today during the morning sessions and now discuss very important subjects like connectivity, digitalization of economy, digital infrastructure, involvement of private sector for infrastructure project, private/public partnership, and now corporate strategy of the Bank, these subjects are very important, and this is a very important platform for discussion of such important directions.

Despite the current challenging economic landscape, Asian Infrastructure and Investment Bank operations in member states and project realized in the regions, regional countries, provide us with a huge sense of early accomplishment. This is indicator of efficient implementation of Bank's corporate strategy in future. Today AIIB's role is fostering transition to a sustainable infrastructure and therefore the corporate strategy is important guide for member countries and our partners towards a stronger partnership engagement and concrete results.

Azerbaijan, one of the countries which implements on a high level all commitments including United Nations sustainable development goals 2030, and related goals, and makes its efforts to implement all these - to achieve all these targets in time. We are as an oil country we are diversifying our non-oil sector and the main goal to development, diversify economy to improve business environment in the country, improvement of entrepreneurship, including small and medium entrepreneurship in the country. That's why we are implementing reforms, very deep reforms towards achieving these goals.

All of these reforms have led to an improvement in Azerbaijan's ranking in the Doing Business Report, which evaluates the business environment of countries at the international level and gets published annually by the World Bank Group. As a result, Azerbaijan moved forward in the Doing Business Report 2019 from 57th to 25th place among 190 countries last year.

Also these indicators are highly appreciated in other international reports, reports of international financial institutions. Of course, as Azerbaijan supports the activity of Asian Infrastructure Investment Bank, and I think cooperation with such kind of international organizations will bring only benefits to the member countries including Azerbaijan. Adaptation and introduction of all internationally accepted mechanism, tools, legislative norms, local legislation, is of course in its favor and in its movement ahead. Here we are doing our best in order to be part of these development. Azerbaijan also implements different strategic development - adopted different development strategies, roadmaps, social economic development roadmaps. It means the systematic approach to

development, introduce different one stop services in order to deliver public services to citizens, entrepreneurs business that goes from one window, online applications, of course digitalization of economy digital devices here, part of these works. Here we always try to use international standards, international norms.

India

Thank you, Mr Chair, Honorable Finance Minister Mr Pierre Gramegna, President of the AIIB, Vice Chairs, and distinguished participants. India believes that the AIIB has achieved an extraordinary performance since its establishment, excellent results, 40 projects with outlay touching five billion. Despite being a young bank the AIIB has through its expanded capacity excelled in high standards of governance, transparency, and accountability.

Like other MDBs, AIIB has focused on encouraging economy development in developing in underdeveloped countries, through financial operations optimizing its limited resources and business rules. Indian believes that AIIB's investment must continue to focus on quality infrastructure, best practices, cost effective project financing, and which have modern technology, and which make infrastructure disaster resilient and clean and green.

We look forward to diversification and expansion of AIIB's loan portfolio, and we look forward to achievement of sustainable infrastructure goals. AIIB must continue providing affordable financing to its borrowing members, and also consider expanding its local profile through country offices.

We also feel that countries will benefit from brownfield asset monetization in view of the acute infrastructure financing deficit and the advantages of unlocking improvements in operational efficiency and service quality that may arise from transferring management responsibility to a specialized third-party asset operator.

In addition, brownfield asset monetization will also facilitate institutional investment into infrastructure as brownfield assets are considerable de-risked. We believe that these would help to free up additional funds for future investment in green field infrastructure assets. Thank you.

Sweden

Thank you very much, Chair. I want to start by commending the President and the staff of the AIIB for excellent work, and leadership during the Bank's first three and a half years operations. Also to thank Luxembourg for the hospitality.

As the Bank will soon leave its startup phase, it's timely to develop a corporate strategy. I appreciate this opportunity to provide input to this, and I will focus on three specific points. First, stay focused. In the discussion on

corporate strategy I strongly believe that it would serve the Bank the best to be very focused geographically, and with respect to operations. The Bank should continue to do its overwhelming part of operations in Asia, further operations should focus mainly on genuine infrastructure rather than on other sectors.

Second is the Paris Climate Agreement, and the sustainable development goals. To succeed in the implementation of these, substantial efforts need to be made by all individual stakeholders including the AIIB, hence this should be reflected in the corporate strategy.

Finally the Bank needs strong corporate results framework, which measures and monitors the goals defined in the corporate strategy, and which is fully in line with the best practice among international financial institutions. Value added is one element that should be included in the results framework, investments should never crowd out the private sector but crowd in other sources of financing. AIIB operations should also provide non-financial value added, such as technical assistance, strong environmental and social standards, and gender equality.

Now emphasizing gender equality, I'd like to commend the AIIB for having started to work to develop and apply gender indicators as project level including in the development of project results frameworks. This is a very good first step, but it's important to continue these efforts at sector and corporate level.

A strong focus on gender equality should also be reflected within the Bank aiming at an equal male/female representation on all levels. I look forward to following this work. Thank you for listening.

Netherlands

Thank you, Chair. Thank you Luxembourg for your hospitality, for having us here and thank you President Jin for all the good work you did so far, because when we decided three years ago whether we should start, whether we should engage in this Bank, you were always a bit curious to deliver the things you expect. I have to say now looking back for the last three years, you really have shown that you've been responsive to the client's needs, you've been financially sound, and that your Bank has shown impact. That in three years, and I have to applaud you and your team for these achievements.

Going forward and I think based on the Bank's unique selling points, the Netherlands wants to encourage to factor in the following three points. The first is being lean. The AIIB in its first years demonstrated that being lean adhering to the highest international standards, and best practices, is not mutually exclusive. In this respect we expect the Bank to continue to strike a healthy balance between business needs and stakeholders needs going forward. Increasing investment volumes in the coming years requires a well-established,

responsive, and effective environmental social framework, and a project compliance handling mechanism.

Second, keep the geographic and sectoral focus, and others have said this before. The Bank from our point of view should remain focused on the infrastructure gap in Asia, by mobilizing private sector financing, enhancing project preparation, and offering financial instruments, stay alert to the needs of the clients. We encourage the Bank to cooperate closely with all relevant actors and fostering connectivity and quality infrastructure compliant with the standards.

Third, being green and innovative. The Bank's establishment in the 21st century with no legacy issues, and a modus operandi that is lean and green creates expectations by both shareholders and stakeholders. Delivery on a green requires a strategy and ambitious targets portfolio levels for more projects to be initiated in the areas of climate adaptation and mitigation.

Next to green investments, we also encourage the Bank to focus on areas like local currency lending. In that respect I was very happy to read this morning President Jin, that you were announcing that you will do more in local currency lending. Thank you very much.

China

Thank you, Mr Chair. I just want to join my colleagues around the table to congratulate AIIB for a strong performance after four years of getting into operation. However, when AIIB is approaching its five years anniversary very soon, I think it is the right time for us to look into a little bit more on the corporate strategy with a forward-looking vision.

I just want to take the chance to share a couple of my thoughts on the corporate strategy. Number one is to stick to the fundamentals. The AIIB mandate is to support infrastructure connectivity in Asian countries. However, we also have the mandate to support regional integration, so I would like to see that there will be more cross border projects with more obvious regional impact in the future. As I already pointed out a moment ago, so I don't want to repeat.

The second thing is to provide differentiated services. AIIB need to develop its unique comparative advantage, comparing to the existing MDBs. I think the AIIB could focus a little bit more on the what I describe as a non-traditional infrastructure, for instance, airport, digital infrastructure, and also intelligent infrastructure with the application of AI. Also, AIIB could explore the more opportunities to work on the traditional infrastructure sector, but under supplied by the conventional MDBs. For instance, ports, railway, and also urban metro.

Number three is to enhance country focus. I would like to encourage AIIB to strengthen its policy dialogues with the member countries, to identify the development needs in each of the member countries by developing country

team at the strategy and programming level to address, properly address the issue of metrics, property at the project implementation level we can rely on the line team like the sector team to work on a professional way, but at the programming and the strategic level we do need to develop the country focus, the team.

Number four is to enrich financial products and use local currency. I heard from colleagues around the table a few of colleagues mentioned to mobilize the private sector financing. To work on the private sector, we need to diversify our financial instrument to develop the instruments like the equity investment project, the financing and PPP. Also, we would encourage the Bank to diversify the lending currency as well as the fundraising currency in order to minimize the fundraising cost and also minimize the currency mismatch with the clients to better manage the risk. Let me stop here thank you.

Topic 3: Digital Infrastructure

Philippines

Good afternoon, Your Excellencies. We see an urgent need to develop both the physical and digital infrastructure of the Philippines. Similar to other emerging economies in Asia, the Philippines needs to hasten the development of their common market across the region and transform Southeast Asia into a strong base of trade. A dynamic regional common market will encourage competitive industries that can profitably trade with the rest of the world. It is our hope that emerging Southeast Asia will complement the mature economies of East Asia, and the rapidly growing Indian subcontinent.

Simultaneous to linking up with its neighbors, the Philippine Government also needs to pursue digital transformation from within. Our current digital strategy prioritizes the following aspects, transparency and accountability in government, social economic development and improvement of services to the people.

Standalone assistance in these areas would greatly help us fulfil our digital transformation goals. On the other hand, complimentary investments in the following three government programs would also be invaluable, first is the ease of doing business, which entails the adaption of a simplified and streamlined procedure and mandates from action or resolution of all government transactions. The national identification system, which aims to provide a single valid proof of identity, thus eliminating the need to present other forms of identification when transacting with government.

Further information silos in government agencies still are bound in the Philippines, it's our objective to harmonize our systems and create interoperability across national and subnational organizations. Moreover, in this digital age where data is the new currency, the Philippines needs to keep up with the rest of the world in addressing privacy concerns.

Finally, economic inclusion of small and medium enterprises will always be a priority. SMEs, which comprise 99.6% of all business enterprises and employ the bulk of our labor force, reforms that will allow SMEs to tap the ecommerce market and widen the horizon of other business opportunities would help achieve the goal of economic inclusion.

Nowadays we seem to live in a world that chases advances in technology instead of the other way around. These changes carry both recent awards, technology can improve productivity dramatically, but it can also eradicate jobs, and introduce greater inequities. Our institutions must either master the technological surge or be swept away by it.

The AIIB could together with governments to create a cooperation strategy that will create a balance sustainable in inclusive digital future for all. We should

embrace the potential of digitization and see disruptive technologies as a challenge. However, the pursuit of a just and inclusive society still and should still be paramount.

The Bank would also help provide means to support member countries from falling into the wrong side of the digital divide. The AIIB is a vital institution in the region that can help ensure that risks are mitigated, and rewards are evenly distributed. Thank you.

Korea

Thanks for warm welcome and a fantastic organization of the meeting. The fourth industrial revolution characterized by super connectivity and super intelligent has been reshaping our society with unprecedented pace. The ICT as well as digital infrastructure which enables the mega transformation can also in line with the Bank's three thematic priorities.

The fourth industrial revolution with enhance cross border connectivity by drastically getting rid of the time and space barriers. It also enables pre-emptive and efficient maintenance of the infrastructure facilities, making them more sustainable and productive, and thereby increasing more private investment. Furthermore such investment into intelligent infrastructure with additional technology can create a strong competitive edge for the Bank even the latecomer to become a leading institution in the field of increasingly congested infrastructure investment.

Therefore, I would like to suggest the Bank to consider ICT and digital infrastructure as a priority sector. In this regard I would like to share current experience with a few suggestions.

First, the digital infrastructure could be well fused into other industry to maximize its synergies. Following the commercialization of the smartphone based 5G services last April, Korea is now focusing on blending the 5G technology into other sectors to create a new business opportunities as well as improved quality of life.

For instance, Korea selected two pilot smart cities, that we'll build the intelligent city management system with innovative transportation systems and intelligent disaster management platform. Likewise the Bank could upgrade its sector strategies for energy, transport and other investment by applying smart grid, smart road and smart cities.

Second, the Bank should put more efforts in engaging with the private sector when developing projects and strategies. It is especially important as this industry is mainly led by private sector. Innovative financial schemes and instrument, it should be also actively employed to promote private sector mobilization.

Last the Bank could be more active in helping the member countries create environments conducive to smoother digital transformation. In particular it is often the case that no proper registration or systems are in place. Also the Bank could help partner countries establish customized strategies and policies based on great diagnostics. Thank you very much.

Austria

Thank you, Mr Chair. Good afternoon and also from our side, thank you for bringing this event to Europe. To the Government of Luxembourg as well as to the management of AIIB.

Austria is a founding member of the AIIB, and we are very happy to contribute to its mission. Let me say a few words on digital. Digitalization is a government priority in Austria, which is why our country proclaimed to 2019 as the year of digitalization. We believe that digital technologies are essential to foster innovation, drive economic growth, and contribute to inclusive prosperity.

This is why Austria has been putting a major effort into digitalization under the umbrella of digital Austria. We have launched several initiatives to building a successful digital future. I would like to give you examples of three initiatives that we have launched in this context.

First at the Ministry of Finance we have established a fintech advisory council which highlights potential improvements in economic policy related to fintech and financial innovations on an ongoing basis. Regulators, start-ups, financial institutions, and policymakers meet on a regular basis to work on improvements for the financial architecture.

The first outcome of this is a national KYC registry, which is being implemented to bring - the KYC process for companies and financial institutions on a more efficient basis.

The second initiative supports businesses which want to make the most of digital but don't know yet how to go about it. Starting from this year, small and medium sized enterprises can benefit from fronting consulting qualification knowledge transfer and training while a digital SME initiative.

Third, Austria is a pioneer in electronic public administration services. One website is a one stop shop for digital citizen services such as passport reminders, a digital baby point for all documents to birth, et cetera. We also conscious about data privacy, potential data misuse and cybercrime, as well as the importance of confidentiality. This is why we're implementing measures to protect citizens from cyber-attacks, which could cut of the population from vital infrastructure services.

We believe that digital will only be useful if we can have a very cautious eye on data privacy. With these activities we aim to ensure Austria's role as a

leading digital nation to guarantee and expand prosperity, job opportunities, as well as quality of life in the long term.

We firmly believe that cooperation and an exchange of best practices can help to ensure that countries worldwide benefit from digital technologies. We stand ready to support the Bank with our national expertise, to meet the highest standard in all digital infrastructure engagements. Thank you.

Georgia

It is my pleasure to be here and participate in the AIIB annual meeting. At the same time on behalf of Georgian delegation I would like to express my sincere appreciation to the authorities of the Grand Duchy of Luxembourg for the excellent organization of the event, and the warm hospitality.

AIIB is a new institution, therefore looking forward is innate for the Bank. When we look to the future, in my view, we see a clear picture of next industrial revolution. New waves of technology disruptions and the emergence of other technologies, it will be resulted in the fourth industrial revolution, industry 4.0, where robotics, artificial intelligence, machine learning, blockchain, virtual learning are going to transform the way businesses operate and economies function.

Historically such periods of technology driven upheaval have brought huge productivity gains, very rapid economic growth, and dramatic improvements in quality of life. That's what every MDB should be seeking. Despite the fact that digital infrastructure development is mainly private sector dominated sphere, I am sure there is a strong role for the governments and MDBs. Moreover, allowing a less developed countries to catch up with technological development should be the utmost objective of the development bank.

If we have technological changes again dominated mainly by developed countries, we will have world divided between the rich and poor countries and with a big gap in between, which is I guess the biggest problem of our planet. ICT and digital infrastructure development is critical here.

I would encourage the Bank to engage in projects supporting countrywide broadband coverage, initiated projects focused building innovative ecosystems, support cross country innovative projects and facilitate cooperation in exchange of experience between member countries.

It is a pity that the work innovative does not rhyme with lean, green and clean.

Finally I want to take another opportunity to express my gratitude to host country, all delegates and Bank management. Thank you.

Saudi Arabia

Thank you very much, Chairman, and I would like to start by thanking Luxembourg's people and Government and the Bank for the hospitality that we have seen, and for the arrangement of these meetings.

Technology and digital connectivity without a doubt contribute positively to economic growth, inclusion and poverty reduction. It is important to emphasize that digital infrastructure is a precondition to benefit from the digital revolution, it attracts investors and enhances competitiveness. Governments should therefore partner with the private sector to develop the communication and information technology infrastructure, including high speed fiber optics, and broadband, expanding its coverage and capacity within and across countries.

The Bank can work with client countries to strengthen the governance of digital transformation, improve regulations, and establish an effective partnership with telecom operators to better develop this critical infrastructure.

I urge the Bank to support client countries with developing policies that are geared towards increasing access to new technologies, and allow for more openness, transparency, inclusiveness and accountability including cross border data sharing, with trust and responsibility.

The Kingdom of Saudi Arabia has implemented many initiatives, and Saudi Arabia's vision 2030 aimed at building a digital government, digital economy, and digital society, with a vision to create a vibrant society and thriving economy for a better future.

For example, more than 2,400,000 houses, government facilities, and businesses have been covered with fiber optics, 70 per cent of which only in the last 18 months. Average mobile Internet speed jumped 300 per cent in 18 months to an average of 37.5 megabytes per second, thanks for the efforts of the regulators to free more frequencies to be available to telecom companies.

These and other investment in infrastructures allowed us to harness some initial benefits, which we would be happy to share through the Bank with other countries. For example, an application enabled healthcare booking, live doctor/patient interaction, diagnosis, issuing prescription all while patient is at home or work, reduced waiting time from months, to weeks, and in most cases minutes, and significantly reducing the need for patient to visit healthcare facilities. Not only improving the quality of service, but also reducing the carbon footprint.

Another example is Etimad, a unified digital service platform that allows government entities and private sector contractors to make full use of the Ministry of Finance's advanced procurement eservices, enhancing speed of process, ensuring accuracy of data, ease of doing business, and improving transparency.

Although it was launched only in 2018, all 450 government agencies are now connected to the system, more than 236,000 contractors and vendors are

now in the system, with more than 530,000 government payment orders have been processed entirely through the system. Thank you very much.

Hong Kong, China

Thank you, Chair, for the floor. Also I would like to add my appreciation to you, to Luxembourg, for hosting this wonderful conference in the beautiful country of Luxembourg. Thank you for the warm hospitality.

On this topic, digital infrastructure, I would like to share a few points. Number one, it seems to me we cannot just talk about digital infrastructure with no mentioning artificial intelligence. Because this two together will change business model, and also change way of life. Secondly on digital infrastructure, I think we should pay attention not just to the hardware but also software, meaning that the ecosystem and the talents. With this in mind, if I may share with you a few experiences we have in Hong Kong, China.

Number one in terms of digitized business model. We have recently issued eight virtual banking licenses, and we also authorize one virtual insurance license in last December. This is a move not just to improve financial inclusion, but to give a new generation of customer experience in terms of banking services. Because with these facilities the banks usually work with other commercial providers would offer bundled services to customers.

The second example I would like to share is about payment. Last September we launched what we call a faster payment system, by which consumers can transfer money across different electronic wallets, banks, instantly in two currencies, namely Hong Kong dollar and renminbi. This round the clock 24-hour instant transfer services would enable smaller retailers, consumers, to do such transfers at very minimal cost. At the same time, we take advantage of launching a common QR code, which is to enable merchants, particularly smaller merchants, to receive payments no matter it is by different credit cards, or electronic wallets, or other form of store value facilities, for using their services.

Finally on fintech which was very important underlying all this initiatives, in fintech we stress upon cross border collaboration. For example, on the e-trade finance, we work with Singapore, the UK, and also on other matters we work with Shenzhen, which is the tech hub of China. We also have over 550 start-ups in Hong Kong, China, and more than half of this are from overseas, including the four from Israel.

We are hosting annual a fintech meeting in Hong Kong, China with participants from all over the world, over 5000 people. From last year we extended this to include Shenzhen, so that when people come to Hong Kong to attend this fintech start up week, they will be able to go across the border to

see some of the most up to date innovative tech giants to get the experience. Thank you, Chair.

Switzerland

Thank you very much, Mr Chairman. Let me thank you, Mr Gramegna and your team for the perfect organization of this annual meeting and also for the warm hospitality in Luxembourg.

Thank you also for this opportunity to share with you a few thoughts on the issue of digital infrastructure. I can probably say that there is a general understanding that digitalization holds an enormous potential to faster economic growth, and that it can be an important driver to support the attainment of the 2030 agenda for sustainable development.

It is also understood that the benefits of innovation driven development are vast and multi-faceted, indeed high quality, efficient and secure network infrastructures are the backbone of successful functioning of the economy and society in the digital age.

However, despite these vast digital opportunities, there are also considerable challenges as half the world's population still lacks Internet access or is using just a fraction of its potential.

Digital infrastructure is therefore key to unleash the economic and developmental benefits of digitalization. This means getting the enabling environment right, and in this context, we believe that the following three guidelines are important.

First of all, cooperation on fostering digital infrastructure should be transparent, inclusive, open and rules based. This is important if we want to facilitate unequivocal and equal access for all countries, businesses and individuals that seek to reap the benefits of digitalization.

Second, digital infrastructure building up should be done with a view to bridge the digital divide. It should provide access to previously underserved strains of the population, such as women, rural communities, and youth.

Third, promotion of participative process and unrestricted access to information are in our view key ingredients as they help to ensure bottom up acceptance, and widespread inclusion. Let me close by saying that we believe that openness and creativity are two sides of the very same coin. We also believe that digitalization can play an important role in the mutual reinforcement of the two sides of this coin. Thank you very much.

Myanmar

Thank you very much, Mr Chair. Because I just want a reminder, whenever we're talking about digitalization that we have already left behind digitalization age, because we are entering into fourth industrial revolution which is beyond

the digitalization. Whenever we talk about this kind of technologies which has been travelling very fast at a light speed, we need this kind of revolutionary change to happen in order to have this revolutionary change we need to have some intermediary transitional mechanisms, like when the check system is transforming into electronic systems, we need transformation technology in order to make the check systems to be converted into electronic system, and you can see these ATMs in many countries these days.

When the plastic cards are transforming into electronic system, mobile payment systems, now we are coming up with transitional technologies like Apple pay, Samsung pay, that is why this kind of mobile wallet is coming up, because this mobile wallet is essentially the combination of mobile payment systems, electronic money, cryptocurrencies at the same time. Plastic cards are digitized, and plastic cards are transforming into electronic money in this mobile payment system.

My suggestion for the Bank is that just to aim high and that we have to do it aggressively because technology is travelling at a light speed, so we have to catch up. We have to catch up aggressively without having any step by step sort of procedures. In order to catch up we have to come up with some transitional technologies to be adopted. Thank you very much.

STATEMENTS FROM THE BOARD OF GOVERNORS

Australia

It is my pleasure to represent Australia's Governor, the Honorable Josh Frydenberg, MP, Treasurer of Australia, at the first AIIB annual meeting to be held in a non-regional country. I would like to thank all involved in making the meetings a success, and in particular the Government of Luxembourg for its hospitality.

We commend AIIB for its efforts over the past three years in building an institution that helps meet the infrastructure needs of our region. AIIB has initiated a solid portfolio of investments, and developed strategies in key sectors, including recently agreed strategies on sustainable cities, and on equity investments. It has put in place mechanisms for improved accountability – both to its member states, and to project-affected people. It has refined its approach to transparency. It has had a successful debut bond issue, and the international community signaled its support for AIIB this year when the United Nations granted AIIB Permanent Observer status.

Nonetheless, significant challenges remain. Asia's infrastructure deficit remains large, while global debt is at historic highs (US\$184 trillion in 2017), averaging 225 per cent of global GDP. Addressing the region's infrastructure needs will require collaboration between multiple stakeholders. In particular, addressing the issue of debt sustainability is a joint responsibility of lenders and borrowers.

Moreover, there have been episodes of significant turbulence in global equity and credit markets over the past year. This has reverberated through Asia with swings in risk appetite evident in financial market volatility in the region. As AIIB has articulated in its flagship publication Asian Infrastructure Finance 2019, one impact associated with this volatility is that of a potential global flight to quality infrastructure investments. Governments may also slow down implementation of their infrastructure plans. In this context, AIIB may need to consider whether it should do more to increase the quality and decrease the risk of infrastructure investments. The tension between providing upstream technical expertise to improve the quality of investments, and remaining 'lean', will need to be carefully calibrated. More generally, we encourage Management and the Board to manage operational risks carefully as the Bank looks to expand its portfolio of standalone projects while containing administrative costs.

We look forward to working with AIIB Board and Management to sharpen its response to these challenges. In particular, we will work with AIIB to ensure

its corporate strategy clearly outlines its value proposition to its clients and members, and allows management to allocate its resources to best deliver on that strategy. This will help ensure AIIB is well placed to help its member countries weather any volatility in the global economy.

Part of any strategy development involves considering where an organization should best spend its effort. AIIB's capital is far too small to meet the infrastructure needs of the region by itself. The scale of the need, matched with a limited pool of public sector resources, means increasingly considering non-sovereign financing first. We should ask "if not, why not?" in relation to non-sovereign financing for every project. We welcome that that AIIB has increased its non-sovereign financing and encourage AIIB to continue to build its capabilities to mobilize private sector capital and expand its pool of bankable projects.

The proposed corporate strategy must also incorporate an effective, fit for purpose approach to measuring success against the Bank's strategic objectives... We are therefore encouraged by AIIB's plans to develop a results framework that clearly shows how it is contributing to meeting infrastructure investment needs in Asia together with the results of that investment, allowing members to monitor the implementation of the agreed strategy, and inform adjustments as needed. Australia will be seeking to ensure that the results framework also helps us form assessments about AIIB's adherence to jointly agreed principles, such as those agreed under the auspices of the G20.

Reporting on results is critical to strengthening transparency and accountability. AIIB has in the past year introduced mechanisms to bolster accountability – both to project-affected people (through the Project-affected Peoples' Mechanism) and to its members (through the Accountability Framework, including through performance review of the President). Bedding down these mechanisms, and the oversight mechanism required by the Articles of Agreement, will be central to the successful operation of the Bank. We also commend the Bank for the refinements it has made to its Policy on Public Information. We look forward to consolidated and consistent publication of information on project procurement outcomes, progress (including by financial intermediary funds) and on whether AIIB has met requirements for disclosure of environmental and social documents.

The theme of this year's annual meeting is cooperation and connectivity. Australia encourages AIIB to continue to engage with the G20 and collaborate with other international financial institutions and bilateral partners, including Australia. We are pleased to be working collaboratively with AIIB to support disability-inclusive approaches to its investments. We have been able to contribute expertise on disability-inclusive development to support the Bank as it outlines its approach. We look forward to hearing more about AIIB's plans on this front.

Australia wishes the Bank's Board and Management every success in their future endeavors to address the infrastructure needs of our region. We look forward to continuing our collaborative work with the Bank to achieve this end.

Austria

Mr. Chairman, Mr. President, Distinguished Governors, Ladies and Gentlemen,

It is my pleasure to attend this fourth Annual Meeting of the Asian Infrastructure Investment Bank (AIIB). I am pleased that for the first time this event is taking place in a European country and I would like to sincerely thank the Government of Luxembourg for hosting.

After three and a half years of operation of the AIIB, today provides a good opportunity to reflect on the valuable achievements that the Bank has made. And there are many. Since its inception, a wide set of strategies and policies have been established that confirm the alignment of the Bank with high international standards and best practices. For Austria the implementation of the Public Information Policy and Project-Affected People's Mechanism in the last year were particularly important milestones towards greater transparency and accountability of the Bank. In addition, the Bank has achieved an internationally diversified membership and management. We are also pleased that the AIIB was not only able to confirm its Triple-A rating, but that a few months ago it successfully emitted its first SEC approved bond. For Austria, this year was special also due to our responsibility to chair the Euro-Area Constituency within the AIIB. I would like to congratulate management and staff for their achievements, especially during the last year, and thank for the productive and fruitful collaboration during the Austrian chairmanship.

Today is also a good time to look forward and see what awaits us in the future. I would like to use this opportunity to mention three topics. The first topic, which is of great importance to Austria, is the green motto of the Bank. Austria would like to encourage AIIB to sharpen its green ambitions with a clear strategy and targets that allow the Bank to be not only at par with its peers, but at the forefront of institutions propagating the climate change agenda. Regular monitoring and reporting on climate finance contributions are important to us and we encourage the Bank to strive for harmonized reporting among all MDBs. Further, we believe that the development of the Corporate Strategy and Results Framework provide a major opportunity to advance the green agenda of AIIB.

In this context we also look forward to contributing to the upcoming review of the AIIB's Environment and Social Framework (ESF). In its current ESF, AIIB has successfully demonstrated its commitment to best standards and practices and we encourage the Bank to make use of the review, so as to reflect latest developments at other MDBs. We also strongly suggest that AIIB, in order to

be at par with other MDBs and to provide sufficient time for project-affected people to react, introduces ex-ante timelines into its framework and regulations. Moreover, with the project volume increasing, adequate implementation capacity and the right number of Environmental and Social Experts is key.

A second priority for Austria is the establishment of an appropriate evaluation function, which has the right tools for AIIB to become a learning institution and turn potential failure into success. We see that the AIIB has been progressively building its governance design, establishing internal lines of defense, steadily improving the regular supervision of the management by the Board, and preparing its oversight mechanism. As projects are increasing in number, we think that the Bank's evaluation function plays an increasingly important role to ensure the highest level of quality of governance. We appreciate innovative approaches that the AIIB has taken in this regard, such as the introduction of Early Learning Assessments, and encourage the Bank to adhere to international best practices in its evaluation function. We also value progress made in terms of staff grievance mechanisms and support all efforts by the Bank to equally follow best international practice in that regard.

A third issue which I would like to stress is that of the international organization culture of the Bank. We appreciate the various efforts made toward creating a modern, top-of-the-art international organization culture that contributes to the attraction of high-quality international staff and that fits AIIB's overall purpose as multilateral institution of the 21st century. The buildup of an open and diverse staff culture, not only reflecting AIIB's many member countries but also gender, age and family status, should remain a priority issue also in the future.

Let me conclude by once again offering President Jin, AIIB's management and staff Austria's appreciation for their continued dedication. We look forward to our continued engagement.

Azerbaijan

Over the past years, Azerbaijan has implemented large-scale infrastructure projects related to the development of transport connectivity in the country and the region. In line with that the significant steps taken by the Government of Azerbaijan for the development of regional and trans-regional multi-modal transport corridors in partnership with other interested and neighboring countries along the East-West, North-South and South-West axes, which creates favorable conditions for the full-scale economic cooperation, and development of trade, based on unhindered and safe movement of goods.

The "One Belt, One Road" Initiative is one unique example of connectivity, that will provide tremendous opportunities for rapprochement between the participants of the project, which was supported by Azerbaijan since the

beginning. This initiative is essential for Azerbaijan, as the restoration of the ancient Silk Road benefits the whole world, contributing to the development and prosperity of all countries. Azerbaijan supports projects that provide growth for not only the country itself and the region, but also the whole continent as connectivity and cooperation stands high for us in both bilateral and multilateral formats. Due to its geographical position and strategy to establish a natural bridge between Asia and Europe, Azerbaijan has always been an active participant and key enabler of regional and trans-regional connectivity initiatives. We share our opportunities and infrastructure with neighbors and the countries in Asia and Europe. In fact, Azerbaijan goes beyond its land borders to create more trade dynamic across the wider region.

In this sense, the “Trans-Caspian International Transport Corridor” that runs through China, Kazakhstan, the Caspian Sea, Azerbaijan, Georgia, and further to European countries, has a huge role in the implementation of the “One Belt, One Road” Initiative. This project creates favorable conditions for the growth of freight traffic between Europe and Asia, contributing to the development of cooperation and trade not only between the participating countries, but also throughout the whole region of Eurasia. The Baku-Tbilisi-Kars railway, within this corridor is expanding relations to include all kinds of goods and services and boost the economies of the countries. The purpose of initiating the Baku-Tbilisi-Kars railway project, created on a route of the historical Silk Road and designed to connect the Trans-European and Trans-Asian railway networks, is to shape the economic environment of the participating countries through direct and indirect economic benefits.

The Baku International Sea Trade Port in Alat settlement of Baku's Garadagh District is the next huge project, essential for the Belt and Road initiative. This port is capable of transporting up to 25 million tons of cargo and up to 1 million TEU containers, which in turn will transform the Alat into one of the largest transportations, transit and logistics hubs in the region. The Port of Alat operates not only as a transport corridor, but also as a cross-border point, which includes logistics centers and a free economic zone. The port is 70km away from the capital at the junction of TRACECA and the North-South corridors. Thus, the Port of Alat is essential for the implementation of TRACECA's New Silk Road as well and also intensifies the capacity of the Baku-Tbilisi-Kars Corridor, which allows a direct access to the Eurasian railway network.

TRACECA on the other hand is a multimodal complex of transport systems of the countries of the region, activities of which are aimed to the development of trade and economic relations and transport links between countries and regions, which is a significant contribution to the restoration of the Great Silk Road. TRACECA has a strategic importance for Azerbaijan as it reveals great opportunities for strengthening and expanding economic ties between the

member countries, integration into the world economy and becoming an international transport hub.

Furthermore, commitments of Azerbaijan to the connectivity go beyond transport projects. In the mid-1990s, we managed to attract investments with a purpose of starting the development of the oil and gas fields of Azerbaijan together with the largest companies and building an extensive network of pipelines. These pipelines connected Azerbaijan with the Black Sea and Mediterranean regions and ensured the energy security of those countries that help us in the transit of the energy resources, as well as the Europe. In this regard, Azerbaijan plays a major role in the energy security. Today, we continue our strategic partnership through the implementation of the “Southern Gas Corridor”, which started back in the 1990s, when a huge gas field was discovered in Azerbaijan. Today we effectuate this project with a wide range of countries and companies and the support of the European Commission. The main components of this project are “Shah Deniz”, “South Caucasus pipeline”, construction of the “Trans-Anatolian Natural Gas Pipeline” (TANAP) and the “Trans-Adriatic Pipeline” (TAP). These commitments of Azerbaijan in the field of energy have a purpose of providing long-term secured energy and have a huge potential of becoming a joint success of Azerbaijan and our partners.

Connectivity is a term where stability and peace is the key. Unfortunately, occupation of Azerbaijani territories by the Armenian armed forces is one of the main obstacles to mutual cooperation of the regional countries and their economic development. Today, 20% of the internationally recognized territory of Azerbaijan is occupied by Armenia, and over 1 million Azerbaijanis live in the status of refugees and internally displaced persons, which causes enormous damage to the economy of the Republic of Azerbaijan. The fact of occupation and non-implementation of UN Security Council Resolutions impose the biggest threat to the security and economic prosperity of the region.

Nevertheless, just like today, Azerbaijan will continue its efforts towards the promotion and support of regional strategic projects through the development of international transport corridors passing through the region, allowing us to mobilize the flow of goods, people, capital and services more effectively and by expanding digital connections and deepening energy cooperation, as well as eliminating similar problems in the region.

Bangladesh

Mr. Chairman, Honorable Governors, President of AIIB, Distinguished Delegates, Excellencies, Ladies and Gentlemen,

It gives my delegation immense pleasure to participate in the 4th Annual Meeting of the Board of Governors of the AIIB at the historic and beautiful Luxembourg City. I would like to express my sincere appreciation to the

Government of the Grand Duchy of Luxembourg for the graceful arrangements and generous hospitality. I wish to convey my compliments to President Jin for his strong leadership and excellent work by his team for making this 4th Annual Meeting a success. AIIB's this year's theme "Cooperation and Connectivity" appears to me to be very thoughtful and pertinent.

Excellencies and distinguished delegates,

Please allow me to briefly touch upon the development situation of Bangladesh. You will be happy to note that under the dynamic and visionary leadership of Hon'able Prime Minister Sheikh Hasina, daughter of the father of the nation Bangabandhu Sheikh Mujibur Rahman, Bangladesh has made significant progress in different areas and achieved remarkable success in socio-economic development. The country has a vision of becoming a middle-income country by 2021 and a prosperous and developed country by 2041. In order to achieve these developmental milestones, the government has articulated strategies in our perspective plan (2010-2021), 7th Five Year Plans, and sectoral plans and newly developed Delta Plan 2100. The government adopted Delta Plan 2100 with the aim to ensure water and food security, economic progress and sustainable development through managing climate change scenario. However, these goals are aligned with the SDGs 2030.

Excellencies,

Bangladesh is one of the fastest growing economies in South Asia with a growth rate of about 6.5% in the last 10 years having one of the best gender parity and human development indicators in South Asia. Poverty has reduced to 22%. The GDP growth is rising at a sustained rate - more than 7 percent for the last three consecutive years; It grew by 7.86 percent in FY2018, and is expected to grow by 8.13 percent in FY 2019- which will put Bangladesh as one of the top five performers globally. The per capita income is 1752 USD from a mere \$318 in 1972 and the Ministry of Planning has set the target to increase per capita income to 1909 USD by the end of this year. In terms of GDP Bangladesh has been the 43rd largest economy and as per the report 'the most powerful economies in the world by 2050' constructed by PwC, in terms of purchase power Bangladesh will become the 23rd largest economy in the world.

Excellencies,

You are aware that Bangladesh has achieved a significant milestone meeting all the graduation criteria from LDC to Developing Country by UN Economic and Social Council. Now we are advancing for achieving our vision 2021 and vision 2041. We require more investment in energy, power, transportation and human resource development to reach to double digit GDP growth rate, essential for achieving SDGs and tackling graduation challenges. The government has been developing 100 Economic Zones, High tech Park, Software Technology Park and also facilitated public private investment in

emerging industries for creating more employment and for maintaining sustainable development.

Our journey began when Hon'ble Prime Minister Sheikh Hasina announced 'Digital Bangladesh' in 2009 to introduce digital technology for delivering services to the people at their doorsteps using information technology platform. Bangladesh has now become a member of 53rd member satellite club through launching Bangabandhu satellite-1. By 2023 we hope to launch 5G system and bring the value of internet and mobile usage to a reasonable level.

Bangladesh has already demonstrated its competence as a nation in implementing mega projects. The mega projects include the Padma Bridge, Metro Rail, Rooppur Nuclear Power Plant, Rampal Coal-based Power Plant, Deep Sea Port, Dhaka Mass-Rapid Transit Project, LNG Terminal, Moheshkhali Matarbari Integrated Infrastructure Development Program, Pyara Sea Port, Padma Setu Rail Link and Chittagong to Cox's Bazar rail line project. The work of these projects is progressing very fast. The LNG supply from the LNG terminal has already started in the national grid. Once completed these mega projects will give Bangladesh extra advantage in terms of regional connectivity, improved transportation and energy security.

One of the main obstacles in implementing our plans is disasters due to climate change. We have already taken initiatives to build sustainable infrastructures aligning our budget with disaster. We have synchronized the goal of the Seventh Five-Year Plan with SDGs so that SDGs are easily achievable and we could be able to implement our development plans. Our government is working hard to eliminate hunger, poverty and all forms of discrimination so as to transform the country a middle-income country by 2030 and a developed country by 2041.

Distinguished delegates,

Although Bangladesh has already demonstrated its competence in many areas, our great concern lies with the forcibly displaced million Myanmar nationals, Rohingyas who took shelter in Bangladesh. This influx of more than one million Rohingyas from Myanmar to Bangladesh is indeed a considerable stress on our development efforts. We hope that with the help of our friends we would be able to settle this issue and repatriate the Rohingyas to their homeland.

Ladies and Gentlemen,

Let me turn my attention back to the AIIB annual meeting. I already mentioned that AIIB's this year's theme "Cooperation and Connectivity" is very thoughtful and relevant. Due to the extent of numerous challenges, no single agency or government can keep going alone. I believe, if we are better integrated with a sound stock of infrastructure, investment and financing, it will ease the way of achieving our development goal. I also admit that without regional integration inclusive growth cannot be possible. In this regard, AIIB as

a new MDB may call for a renewed set of partnerships — not only with traditional partners, but also with a large number and variety of other stakeholders, including particularly the private sector.

Excellencies,

Connectivity certainly brings important benefits. Cross-border infrastructure projects will have scope to raise household incomes through improved access to markets and increase the access of the poor to economic opportunities and basic social services. Asia's infrastructure lags in both quantity and quality as compared with advanced economies. The level of infrastructure development also varies widely across the region. These gaps both within and across the countries need to be addressed. A recent report estimates that Developing Asia will need to invest \$1.7 trillion per year in infrastructure until 2030 to maintain its growth momentum, tackle poverty, and respond to climate change. Of the total climate-adjusted investment needs, \$14.7 trillion will be for power and \$8.4 trillion for transport. Investments in telecommunications will reach \$2.3 trillion, with water and sanitation costs earmarked at \$800 billion over the same period. AIIB along with other Development Partners need to scale up its operation in Asia to meet the growing demand for better infrastructure for its emerging member countries.

It is necessary to invest in smart policies and regulations to foster effective cross-border movements of goods, services, and people. Simplifying customs procedures, information sharing, customs modernization, establishing transparent transit rules, and improving logistics in general are significant to infrastructure expansion. While governments may be at the center of many of these arrangements, eventually it is public-private partnerships that will be required to bring the value addition to our regional infrastructure development. Improved knowledge sharing and partnership should be given emphasis for improving connectivity. Lessons from outside the region, including those from developed countries, will also be useful for our member countries.

Partnerships should be developed involving all development players, including the private sector. These partnerships will be the key to scaling up the financing needed for development of infrastructure and projects. In addition to the mobilization of private finance, I want to share with you two new innovative financing avenues—one is finance in green climate fund and other is SDG-link bonds. The World Bank raised its first bonds linked to SDGs which could be followed by AIIB. AIIB could also support countries in efforts to maximize the benefits to emphasize the importance of enhancing the foundations and main pillars of the financial sector, namely: (i) consumer protection; (ii) financial literacy; (iii) effective and well-coordinated regulation; and (iv) market development and innovation. Through this, we can be more confident on the role of the financial sector in mobilizing savings and promoting investment efficiency.

Excellencies,

We are thankful to AIIB that AIIB has given two loans for Bangladesh in power and energy sector. Some other projects are in process. We hope that AIIB along with other development partners will join us to overcome our challenges and to make our journey from present level to a higher trajectory of development. AIIB may take the opportunity to provide more cooperation for infrastructural development in Bangladesh and take projects related to productive sectors, like transport and communication, energy, power, ICT, etc. We look forward to continuing the joint work with AIIB to support governments, the private sector, and other key stakeholders in our future efforts for inclusive and sustainable development.

I also assure all out support to the AIIB and wish all member countries continued success in their quest for development, peace and prosperity with a special wish for the success and well-being of our host country.

Mr. Chairman, thank you very much for giving me an opportunity to share my thoughts at this eminent event.

Brunei Darussalam

Your Excellencies, Chairman of the Board of Governors, Fellow Governors, President of the Asian Infrastructure Investment Bank (AIIB), Distinguished Guests, Ladies and Gentlemen.

On behalf of the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam, I would like to express our sincere gratitude and appreciation to His Excellency Mr. Pierre Gramegna, Minister of Finance, Luxembourg as Chair and for the excellent hosting of the 4th Annual Meeting of the AIIB. We would also like to thank His Excellency Mr. Jin Liqun, President of the AIIB and his team for the excellent meeting arrangements.

Mr. Chairman and fellow Governors,

The World Trade Organization estimated that world merchandise trade volume is forecast to grow 2.6% in 2019 and trade growth should pick up to 3.0% in 2020, with Asia being the top contributor. Bilateral, regional and global cooperation through governments as well as international organizations have contributed to enabling the state of global trade fluidity today. This is why, Mr. Chairman and fellow Governors, the theme for our meeting this year, "Cooperation and Connectivity" is not only relevant today, but should be an ongoing endeavor we continue to pursue together. In this regard, I would like to elaborate on a few points:

Firstly, we need to foster inclusive development through connectivity and cooperation. Globalization, technological revolutions as well as open and competitive policies have played their roles in transforming economies over the past decades. These advancements have a profound impact on enhancing

value chain linkages as producers are sourcing regionally and globally for the best materials and services, leading to production of high-quality goods and services. Connectivity initiatives through bilateral, regional and global cooperation platforms have also contributed to increase in trade which subsequently boosted standards of living, reduced poverty and enhanced sharing of knowledge globally.

As such, it is essential that economies, and all segments of their population, are able to leverage upon and benefit from these positive developments. This is a vast undertaking that requires governments, multilateral organizations and other relevant stakeholders to work together. For Brunei Darussalam, our involvement in various regional and international forums have supported our domestic endeavors to allow our people, especially our micro, small and medium enterprises, youth and women, to partake in these prospects created by the multitude of changes; and we certainly look forward to more of such engagements in the future. Secondly, AIIB should continue to explore and priorities sustainable infrastructure projects. There are many initiatives that have been implemented to address and mitigate the impacts of rapid economic growth, including the implementation of the Paris Agreement and the collaboration to achieve the Sustainable Development Goals. It is thus timely for international organizations, including financial institutions and development banks, to join hands in supporting governments in this endeavor.

One such move is to help promote sustainable infrastructure development needs that will contribute to better financial efficiency, job creation, and increased quality of life, among others. In this regard, I commend the AIIB for the steps taken to ensure sustainable infrastructure development in their project financing priorities, and trust that AIIB will maintain this and further explore collaboration with the relevant institutions.

Lastly, I would like to congratulate the AIIB for the substantial progress made since our last meeting in India. Under the leadership of Your Excellency President Jin Liqun, the AIIB has now invested over US\$7.9 billion in 39 projects with the aim to better connect people, services and market. I would like to encourage AIIB to continue down this good path and to deepen their cooperation with members and other stakeholders.

Thank you.

Cambodia

Mr. Chairman,
President Mr. Liqun JIN,
Fellow Governors,
Ladies and Gentlemen,

I am very pleased and honored to represent and participate, on behalf of the Kingdom of Cambodia, in this 4th Annual Meeting of the Board of Governors of the Asian Infrastructure Investment Bank. I would like to extend my sincere appreciation to the Government of the Grand Duchy of Luxembourg for hosting this Meeting in Luxembourg City which is renowned for its international financial center and as a leader in digital connectivity and innovation in the field of green finance. I also thank the Government and people of Luxembourg for the warm hospitality extended to my delegation.

Mr. Chairman,

It is now more than three years since we first gathered to launch the Bank on January 16, 2016 and I am pleased to see the steady progress made by the Bank since then. The Bank continues to strengthen its organizational structure and governance and made notable strides in its strategic agenda with the approval of a number of key strategies in 2018/2019 like the Strategy of Sustainable Cities, Investing Equity, Water, and Digital Infrastructure as well policies related to risk management, loan pricing, and oversight mechanism. In terms of operations, the approval has reached 46 loan and equity investments with a total financial commitment of \$7.518 billion as of March 31, 2019. I am very encouraged with the establishment of the Multilateral Cooperation Center for Development Finance Facility (MCDF) to enhance the partnership, cooperation and coordination among the multilateral development institutions for cross-border infrastructure and congratulate the Bank for being appointed as the host and Administrator of the Facility. I commend President JIN, his management team and the Board of Directors for these achievements.

Mr. Chairman,

The theme of Cooperation and Connectivity for this year's annual meeting is very relevant for today's inter-connected world and I look forward to robust discussions and exchange of ideas among the Governors and other stakeholders. I also look forward to the second and the later Asian Infrastructure Forums which I hope will deliver innovative solutions to connectivity and financing sustainable infrastructure.

As Cambodia had expressed in the last Annual Meeting, we are concerned that minimal progress has been made regarding the realization of the Bank's Charter requirement to give special regards to the needs of its less developed members. Cambodia has consistently raised the need for concessional lending and grants for the less developed member countries. Several country member representatives, including Cambodia, had expressed their concern about the Bank's high interest rate loan during the Review of Loan Pricing and Pricing Policy Update and requested the Bank to consider adopting the practices of other Multilateral Development Banks which set the lending rates based on country categorization with concessional terms provided to low income countries. Cambodia, and other member countries in a similar situation, are

eager to engage with the Bank and have high expectations of the Bank providing financing for our infrastructure development on concessional terms. I would, therefore, like to urge the Bank management to consider this as a matter of priority.

Mr. Chairman,

I would like to take this opportunity to express our appreciation for the recent approval of the non-sovereign loan of USD \$75 million for the Fiber Optic Communication Network Project to the Cambodia Fiber Optic Communications Network Co., Ltd under the Bank's Senior Secured Corporate Loan Product which is the first private sector operation of the Bank in Cambodia. Cambodia looks forward to more such operations in the private sector and greater engagement of the Bank in the wide range of opportunities available in Cambodia and in particular, financing for Public Private Partnership Projects.

However, we noted that there was a lack of consultation with the Government of the Kingdom of Cambodia during processing of the loan and hope that, in future, the Bank will consult with our relevant authorities, including the Ministry of Economy and Finance.

I would like to conclude by expressing, once again, my sincere appreciation to the Chairman and the Government of the Grand Duchy of Luxembourg for hosting the 4th Annual Meeting of the Bank, and President JIN and his team for making excellent arrangements for the Meeting.

Thank you!

Canada

On behalf of Canada, I would like to express our gratitude to the Government of Luxembourg for hosting the AIIB's fourth Annual Meeting. We see the AIIB as a valued partner in helping to achieve inclusive economic development throughout Asia and beyond, and we commend the institution for another successful year of operation.

These successes are not to be understated for such a young organization. The AIIB invested USD 3.3 billion in infrastructure projects in 2018 that will have targeted and tangible outcomes such as improved transportation times and increased access to water. The AIIB is at a critical point in its growth, and the work it does today will lay the foundation for years to come. Through the sound implementation of its policies and strategies, the AIIB has an opportunity to shape investments that are inclusive, that can mobilize private capital, and that follow the highest international standards. Underpinning much of the AIIB's success is a strong drive for institutional and investment quality, and we urge the AIIB to never compromise on this aspect.

In 2018, the AIIB made notable progress on establishing policies and strategies, including by implementing the Policy on Public Information and a

complaints handling mechanism. These are important elements in ensuring that the AIIB's investments are inclusive so that the greatest share of the population can benefit. In addition, we note the AIIB's recent efforts to address gender in infrastructure and urge the AIIB to accelerate its efforts. We know that women are disproportionately affected by inadequate infrastructure, including by hindering their ability to participate in the economy. The AIIB must strive to ensure that the benefits of its investment are shared by all.

There is growing recognition that MDBs can have greater impact by cooperating together as a system – as was highlighted in the G20 Eminent Persons Group report “Making the Global Financial System Work for All” (October 2018). Related to this year's theme of cooperation and connectivity, we view the AIIB as a key player in MDBs working as a system to mobilize private finance for development. Public resources are scarce and insufficient to address the significant infrastructure financing needs, and should be increasingly used to catalyze private capital. MDBs working as a system can improve the effectiveness of development interventions through increased coordination, adherence to standards and better coherence. To this end, we welcome the AIIB's practical solutions to address real challenges around mobilizing private capital, including the creation of an infrastructure asset class. For example, the AIIB Asia ESG Enhanced Credit Managed Portfolio will help disseminate best practices on environmental, social and governance standards, and reduce barriers to investment, such as a lack of data.

We encourage the AIIB to continue to build on this momentum by following and sharing the highest international standards on environmental, social, governance, macroeconomic, and technical infrastructure issues. In particular, we would ask the AIIB to work with other MDBs in promoting sustainable debt management practices. These practices provide a sound basis for infrastructure planning over the long-term, including by creating a transparent investment environment to help attract private investors.

Finally, at the heart of any institution's success is the staff that work there. Delivering on the AIIB's ambitious objectives is no easy task and we commend AIIB staff for the progress made to date. We expect the AIIB to continue to strive for inclusive, diverse and highly competent and committed staff, with a culture of innovation and collaboration.

China

It is my pleasure to attend the Fourth Annual Meeting of the Board of Governors of the Asian Infrastructure Investment Bank (AIIB) in the Grand Duchy of Luxembourg with all of you. I would like to thank the Luxembourg Government and the AIIB for the thoughtful arrangements, and extend my

warmest congratulations and welcome to the new members who have joined the AIIB family since the Third Annual Meeting.

Being the first of its kind ever hosted outside Asia, the important Annual Meeting in Luxembourg takes the theme of "Cooperation and Connectivity" to underpin the AIIB's firm commitment to multilateral cooperation and sustainable development in Asia and the world at large through investment in sustainable infrastructure and cross-border connectivity, which is therefore of great significance.

President Xi Jinping of China attaches great importance to the founding and operation of the AIIB, calling for the Bank to develop into a new type of the 21st century multilateral development bank (MDB) that is professional, efficient and clean and a new platform for building a community of shared future for mankind. Such high expectation for the AIIB's future is shared by all the other members. We are pleased to see that thanks to the joint support of all the members and under the leadership of President Jin Liquan over the past three years and more, the AIIB has comprehensively drawn upon best practice of the existing MDBs, adhered to the principle of being lean, clean and green, upheld international, rule-based and high standards in governance, strategy setting and operations, and kept trail-blazing for sound running, thus injecting new vitality into the global system of multilateral development.

Last year in particular, the AIIB scored a host of major achievements: it expanded to 97 members, successfully obtained the permanent observer status to the UN General Assembly, and issued its debut global dollar bond. It had invested 8 billion USD in projects and funds, and mapped out a series of important strategies and policies in sustainable cities, transport, equity investment and others. All these achievements demonstrate that the AIIB has become a new and important member of the multilateral development system, and highlight all members' firm commitment to unity and collaboration for an ever-growing AIIB.

To this end, I would like to share with you three of my observations on the future development of the AIIB.

First, formulating a corporate strategy based on a clear direction of development. As the AIIB is embarking on a stable development stage, it is imperative to formulate a corporate strategy to guide its path forward through taking stock of its past experience, capitalizing on its unique strengths, and sizing up the new trends and challenges in international development to meet diversified needs of its clients. We hope that the AIIB will sharpen its unique strengths to foster its expertise and specialty in transport, energy, sustainable cities, digital infrastructure, water management and other productive sectors, under the guidance of its strategic priorities in sustainable infrastructure, cross-border connectivity and private capital mobilization, so that the Bank will expedite the development of diversified financing channels, actively engage in

local currency financing and improve its results monitoring framework to build itself into a new type of MDB in the 21st century.

Second, aligning strategies for connectivity. Connectivity is one of the AIIB's mandates and the theme of this Annual Meeting. The AIIB should give play to its advantages as an MDB to align its strategies with members' development plans, the Belt and Road Initiative, the EU Strategy on Connecting Europe and Asia, and the major regional and sub-regional cooperation initiatives of the Eurasian Economic Union, Central Asia, Southern Asia and ASEAN. Such alignment will help the AIIB build a financing system that mobilizes funding from multiple channels, develop quality connectivity projects and promote the development of transport, trade and economic corridors to deliver benefits to countries and peoples.

This March, China, together with eight international financial institutions including the AIIB, established the Multilateral Cooperation Center for Development Financing (MCDF). The MCDF is a multilateral cooperation platform for information-sharing, project preparation and capacity building. The Center will uphold high standards and high quality to boost global infrastructure connectivity, including through the Belt and Road Initiative. We hope that the AIIB will actively participate in the building of the MCDF and promote its effective operation with all other stakeholders.

Third, strengthening policy research and participating in global governance. The MDBs act as an important force in the global economic governance. As a new member to the multilateral development system, the AIIB shoulders a heavy responsibility to improve the global economic governance. We hope that the Bank will further strengthen its research arm to draw upon and distill development practice and knowledge of all countries, including the emerging markets and developing countries to enrich the international development theory and deliver quality flagship reports on global and regional infrastructure connectivity. To this end, we welcome the recently published Asian Infrastructure Finance 2019 by the AIIB. Going forward, we hope that the AIIB will focus more on priority issues with profound research and quality analysis to voice the AIIB's unique perspectives and policy suggestions. Also the AIIB should actively engage in G20, 10+3, APEC, the Shanghai Cooperation Organization, CAREC, GMS and other global and regional cooperation mechanisms as well as their relevant discussions to contribute the AIIB's views and proposals on improving the global economic governance, thus enhancing the AIIB's influence in the global economic governance.

The Chinese economy has continued its stable and sound performance, with its GDP growth by over 6% for years running. On top of the steps taken recently, China will further unveil major measures, including measures to open the Chinese market wider, expand imports, improve the business environment,

enforce equal treatment to all foreign investment, and advance trade talks to break new grounds in opening-up and deliver high-quality development.

China will continue to act as a responsible major country, uphold free trade and multilateralism, actively participate in the reform and development of the global governance system, and continue to contribute China's wisdom and strength to the international community. As one of the AIIB's shareholders and the host of its headquarters, China will, as always, support the AIIB to become stronger. We stand ready to work with other members to continue our efforts in building the AIIB into a new type of MDB in the 21st century that is professional, efficient and clean and a new platform for building a community of shared future for mankind, thus making new contributions to the development and prosperity of Asia and the world at large, and injecting new vitality into the global economic governance.

Thank you.

Finland

Mr. Chairman, Mr. President, Distinguished Governors, Ladies and Gentlemen,

On behalf of Finland I would like to thank the Government of Luxembourg for hosting this event and the warm hospitality towards all guests.

After more than three years of operation our assessment of the AIIB as the newest multilateral investment bank is positive. The institution is financially sound and triple A rated. The strategies and policies are in line with international best practices and high international standards.

The projects financed by the AIIB promise to deliver development impact in accordance with the core mission of the Bank and are focused in terms of sectorial and regional activities. The AIIB must keep working to ensure that projects are not only financially viable, but also sustainable in social and environmental terms. Finland confirms its support to the business model of the Bank initially established through the Articles of Agreement.

Finland supports the way management has set up the Bank applying standards of lean and efficient governance structures with a modern approach to accountability. It is important that the governance complies with international standards and that internal lines of defense, supervision and oversight are in place. Furthermore, we share the ambition to build a top of the art culture that contributes to attracting, as well as recruiting and retaining, high quality international staff. The leadership both shapes and reflects that culture.

Combatting climate change is one of the largest challenges in today's world. IFIs have an important role in fostering climate resilient projects in their countries of operation. I encourage AIIB to live up to its ambition as a Green

Bank and to be at the forefront of institutions propagating the climate change agenda.

The need for infrastructure financing in Asia is huge. Asia is urbanizing at an unprecedented scale and speed. AIIB has a huge task to help client countries to bridge the infrastructure funding gap and enhance connectivity. This is certainly an area where AIIB can make a difference. Promoting high quality and sustainable infrastructure projects will contribute to the ability of client countries to generate revenue and thereby to improving the livelihood of their people.

Connectivity is not only about roads, rails and bridges. Digital technology enables connectivity, promotes growth and catalyzes the development of different sectors. Efficiency gains and cost savings can be achieved by using digital technology. International financing institutions have a clear role to play in this respect, also bearing in mind to try to prevent a digital divide.

We welcome AIIB's commitment to keep building on its competitive advantages and at the same time seeking for open and effective collaboration with other multilateral institutions.

Public money alone is however not sufficient to fill all financing gaps. It is of utmost importance to crowd in the private sector by creating bankable projects, where AIIB can play the role of anchor investor. Accelerating the flow of private capital into sustainable energy, water and transport systems will be a fundamental element to reach the ambitious infrastructure investment goals in Asia and to enhance cross border connectivity.

Adhering to best practices and to highest environmental and social standards will contribute to further strengthen the reputation of the AIIB as the multilateral of the 21st century. Private investors can rely on AIIB as provider of quality stamp in large infrastructure projects.

During its three years of operations the membership has grown significantly and I welcome the accession of new members to the Bank. The continued interest for the Bank from countries around the world underlines the relevance and attractiveness of the AIIB.

Finally, let me conclude by wishing President Jin and all management and staff of AIIB all the best in advancing the AIIB's mission. Finland is fully committed to support the Bank in its future challenges.

France

Mr. Chairman, Mr. President, Distinguished Governors, Ladies and Gentlemen,

France would like to convey its warmest thanks to the government and the city of Luxembourg for hosting this fourth AIIB Annual Meeting.

After a few years of operation of the AIIB, this Annual Meeting provides a good occasion to reflect on past achievements and fore coming challenges. We are very appreciative of the hard work accomplished all year long by AIIB staff and management. We succeeded to build collective answers to consolidate the governance of this multilateral development bank and to forge consensus in a collaborative way. Filling the gap for infrastructures financing in Asia is still a challenge, but after three and a half years of operational work, the Bank has developed its expertise in a significant number of projects and will increase the volume approved in the years to come.

From two years on, France will chair the Euro Area Constituency of the Board. We will be committed to maintaining the strong dialogue that has been sustained during past years between the Board and the Management. We share the responsibility to build up policies and strategies, but also to approve projects that will shape a Bank that will live up to its “lean, clean and green” motto. We support in that regard a lean organization, with transparent governance, which implements sustainable projects, responsible investments and relies on cost-efficiency.

As the bank is preparing its Corporate Strategy and Results Framework, a first priority for France will be to support the model of an investment bank, financially balanced, focused, and implementing the best standards. We share the view that the bank must prioritize quality to quantity. We welcome the upcoming first review of AIIB’s Environment and Social Framework (ESF) and are very much looking forward to contributing constructively to this important milestone in AIIB’s further development. In its current ESF, AIIB has successfully demonstrated its commitment to best standards and practices and we encourage the bank to make use of the review so as to reflect latest developments at other MDBs.

A second priority for France would be to encourage the Bank to remain focused in terms of sectorial and regional activities, as clearly stated in its title and reaffirmed in the Articles of Agreement. We have joined this Asian Infrastructure Investment Bank because we were convinced of the need to close the infrastructure gap in Asia. The needs are still there.

A last issue but not the least. We commend the bank for its “green” motto but believe that strong efforts still have to be made in order to implement an ambitious climate strategy. In defining such strategy, we strongly encourage the bank to identify the most efficient operational approaches to build-up its pipeline of projects with climate co-benefits and to systematically integrate climate change resilience into the design and monitoring of projects and programs. AIIB went into operations after the Paris agreement. It has the opportunity to develop a sustainable, climate-oriented pipeline without legacy investments in inefficient, carbon intensive projects. We thus would like to encourage AIIB to sharpen its green ambitions with a clear strategy and targets

which would allow the bank to be at the forefront of multilateral development banks implementing the Paris agreement. We encourage the AIIB to keep prioritizing sustainable development and sustainable infrastructures as a key challenge, both at the strategic and operational level. It is important for the Bank to commit to an ambitious pathway toward low-carbon and climate-resilient project developments, in line with the objectives of the Paris agreement. This should include, inter alia, the development of adequate capacity building to ensure that all project development and monitoring activities of the AIIB comply with Paris Agreement alignment operating principles.

As a conclusion, France is committed to build up a Bank that will deliver good projects and efficient support for the sustainable development of Asia. Board and Management will work together to promote the best standards, to face the remaining challenges in governance and strategies and to deliver projects which tackle the needs of Asia and help foster the sustainable development of the region.

Germany

As a young multilateral development bank, the AIIB has achieved ambitious goals within a short amount of time. After only 3 ½ years of operation, we can look back at an impressive portfolio of approved infrastructure projects that will contribute significantly to the economic and social development in Asia.

At the same time, the Bank succeeded in further integrating itself into the international financial architecture. An important milestone has been the successful issuance of AIIB's debut global bond in Spring 2019 that reconfirmed the Bank's triple-A-rating by the three major rating agencies. This milestone underlines the validation of AIIB's past achievements by investors across the globe. It also signifies their trust in the Bank and its future contributions to sustainable infrastructure developments in Emerging Asia. Against this background, we endorse the diligent and innovative path AIIB has been taking with its broad spectrum of financing arrangements and instruments ranging from co-financing to equity investments and intermediary solutions. Through this approach, AIIB has been successful in crowding in private investments which are indispensable for addressing existing and future infrastructure investment needs.

We further see that the AIIB has been progressively building its governance design, establishing internal lines of defense, steadily improving the regular supervision of the Management by the Board, and preparing its Oversight Mechanism. Hence, we congratulate AIIB on the membership of the Projects Affected People's Mechanism (PPM) in the Independent Accountability Mechanism Network, and AIIB on having become a member in the Global Delivery Initiative. We encourage the CEIU to continue in its establishment of

level playing field standards and implementing best international practices, including how the PPM is being put into practice, and are looking forward to respective reporting to the Board of Directors on this.

Given AIIB's growing experience and the envisaged build-up of respective capacities both with regard to its operations and governance, we believe that the Bank will be well equipped for a growing portfolio with a larger share of stand-alone projects.

As the Bank will move forward we believe it will be important to sharpen the focus on its core values of being lean, clean and green further in order to guide its future endeavors:

Being a lean institution entails the efficient use and allocation of resources while preserving the highest attainable standards. As the portfolio of AIIB will continue to grow including through a larger share of stand-alone projects, it will be of increasing importance for the Bank to continue its efficient use of the capacities needed for successful project development, execution, and monitoring. The AIIB has signed several Memoranda of Understanding with international institutions on co-financing, and importantly, joint cooperation that should be utilized as to avoid duplicating existing capacities. In this regard, we see this year's headline of "cooperation and connectivity" also as a working theme for AIIB's operations within the global network of international financial institutions.

AIIB's commitment to clean operations sustains and as President Jin expressed it "personal integrity is critical in shaping AIIB's culture of anti-corruption". We welcome AIIB's continuous efforts to fight corruption and fraud while also creating and supporting a modern, cooperative and transparent work ethic with clients as well as among its high-quality international staff.

Lastly, we commend the Bank on its green achievements in particular in energy sector projects. As the Bank can operate without legacy investments, it is free to intensify its focus on fighting climate change in accordance with the Paris Agreement and should make use of this privilege. We encourage the Bank to make further progress in this area as we believe that its focus can be sharpened and bars can be raised with a clear strategy and targets as opportunities still exist. We are ready to contribute constructively to its further development to guarantee the application of best international environmental standards and practices. We look forward to this year's review of AIIB's Environment and Social Framework, and appreciate opportunities for civil society organizations to take part in this process.

Overall, I see AIIB well-positioned in taking further steps to implement and enhance the Bank's core values to support deeper internal as well as external cooperation and connectivity. Germany remains committed to AIIB's mission and will continue to support its development at par with international organizations. I am eager to see the achievements that lie ahead in the next 12

months and wish the Bank and its employees all the best. I want to thank the Government of Luxembourg for hosting the 4th Annual Meeting of the AIIB and I am looking forward to our next gathering in Beijing.

Hong Kong, China

The theme of 2019 Annual Meeting of Asian Infrastructure Investment Bank (“AIIB”), “Cooperation and Connectivity”, is most timely and relevant amid the current global economic climate. Uncertainties over the global economy in the past year have caused much anxiety about long-term growth prospects. The strengthening of mutual trusts and reliable partnerships have become all the more important at this juncture. The development of Asia, against this background, demands great determination, and most importantly, cooperation, if we are to achieve prosperity for all. Connecting with each other and working together as a whole in an effort to putting the right infrastructure in the right place at the right time is critical to the sustainable growth of the region and beyond.

AIIB plays a key role in this regard by bringing members together to address Asia's infrastructure needs and to enhance connectivity in the region. Since its inception in 2016, AIIB has approved 40 projects with a total value of US\$ 8 billion, benefitting the lives of millions. While working to achieve its mission of promoting regional cooperation and connectivity, AIIB is also committed to ensuring that the growth in its developing members is inclusive and environmentally sustainable.

As the leading international financial center in Asia, Hong Kong, China actively support and promote infrastructure investment. Multilateral development agencies have been making good use of the deep financial markets of Hong Kong, China in raising funds for infrastructure projects. Our Infrastructure Financing Facilitation Office (“IFFO”) set up under the Hong Kong Monetary Authority (“HKMA”) has also been serving as a facilitative platform for supporting infrastructure investments and their financing. Its network of some 90 partners includes multilateral financial institutions, project developers and operators, financiers, institutional investors and professional services firms from all over the world. Since its launch in 2016, IFFO has organized large-scale conferences, seminars and workshops on infrastructure investment and financing, allowing key stakeholders to share experience and enhancing the capacity of both the investors and recipients. IFFO shall continue to collaborate closely with AIIB and its members, along with other public and private sector stakeholders, in developing a more enabling environment for infrastructure investment and financing in the region.

Hong Kong, China is also proactively exploring other channels to facilitate additional capital flow into infrastructure projects. Noting that the new capital

standards do not make it attractive for banks to hold onto infrastructure loans on a long-term basis, our Hong Kong Mortgage Corporation Limited is pursuing the proposition of purchasing these infrastructure loans for the purpose of securitization, with a view to providing banks with the opportunity to offload their infrastructure loans to other long-term investors such as insurance companies and pension funds, which are looking for less risky investments that can produce stable long-term cash flow.

Leveraging on the platform provided by AIIB and our strengths as the leading international financial center in the region, Hong Kong, China very much looks forward to contributing more to AIIB's important work in enhancing the cooperation and connectivity in Asia and beyond.

Last but not least, we would like to thank the Government of Luxembourg for hosting the 4th AIIB Annual Meeting, marking the first time a non-regional member hosting the event. Deep appreciation also goes to the management and staff of AIIB for the substantive agenda and the meticulous arrangement for the Annual Meeting.

Indonesia

Excellency Chairman of the Board, Fellow Governors of AIIB, President Jin Liqun, Executive Directors, and Management of the Bank

On behalf of the Government of Indonesia, I congratulate the Government of Luxembourg for the excellent preparation and arrangement of this meeting. I believe this meeting will deliver a lot of benefits on the improvement of the world cooperation and connectivity, particularly between the two regions, Asia and Europe while niching AIIB as a prominent institution in global partnership on infrastructure financing.

Distinguished Boards and Management of AIIB

It is a pleasure to observe significant advancement in AIIB operation for almost 4 years from the Bank's establishment. Until June 2019, the bank has approved 40 projects in 16 countries with a total value of USD 8.03 billion. Those projects were approved under three thematic priorities, sustainable infrastructure, cross border connectivity and mobilize private capital. I also observed a steady increase in the number of stand-alone projects financed by the Bank which indicates the growing capacity of the Bank. By June 2019, USD 3.7 billion from the total is distributed to 17 stand-alone projects. The number is expected to reach USD 15 billion or 80% of total project value approved by the Bank by the end of 2021.

I also notice a meaningful progress on the Bank's membership. Until 2019, 44 regional and 26 non-regional countries have pledged to be the members of the Bank, while 27 countries have indicated its interest to join. Consequently, the paid-in capital of the Bank increases and reaches USD 19 billion by the end

of March 2019. The expanded membership signifies AIIB position as a platform to improve better coordination on infrastructure development of the regions.

I appreciate the Bank's continuous efforts on accelerating the loan distribution to member countries as it is manifested on AIIB pipeline project 2019-2021. Within the next three years, AIIB has been identified 66 projects in 25 countries with value to almost USD 19 billion. Further, to improve the bankability of the projects, AIIB has implemented the utilization of project preparation special fund designed to provide assistance to the member countries whom eligible on receiving the International Development Association (IDA countries) or other members with substantial development needs and capacity constraints. From the beginning of its operation, AIIB has approved to provide USD 8 million of its special fund to assist the preparation of eight projects in five member countries.

I would also acknowledge the Bank's achievement on its product diversification through the inaugural pricing of the AIIB global bond in May 2019. It was reported that the bond pricing worth the value of USD 2.5 billion has attracted 90 investors from 27 countries.

Distinguished Boards and Management of AIIB

Regional connectivity is required to reap the most benefit of the region's productivity. Asia and Europe, together count for 60 percent of the world GDP with a significant trade value of 1.5 trillion Euro annually. More than 5.3 billion people or 70 percent of the world population reside on the continents, which indicates the potential advantage resulted from better connectivity of the regions.

Greater cooperation between Asian and European economies is growing despite many challenges ahead. Asia and Europe has a big opportunity to bring together a success story of regional connectivity through the combined implementation of the ASEAN Connectivity Road Map 2025, Belt and Road Initiatives, and Connecting Europe Facilities. Yet challenges exist, and need to be solved in order to achieve the targets as stated on those initiatives.

We observe that the infrastructure financing gap remains to be the main and foremost challenge in developing connectivity. Limited fiscal space and capital availability hold back the region from providing high-quality infrastructure to maximize its connectivity. The state and state-own enterprises have some limitations on their budgets for mitigating the financing gap, thus, other sources of fund are required, which is also an open opportunity for participation of both private and international financing institution. However, most infrastructure projects are considered less attractive for the private sector due to its relatively high risk and low return on investment, particularly those in remote areas.

As part of the Government of Indonesia's attempt on developing connectivity in the country, we have enacted several remedies to improve the attractiveness of infrastructure project through the implementation of fiscal,

institutional and structural reforms. The fiscal reform strategies include tax incentives, improvements on the quality and the efficiency spending, and the introduction of financial support to projects (i.e. project development facility, viability gap fund, and availability payment). Simultaneously, we also enacted institutional reform, i.e. improving the coordination on national priority projects, strengthening the existing agency to accelerate the land acquisition process, and establishing of Public-Private Partnership (PPP) unit to facilitate the preparation of PPP projects. Moreover, structurally, we continue to pass economic policy packages that strive to overcome bottlenecks and remove impediments for infrastructure development.

Regarding the increasing financing gap in infrastructure development, in South East Asia only, it requires USD 110 billion per year to improve the regional connectivity by 2025. Therefore, a bigger source of fund is absolutely necessary to connect countries both within Asia and between Asia to other continents. AIIB, with its unique role and capacity, has a significant role to facilitate the connectivity by providing not only financing but also the knowledge about infrastructure.

To increase AIIB's contribution to the connectivity development of the region, we observe various roles might be assumed by the Bank through the enhancement of AIIB's role on development agenda, an improvement on AIIB's leveraging capacity and lifecycle management. To overcome the issue of low attractiveness of infrastructure project financing in remote areas due to the relatively low return of investment and high financing risk, we would encourage AIIB to improve the Bank's capacity in project financial capacity and risk allocation, particularly for those in remote areas, as well as to develop more diversified products particularly on de-risking private capital participation.

Further, we identify inadequate human resource and technology as well as the borrowing capacity of the client as the bottlenecks on infrastructure project preparation. Thus, we would encourage AIIB to strengthen its support to the client members by expanding the use of special fund as well as providing product diversification by considering the member countries borrowing capacity and by the provision of local currency financing.

The government of Indonesia appreciates AIIB's continuous support to the client countries by revising the regulation on the utilization of Special Fund to also accommodate assistance both on the preparation phase and the early implementation of the project. It is a pleasure to observe that since the enactment of the regulation, AIIB has approved special fund for eight projects. However, considering the relatively low disbursement of the fund, I would encourage the Bank to identify and address the hindrance on the disbursement. Moreover, to improve high-quality project assurance, the Bank's presence and close collaboration with client countries are required during preparation, pipeline development, monitoring, and evaluation.

I welcome the effort of the Bank on expanding its financing instruments through the provision of local currency loans. It is a pleasure to be selected as one among five pilot countries for the implementation of local currency financing together with Turkey, Russia, India, and Thailand. Further coordination on the implementation is required to ensure the benefits for both the Bank and the client countries by mitigating the risk of tax evasion and investment crowding out on all of its phases.

Indonesia welcomes the Bank's policy to expand the utilization of special funds in supporting and facilitating the preparatory activities during preparation as well as within the early implementation of the project which indicates the Bank's further support to the client countries. Moreover, aside from the special fund facilities, we would also encourage the Bank to enhance its presence by involving on the preparation, implementation and evaluation stage of the project with the purpose to maintain the project quality assurance. Within the preparation stage, we support the Bank's agenda to develop countries pipeline project by working closely on the preparation of Country Programming Memo.

Distinguished Boards and Management of AIIB

Aside from the financing issue, we also observe insufficient coordination both domestically and regionally among MDBs, development partners, and their clients which is manifested in the overlapping policies and regulation, inharmonious initiatives and conflicting priority determination in member countries as the challenge to regional connectivity development. The absence of coordination contributes to misalignment of incentives, inconsistent taxation policies and regulation between countries in the regions, lack of transparency, and public information on the projects and incompatible initiatives within and between regions.

To provide better connectivity, cooperation is needed. AIIB is expected to promote regional cooperation and partnership in addressing development challenges by working closely with other multilateral and bilateral institutions. Thus, I would encourage AIIB to improve collaboration with other MDBs on accelerating its role on providing an alternative source of financing, serving as a transfer of knowledge platform and facilitating synergy between stakeholders, particularly regarding cross border infrastructure project. The Bank's capacity is growing, yet cooperation and coordination remain important considering the increasing regional infrastructure gap. In addition, close collaboration with other MDBs will prevent overlaps, facilitate synergy as well as ensure the adoption of best practice to the Bank's operation. Therefore, we support the establishment of the Multilateral Cooperation Center for Development Finance Facility (MCDF) at AIIB as the new platform to support efficient cooperation and coordination among stakeholders in cross border infrastructure project. We encourage AIIB to prioritize the preparation of the MCDF with other MDBs in expanding the

pooling of financial resources as well as to serve as a knowledge-sharing platform on the implementation of the high-quality infrastructure project.

Distinguished Boards and Management of AIIB

In the future, cooperation among countries, the private sector, and multilateral development institutions are even more and more critical. I believe, AIIB has the ability in providing the financing as well as facilitating the connectivity between Asian countries and with the rest of the world. Thus I would reiterate the Bank to its commitment to become a global development agent with the ability in leveraging capacity, mobilizing private capital as well as facilitating collaboration on global infrastructure development partnership.

Thank you.

Israel

The combination of connectivity and cooperation highlights the core topics in creating multilateral development. These two pillars create the opportunity for new progress in achieving the Sustainable Development Goals and connecting all parts of society to physical and digital infrastructure.

Israel views the AIIB, as a valuable platform that enables the co-operation of different states and different sectors in order to achieve its long-term goals. We believe that creating connections between sectors can help create innovative infrastructure projects.

Physical connectivity is crucial when trying to bridge economic and social gaps between states and societies. We believe that infrastructure connectivity should, and will make mobility, flexibility and innovation accessible to all. These features are key to creating an ecosystem of cooperation, which decreases the chances of future conflicts due to the codependency.

In Israel, we too are creating infrastructure that can connect and create win-win situations for all players involved. For example, The Red-Dead Sea Conduit, a 10-billion-dollar project, is a mega-infrastructure plan to restore and stabilize the Dead Sea water level, creating 900 million cubic meters of desalinated water, which will serve Jordan, Israel, the West Bank and the Gaza Strip. This project is in its pilot stage and is due to be completed in 2021. Another project is the "Jordan Gateway," which is supposed to create a joint industrial area between Israel and Jordan. In between the two states, a bridge was constructed, and is planned to connect the industrial area on both sides of the border. This bridge will provide access for 10,000 daily workers and visitors.

We believe that the AIIB can use infrastructure connections and cooperation in order to support sustainable development across the region. Allowing technology to be part of these connections can create opportunities across different parts of society, including those excluded from the fruits of innovation so far. AIIB can create these opportunities for all and we are glad to be part of this important process of connectivity and cooperation.

Italy

Halfway through its fourth year of operations the AIIB has consolidated into a well-established multilateral player, with a well-defined regional and sectorial focus and significant potential for further expansion.

AIIB's capacity to be relevant is clearly reflected not only in its growing member base and diversified loan portfolio – whose impact is already felt by many borrowing countries - but also in its triple-A rating and in its recent successful first bond emission, as well as into the close relationships with other multilateral institutions that AIIB has been able to successfully build.

As a founding member, Italy has closely followed the growth of AIIB's operations, and the progresses in the adoption of standards and of an adequate internal governance architecture, still under refinement.

Italy is satisfied of the achievements so far, and proud of supporting and encouraging the President and management's efforts to progressing and integrating the bank into the international financial architecture. The need to work as a system according to their respective comparative advantages will remain key for AIIB as well as for other IFIs. In this context, we recognize that AIIB is a valuable complement to such system and that its strengths lie on its innovative business model, which may be further calibrated but is already bearing important fruits.

We appreciate the efforts of management in building up AIIB's technical capacity with enhanced attention to the quality of human resources. It is a fact that a large part of AIIB's capacity to be innovative depends on the quality of its human capital and in this context we express appreciation for the international character of its workforce, to which we are pleased and proud to contribute.

Central to supporting the expansion of the bank from the operational side is a safe and sound approach to financing. Italy is pleased to see that over the last three years AIIB has developed a well-functioning system for the rigorous assessment and mitigation of operational risks.

We encourage the bank to keep pursuing and developing with the same intensity the highest standards of internal governance, particularly in consideration of its non-resident board model. We appreciate that in this context, notwithstanding the obvious structural limitations that this model implies, AIIB is encouraging wider possible interaction of shareholders with management.

We also recognize the significant efforts that have been put in place particularly in the last 12-18 months to design an adequate system of internal checks and balances, and to enhance information flows and their quality to the Board and external stakeholders. We encourage the bank to keep pursuing the target of maximum transparency. We believe that this level of focus and attention to the governance aspects will continue to bear fruits as the

organization builds up. Institutional credibility will remain the foundation for the high reputation that AIIB has been able to acquire so swiftly.

Core operations have significantly expanded as in previous years, and going forward we now expect increased diversification of regional borrowers. They are the main beneficiaries of AIIB's operations and they stand to take full advantage of the benefits of the modernization and enhancement of the infrastructural endowment, which can be only conducive to an increase in growth and wealth.

Not less important will be the Bank's ability to deliver solutions that are in line with its commitment - included in its "green, lean, clean" motto – to mainstream into all operations environmental concerns as not only multilateral banks, but the entire development community is already doing.

We see AIIB evolving and growing into a model institution able to supply innovative solutions in fields that merit full attention. We appreciate its capacity to consider technology as a fundamental element and a driver of its own policies, particularly those pertaining to the improvement of the urban context and the monitoring of projects. We agree that AIIB should keep testing the possibility to introduce wider ranges of financial products, to keep exploring how to maximize the development impact of infrastructure, to establishing it as a growingly important asset class. We hope that efforts underway will in due time reinforce adequately the capacity of several member countries to elaborate viable infrastructural projects, also thanks to the use of AIIB's dedicated fund for project preparation.

To support AIIB in its growth it will be crucial that the bank keeps an intense engagement with the business community of all member states, and that also companies from non-regional, non-borrowing countries become increasingly able to tender in large infrastructure works, that financial intermediaries are able to participate in co-financing and that consulting firms are able to find suitable engagements. For this to happen it will be essential to improve further the practices of project information sharing and give continuous evidence of the will to uphold AIIB's clients to apply best standards and practices, particularly in the area of procurement.

Kazakhstan

Dear Mr. Jin!

Dear Governors of AIIB member countries!

Dear ladies and gentlemen!

Let me begin by expressing my sincere gratitude to the Government of Luxembourg and the AIIB for the excellent annual meeting of the AIIB governing Council, the theme of which is "Cooperation and collaboration" to improve relations between countries and regions, including Europe and Asia.

We highly appreciate the cooperation with the AIIB and the annual meeting was a fruitful platform to discuss topical issues of economic development and the formation of understanding to address its global problematic aspects.

The theme of the annual meeting of the Board of governors of AIIB "cooperation and interaction" to improve relations between countries and regions, including Europe and Asia Prosperity through unity" is closely linked to the development of the economy of Kazakhstan, which is committed to multi-vector cooperation, choosing liberal approaches to stimulate economic growth.

In the context of globalization, the future of the AIIB countries is determined by their interaction with each other.

By 2020, it is planned to provide Kazakhstan with air links with 10 leading global financial centers (Singapore, New York, Tokyo, Dubai, Frankfurt, Beijing, London, Paris, Shanghai, Seoul).

The international financial center "Astana" was created, which will become a financial hub for the entire Central Asian region in the future.

Let me give You a brief overview of the economic development of Kazakhstan.

According to preliminary estimates, in January-May 2019 GDP growth was 4.0% compared to the corresponding period of 2018.

The volume of investments in fixed assets in January-May this year increased by 7.8% (in January-February 2019 increased by 4.2%, in January-March 2019 - by 7.0%, in January-April 2019 – by 6.7%).

Currently, Kazakhstan has prepared the basis for the development of the "new" economy of the country using the elements of the Fourth industrial revolution – 3D printing, online trading, mobile banking, digital services, automation, artificial intelligence and the exchange of "big data".

This together opens up exceptional opportunities for businesses and investors, both in traditional sectors and in areas related to the development of information and communication technologies and the Internet.

We continue to purposefully improve the competitiveness of our country for foreign and national investors. This includes the consistent improvement of legislation, strengthening of transparent and clear "rules of the game" based on the rule of law, building transport and logistics capacity, expanding access of goods and services produced in Kazakhstan to the markets of neighboring countries, ensuring an individual approach of the Government to each investor.

On the basis of the best international practices, as well as in the framework of a permanent dialogue with the international and Kazakh business community-initiated amendments to the legislation to improve the investment and business climate.

A special role in this is played by the Council of foreign investors under the President of the Republic of Kazakhstan, at the site of which foreign investors

have the opportunity to discuss the problems of implementing their projects and promising areas of cooperation in Kazakhstan.

As a result, in 2018 Kazakhstan in the ranking of the world Bank "Doing Business" rose by 8 positions, taking 28th place.

The growth of investment attractiveness of Kazakhstan contributes to the intensification of cooperation between the EAEU countries and China within the framework of the "One belt – One road" program.

Investors are offered both financial and non-financial measures of state support. For example, investors can benefit from state support in 12 special economic zones and 22 industrial zones.

At the Central level, a Focal point for attracting foreign investment has begun its work under the leadership of the Government. The Prime Minister of Kazakhstan personally performs the functions of the Investment Ombudsman.

Currently, the primary goal of the Government is to improve the real welfare of our citizens. As part of the government's action Plan, further improvement of the welfare of the population, development of villages, business support, improvement of the environmental situation, measures to improve the efficiency of the financial system will be provided. Special attention will be paid to enhancing the role of young people in the development of the country.

We support the policy of the Bank, which adheres to a strategic and systematic approach to investment planning to align the Bank's priorities with the needs of customers.

In conclusion, I would like to hope for our effective cooperation in supporting the AIIB in the implementation of Kazakhstan's reforms.

Korea

On behalf of the Korean government, I would like to extend my deepest gratitude to the Government of Luxemburg for hosting the fourth Annual Meeting of the AIIB.

Korea is especially pleased to attend this year's Annual Meeting, hosted by a non-regional member country for the first time in the Bank's history. We hope that the AIIB can expand its presence beyond Asian region with this Annual Meeting.

Globalization has greatly contributed to global economic growth. The volume of trade has increased thanks to greater interactions and access to new markets. Moreover, competition has boosted domestic productivity, accelerating economic growth.

The global economy has become integrated, capitalizing on heightened cross-border connectivity primarily through infrastructure investment. While investment in physical infrastructure reduced time and costs for relocating

goods and labor, investment in digital infrastructure and the advancement of ICT lowered the barriers of time and space. As a result, effective global supply chains have been established.

Recently, however, there are challenges newly arising across the globe to strengthen connectivity. Combined with uncertainties from geopolitical risks, protectionism and trade tensions are on the rise in many parts of the world. Meanwhile, insufficient financial resources for infrastructure investment in the public sector continue to exacerbate the situation. Weaker connectivity will hurt developing countries that should participate in the global supply chains to secure growth engines.

Now is the time to make concerted efforts to strengthen connectivity among countries. In this respect, we find this year's theme, Cooperation and Connectivity, highly timely and relevant.

We would like to highlight a few points on how to mutually cooperate with various stakeholders for heightened cross-border connectivity and the role the Bank should play.

First, it is critical to mobilize private capital to bridge the infrastructure gap. To that end, International Financial Institutions including the AIIB should take the lead.

In Asia alone, the estimated infrastructure investment gap amounts to \$459 billion a year. While a significant portion of it is being financed through the public sector, a lack of fiscal space and difficulty to maintain debt sustainability are causing many developing countries to suffer from the chronic undersupply of infrastructure. Therefore, private capital mobilization is the key to address the shortage of resources.

Recently, other international forums are also drawing their attention on private capital mobilization. At this year's G20 Summit, in particular, G20 Principles for Quality Infrastructure Investment was approved, following last year's approval of the G20 Roadmap to Infrastructure as an Asset Class. These Principles highlight the need for the improvement of infrastructure project development, investment environment and standardization in order to facilitate private investment in infrastructure.

Enhancing transparency of projects and addressing information asymmetry through disclosure of information and contract standardization are among the priorities of International Financial Institutions including the AIIB. In this respect, these institutions should be able to rightfully play important roles. Besides, as a reliable provider of long-term financial instruments, International Financial Institutions can help reduce risks of private investment.

Second, it is essential that all stakeholders engage and candidly consult with one another throughout the project lifecycle to facilitate cross-border infrastructure projects.

Despite part of its nature being reasonably considered as the public good, carrying out cross-border infrastructure projects is difficult due to different regulations, the need for large amount of resources and complexity of financing. After the implementation, the economic benefits can only be materialized over a long period of time. They can even vary for related countries.

Therefore, for the success of cross-border infrastructure projects, respective parties should put their heads together and have a thorough cost-benefit analysis for each stakeholder from a long-term and comprehensive perspective. Furthermore, the cost and benefit should be fairly distributed.

Here, International Financial Institutions can play a pivotal role as well. In particular, as an International Financial Institution specialized in infrastructure investment, the AIIB should be equipped with more expertise and experience in economic analysis. It can also coordinate differences in viewpoints as a fair mediator that does not get swayed by political interests.

Third, it is crucial to actively share accumulated knowledge and experience in regard to infrastructure investment.

This will not only significantly reduce trials and errors but also help develop projects tailored to national and regional characteristics, thereby making the most of limited resources.

Under the Knowledge Sharing Program (KSP) since 2004, Korea has been sharing its experience as a recipient-turned-donor country with 60 other countries through over 1,000 projects. Korea has also provided consultation along with other international institutions. These efforts, although they may not be visible, can be a great help to recipient countries in policymaking and project implementation.

This year, the AIIB started to internalize its own experiences through early learning assessment. Other International Financial Institutions with longer history would have already accumulated much more knowledge and experience. If these institutions go beyond sharing them internally and mutually cooperate and share these assets with one another, it could bring about greater synergy.

We hope this year's Annual Meeting provides an opportunity for all member countries to deliberate and identify ways to better connect and cooperate with one another. Korea is committed to give its full support as well.

Last but not least, we would like to thank President Jin, the Management and all the staff of the AIIB on its remarkable accomplishments made within a short period of time since the foundation. We look forward to the AIIB continuously playing a pivotal role in strengthening cross-border connectivity and cooperation.

Malaysia

INTRODUCTION

1. On behalf of the Government of Malaysia, we would like to express our appreciation to the Government of the Grand Duchy of Luxembourg for hosting the 4th Annual Meeting of AIIB. We would also like to thank and congratulate President Jin Liqun, as well as the management for their concerted efforts towards successfully organizing this year's AIIB Annual Meeting.

INFRASTRUCTURE DEVELOPMENT IN ASIA

2. The Asian region has shown an increasing demand for infrastructure development fund over the past decade. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) estimated that the Asia-Pacific developing region alone would need to mobilize USD800 billion to USD900 billion annually for the provision of transport infrastructure services, ICT, water supply and sanitation as well as electricity access. Likewise, the Asian Development Bank (ADB) estimated that the current infrastructure financing gap in Asia is USD459 billion per year, which clearly portrayed the urgent need to intensify crowding for private sector investments and funding for infrastructure development. The emphasis of the high demand for infrastructure funding made other sources of funding, apart from public finance more imperative.

3. At the 34th ASEAN Summit 2019 in Bangkok, Malaysia has urged ASEAN member countries to encourage connectivity in all aspects, from digital infrastructure, regulations and control, as well as community relations to create a 'seamless ASEAN.' Malaysia has even embarked on various Physical Connectivity Projects under Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) cooperation and Priority Infrastructure Projects under Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA). As regional infrastructure development projects are gaining importance and in line with the call for greater connectivity under ASEAN, the demand for infrastructure development fund in this region has increased in magnitude.

4. In view of this, Malaysia welcomes AIIB's four new strategies adopted in 2018, particularly the Strategy on Mobilizing Private Capital for Infrastructure projects. Malaysia also commends the Transport Sector Strategy which supports AIIB's agenda on cross border connectivity towards promoting integrated economic growth and improving the lives of people across Asia. These four strategic priorities will set clear corporate goals and strategies to support the development and infrastructure agenda for Asia's needs. Malaysia also praises AIIB for this year's theme of 'Cooperation & Connectivity' as this will intensify the discussion on cooperation and connectivity, particularly between Europe and Asia.

COOPERATION & CONNECTIVITY

5. According to the UN Comtrade Database, annual trade between the 51 Asian and European countries accounts for about half of the world's

merchandise trade and is valued at USD1.5 trillion which represents 60% of the world's GDP, thus signifying the strong trade ties between Asia and Europe. Foreign direct investment between Asia and Europe is approximately USD90 billion annually, which is nearly the same size as FDI flows within Europe. The relationship between Asia and Europe has global significance and the ties between these two continents are likely to increase in the coming years.

6. The connectivity between Asia and Europe has become a very important agenda that has led to the recently adopted "Connecting Europe and Asia – Building Blocks for an EU Strategy" by the European Union (EU). The EU's strategy for sustainable, comprehensive and rules-based connectivity will contribute to the enhanced prosperity, safety and resilience of people and societies in Asia and Europe. Malaysia commends the EU's strategy and has full confidence that it augurs well with the ASEAN Connectivity 2025 vision.

7. Malaysia urges AIIB to embark on formulating a strategic roadmap for connectivity, in a balanced and integrated manner, which will provide valuable guidance and direction to member countries in implementing connectivity-related infrastructure development projects in the future. As part of this process, the strategies and initiatives outlined by the EU and ASEAN on connectivity should be emulated by AIIB in addressing the infrastructure gap and with the aim of fostering greater regional and global integration through connectivity.

COOPERATION WITH OTHER MULTILATERAL DEVELOPMENT BANKS

8. Given the magnitude of the infrastructure deficit and the financing gap, Malaysia supports AIIB's collaboration with other multilateral development banks (MDBs), not just by providing financial support but also by offering overall assessment of project readiness and technical support. In this regard, Malaysia welcomes AIIB's strategic partnership with other MDBs and co-financing partners towards meeting the need of member countries.

9. Malaysia is of the view that AIIB would be able to address the sizeable investment gap through efficient mobilization of resources, reinforced leveraging of other MDBs' financial resources and strengthening strategic partnerships with the financial institutions. The need for infrastructure investment to catalyze economic activity and boost regional connectivity is after all tied up with broader goals towards shared prosperity in the region.

CONCLUDING REMARKS

10. On behalf of the Government of Malaysia, we would like to express our utmost gratitude to the Government of Luxembourg and President Jin Liqun as well as the dedicated AIIB management and staff for their endless efforts towards the success of the 4th Annual Meeting of AIIB. We look forward to strengthening our cooperation with AIIB in promoting sustainable infrastructure development.

Thank you.

Myanmar

Mr. Chairman, Mr. President, Fellow Governors, Distinguished Guests, Ladies and Gentlemen,

It is a great honor to represent the Government of the Republic of the Union of Myanmar in the Fourth Annual Meeting. Taking this opportunity, I would like to extend our sincerely thanks to the AIIB and the Government of Luxembourg for hosting the big meeting here in this beautiful country.

The Theme of the Fourth Annual Meeting “Cooperation and Connectivity” is very relevant in today’s world where the globalization as the process of international integration through cooperation and connectivity is being challenged. The impacts of geo-political tectonic shifts are already being seen in the form of rising economic and trade tensions felt throughout both the developed and developing world. This is further evidenced by the latest World Bank projections suggesting that global economic growth is likely to soften to just 2.9 percent in 2019, as a result of significant downturns in both international trade and manufacturing activity.

The truth is that an overwhelming exhaustion developed after a decade fighting against the tides of prolonged and repeated economic crises globally has weakened the resilience of many countries, emerging economies in particular, to withstand the pain brought about by current global tensions. Despite all these challenges faced, and exhaustion felt, emerging economies and developing countries like Myanmar continue to look to the future, seeking to boost economic growth with a drive toward increased investments and exports.

Myanmar, although relatively a small country compared to its neighboring countries such as China and India, is the second largest country in South East Asia in terms of land mass having the size of roughly the UK and France combined. Until recently we were a closed economy isolated from the world. Now, having emerged from self-imposed isolationism, having opened up our economy, having embraced liberal economic principles, and having sought to become a responsible member of the global community, I believe we have been successful in striking a delicate balance between economic development and economic stability. This is despite multidimensional challenges we continue to face throughout our social, political and economic transition. The result being that we have successfully maintained relatively high rates of economic growth (between 6-7 per cent) while inflation has been tamed at around the 6-7 per cent level. During the past six months, we have achieved the economic growth around 6.3% and our growth estimates for the current fiscal year from 1st September 2018 to 31st October 2019 is 6.8%.

Today, Myanmar is committed to cooperation and connectivity both regionally and globally and we actively participate in a range of regional, sub-regional and global-level multilateral cooperation initiatives that include but are not limited to the Association of Southeast Asian Nations (ASEAN), the Greater Mekong Sub-region (GMS) Program, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), the Ayeyarwady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), Cambodia-Laos-Myanmar and Vietnam (CLMV) Cooperation, Mekong-ROK, Mekong-Japan, and of course, China's ambitious Belt and Road Initiative – to name but a few. We are also very much involved in regional and sub-regional Free Trade Agreements including the Regional Comprehensive Economic Partnership (RCEP) process, which includes 16 countries namely ASEAN member states, China, India, Japan, Korea, Australia and New Zealand.

Through these multilateral cooperation initiatives, we are committed to the principles of regional and global cooperation and connectivity in our pursuit of our national development priorities. As a member of the global community of nations, the Government of Myanmar has affirmed its commitment to the 2030 Agenda which has now been fully integrated into Myanmar's planning, budgeting and monitoring frameworks consistent with our country's context. In doing so, we have developed a comprehensive social, economic and environmental policy reform agenda which we call the Myanmar Sustainable Development Plan 2018-2030, or MSDP. Our MSDP provides a unifying and coherent roadmap for all Myanmar's future reforms. The MSDP clearly sides in favor of a sustainable international trading system, preferring multilateralism and non-discriminatory approaches wherever possible.

While our Myanmar Sustainable Development Plan focuses on economic development, job creation and private-sector-led growth, social development and environmental protection, it also stresses the importance of peace, partnership, cooperation and connectivity which includes not only tangible infrastructure connectivity but also more important soft connectivity including non-physical government-to-government, organization-to-organization, business-to-business and people-to-people connectivity.

I do believe that the connectivity among the member countries across the different continents: Asia, Europe and Africa for their benefits on trade, social and economic development across boundaries is not fully completed without cooperation among them.

Looking forwards to continue strong and faithful partnership not only between Myanmar and the AIIB but also among our member countries in years to come.

Thank You

Nepal

Mr. Chairman,
Fellow Governors / Alternate Governors,
Mr. President Jin Liqun,
Distinguished Delegates

At the outset, i would like to submit my sincere apologies for not able to participate in the Annual Meeting of the Board of Governors of the Asian Infrastructure Investment Bank in the beautiful city of Luxembourg due to some unavoidable circumstances. Therefore, i would like to extend my best wishes for the annual meeting grand success. Correspondingly, i must express my sincere appreciation to the Government of Luxembourg for hosting the important meeting. Likewise, i am grateful for having the opportunity to acknowledge Mr. Jin Liqun, the president of AIIB and his team for the excellent work done for the meeting.

That annual meeting is being arranged at a critical juncture when the world economy is at the crossroads of globalization, trade liberalization, and climate change. The escalating trade protectionism, bilateral trade tensions and disputes, sanctions, financial stress and volatility, geopolitical tensions along with the intensity of climate change effects, persistently high levels of inequality, and narrowing monetary and fiscal policy space are very important issues which may undermine sustainability and quality of the current global economic growth.

On the economic outlook of Asia, I see the great potential to regain its share to global GDP which had slipped down 300 years ago. In the recent decades, with continuation of efforts on historic transformation, it has been estimated that Asia would have at least half of world's GDP by 2040s. It can only be achieved by raising productivity and efficiency of investment in the region with reforms in policy, institution and governance rather than simply by exhausting natural resources. We should also be better prepared to achieve sustainable development goals by leveraging the regional resources in infrastructure sectors that promote green growth and efficient interconnection of the markets and economies. We need to maintain macro fiscal prudence to manage negative externalities, risks and challenges. We also need to have collective efforts for mobilizing regional resources in dealing with climate change vulnerability and combating cross border illicit activities.

It is satisfying to note that Asia has maintained its resilient growth momentum of more than 5 per cent in the recent years. The region has been less affected by the financial market disorder along with experiencing growing trade tensions, tighter global financial conditions, climate change effect and occurrence of natural disasters. Sustaining the economic expansion requires promoting credible policies and reforms initiatives, raising investment and its productivity, ensuring better income distribution, containing risks and

strengthening resilience to climate change. Reduction in foreign trade and weak domestic demand, cooling real estate market, slowing automotive sector are some of the negative externalities to be addressed through national, regional and global efforts.

Whereas Asia requires huge investment in infrastructure - particularly in road, port, energy, and urban development, private sector and financial markets are not matured enough for financing such infrastructure. Thus a large portion of such investment has still to take place through the public sector. This requires that long term financing institutions like the AIIB have adequate resources to finance such requirements. Besides, as the single investment requirement for financing SDGs belongs to infrastructure, global and regional financial resources have to be pooled to meet this investment gap.

I am happy to note that AIIB has been expanding its membership and doing incredible job in its less than four years of operation, approval of 40 infrastructure projects amounting more than 8 billion US Dollars. More importantly, most of this investment has been approved for projects in South Asia region where we see the huge infrastructure gap. Nepal, so far lagging behind in capitalizing the AIIB resources, has just been able to land its first investment of US \$90 million in private sector developed 216 MW Upper Trishuli 1 hydropower project. I take this opportunity to express my sincere appreciation to AIIB for this maiden investment decision in Nepal.

I also note that the AIIB's focus areas rural infrastructure and agriculture development, energy and power, and environmental protection are very relevant to Nepal, thematic priorities of the bank: sustainable infrastructure, cross border connectivity, and private capital mobilization are appropriate for improving social and economic outcomes of Asia. Three core values which guides overall operation: lean, clean, and green are relevant, exemplary and essential for the better future of the world. This institution now has become a reliable backstopping for project financing in the region.

Nepal also faces huge infrastructure and connectivity gaps. The country needs about 6 billion US Dollar which is 12.8% of GDP in average additional financing annually to meet the SDGs alone during the entire period till 2030. The country needs huge investment in infrastructures particularly in connectivity, tourism and energy for accelerating economic growth to double digit level and ending all forms of poverty and backwardness. Our recently announced budget aims to achieve 8.5 percent GDP growth next year on top of about 7 percent GDP growth in last three consecutive years. I see a great role that AIIB can play for meeting the SDG infrastructure financing gap with the approval of quality projects and also with exploring appropriate project financing solutions.

Nepal deserves the geographical advantages of linking two of the largest economies of Asia. The country has overcome prolonged political instability and

moving rightly on track to the path of prosperity. Government of Nepal has come up with long term vision of Prosperous Nepal and Happy Nepali with an objective of graduating from LDC status at earliest, achieving the sustainable development goals by 2030 to graduate in middle income country. The Fifteen Plan with the Long-term vision for next 25 years will be implemented from Mid July 2019 which has clear roadmap for social and economic development of Nepal.

Nepal having had just 31-billion-dollar economy, has set an ambitious quantified target in infrastructure development to be achieved by 10 years. Some of those to highlight are: 2 thousand km of railways, 15 thousand MW of electricity, 70 thousand km of roads including highways and local roads, constructing three international airports, large number hotels and other tourism infrastructure to bring in 5 million tourists. We are committed to ensure renewable energy and basic water supply for all by three years. We now are focusing to manage finances for public sector investment in feasible projects. The new development cooperation policy has clearly identified priority sectors where we prefer to mobilize international development cooperation. We always value the aid transparency for achieving development results. We are optimistic that we would be able to mobilize resources, expertise and technologies from our development partners to meet the financing and other capacity gap both at the public and private sectors.

Nepal values the role of private sector in development. There are provisions for sufficient incentives to the investors through new legislations related to Public Private Partnership, Foreign Investment and Technology Transfer and also in tax law. We have urged domestic and international private sector to invest in Nepal through mutually agreed win-win solutions. Just three months back, Nepal organized an International Investment Summit with a view to mobilize more domestic and external investment in potential projects. We prefer to attract domestic as well as foreign investment in most potential sectors like Hydroelectricity, Transport, ICT, Tourism and Agro Business among others. There we saw the tremendous response from the investors in terms of participation and expression of interest to invest in a number of schemes. I take this opportunity to express my sincere thanks to AIB, for participation in the summit and also look forward for substantive engagement in our effort to create a conducive and attractive environment for investment.

Nepal always believes in multiculturalism; which allows a platform to small countries to raise the voice equally and to draw an attention of all concerned in common issues. Nepal seeks all the available options and windows of investment being accessible to LDCs. It is a critical time for us to sustain the achievements we have made so far and maintain the momentum of development and crowding in resources to move on high growth path. As a least developed country, Nepal has been mobilizing the concessional financing

from multilateral and bilateral mechanisms. It is not just matter of luxury; concessional resources are essential for LDCs at least up to SDG period not only for sustainable debt management, but also to preserve the pace of economic development from the risk of higher cost of capital. We are hopeful that AIIB will also open up window for concessional support to LDCs.

I am happy to share that the promulgation of the new constitution in 2015 has led Nepal towards an era of inclusive and representative democracy. Nepal has restructured as a youngest federal country. The end of protracted political transition and attainment of political stability, presence of elected governments at all the three tiers, and demonstration of rapid delivery of development services to the people has created positive synergy and high optimism of people towards the present-day government. Accordingly, the government is committed for eradicating extreme poverty, ending illiteracy, improving living standards of people, and expanding economic opportunities through the institutionalization of the federal system.

To conclude, Nepal looks forward to building strong relationship and enlarge meaningful collaboration with the AIIB. I am confident that the discussions and deliberations throughout the meeting will pave the way to address the investment gap in the region. We are also eagerly looking forward for an even more proactive role of AIIB to help least developed countries of the region to come out of extreme poverty by means of its technical and financial cooperation.

I wish the Annual Meetings a great success.

Thank you.

Netherlands

First and foremost, we would like to thank the authorities of Luxemburg for hosting this fourth Annual Meeting of the AIIB and the first to be held outside of Asia. The portfolio after three and a half years demonstrates that the Bank is agile, financially sound and delivering impact. We therefore commend the overall performance of the Bank so far. Being lean whilst at the same time adhering to best practices and high international standards regarding environmental and social (E&S) criteria and governance is not mutually exclusive. This has been exemplified by the Bank in its first operational years. The portfolio has grown both in size and number of projects, in the form of co-financing with other International Financial Institutions (IFIs) with recent pick-up in stand-alone operations.

Besides operational growth the AIIB has also focused on its governance structures and outreach to stakeholders. In view of this, the Bank is preparing its Oversight Mechanism, thereby further shaping critical functions like complaints-handling mechanism. We call on the Bank to continue along the

path of strengthening its governance design based on best international standards and practices and principles of transparency and accountability. As with all IFIs, the desired governance model works efficiently and effectively once it is tested and evaluated. Adaptability and responsiveness to changes are key to continue enhancing the governance structure. The upcoming first review of the Environment and Social Framework (ESF) provides an opportunity to further strengthen check and balances.

The AIIB is reaching a crossroads after its start-up phase, and coming years will further shape its modus operandi. Strengthening the comparative advantage of the Bank will be further crystallized in upcoming discussions around corporate strategy. To kick-off this discussion we would like to underscore the *raison d'être* of the Bank, which is to foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia, as also reflected in the Articles of Agreement. We will continue to encourage the Bank to deliver on this mandate through addressing infrastructure gaps in Asia, in particular in less developed members in the region, and mobilizing private investments to foster economic development.

Related to the theme of this Annual Meeting “Cooperation and Connectivity”, one cannot ignore the importance of leveraging on the benefits of better connectivity within and between countries. In this regard, we encourage the Bank to cooperate closely with relevant actors like governments, private sector and MDBs in fostering quality infrastructure compliant with highest international IFI standards and taking into account debt sustainability.

We welcome the efforts of the Bank to embrace technology and innovation as an institution established in the 21st century. The Bank is well suited to address clients’ needs by means of innovative approaches such as providing new financing instruments. In this respect we welcome the efforts to expand local currency lending and would encourage the AIIB to scale-up climate mitigation and adaption investments in its overall portfolio in accordance with the Bank’s “green” motto.

Delivering on this challenging mandate would not be possible without one of the most important -if not the most important- asset of the Bank, namely its staff. We commend the ambition of the Bank to build towards a modern, top-of-the art and inclusive culture that attracts high quality staff from all over the world.

By adhering to its mandate and building on its business model, the AIIB can specialize in meeting the large infrastructure needs of its beneficiaries while continuing to be efficient, transparent, well-governed, financially sound and operational based on highest international standards.

Pakistan

Excellencies, Honorable Ministers, Governors, Members of the Board of Directors, Respected Guests, Ladies and Gentlemen,

It is indeed an honor to be here and being part of this annual meeting. I would like to take this opportunity to thank our host, Grand Duchy of Luxemburg, for warm welcome and the hospitality extended. I congratulate Asian Infrastructure Investment Bank for arranging another successful event.

This year's theme for the annual meeting "Cooperation and Connectivity" is central to the mandate of AIIB and reflects the core values of the bank. The idea is being translated through recent development initiative in our region where China –Pakistan Economic Corridor Project under Peoples Republic of China's Belt and Road Initiative has led to investments in major infrastructure: Ports, Roads, Optical Fiber and power generation. This will offer an efficient and economic link to the landlocked Afghanistan and Central Asian States connecting ports and the people in the region. Pakistan's willingness to join Lapis Lazuli Corridor and Ashgabat Agreement is indicative of our resolve to support international trade and transit corridor facilitating trade in goods and services by enhancing regional connectivity.

Another significant impact of the Belt & Road Initiative will be establishing synergy with the economic integration program of Central Asia Regional Economic Cooperation (CAREC), of which Pakistan is an active member country. The cardinal aim is to establish transnational economic corridors through the provision of physical infrastructure, particularly in transport, and connect markets, production processes and value chains facilitating the cross-border movement of people and goods. Innovative policy responses by Governments on duty tariff structures, toll management, border control, simplification of business processes are key to effective utilization of connectivity through private sector investment and people to people contact. CAREC 2030 long term framework provides holistic measures to achieve Cooperation and Connectivity among the CAREC members. With important strategies (Sustainable Energy, Sustainable Cities, Transport Strategies) in place, AIIB can assume a leading role for development of a regional framework to further build on by integrating with CAREC long term infrastructure framework.

In this backdrop the infrastructure financing in Pakistan's context becomes significant. The economy is facing multiple challenges including unsustainable twin deficits. Hence, to correct the imbalances in the economy, government has taken steps to curtail these deficits and tighten monetary policy to contain demand. In this situation infrastructure financing can only be sustained by such players as AIB and by leveraging on PPP potential. Building a robust PPP regime remains a challenge for many countries. Currently, five road sector infrastructure projects are under different stages of execution and around US\$ 2 Billion projects are in the pipeline in road sector only. Using the prism of

Sustainable Transport Policy of the Bank, AIIB can stimulate market by mobilizing private capital and catalyzing more transactions as an anchor financier. On the compliance side, Pakistan has acceded to UN International TIR and CMR Conventions for harmonizing cross border procedures with the international standards.

The Government of Pakistan has set a policy target to improve its energy generation mix by achieving 60% generation through renewable sources by 2030. In order to achieve this target, investment in renewable energy infrastructure and technologies is imminent. Since the energy market is fairly developed; AIIB can establish a regional fund, on the lines of European Union Horizon 2020, and can partner with Pakistan to achieve this goal. Pakistan also needs upgradation of power transmission infrastructure, if regional interconnections are established with the help of AIIB on the pattern of Asia Super Grid and ASEAN Power Grid this will help in establishing energy transmission and trade corridor at the regional level.

Tourism is another promising sector to invest and promote, Pakistan is cradle of two ancient civilizations i.e. Gandhara and Indus Valley. We have some of the oldest remains of Buddhist culture, similarly rich heritage of Mohenjo-Daro and Mehrgarh are big tags for Archaeological Tourism. Pakistan is also famous for shrines which are great attraction for Religious Tourism for Hindus, Buddhist and Sikhs. The northern areas of the country have world's four highest famous mountain ranges in a knot i.e. the Hindukush, Karakoram, Pamir and Himalayas which is great attraction for adventure tourism. Therefore, development of tourism infrastructure for access and connectivity will be helpful to open up the country for tourism to add value and entertainment.

Digital Connectivity is the emerging potential area for future investment and growth. A cursory glance at AIIB financed projects and in the pipeline reveals there is only one project for Digital Connectivity out of 60 projects. When the world is embracing the 4th Industrial revolution, we need to focus more on this sector to cope with the challenges and regional requirements. AIIB report provides that South Asia's situation looks challenging: Afghanistan, Pakistan and India rank among the countries where Alliance for Affordable Internet (A4AI) believes private capital in helping enable universal internet access will lag the most. This suggests that the region requires much more financial resources from the private sector investment and Development Finance Institutions—around USD 6 billion a year over a decade to achieve universal access.

In conclusion, connectivity and cooperation is central to global peace and prosperity and to fully actualize development potential of global under developed regions. AIIB, as a responsible global player must keep this theme at the heart of its operational policy.

Philippines

Through all the uncertainties in the global economy, the Philippines continues as one of the fastest growing economies in the region. Credit for this goes to President Rodrigo Duterte's ambitious infrastructure modernization program.

From having among the lowest economic investments among the countries of the ASEAN, we seek to double public spending on public works as a percentage of GDP over the next few years. The infrastructure modernization program provides a strong catalyst for domestic economic activity. It creates new jobs, encourages new businesses, and connects our remotest communities to the mainstream of economic growth.

We acknowledge the strong support from our development partners, especially the multilateral financial institutions such as the Asian Infrastructure Investment Bank (AIIB), in pushing the infrastructure program. Such support is also indispensable for emerging economies facing fiscal constraints. It has been estimated that 43% of lower income developing countries are currently facing some degree of debt distress in 2018. This is double the 21% recorded in 2013. Debt levels are high while public infrastructure spending has declined in recent years. Clearly, this trend poses a challenge to multilateral financial institutions expected to extend accessible financing to countries that need them the most.

We appreciate the innovative programs of the AIIB. These programs helped greatly in providing financing support to emerging economies in the region to develop their infrastructure. Increased economic investments will help these countries lower logistics costs, improve connectivity, and enhance competitiveness.

As a beneficiary of AIIB support, we likewise look forward to continuing efforts towards setting improved standards for infrastructure financing. We are hopeful that, through closer coordination with development stakeholders, standards for financing support may be better tailored to the needs, objectives, and capacities of developing economies.

Cooperation and connectivity, however, must not be limited to national governments and international development partners. Various private institutions that heavily invest in public infrastructure would benefit well in close partnerships with governments and multilateral institutions. Thus, limited participation of stakeholders from the private sector in relevant discussions and forums on infrastructure financing must be addressed.

In terms of project preparation for infrastructure, the Philippines' current approach is to partner with local and foreign expertise, especially with those associated with the financing of a particular project. Consultants from lending countries or institutions must always incorporate capacity building and training

for implementing agencies while they are involved in every part of the process for the project. Over time, the implementing agencies will develop its own capacity to be able to train its own incoming personnel.

The infrastructure projects undertaken by developing economies could have enhanced utility if they are supported by improvements in information technology that support market linkages. The AIIB may consider establishing a unit responsible for developing digital technology programs among its member countries. Among the first programs to be considered involve the development of Agriculture technology or Agritech, especially for the Philippines, to magnify infrastructure benefits for farming communities. Most of the developing economies are held back by weak farm systems and poor coordination between farm and market.

In closing, let me emphasize that quality infrastructure must hinge on two principles: inclusivity and sustainability. Sustainability and inclusivity are essentially inseparable, for those first affected by poor infrastructure and catastrophes are the most vulnerable communities. With the adverse consequences of climate change looming more obtrusively by the day, international standards for sustainable and inclusive infrastructure must not merely be harmonized. These must be revisited to cultivate a trend of building infrastructure that preserves, restores, and integrates the biodiversity of the environment and supports the conservation of natural resources.

I congratulate the AIIB for providing opportunities for its member countries to discuss its developmental needs and challenges. We look forward to closer and broader cooperation with this institution as the Bank expands its operations.

Poland

Mr. Chairman, Mr. President, Distinguished Governors, Ladies and Gentlemen,

Let me start by expressing my gratitude to the Government of Luxembourg for hosting this year's AIIB Annual Meeting. I would also like to thank the management and staff of the Bank for their hard work and commitment to the development of a strong international institution dedicated to promoting cooperation and improving infrastructure within Asia and beyond.

This roundtable is about connectivity, which cannot be achieved without a proper cooperation among various partners and across borders. That is why we welcome the new members, who joined the Bank since the last year's Annual Meeting and look forward to the Bank's further growth.

Connectivity remains high on the agenda of many countries and international organizations, both in Asia and in Europe. My impression is that it is becoming more and more important every year, due to the growing trade flows and rising people mobility.

We should work together to fill the empty spaces on the map with innovative, sustainable infrastructure to improve the people's quality of life, better connect societies and markets, and provide all with opportunities of welfare and development. AIIB is well suited for financing projects submitted by governments and private promoters, as well as for facilitating trans-border coordination and project preparation activities.

We appreciate the Bank's partnerships with other international financial institutions, that enable joint cooperation and co-financing of developmental projects. We encourage the Bank to look for investment opportunities in all parts of Asia – carry out further activities where is already present, at the same time exploring new markets.

The diversification of the investment portfolio is a key issue. That being said, I believe we should search for synergies in European and Asian goals and be open to the possibilities of project financing in Europe and other parts of the world, within the agreed non-regional limit. I encourage the Bank to look for such opportunities.

Portugal

Honorable President,
Honorable Chairman,
Distinguished Governors,
Honored Guest,
Ladies and Gentlemen,

It is an honor for me to attend the fourth Annual Meeting of the Asian Infrastructure Investment Bank, the first to be held in a European country. I congratulate the Government of Luxembourg for organizing such a special and well-run event.

This year we will be discussing Cooperation and Connectivity. In a world that is connected in an unprecedented way in history, with technology diluting physical boundaries and distance, there are still regions and millions of people lagging behind, not profiting of the advantages of being connected both physically and digitally.

Considerable progress has been made by this institution to enhance connectivity not only within Asia, but between Asia and the rest of the world: a Transport Sector Strategy was approved at the end of 2018, an Information and Communications Technology (ICT) Strategy is under preparation, and to mobilize the much needed private capital to this great endeavor, a Strategy on Investing in Equity was approved, with an important milestone achieved with the bond issuance last May.

I believe the AIIB is on the right track to deliver to its clients the possibility to enhance their connectivity through the development of sustainable infrastructure projects.

Portugal strongly believes that AIIB should continue focusing in the quality of its projects, rather than in the quantity. We advocate high-impact, sustainable and climate resilient projects, that meet strong environmental and social international standards and promote ESG investing principles.

Good and reliable connectivity and infrastructure are, indeed, pivotal to achieve sustainable and inclusive economic growth.

Despite still being a young institution, the AIIB has soon developed to be a major player, increasing at a rather impressive path its number of shareholders, business volume and projects.

I hope this Annual Meeting really serves the purpose to reflect about how this Bank can contribute more to economic growth and sustainable development by financing sustainable infrastructure that improve connectivity in developing countries.

Even though the AIIB focus is on Asia, it is also starting to support development in Africa. Now that the Bank has started operations in this continent, we are looking forward to seeing how the cooperation between Asia and Africa will develop, and I would like to make use of this momentum to encourage the Bank to reach for new shareholders among the African Countries.

By this time next year, I wish each shareholder can proud himself and say that contributed, through its membership at the AIIB, to build sustainable infrastructure where they are needed the most, to promote high environmental and social standards, to the development of an efficient human resources policy that results in the attraction of high quality international staff and in the empowerment of women, to accountability and good governance and also to cooperation between countries and different international institutions.

Thank you very much.

Singapore

I thank the Government of the Grand Duchy of Luxembourg for hosting the 4th Annual Meeting of the Board of Governors of the Asian Infrastructure Investment Bank (AIIB), and President Jin Liqun for the excellent meeting arrangements.

Since its establishment, the AIIB has made remarkable progress. It now has 100 approved members and 46 approved projects, with a steady pipeline of more projects over the next couple of years. I therefore congratulate President Jin and his team on these achievements; and am confident that the Bank will continue delivering good outcomes for the region.

The work by the AIIB will be crucial in helping the Asian region realize the Sustainable Development Goals. Regional infrastructure demand is still rising given Asia's rapid population growth and urbanization. By 2030, Asia is expected to have more than half of the world's population, with an estimated increase of 500 million people from 2015. More will also live in urban areas. The rate of urbanization in Asia is expected to rise to above 50% in 2030, from 40% in 2010. As such, infrastructure must be developed well in order to support good economic and social outcomes for our peoples.

The theme of the 2019 Annual Meeting – “Cooperation and Connectivity” is therefore timely. The AIIB, as an open and credible multilateral institution, is uniquely positioned to act as a bridge between governments, as well as to link governments with the private sector to overcome the challenge of project bankability.

By encouraging the use of international best practices as well as helping to build governance capacity and human capital in member countries, the AIIB can be a critical resource to narrow the region's infrastructure financing gap.

The AIIB, as well as other development partners, can work with governments to collectively achieve greater development impact by enhancing coherence and complementarity between operations. The G20 Eminent Persons Group on Global Financial Governance's recommendation on country platforms offers a way forward, driven by countries' development priorities, to leverage development partners' comparative advantages, avoid unhealthy competition and facilitate convergence on core standards. This complements ongoing efforts like the AIIB's Environmental and Social Framework to improve development effectiveness and integrate sustainability considerations. Singapore's Infrastructure Asia office also stands ready as a knowledge sharing partner for the Bank.

The AIIB's focus on the promotion of effective dispute resolution to reassure investors that disputes do not cause delays at any stage of the project lifecycle is also important. Given the long tail of infrastructure projects, infrastructure disputes can be expensive and complex. The Bank's 2018 Legal Conference on this theme is a good example of the AIIB's leadership on this front.

Singapore stands ready to support the AIIB's important agenda in our role as an infrastructure hub, be it for financing, project brokering or dispute resolution, for Asia. We remain committed to working with the AIIB as a key development partner for the region.

Spain

Mister Chairman of the Board of Governors, President Liqun, Honorable Governors, Distinguished guests,

The world's economic center of gravity is shifting east. The remarkable Asian economic and social transformation over the past few decades has led to a dramatic rise in incomes and the improvement of the quality of life of Asian people. Despite the recent slowdown experienced by some countries, Asia remains the world's fastest growing region and accounts for over 60% of global GDP growth. However, the large infrastructure gap constrains its regional integration and prevents Asia from realizing its full potential.

In this challenging scenario, the Asian Infrastructure Investment Bank was created in 2015 to foster high quality infrastructures in the region and narrow the connectivity gap. After more than three years of operations, the Bank has an impressive track record. It has become a reliable multilateral institution with a diversified shareholding and a qualified management. The Bank has adopted its first strategies and policies, which are in line with international standards, and, what is more, it has developed a self-sustainable financial model, based on sound market principles. Its AAA rating and the enormous success of the issuance of the global bond is a testimony of its achievements and reveals investors' confidence.

Today, the Bank stands at a crucial point and it still needs to find its own place in the changing multilateral arena, exploring the areas where it can provide added value. Spain supports the set-up of the AIIB as established in its Articles of Agreement: a specialized Investment Bank operating mainly in Asia, while at the same time being "clean, lean and green". This vision underlines two different but complementary facets the Bank will be expected to develop. On one hand, we believe in an investment, profitable and financially sound institution, capable of mobilizing private capital and well positioned to provide a flexible and holistic approach when addressing the Asian infrastructure needs. On the other hand, AIIB must integrate the highest social and environmental standards in all its operations, should aim to generate strong social impact and establish the fight against climate change as one of its top priorities.

In this regard, we congratulate the Bank for all progress made in implementing the highest standards. The upcoming review of AIIB's Environment and Social Framework will constitute a unique opportunity to reflect on how best to reinforce the Bank's commitment to best international practices.

Concerning the development of AIIB governance, we commend the Bank for the recent approved oversight mechanism and encourage it to continue aligning the CEIU with international standards.

Yet, Asia is the largest world driver of energy demand and its CO₂ emissions account for over 40% of world total emissions. Therefore, it is essential that the Bank adopts an ambitious green agenda by articulating a clear and coherent strategy and setting measurable targets and objectives. Specifically, in order to foster power stability and energy efficiency, the Bank

should promote complex transmission projects enabling Asian countries to link up their grids, paving the way to regional power grids. This will place the Bank at the forefront of the fight against climate change and the achievement of the Paris Agreement.

In addition, we praise the AIIB strategy for sustainable cities. The Bank must play a leading role in addressing the growth of megacities, by promoting investment in infrastructures that can make cities more livable and urban development more climate-friendly.

Mr. President, colleagues,

Spain, as a founding member of AIIB, remains a proud shareholder and we congratulate the Bank for its good performance over the last three years. AIIB is becoming a crucial player in the region, with a decisive contribution to address the tremendous Asian infrastructure gap, while, at the same time, respecting the highest environmental and social standards and maintaining a very sound financial profile.

For the AIIB to be a fit-for-purpose institution for the 21st Century, I would strongly encourage the Bank to keep working in this direction, with a sectorial and regional focus but with an ambitious green agenda, and preserving high quality project selection, to ensure delivering good results with a significant social impact.

Thank you.

Thailand

Mr. Chairman, Mr. President, Fellow Governors, Distinguished Guests, Ladies and Gentlemen

I would like to take this opportunity to express my gratitude to the Government of the Grand Duchy of Luxembourg for hosting this prestigious event with warm welcome. I would also like to thank President Jin Liqun and AIIB staff for their hard work in organizing this successful meeting.

Over the past three years and a half since the establishment, the AIIB has made considerable progress in pursuing its role in fostering infrastructure investments in Asia. The expansion of membership to 97 countries and the continued increase in the number of projects to 40 across different sectors in the portfolio are testimonies to this achievement. With support from the AIIB in reducing infrastructure financing gaps, I hope the region will benefit from sustainable infrastructure development in terms of sustained economic growth, enhanced competitiveness as well as poverty and inequality reduction.

The 2030 Agenda for Sustainable Development has paved the way for sustainable development in the global arena. Like many countries, Thailand has adopted this agenda as a development anchor and put effort in driving the country towards the achievement of the Sustainable Development Goals

(SDGs) through a number of policy actions. Infrastructure investment is one of Thailand's key priorities as it is a prerequisite for further development in a sustainable society. To align infrastructure investment with the SDGs, sustainability issues are incorporated into sector strategies. Thailand's draft Strategy for Transport Systems Development that is based on three major aspects – Effective Transport, Green and Safe Transport and Inclusive Transport is an example of our effort to make the sector sustainable and resilient to change.

Thailand assumes ASEAN Chairmanship this year under the theme “Advancing Partnership for Sustainability” to reflect our collective effort to build an ASEAN Community that leaves no one behind. While it is generally recognized that ASEAN connectivity is key to more integrated and seamless ASEAN, regional growth potentials and shared prosperity, the realization of the connectivity and how to make it sustainable are still challenging. The AIIB, as an emerging Multilateral Development Banks (MDBs) whose thematic priorities include sustainable infrastructure, cross border connectivity and private capital mobilization can truly be supportive in bridging the financing gap across the region.

The theme for this year's AIIB Annual Meeting “Cooperation and Connectivity” signifies that deeper cooperation is the backbone of greater connectivity. Cooperation is multi-faceted and takes different forms, ranging from cooperation among member countries, between the AIIB and member countries, and even between the AIIB and other MDBs. Taking into account the fact that we are amidst global economic uncertainties and escalating cost of borrowing, cooperation now has a greater role to play.

On the connectivity side, given the current era of digitalization and technology disruption, connectivity is more simplified than ever. Digitalization is reshaping global business activities, enabling more opportunities for stakeholders to create novel business models, facilitate innovation, and reduce business cost. Consequently, investment in digital infrastructure will not only boost competitiveness in modern business world, but also generate positive externalities for people living in different areas of the region. Taking this opportunity, I would like to commend Luxembourg, the host country of this year's AIIB Annual Meeting, for the success in digital connectivity, making the country ranked among the top European countries in this field.

Thailand stands ready to enhance cooperation with the AIIB and member countries. I highly appreciate the effort taken by the AIIB to design and implement its strategies in building the organization during its start-up phase. I look forward to seeing AIIB's Corporate Strategy that is expected to be completed in the near future to serve as the Bank's medium-term direction. I encourage the AIIB to be an institution providing financial assistance in

response to diverse needs of member countries in a changing global environment while taking into account the sustainability issue.

Turkey

I would like to express our appreciation to the Government of Luxembourg for this excellent organization.

The global economy is experiencing a broad-based growth slowdown. Amid elevated downside risks, many countries today have limited policy space to mitigate the effects of adverse shocks. At this backdrop, the role for multilateral development banks (MDBs) becomes even more instrumental. MDBs have unique positions in gathering the private sector and member states in supporting quality infrastructure.

In this sense, this year's topic is very timely and relevant. AIIB with its special focus in infrastructure contributes to international connectivity through its investments in trade, telecommunications, and transportation. This in turn facilitates the knowledge and technology transfers that are critical to long-term growth and shared prosperity in the region.

Yet, there are four aspects that the AIIB could further explore.

First, AIIB has become the second largest MDB in total number of members. Non-regional members constitute almost half of the total members and this seems to be increasing in the near term.

Increased membership is clearly a big opportunity for the AIIB to foster the connection with other regions through non-regional operations. But, since the demand from Asian economies is already high, I believe that AIIB does not have the sufficient capacity to fully support the projects in non-regional members. Therefore, we would like the Bank to continue to act in line with its policy on non-regional operations and engage in non-regional projects only when they have significant impact on the connectivity with Asia.

Second. We believe that the Bank should explore ways to further cooperate with the national development banks. Since the Bank does not have a decentralized mechanism, and in-the-field experience, it has to depend on local know-how. Memorandum of understanding arrangements like the ones made between other MDBs could be developed for setting a more systematic relationship between national development banks. There could be secondments from these institutions to AIIB.

Third. The Bank needs a recruitment strategy to hire high qualified staff experienced on other regions. The emphasis should be on diversity among nationality for the recruitment of the staff. This will support the Bank's operations in all regions.

Another point is with regard to the contractors that the region offers.

According to the Asian Infrastructure Report the cost of infrastructure investments in the region is lower than those in developed countries. This is attributed to the lower cost of doing business in the region as compared to the developed countries.

The contractors in the region are also very experienced and they operate more efficiently in the region than their competitors in the developed countries.

To this end, I believe that Bank should develop strong relationship with these contractors and benefit from their experience on connectivity to better utilize their capacity in the region.

Lastly, it is evident that there are several connectivity projects between Europe and Asia and priority should be given to these continents at the early years of operations.

As a gateway country in between Asia and Europe, Turkey has completed several projects successfully connecting two continents, such as Marmaray under sea tunnel, third Bosphorus bridge, Eurasia tunnel and the newest Istanbul airport which has become a major regional aviation hub. Almost all MDBs involved in these projects and generated knowledge and experience on connectivity. The biggest advantage of MDBs in these projects has been their local presence in Turkey. I am aware that at this stage AIIB does not plan to establish country offices. However, in the near future we should consider establishing regional offices in line with key principles of AIIB.

Thank you.

United Arab Emirates

Your excellencies, governors, distinguished members of the board of directors and honored guests,

It gives me great pleasure to attend the fourth annual meeting of the Asian Infrastructure Investment Bank.

Let me first convey the best wishes of the UAE leadership and express my thanks to Luxembourg for making us feel so welcome in your beautiful country.

Ladies and Gentlemen, this year's theme "Cooperation and Connectivity" is both timely and relevant.

In today's complex, geopolitical environment, multilateral efforts that bring the world closer together are more valuable than ever.

In this regard, the AIIB has led the way as a builder of bridges, an engine for growth, and a catalyst for prosperity.

The UAE is proud to be a founding member of this institution, because its mission aligns so closely with our vision for a peaceful, stable, prosperous world.

Our commitment to the AIIB reflects our unwavering support for international cooperation.

Support that has made the UAE the world's largest donor of official development aid per capita for the fifth consecutive year.

Ladies and Gentlemen, the UAE will continue its support where it is needed most and the AIIB is an increasingly important mechanism for delivery.

By 2050, more than sixty percent of the world's population will live in cities, putting huge pressure on critical infrastructure.

Urbanization will be most intense in Asia where sustainable long-term investments will be vital and can only be mobilized if we work creatively and work together.

We will need to leverage our collective know how and networks.

We will need to blend public and private financing streams in inventive ways.

And we will need to enhance credit mechanisms to attract additional funds to projects that we can clearly demonstrate will offer solid returns on investment.

Distinguished delegates, in the world of multilateral institutions, the AIIB is still the new kid on the block.

The bank should view this as an advantage.

It is best positioned to think outside the box, come up with innovative solutions, and set the benchmark for global development.

We, the 97 members of the AIIB, have a unique opportunity to achieve sustainable progress for billions of people.

Let us use this meeting productively to advance the mission of the bank, intensify our collaboration and positively impact the lives of the many.

Thank You.

Group Statement

(On behalf of the Wider Europe Constituency: Denmark, Hungary, Iceland, Norway, Poland, Romania, Sweden, Switzerland, and the United Kingdom)

It gives me great pleasure to attend the fourth annual meeting

The Wider Europe Constituency thanks Luxembourg for hosting the fourth Annual Meeting of the Asian Infrastructure Investment Bank. This year's Meeting, the first to take place in a non-regional member country, highlights the growth of the AIIB as a truly global Bank, bringing together countries from around the world to tackle the infrastructure gap in Asia.

This is a challenge that no one country can solve alone. We therefore welcome the Annual Meeting's theme of "cooperation and connectivity".

Cooperation, with other MDBs and development partners, and with countries of operation, is a core feature of the Bank's operating model. We welcome the progress the Bank has made to be warmly welcomed and integrated into the international architecture, in particular into the family of MDBs through successful co-financing of projects.

We congratulate the Bank on the impressive progress it has made over the last year, including increasing its investment portfolio to 40 projects worth over \$8bn, renewal of its AAA credit rating, and expanding to 97 members worldwide. We welcome the successful issuance of the AIIB's inaugural global bond, listed on the London Stock Exchange, which sends a strong message that the AIIB is a truly global institution. The governance of the Bank continues to evolve, through the implementation of the Accountability Framework, the Project-affected People's Mechanism, and Policy on Public Information. Most recently, the Board has agreed a new Oversight Mechanism, including independent, external review of the President's performance. These are all important milestones as the Bank grows into a modern and innovative institution for the 21st century.

As the Bank leaves the start-up phase and enters the growth phase, we look forward to contributing to an ambitious forward-looking agenda, including finalizing sector strategies on water and digital infrastructure, implementing and embedding innovative features of the Bank's governance such as the accountability framework and the oversight mechanism, carrying out the review of the Environmental and Social Policy, and – above all – the development of the Bank's first corporate strategy over the next year. The Corporate Strategy will underpin the Bank's pursuit of its ambitious mandate, and set strategic direction for years to come. As active and committed members of the Bank, we want our investment to deliver far-reaching social and economic benefits. It will be important that the corporate strategy aims at alignment with the SDGs, including in gender equality, disability and social inclusion, and the Paris Climate Agreement, so that it effectively guides the Bank in driving forward an ambitious green agenda. Now that the core functions and governance of the Bank have been established, the strategy should also help the Bank focus on its value add in all its operations. And building on the progress of the first three years, the Bank must continue to make sure it has the culture and process in place to internalize learning from projects through continuous improvement of operations, underpinned by a robust framework to measure impact.

We recognize that developing a mature, well-resourced institution capable of delivering such an ambitious agenda will take time, and we commend the progress of the Bank's management so far in establishing the foundations for such an institution. Through strong governance, ambitious strategies and policies, and by recruiting and retaining the best people, the AIIB continues to develop as a modern multilateral financial institution. We stand ready to continue to work with the Bank in close partnership to fulfil this promise.

PARTICIPANTS TO THE ANNUAL MEETING

DELEGATIONS OF MEMBERS

Afghanistan

Governor
Mohd. Humayon Qayoumi

Temporary Alternate Governor
Maqbul Ahmad Maidanwal
Shahpoor Ahmadzai

Australia

Temporary Alternate Governor
Christopher Legg

Advisor
Shaanti Sekhon
Amrita Rajasingham
Daniel Bui

Austria

Alternate Governor
Christoph Pesau

Temporary Alternate Governor
Elisabeth Gruber

Advisor
Veronika Baumgartner-Putz
Victoria Schreitter

Azerbaijan

Temporary Alternate Governor
Sahib Mammadov

Advisor
Samir Abdurahimov

Bahrain

Alternate Governor
Yusuf Abdulla Humood

Advisor
Abdulla Alkhalifa
Sami Hameed

Bangladesh

Governor
Abu Hena Mohammed Mustafa Kamal

Advisor
Md Shahriar Kader Siddiky
Masuma Akter
AKM Matiur Rahman
Farid Aziz
Fakhruddin Ahamed

Belarus

Governor
Dmitry Krutoy

Alternate Governor
Maksim Yermalovich

Advisor
Alena Dadzerkina

Brunei Darussalam

Governor
Dato Mohd Amin Liew Abdullah

Advisor
Khairuddin Abd Hamid
Asrul Adrain Ahmad

Cambodia

Temporary Alternate Governor
Pen Thirong

Advisor
Samrith Chhuon
Sopheara Mang
Bonnaroth Houll
Sam An Meas
Vanndy Hem

Canada

Temporary Alternate Governor
Katharine Rechico

Advisor
Paul Samson
Anchela Nadarajah
Omar Zaafarani

China

Governor
Kun Liu

Alternate Governor
Jiayi Zou

Advisor
Wencai Zhang
Weifeng Yang
Junhong Chang
Junjie Su
Yanyan Geng
Zhong Ruan
Liangqiong Liu
Linkun Tan
Ji Zhou
Liqun Wang
Hailong Niu
Xuer Wang
Linghui Cai
Zhenyu Lu
Lu Wan
Jing Cao
Jinxin Zhang
Licheng Yao
Jiye Ma
Ying Wen
Zhongjing Wang
Shibin Zou
Yan Zhang
Yan Liu
Yanming Zhao
Wenjie Wang
Lihua Zhang
Yan Zhang

Lili Zhou

Cyprus

Governor
Kayriakos Kakouris

Advisor
Savia Orphanidou
Costas Constantinides

Denmark

Temporary Alternate Governor
Jesper Moller Sorensen
Martin Hybel Havelykke

Egypt

Governor
Mohamed Maait

Advisor
Ahmed Kouchouk
Omar Elsayed

Ethiopia

Alternate Governor
Admasu Nebebe Gedamu

Finland

Alternate Governor
Tuomas Saarenheimo

Advisor
Kristina Sarjo

France

Alternate Governor
Odile Renaud-Basso

Temporary Alternate Governor
Daphne Priouzeau
Philippe O'Quin

Advisor
Chloe Ridel
Nelly Mitton
Marion Ando
Patrick Pillon
Delphine Toure

Virginie Gallerand

Georgia

Governor
Ivane Matchavariani

Advisor
Nikoloz Gagua

Germany

Temporary Alternate Governor
Jörg Kukies
Elke Baumann

Advisor
Johann Nikolai Putscher
Camillo-Georg Freiherr von Müller
Rainer Wächter
Stephan Opitz
Kirsten Hungermann
Ulrike Lassmann
Manuel Furtwängler
Birgit Reichenstein
Marianne Kothé
Ramona Walther
Mike Enskat
Achim Deuchert
Erika Renneke

Hong Kong, China

Governor
Paul Chan

Advisor
Henry Tsoi
Fiona Chau
Shirley Lam
Ray Mo
Joseph Chan
Chi Wang Te
Chui Ping Ho
Belinda Wong
Willy Tsoi

Hungary

Temporary Alternate Governor
László Balogh

Advisor
Endre Török

Laszlo Havas
László Balogh

Iceland

Temporary Alternate Governor
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India

Temporary Alternate Governor
Gaitri Issar Kumar

Advisor
Prashant Lokhande

Indonesia

Governor
Sri Mulyani Indrawati

Alternate Governor
Bambang Permadi Brodjonegoro

Advisor
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Jatu Hartini
Gandy Setiawan
Ferry Ardiyanto
Ardiyanto Ardiyanto
Leonard Victor Hasudungan Tampubolon
Heru Pambudi
Theresia Nusantara
Siska Indirawati
Yetti Susilowati
Irfa Ampri
Khafid Marzuki
Kennedy Simanjuntak
Iqbal Mohammad Amrullah
Siliwanti Siliwanti
Dupito Simamora
Ikhwan Hakim
Wempi Saputra

Iran

Alternate Governor
Seyed Ali Mohammad Mousavi

Advisor
Masoumeh Haghani

Ireland

Temporary Alternate Governor
Paul Ryan

Advisor
Lynda Conlon
Luke Devoy

Israel

Alternate Governor
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Matan Lev-Ari

Advisor
Ofar Peleg
Amir Shakarov

Italy

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Giovanni Tria

Alternate Governor
Gelsomina Vigliotti

Temporary Alternate Governor
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Advisor
Alessandro De Pedys
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Adriana Cerretelli
Francescantonio Paladino
Renata Pavlov

Jordan

Temporary Alternate Governor
Emad Shanaah

Kazakhstan

Temporary Alternate Governor
Madi Takiyev
Nurlan Shokbarbayev

Advisor
Svetlana Svetlana

Korea

Temporary Alternate Governor
Chang Huh
Junhan Kim

Advisor
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Hyojung (Judy) Kim
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Seunghyun Shim
Joohyeon Kim
Young Seok Kim
Kyoosan Jo

Kyrgyz Republic

Governor
Baktygul Jeenbaeva

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Advisor
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Lao PDR

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Somdy Douangdy

Temporary Alternate Governor
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Advisor
Sililat Siengsounthone
Vidavone Keobounkhong

Luxembourg

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Advisor
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Miguel Marques
Marny Schmitz
Kim Anh Nguyen
Tom Theobald
Max Dörner
Christophe Zeeb
Arsène Jacoby
Bob Kieffer
Lucien Michels
Julia Nientiedt
Gabriel Baptista

Cristel Sousa
Sofia Tilotta

Madagascar

Governor
Richard James Randriamandrato

Malaysia

Alternate Governor
Ahmad Badri Mohd Zahir

Advisor
Zarina Zakaria
M. Mary Ann Thomas
Muhammad Naiz Juzhar
Muhammad Shahril Othman
Muhammad Ahnaf Abdul Rahim
Siti Zauyah Md. Desa
Kiam Wee Pua

Maldives

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Ibrahim Ameer

Alternate Governor
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Mariyam Nashfa

Malta

Governor
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Myanmar

Temporary Alternate Governor
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Advisor
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Soe Lynn Han
Kyaw Sein Win

Nepal

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Advisor
Dil Bahadur Chhetry
Chhetry Thapa

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Alternate Governor
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Advisor
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Evelien de Wind
Henk Ovink
Daan Stoop
Commerijn Plomp
Sipora Suripatty

New Zealand

Temporary Alternate Governor
Dasha Richards

Advisor
Dannielle Thian
Daria Richards

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Temporary Alternate Governor
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Alternate Governor
Abdul Sallam Mohamed Al Murshidi

Advisor
Thuraiya Al Balushi
Abdul Aziz Al Maqbali

Pakistan

Temporary Alternate Governor
Muhammad Aslam Chaudhary

Philippines

Temporary Alternate Governor
Mark Joven

Alternate Governor
Maria Edita Tan

Advisor
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Kien Lurzano
Eduardo Jose De Vega
Ralph Vincent Abarquez
Martin Bustos
Karl Kendrick Chua
Benedict Uy
Anita Linda Aquino
Cherry Mae Cherry Mae
Marc Gregory Crisostomo
Nathan Eliezer Bayasen

Poland

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Piotr Nowak

Alternate Governor
Pawel Samecki

Advisor
Tomasz Skurzewski
Katarzyna Chrul
Janczyk Iwona
Agata Lagowska

Portugal

Temporary Alternate Governor
José Carlos Azevedo Pereira
Cristina Moniz

Advisor
Catarina Vultos Sequeira

Qatar

Alternate Governor
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Advisor
Khaled Al-Suwaidi
Ali Al-Naimi

Romania

Temporary Alternate Governor
Boni Cucu

Advisor

Adrian Baila

Russian Federation

Temporary Alternate Governor
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Advisor
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Sergey Gushchin
Alexander Sakharov
Kirill Sergashov
Timur Maksimov
Anna Gileva

Saudi Arabia

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Mohammed Aljadaan

Alternate Governor
Khalid Alkhudairy

Advisor
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Mashary Alsheeha
Thamer Aljared
Abdulaziz Alsalamah
Abudllah Binmoamar

Singapore

Governor
Indranee Rajah

Advisor
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Clarissa Chern
Puei Shan Goh
Zhi Lei Lum
Su Meng Ng
Priscilla Shiyong Chen
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Spain

Temporary Alternate Governor
Carlos San Basilio
José López Thomas de Carranza

Advisor
María Palanca Reh

Sri Lanka

Governor
Mangala Samaraweera

Alternate Governor
Samantha Samaratinga

Advisor
Maxwell Keegel
Sameera Hettiarachige
Deshal De Mel
Himali Bogodagedara
Demuni De Silva
Thilan Wijesinghe
Priyantha Rathnayake
Shirani Ariyaratne

Sweden

Alternate Governor
Max Elger

Advisor
Eva Haghanipour
Tobias Lindé

Switzerland

Temporary Alternate Governor
Marie-Gabrielle Ineichen-Fleisch

Advisor
Steve Tharakan
Tim Kaeser
Markus Niklaus Paul Markus Niklaus Paul

Tajikistan

Governor
Ashorboy Solehzoda

Advisor
Vladimir Kim
Abdulmajid Muminzod

Thailand

Temporary Alternate Governor
Lavaron Sangsnit

Advisor
Sukmeena Bhasavanich
Kotchawan Srimontha
Paritat Chantasakda

Timor-Leste

Temporary Alternate Governor
Helder Lopes

Advisor
Januario Gama

Turkey

Temporary Alternate Governor
Kemal Cagatay Imirgi
M. Alper Batur

Advisor
Volkan Arslan

United Arab Emirates

Governor
Sultan Ahmed Al Jaber

Alternate Governor
Mohammed Alsuwaidi

Advisor
Ahmed Alkalbani
Faisal Alremeithi
Haya AlMazrouei
Fatima Al Blooshi
Maitha AlShamsi
Mohammed Al Kaabi
Al Kaabi Almarzooqi
Ayesha Al Marzooqi

United Kingdom

Governor
Philip Hammond

Temporary Alternate Governor
Martha Bostock
Emil Levendoğlu

Advisor
Martha Bostock
Richard Corrigan
John Le Fondre
Megan Kazakeos
Solomon Asamoah
Sharon Houston
Timothy Nicolle
Jing Li

Megan Poole
Oliver Pearson
Ben Duckworth
Eve Taschimowitz
Duncan McCourt
Peter Newman
Ross Hilton
Rebecca Millar
Laurence Skelly

Uzbekistan

Governor
Sardor Umurzakov

Vanuatu

Governor
Gaetan Pikioune

Advisor
Simeon Athy
John Robert Simelum

Vietnam

Temporary Alternate Governor
Tu Dao

Advisor
Khuong Ha
Doan Anh
Quang Pham
Nguyen Lien
Nguyen Linh

DELEGATIONS OF PROSPECTIVE MEMBERS

Algeria

Head of Delegation
Nawal Lammari

Armenia

Head of Delegation
Armen Hayrapetyan

Belgium

Head of Delegation
Ronald De Swert

Member of Delegation
Andi Sparringa
Mohammad Jahirul Quayum
Mark Neiryck
Sasi Hemawardhani
Philippe Nizeyimana

Cook Islands

Head of Delegation
Mark Brown

Côte d'Ivoire

Head of Delegation
Mory Soumahoro

Member of Delegation
Vakaramoko Doumbia
Adama Dosso

Ghana

Head of Delegation
Kwamina Duker

Member of Delegation
Felix Osei Boateng

Greece

Head of Delegation
Achilleas Tzimas

Member of Delegation
Charalampos Kremmydas

Guinea

Head of Delegation
Mamadi Camara

Member of Delegation
Maimouna Diakhaby Cissé
Ismael Keita
Keita Sylla
Sylla Mohamed Baba
Mohamed Sylla
Djami Diallo

Kuwait

Head of Delegation
Nayef Alhajraf

Member of Delegation
Abdulaziz Almulla
Ahmad H. Al Duaij
Abdylmohsen Almansour
Mohammad Fayez Almutawa
Eiman Alhaddad

Libya

Head of Delegation
Jamal Elbarag

Member of Delegation
Abdulhakim Elmisurati

Morocco

Head of Delegation
Bennai Mohamed Jaouad

Peru

Head of Delegation
Gonzalo GUTIÉRREZ

Tunisia

Head of Delegation
Zied Ladhari

Uruguay

Head of Delegation
Mariella Maglia

Member of Delegation
Marcelo Bisogno

Venezuela

Head of Delegation
Abrahan Deivis Landaeta Parra

Member of Delegation
Jesús Adrián Oropeza Leal

OBSERVERS

African Development Bank

Desire Vencatachellum

ASEAN+3 Macroeconomic Research Office

Han Beomhee

Yasuto Watanabe

Toshinori Doi

Qiyang Pang

Asian Development Bank

David Garrigos

Batir Yuldashevich Mirbabaev

Black Sea Trade and Development Bank

Dmitry Pankin

European Bank for Reconstruction and Development

Rob Carter

Gary Jones

Petra Nienhaus

Angela McWhinnie

Alexia Latortue

Anar Omarova

Jonathan Charles

Caroline Pearce

European Commission

Marianna D'Amicodatri

David Martinez

Jean-Louis Ville

Sarabjeet Hayer

Matteo Fumerio

Rasa Sceponaviciute

Pierre Amilhat

Kerstin Jorna

European Court of Auditors

Iliana Ivanova

Mindaugas Pakstys

Mihail Stefanov

European Investment Bank

Laurent de Mautort

Anita Fuerstenberg

Koray Alper

Matteo Maggiore

Po-Wen Liu

Francesca Rinaldi

Peter Vásek

Boğaçhan Benli

Jan Klein

Emer Falvey

Eya Younsi

Edvardas Bumsteinas

Hakan Lucius

Yicui Sun

Nicholas Antonovics

Alain Nadeau

Tao Ren

Luca Lazzaroli

Danielle Coolen

Timothy Winters

Miroslava Obdrzalkova

Björn Bronger

Angela Marcarino Paris

Yvonne Fung

Lars Ostling

Kinga Soltesz

Friedrich Nell

Maria Shaw-Barragan

Sunita Lukkhoo

Markus Berndt

Laura Richardson

Stefano Attici

Tom Gilliams

Kristina Mikulova

Richard John Amor

Alain Godard

Jose Giovanni Munoz Castaneda

Antonio Fernandes

Yann-Philippe Tequi

Jean-Jacques Soulacroup

Sophie Billon

Konstantina Manika

Jennifer Venet

Tatiana Turculeț

Dieter K. Bachlmair

European Stability Mechanism

Francoise Blondeel

Adrian Käser

Kari Korhonen

Rana Jalilova

Kalin Anev

Gong Cheng
Rolf Strauch
Kimi (Xu) Jiang
David Eatough
Pedro Bizarro
Alexander den Ruijter
Stefano Bertozzi
Dusan Kovacevic
Florian Zinoecker

Global Green Growth Institute
Lasse Ringius

Global Infrastructure Hub
Marie Lam-Frendo
Katharina Surikow

Government of Benin
Romuald Wadagni
Maryse Lokossou
Arsene Dansou

Government of Djibouti
Ilyas Moussa Dawaleh
Ahmed Osman
Samir Cheikh
Ali Mohamed

Government of Rwanda
Uzziel Ndagijimana

Inter-American Development Bank
Keisuke Nakamura

**International Finance Corporation –
World Bank Group**
Cassandra Colbert

**International Fund for Agricultural
Development**
Ronald Hartman
Stefania Lenoci
Nii Quaye-Kumah

International Investment Bank
Georgy Potapov
Nikolai Kosov

International Monetary Fund
Seán Nolan

**International Renewable Energy
Agency**
Elizabeth Press
Seleha Lockwood

Islamic Development Bank
Irfan Bukhari
Karim Allaoui
Tolga Yakar

New Development Bank
Sarquis José Buainain Sarquis

**Official Monetary and Financial
Institutions Forum**
Edward Longhurst-Pierce

**OPEC Fund for International
Development**
Anajulia Taylhardat
Jaafar Al-Mahdi
Tareq Alnassar
Scherazade Deneuve-Ikour

**Organisation for Economic Co-
operation and Development**
Alexander Boehmer
Timothy Bishop

SAARC Development Fund
Sunil Motiwal

**United Nations Development Program
Representation Office in Brussels**
Margaux Lecardonnel

**United Nations Environment Program
Europe Office**
Bruno Pozzi

**United Nations Industrial Development
Organization**
Yong Li
Juergen Hierold
Ciyong Zou

**United Nations International Children's
Emergency Fund**
Afshan Khan
Arun Nair

United Nations World Food Program
Stanlake Samkange
Adam Jaffee

World Bank Group Brussels Office
Massimiliano Paolucci