



Project Summary Information

Date of Document Preparation: 1 November 2024	
Project Name	Asia Infrastructure Securitization Program II
Project Number	P000650
AIIB member	Singapore
Sector/Subsector	Multi-sector
Status of Financing	Approved
Project Description	<p>The project involves an anchor investment of up to USD 80 million in Bayfront Infrastructure Management's (Bayfront) second issuance of infrastructure asset-backed securities (IABS). AIIB anchored Bayfront's first IABS issuance in June 2021 (Bayfront Infrastructure Capital [BIC] II).</p> <p>Developing the IABS market is a scalable solution with potential to address Asia's infrastructure financing gap, providing the most common channel, e.g., rated debt securities, for institutional investors to access emerging market infrastructure assets. AIIB's support, directly through anchor investments and indirectly through positive market signaling, will contribute to the success of Bayfront's ongoing issuance program, the viability of the Bayfront platform and, ultimately, to the development of IABS as an investable asset class.</p> <p>Update on AIIB's holdings: as of 1 November 2024, AIIB only holds Class A1 - SU Notes (sustainability tranche).</p>
Objective	The project seeks to establish Asian emerging market infrastructure as an asset class by mobilizing private capital through anchoring the next issuance of IABS by Bayfront.
Expected Results	<p>Project indicators include the following:</p> <ul style="list-style-type: none"> - Volume of new private capital mobilized - Total volume of private capital mobilized - Amount of estimated annual GHG emissions avoided
Environmental and Social Category	N/A

Environmental and Social Information	<p>The project applies the ESG Approach to Capital Market operations under AIIB 2021 ESP. The relevant ESG Framework is Bayfront's E&S Framework, developed under the Infrastructure Private Capital Mobilization Platform with inputs from AIIB as a minority equity investor, is consistent with the spirit and vision of AIIB's ESF. In addition, AIIB has communicated to Bayfront on the concerns of potential solar-related supply chain labor and working conditions.</p> <p>Bayfront has developed and maintained (1) an Environmental & Social (E&S) Framework which serves as the basis for a robust E&S due diligence for every loan acquisition and (2) Sustainable Finance Framework which provides the basis for issuance of green, social or sustainability notes. The Project involves a potential investment into an issuance of IABS, which includes a sustainability tranche. The proceeds from the sustainability tranche will be used to finance and/or refinance the purchase of loans for renewable energy, energy efficiency, affordable social infrastructure and other eligible projects.</p> <p>The Project team has confirmed Bayfront is adhering to the requirements of its frameworks and that it has the capacity to address E&S concerns arising under this operation.</p> <ol style="list-style-type: none">1) The E&S Framework, which would apply to the entire operation, includes criteria to (i) evaluate the E&S performance of each underlying asset and its key counterparties in the portfolio (including E&S related reputational risks) as part of the initial red flags screening. Loans are (ii) screened against Bayfront's E&S exclusion list (which is consistent with the Bank's Environmental and Social Exclusion List (ESEL)) and (iii) categorized. They are then (iv) assigned an E&S risk rating, which determines the extent of monitoring and oversight required post acquisition. Lastly, sector specific E&S risks are (v) addressed by Sector Guides. Coal mining, coal transport and coal-fired power plants, or infrastructure services exclusively dedicated to support any of those activities.2) The Sustainable Finance Framework, which would apply to the sustainability tranche of this operation, has been reviewed and a Second Party Opinion (SPO) has been provided for alignment with key International Capital Market Association (ICMA) guidelines including
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	<p>Green Bond Principles (GBP 2021), Social Bond Principles (2021) and Sustainable Bond Guidelines (2021). The initial aggregate par amount of Eligible Loan exceeds the proposed principal amount of the sustainability tranche and investment into these sustainable assets will contribute towards the advancement of the UN Sustainable Development Goals (SDGs).</p> <p>Bayfront has in place a grievance redress mechanism (GRM) in conjunction with its parent company, CCH, to provide a forum for stakeholders, including project-affected people and project contracted workers, to raise E&S concerns. The Bank has reviewed the mechanism and confirmed its suitability to address E&S concerns arising under the operation. Under its E&S Framework, Bayfront requires and acquires loans financing projects which have established and suitable asset-level Grievance Redress Mechanisms (GRMs) or equivalent and inform people in the project's footprint about its availability. The information of Bayfront's GRM including asset-level GRMs will be disclosed timely in an appropriate manner. The GRM will receive and facilitate resolution of the concerns and complaints of people who believe that they have been adversely affected by the loan's E&S impacts.</p> <p>During project administration, AIIB may request E&S performance information of the portfolio and Bayfront's climate commitments and strategy. All investors will receive the annual sustainability tranche post-issuance impact report including total amount of proceeds allocated to eligible loans, number of eligible loans and others. The impact reporting of the sustainability tranche will include metrics such as renewable energy generation, estimated annual GHG emissions avoided, amount of clean water supplied and other-related indicators.</p>	
Cost and Financing Plan	Order of up to USD 80 million	
Issuer	Bayfront Infrastructure Capital III Pte. Ltd.	
Sponsor	Bayfront Infrastructure Management Pte. Ltd.	
Estimated date of disbursement	September 2022	
Contact Points:	AIIB	Sponsor
Name	Torsten Albrecht	Nicholas Tan
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Name	Farid Sheikh	
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Date of Concept Decision	July 2022	
Date of Appraisal Decision	August 2022	
Date of Financing Approval	August 2022	

Independent Accountability Mechanism	In accordance with the ESG Approach to Capital Market Operations under the 2021 ESF, the Policy on the Project-affected People's Mechanism would not apply to the project.
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