



Project Summary Information

Date of Document Preparation/Updating: 01/22/25	
Project Name	Supporting Trade Facilitation in Emerging Markets
Project Number	P000778
AIIB member	Multicountry
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Connectivity and Regional Cooperation; Private Capital Mobilization
Status of Financing	Under preparation
Objective	Enhance trade flow and connectivity among AIIB members by providing trade facilitation support for infrastructure equipment and related capital goods sectors.
Project Description	The project proposes to support the financing of infrastructure equipment and related capital goods trade by providing risk mitigation in emerging and frontier markets. The project intends to facilitate more risk taking on emerging markets and on emerging market Issuing Banks (IBs) by proposing to offer Standard Chartered Bank (SCB) Credit Guarantees (CG) or Unfunded Risk Participation (URP) covering nonpayment risk on IBs in emerging markets for trade-related letters of credit.
Environmental and Social Category	FI
Environmental and Social Information	<p>Applicable Policy and Categorization: AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) is applicable to this project. The project is categorized as a Financial Intermediary (FI), as the financing structure involves providing CG or URP to SCB to support Letters of Credit issued by the IBs. AIIB would delegate to SCB the decision-making for identifying and managing the environmental and social (E&S) risks related to trade finance via appropriate portfolio selection in line with AIIB's E&S requirements to be set out in the framework agreement.</p> <p>Environment and Social Instrument: The project's E&S instrument will be appropriate portfolio selection and SCB's Environmental and Social Risk Management (ESRM) Framework applicable to SCB's Corporate and Investment Banking</p>

(CIB) clients, which is materially consistent with AIIB's ESP and Standards. The ESRM Framework details the scope of the application, risk assessment process and measures to address such risks. The ESRM Framework ensures that SCB's CIB clients and transactions (excluding financial institutions clients and their transactions) are evaluated utilizing a risk-based approach against rigorous E&S standards, thereby maintaining alignment with AIIB's ESP requirements to be set out in the framework agreement. SCB sets, and regularly reviews, E&S standards for its clients via a series of public Position Statements. For clients operating in sensitive sectors such as (i) extractive industries, (ii) power generation; (iii) agricultural industries; (iv) infrastructure and transport; and (v) chemicals and manufacturing where E&S risks are heightened, SCB uses its sector specific position statements to manage these risks. In addition, SCB also has two Position Statements covering Climate Change and Human Rights, and a document that captures Prohibited Activities.

Environmental and Social Aspect. AIIB's E&S risk assessment of the project is restricted to the transactions (LC Confirmation/Discounting) to be executed by SCB to facilitate cross-border flows of infrastructure equipment and related capital goods. As the CG or URP facility is to facilitate only cross-border trade transactions, the project is anticipated to have minimal or no adverse E&S impacts. Given the nature of the underlying LC transactions, the project is also anticipated to not adversely contribute to climate change or Occupational Health and Safety (OHS). AIIB will ringfence its CG or URP away from activities on the AIIB's ESEL and commodities products list (e.g., palm oil, timber, oil, etc.) through the framework agreement with SCB, so that E&S terms agreed in the framework agreement will be aligned with AIIB's ESP. SCB carries out E&S risk assessment of its CIB clients (excluding financial institutions clients) utilizing a risk-based approach which is commensurate with the level of E&S risk in this transaction. SCB will adhere to SCB's Prohibited Activities List and AIIB's ESEL as reflected in the drafting of the framework agreement, excluding any transactions or clients that fall under these prohibitions for the purpose of this project.

Gender: SCB has a strong corporate framework for Diversity, Equality and Inclusion (DEI) that ensures that the organization has a strong inclusion index. Being signatory to UK HM Treasury Women in Finance Charter in 2016, has helped in furthering the gender agenda that includes increasing the number of women in senior leadership role and a reduction in the gender pay gap.

Stakeholder Engagement, Consultation and Information Disclosure. The stakeholders for SCB include a wide range of parties, such as regulators, lawmakers, clients, investors, civil society and community groups. SCB engages with stakeholders through various forms, including online channels and calls, virtual roundtables, written responses, and targeted surveys. Stakeholder feedback is communicated to the senior management. SCB has disclosed an overview of its ESRM Framework on its [website](#).

	<p>Project Grievance Redress Mechanism (GRM). SCB has a functional external communication mechanism (ECM) as the project GRM and the same is disclosed on their website. SCB tracks the progress of the complaint and assess whether they deliver outcomes satisfactory to concerned stakeholders, including delivering an appropriate remedy. SCB CIB clients (excluding financial institutions) are expected to share their process for investigating E&S grievances and allegations and keep SCB informed of the outcomes in relation to E&S grievances and allegations, to the extent that the client is permitted to do so by law and regulation.</p> <p>Monitoring and Supervision Arrangements. SCB has a robust monitoring mechanism, which utilizes a risk-based approach. This includes (i) at the CIB client level (excluding financial institutions) wherein SCB periodically refreshes the client's ESRA, capturing any changes to the client's management of E&S issues over the previous 12 months and (ii) at the Portfolio level where SCB monitors its exposure to each sensitive sector set out above and which will be excluded from the portfolio in line with AIIB's E&S requirements to be set out in the framework agreement.</p>		
Guaranteed Entity	Standard Chartered Bank		
Contact Points:	AIIB	Standard Chartered Bank	
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Date of Concept Decision	10/11/23		
Date of Final Decision	11/07/24		
Estimated Date of Financing Approval	2025 Q1		

Independent Accountability Mechanism	<p>The AIIB's Policy on the Project-affected People Mechanism (PPM) applies to this project. The PPM has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through the Bank's GRM or the processes of Bank Management. Information on AIIB's PPM is available at: https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html.</p>
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