



**ASIAN INFRASTRUCTURE  
INVESTMENT BANK**

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# **Energy, Food Security and Economic Resilience Facility**

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## Abbreviations

ADB	Asian Development Bank
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
BPB	Business Plan and Budget
CEIU	Complaints Resolution, Evaluation and Integrity Unit
CERC	Contingent Emergency Response Component
CPBF	Climate Policy-based Financing
CS	Corporate Strategy
CRF	COVID-19 Crisis Recovery Facility
EBRD	European Bank for Reconstruction and Development
ESP	Environmental and Social Policy
IDB	Inter-American Development Bank
IFI	International Financial Institution
IMF	International Monetary Fund
LNG	Liquefied Natural Gas
MDB	Multilateral Development Bank
NRM	Non-Regional Members
OPF	Operational Policy on Financing
PBF	Policy-based Financing
PBCF	Policy-based Cofinancing
PPM	Policy on Project-affected People's Mechanism
RPBF	Resilient Policy-based Financing
WB	World Bank

## I. Summary

1. This paper sets out the Asian Infrastructure Investment Bank's (AIIB) proposed actions to support Members affected by the ongoing challenges arising from the conflict in the Middle East. It outlines the potential economic and infrastructure impacts of the conflict and assesses the likely financing needs of affected Members.

2. In response, the paper presents a package of measures to support immediate stabilization, recovery, and longer-term resilience. These include continuing AIIB's support through its ordinary operations, the establishment of the Energy, Food Security and Economic Resilience Facility (Facility), a time-bound financing envelope to address financing gaps, and streamlined process to enable AIIB's timely response to meet clients' urgent needs.

## II. Context

3. **Client Needs in a Rapidly Changing Environment.** The conflict in the Middle East remains fluid, with much uncertainty. AIIB Member economies are expected to experience differentiated economic impacts due to energy, food, and raw material supply disruptions and price volatility. This is occurring in an environment characterized by elevated public debt levels and rising inflation pressures. As the situation prolongs and evolves, more extensive and lasting impacts may be felt by Members, including from threats to energy and food security. Under a prolonged conflict scenario, developing Asia could see a 1.3% reduction in gross domestic product and 3.2% increase in inflation from 2026-2027<sup>1</sup>.

4. Overall, supply chain disruptions in the Middle East affect global markets significantly, including 18-20% of the world's oil and liquified natural gas (LNG) supply<sup>2</sup>, and 20-35% of fertilizer and raw materials supply, including methanol, urea, naphtha, sulfur, helium, and aluminum<sup>3</sup>. Asia is particularly affected, given its high level of dependence on the Middle East for these commodities. For instance, 80-90% of the Middle East's oil and LNG exports flow to Asia. As Asia's small farmers produce around 80% of the region's consumed food, they are also particularly vulnerable to increased fuel and fertilizer prices<sup>4</sup>. Additionally, Asia's manufacturers are tightly integrated into global supply chains, making them more vulnerable to higher freight and storage costs, shipping delays, and force majeure contract losses. Beyond Asia, some other regions including East Africa, may feel greater impacts, given limited local refinery capacity and agricultural supply chain vulnerabilities.

5. Economies with high import exposure, limited substitution options, weaker macroeconomic fundamentals, and limited fiscal buffers are experiencing direct economic impacts from these disruptions. Energy access, food security through fertilizer access, agro-infrastructure, logistics and storage are already high on many Member governments' agendas. In response, governments have implemented a range of measures to address these impacts,

<sup>1</sup> ADB. (2026, March). *The 2026 Conflict in the Middle East and Macroeconomic Risks for Asia and the Pacific*. Asia Development Bank. <http://dx.doi.org/10.22617/BRF260115-3>

<sup>2</sup> International Energy Agency. (2026, March 12). *Oil Market Report – 2026*. IEA. <https://www.iea.org/reports/oil-market-report-march-2026>

<sup>3</sup> EBRD. (2026, March 26). *Regional Economic Update in the EBRD Regions. Potential economic impact of the conflict in the Middle East*. European Bank for Reconstruction and Development (EBRD). <https://www.ebrd.com/home/news-and-events/news/2026/middle-east-conflict-raises-risks-to-growth-in-ebrd-regions.html>

<sup>4</sup> IFC. (2022, September). *Building Resilient, Equitable and Sustainable Food Systems in Asia*. International Financial Corporation. <https://www.ifc.org/en/stories/2022/resilient-equitable-sustainable-food-systems-asia>

including fuel rationing, subsidies, price controls, and tax relief as stabilizing measures to different degrees and scopes<sup>5</sup>.

6. There is a risk that governments will face increasing fiscal strain in responding to the impacts of the conflict, which could undermine Members' infrastructure programs and progress on planned structural reform progress. Members' immediate financing needs likely include large budgetary support for stabilizing economic activities, including for securing energy and food access, promoting trade flows of energy, agricultural and material inputs, machinery and equipment, and preserving the investment component of public finances as well as governments' reform agendas. Given the likely social impact of the current situation, there would also be financing requests to support governments' provisions of social safety measures for small and medium-sized enterprises and vulnerable communities. Where economies see tighter credit conditions and weaker economic growth, AIIB's private sector and financial institution clients may require support for sustaining the working capital and refinancing needs for businesses. Clients would benefit from support via new credit lines, on-lending, and other possible risk-sharing mechanisms to address increased credit losses, asset-liability mismatches, and stretched liquidity. These measures should be adapted to the unique needs of individual clients.

7. Beyond responses to immediate price and supply shocks, Members may also need to address the medium to longer-term fallout from broader trends of food and energy autarky, inflation (especially energy and food), increased capital outflows, reduced foreign currency remittance income, increased debt servicing and refinancing costs, currency depreciation, credit risk volatility, and weakened terms of trade. Financing requests could thus also be expected to support Members' long-term needs and their clean energy transitions by building energy security and system resilience through renewable energy, energy demand management, energy efficiency, diversification of energy supply sources, as well as strengthening and establishing transport corridors including electrification investments, rail systems, mass transit networks, and electric vehicle-related infrastructure. Requests could also support Members' long-term agricultural and food supply chain and infrastructure resilience. Further, private sector clients may also need continued support as they seek to reconfigure supply chains, mitigate revenue shortfalls and address cost overruns, all of which diminish productivity and business growth.

8. So far, a number of Multilateral Development Banks (MDBs) have announced support measures to respond to the conflict's impacts, including providing rapid budget support, liquidity support and trade facilitation to their members. AIIB needs to act quickly and in coordination with all development partners in considering its responses.

### III. Lessons from CRF and the Need for AIIB's Enhanced Support

9. **CRF Experience and Client Feedback.** AIIB has established a reputation for its speed and responsiveness to client needs. The Bank's response to the COVID-19 pandemic via a USD20 billion Crisis Recovery Facility (CRF) envelope delivered USD18.5 billion of rapid and effective support to our clients, supporting Member priorities across health, social

<sup>5</sup> IEA. (2026, March 26). *2026 Energy Crisis Policy Response Tracker*. IEA. <https://www.iea.org/data-and-statistics/data-tools/2026-energy-crisis-policy-response-tracker>

protection, liquidity support/ working capital provision, and economic recovery which eventually enabled Members to return to infrastructure investments. The CRF was widely welcomed by AIIB's Members and clients, as AIIB financing catalyzed relief efforts under partner MDB operations.

10. At the same time, clients voiced some gaps in AIIB's CRF response. These included: (1) the need for AIIB to enrich its toolbox for crises response; (2) while clients appreciated AIIB's cooperation with peer MDBs and cofinancing their policy programs (which simplifies overall preparation and reduces the burden on the client), they also requested AIIB to provide such support independently. They asked for AIIB to be in a position to respond to their requests as they arise, without having to rely on others' action first, especially at time of urgent needs.

11. In responding to client feedback, in 2023, following the successful experience with the CRF, AIIB's Board of Directors (Board) approved AIIB's "Approach to Emergency Response" which aims to enrich AIIB's toolkit for crisis response. Section B.2 of the Board-approved *Paper on AIIB Approach to Emergency Response (2023)* describes in detail AIIB's toolkit of regular financing instruments that can be deployed to address emergency situations quickly as they arise, as well as streamlined processes that can be activated under such circumstances. Importantly, the Board approved the framework for AIIB to enact policy-based cofinancing (PBCF) to support clients during times of crisis with fast-disbursing policy-based financing (PBF) in coordination with peers.

12. In 2024, building on AIIB's experience with investment climate financing as well as cofinancing PBF under CRF, the Board approved the introduction of Climate Policy-Based Financing (CPBF) to help Members implement their national climate objectives while advancing AIIB's unique infrastructure mandate, and established the relevant policy framework. Through the operationalization of the CPBF, the AIIB has been building its experience and growing its internal capacity. To date, the AIIB has approved seven CPBFs (six cofinanced operations and one standalone operation), with more CPBFs in the pipeline. However, the use of such an instrument for crises response is limited. The design of CPBF serves only to support climate policy reform actions during normal times, while during times of urgent need, governments focus on addressing immediate needs rather than preparing reform programs suitable for the medium to long term.

13. In March 2026, the Complaints Resolution, Evaluation and Integrity Unit (CEIU) of AIIB completed an evaluation of the CRF. It makes a specific recommendation for the "development of standalone fast-disbursing financing capacity to complement cofinanced operations, enabling AIIB to respond rapidly where cofinancing partnerships are not available or where AIIB leadership is warranted."

14. Therefore, when considering AIIB's support to clients as they address the impacts of the current situation, AIIB must build upon the experience of and reflection on CRF, act swiftly to use or activate the available tools and instruments, and at the same time consider the needed enhanced support to clients provided by AIIB independently and in coordination with relevant international financial institutions (IFIs).

#### **IV. AIIB's Response Package and Establishment of a New Facility**

15. AIIB's response will prioritize existing regular instruments suitable for urgent needs. At the same time, we propose to activate relevant financing instruments for exceptional use for a defined time period.

#### **A. Existing instruments**

16. The Bank's regular financing instruments can be deployed immediately to address emergency needs, as well as to support clients' efforts for green transformation and energy diversification in the medium and long term, especially through operations in renewable energy and energy efficiency. This includes, but is not limited to: 1) new project financing for reconstruction, 2) restructuring cum reallocation by redirecting undisbursed financing of existing projects to support urgent response activities, 3) additional financing to existing loans to address cost overruns, financing gaps, or extend activities under current projects to respond to the crisis, 4) reallocating financing to Contingent Emergency Response Components under existing projects if applicable, and 5) Climate Policy-Based-Financing to continue support members' effort for low carbon transition. (see annex 1). Special policy provisions for emergency response can be used when applicable.

#### **B. Energy, Food Security and Economic Resilience Facility**

17. Drawing on lessons from the CRF and AIIB's expanded capacity, in addition to regular financing instruments, AIIB has established the Facility to provide timely and enhanced support to AIIB's clients. The Facility is expected to respond to client demand for rapid financing essentially through three channels: (i) fast disbursing PBF (B.1) in support of an emergency response program, including the activation of Policy-based Cofinancing (PBCF) (as enabled by the Decision on AIIB's Policy Based Cofinancing in June 2023) with some proposed important modifications (as described in B.1 (c)); (ii) financing critical imports and expenditures (B.2); and (iii) liquidity financing (B.3) to address ongoing urgent needs.

##### **B.1. Policy-based Financing.**

18. PBF under the Facility will provide much-needed fast-disbursing countercyclical financing to support Member's emergency programs and economic resilience to address the fallout of the current conflict. This type of financing can be provided in support of new operations or as supplemental financing to existing operations for which an unanticipated financing gap may jeopardize the ongoing policy program that is otherwise proceeding on schedule. PBF under the Facility will only be provided for Members with an adequate macroeconomic framework, taking into consideration International Monetary Fund (IMF) assessment of debt and fiscal sustainability. Depending on the needs of the Member, financing may be disbursed immediately or drawn down as required as a precautionary action (e.g, in the form of contingent financing or credit line). It may be provided through the following options:

- (a) **Policy-based Cofinancing.** The current conflict in the Middle East represents an eligible crisis as per the Decision on AIIB's Policy Based Cofinancing in June 2023. Following the Board's approval of the eligibility of the crisis, the AIIB may offer PBCF in consultation and coordination with the African Development Bank (AfDB), ADB, Inter-American Development Bank (IDB), or World Bank (WB), leveraging

the operations of trusted peer institutions to enable rapid and efficient support. As provided in the PBCF Decision, the Board has approved the use of the policies of the AfDB, ADB, IDB, or the WB in PBCF, in lieu of the AIIB's Operational Policy on Financing (OPF) and Environmental and Social Policy (ESP). If the policies of such peer MDB are applied to a project in lieu of the ESP, consistent with the approach adopted under the CRF, the Policy on Project-affected People's Mechanism would not apply to the operation.

- (b) **Supplemental Financing on CPBF.** AIIB's continued support of reforms aimed at accelerating Member's climate transition remains critically important, as underscored by the current situation. Recognizing the potential need from our Members to maintain their policy commitment in the face of unexpected financing shortfalls due to the current situation, AIIB may provide supplemental financing to programs under implementation or preparation, thereby helping to sustain reform momentum and protect climate policy gains during periods of heightened fiscal and economic pressure.
- (c) **Resilience Policy-based Financing.** Where a Member requires immediate budgetary support or assurance of access to external financing, and where no other PBF option is suitable, the Bank may provide Resilience Policy-based Financing (RPBF) on a standalone basis. RPBF would be provided in accordance with the Bank's policy framework for Climate Policy-based Financing (including OPF and ESP) to support short term policy and institutional measures (Resilience Preparedness and Response Program) as set out in a letter from the Government instead of longer-term climate policy and institutional reforms. The program would outline short-term measures to sustain economic activity, safeguard social stability and strengthen resilience, consistent with its climate goals, preferably including adequate public spending on infrastructure capital investments and maintenance. Assessment criteria for RPBF are provided in Annex 2.

## **B.2. Financing Critical Imports and Expenditures.**

19. In response to the fallout of the current situation, the AIIB may provide financing for specific critical expenditures and imports. Critical expenditures may include temporary financing of public expenditures required to maintain a functioning administration. Relevant critical imports may include necessary commodities to sustain energy and food security as well as domestic agricultural production. While AIIB's Energy Strategy was designed to guide investments in physical assets, Principle 1 of the Strategy is to promote energy access and security. Energy imports in light of the current conflict are essential for some Members, and the Bank's response to Members' requests in this regard is aligned to this principle. Such financing must be well-defined, limited, crisis-justified and time-bound, targeted to essential energy supply for maintaining basic energy services and economic stability, and must avoid carbon lock-in effects or compromise the Member's long-term green transition. The financing support to critical imports and expenditures can be provided as direct expenditure financing in the form of SBF, or trade facilitation support in the form of NSBF.

## **B.3. Liquidity support.**

20. Liquidity support may be provided through direct lending or on-lending to AIIB current or future clients, including infrastructure companies and financial intermediaries, to cover short-term working-capital, refinancing and business continuity needs as impacted by the current conflict. It is expected to be delivered predominantly for NSBF clients but could also be available to clients whose financing benefits from a sovereign guarantee. Potential areas of such support also include, among others, tourism and hospitality, as well as primary sectors such as agriculture value-chains, which are expected to be especially impacted by the current conflict, in a similar manner as in the CRF to respond to requests from current and future AIIB clients so as to withstand adverse spillovers from such challenges.

### **C. Design Parameters of the Facility**

21. **Size and Duration.** Management will seek Board approval of a USD10 billion Facility for a duration of up to two years. While the timing, duration, and severity of the impacts of the Middle East conflict remain uncertain, the Facility will enable the Bank to provide an appropriate response to help Members address immediate impacts, including price shocks, fiscal and financial strain, supply chain disruptions, and weakened terms of trade, while also supporting efforts to strengthen economic resilience and recovery. Depending on Member demand and the fallout of the current conflict, management will return to the Board to seek approval of any adjustment, including as it relates to Board processes, renewal, scale up or early exit of the Facility as needed. After its closure, Management will deliver a review of the Facility to the Board, followed by an evaluation prepared by the CEIU.

22. **Scope of the Facility.** Financings under the Facility extend beyond current regular financings and fall into the category of extraordinary/exceptional circumstances described in relevant AIIB strategies.

23. AIIB's Corporate Strategy (CS) requires that "all AIIB investments ordinarily add value through one or more of the four thematic priorities: green infrastructure, connectivity and regional cooperation, technology-enabled infrastructure, and private capital mobilization." At the same time, the CS states that "in case extraordinary situations occur during the Strategy period, AIIB will adapt and respond with measured and time-bound actions, and as and when such situations resolve, return to its commitment to add value through its four thematic priorities." The current situation stemming from the conflict in the Middle East constitutes one such extraordinary situation, and thus alignment with AIIB's thematic priorities will not be a requirement of financing under the Facility.

24. That said, all projects considered under the Facility must be consistent with the purpose of the AIIB as set out in the Articles of Agreement as well as its Members' priorities in responding to the impacts stemming from current conflict.

25. **Risk Management.** AIIB will maintain compliance with the Risk Management Framework under the Facility, including on the weighted-average credit rating of the portfolio.

26. **Pricing.** All financings are subject to AIIB's established pricing policies and will be deployed consistent with AIIB's commitment to financial sustainability and sound banking principles.

27. **Use of Facility Resources.** The use of the Facility resources will be based on a number of factors, including client demand, the merit of the financing request itself, quality of preparation, AIIB's own risk management parameters and consistency with the Facility purpose.

28. **Applicability of Other Ordinary Thresholds and Ceilings.** All forms of PBF under the Facility, will not be subject to ceilings set out in the 2026 BPB.

29. While regular CPBF will be subject to the limits in the BPB, supplemental CPBF as provided for under the Facility will be excluded. Any Member, regional or non-regional, would be eligible to benefit from financing under the Facility. This will require expansion of the scope of the eligibility of operations defined in the Strategy on Financing Operations in non-regional Members (NRM), the same as AIIB did under the CRF. Financing to NRM, including financing from the Facility, will remain proportionate to the projections in the 2026 BPB as it regards the financing in NRM as a share of the Bank's total financing, including that under the Facility.

#### **D. Streamlined Processes under the Facility**

30. Building on the experience under the CRF and highlighted in the Approach to Emergency Response, a streamlined approval process will be applied under the Facility.

- (a) Projects will undergo an expedited investment review process by the Management before being submitted for approval.
- (b) Documents for Board approval will be submitted seven calendar days before a Board meeting, whether a regular or special meeting is convened for this purpose, and as allowed under the provisions for special circumstances of the Rules of Procedure of the Board of Directors. For delegated projects, a shortened five calendar day call-in window will apply, following the day of document receipt. When these documents are circulated, a provisional date will be set for Board consideration, should it be called-in. Whenever possible and on a best-effort basis, Management will seek to give the Board more time with the circulations.
- (c) For PBCF, simplified documentation is required for project approval, consisting of a memorandum, accompanied by the project document of the development partner.
- (d) Approval of: (i) a PBCF, in an amount not exceeding the financing amount of the peer co-financier for the same operation and USD500 million, and (ii) supplemental financing to an ongoing CPBF, in an amount not to exceed the originally approved financing amount and USD500 million, will be delegated to the President. All other financings under the Facility will be subject to approval of the Board.

## Annex 1: Regular Financing Instruments Deployed Outside of the Facility

As part of AIIB's regular financing, the Bank will continue to support its clients through all existing instruments that are applicable for general emergency responses. Relevant examples include:

- a. **Climate Policy based Financing.** The AIIB will continue to support Members through Climate Policy-Based Financing.
- b. **Emergency Support for Reconstruction.** For emergent reconstruction needs caused by conflict-related or natural disasters or other emergency situations, at the request of clients, AIIB can provide project financing for emergency reconstruction support by using, when applicable, the Special Circumstances Provision in the Bank's Environmental and Social Framework and the flexibility in the Bank's procurement framework.
- c. **Restructuring cum Reallocation:** Redirecting undisbursed financing to support crisis response activities. While this is permitted under current policies, as AIIB is not in a capital-constrained state, it may be more meaningful for clients if AIIB instead provides additional financing (option d). Such will be considered in the context of a specific project.
- d. **Contingent Emergency Response Components (CERC):** Reallocating financing to CERCs under existing projects. To date, AIIB has a very limited number of CERCs incorporated in its financing. For better preparation for future emergency or crises response, AIIB will encourage more use of CERC in project design.
- e. **Additional Financing:** Providing additional financing to address cost overruns, financing gaps, or extend activities under current projects to respond to the crisis. Additional financing may be preferred to restructuring to preserve the integrity and objectives of ongoing projects, avoiding disruption to implementation while still securing rapid resources for emerging emergency needs.

**Annex 2: AIIB: Resilience Policy-based Financing (RPBF) Assessment Criteria**

<b>Assessment</b>	<b>Due Diligence to verify that:</b>
Resilience Preparedness and Response Program	<p>RPBF is supportive of an adequate Resilience Preparedness and Response Program of short-term policy and institutional measures to sustain economic activity, safeguard social stability and strengthen resilience, consistent with the member's climate goals.</p> <p>As appropriate, the Resilience Preparedness and Response Program may include actions to ensure continued adequate public spending on infrastructure capital investments and maintenance.</p> <p>The AIIB's assesses the adequacy of the Resilience Program, focusing on the strength and adequacy of the policy measures and institutional capacity to respond to the crisis.</p>
Macroeconomic adequacy	The AIIB assesses the Member's macroeconomic adequacy in consultation with IMF, and as appropriate, with other development partners.
Fiduciary governance assessment	Focusing on whether the procurement and financial management systems and arrangements provide reasonable assurance that the proceeds of the RPBF will be used appropriately.
Environmental and Social Analysis	The analysis on whether there are likely significant adverse environmental or social impacts from the program measures; and the Member's systems to address these impacts.
Overall coordination with Development Partners	Coordination and consultation with the IMF, and other relevant partners have taken place and the Government program is coordinated with relevant complementary partner-supported programs and financing arrangements.
Monitoring and evaluation	A high-level results framework to track program implementation and results has been set up.