



Asian Infrastructure Investment Bank (AIIB)

Nepal is a founder member of AIIB and has signed Articles of Agreement in June 2015. AIIB is a multilateral development bank with a mission to improve social and economic outcomes in Asia and beyond. The Upper Trishuli-1 Hydropower Project is the first project of Nepal financed from AIIB.

Organization

The Asian Infrastructure Investment Bank (AIIB) is an international financial institution established in January 2016 to provide financing for infrastructure projects in Asia. It is a multilateral development bank with a mission to improve social and economic outcomes in Asia and beyond. AIIB headquarter is located in Beijing, China. AIIB commenced operations in January 2016 and its membership has grown to 105 from around the world.

Overview and Approach to Development Cooperation

According to the Articles of Agreement (AOA) of AIIB, the Bank will “provide or facilitate financing to any member, or any agency, instrumentality or political subdivision thereof, or any entity or enterprise operating in the territory of a member, as well as to international or regional agencies or entities concerned with the economic development of the Asia region”.

AIIB provides financing in a variety of ways, including making loans, investing in the equity capital of an enterprise, and guaranteeing, whether as primary or secondary obligor, in whole or in part, loans for economic development. In addition, the AIIB may underwrite, or participate in the underwriting of, securities issued by any entity or enterprise for purposes consistent with its purpose.

Development Cooperation

I. Project Preparatory Grant

The Asian Infrastructure Investment Bank (AIIB) has approved Project preparatory grants for the following three projects in Nepal;

- Nepal: Urban Infrastructure Investment Project: Project Preparatory Grant of US \$ 1 million
- Nepal: Power Distribution System Upgrade and Expansion Project: Project Preparatory Grant of US \$ 1 million
- Nepal: Tamakoshi V Hydroelectricity Project (TV-HEP): Project Preparatory Grant of US\$ 900 thousand.

II. Project Financing

The AIIB has approved a sovereign loan on December 12, 2019 for the following project with an objective to increase and improve the quality and efficiency of the electricity supply areas of Western Nepal which aligns with the sector strategy of AIIB, "The Sustainable Energy for Asia Strategy".

- Nepal: Power Distribution System Upgrade and Expansion project: Sovereign loan of US \$112.3 million. This loan is approved by the Government of Nepal blending with

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