



Regulation on the Accountability Framework

1. Basis of the President's Authority under this Regulation

- 1.1 In accordance with Article 26(iii) of the Articles of Agreement of the Asian Infrastructure Investment Bank, the Board of Directors delegates the authority to approve all projects of the Bank to the President, unless such projects fall within the exceptions to such authority as established by this Regulation.
- 1.2 The President may not further delegate the authority to approve projects granted by this Regulation.
- 1.3 The authority delegated by this Regulation to the President shall be exercised in conformity with the Sector Strategies, Policies, Frameworks, Annual Business Plan and Budget adopted by the Board of Directors in accordance with Article 26 of the Articles of Agreement.
- 1.4 This Regulation is otherwise without prejudice to the powers attributed to the Board of Directors generally by the Articles of Agreement and may be revoked in accordance with Article 26(iii) of the Articles of Agreement.

2. Exceptions to Delegation

- 2.1 Delegation of project approval authority to the President is withheld and such authority remains reserved to the Board of Directors with respect to each project which is attributable to any of the following principled categories:

Category I – Precedent Setting:

- 2.1.1 The first sovereign-backed project in a Member.
- 2.1.2 The first non-sovereign-backed project in a Member.
- 2.1.3 The first project within the terms of a Sector Strategy in a Member.
- 2.1.4 The first project using a previously unused financing instrument.
- 2.1.5 The first project involving a particular co-financier in which AIIB proposes to apply one or several policies of such co-financier.

Category II – Significant Strategic and Policy Issues:

- 2.1.6 A project in a non-regional Member.

- 2.1.7 A project where a corresponding Sector Strategy has not yet been approved by the Board of Directors.
- 2.1.8 A project requiring a derogation from a Sector Strategy, Policy or Framework adopted by the Board of Directors in accordance with Articles 26 of the Articles of Agreement.
- 2.1.9 A project which directly implicates the Operational Policy on International Relations.

Category III – Risk Tolerances:

- 2.1.10 A project that falls into one of the following categories:
 - a. The amount of AIIB's economic capital utilized by the Bank's financing in a project is in excess of \$25 million.
 - b. The amount of AIIB's financing for a project is in excess of any one of the following amounts:
 - i. \$200 million in case of sovereign-backed financing or guarantees.
 - ii. \$100 million in case of non-sovereign-backed financing or guarantees.
 - iii. \$35 million in case of equity investments.
 - c. At the time of the first review as specified in paragraph 6.1, the amounts for b(i) and b(ii) of paragraph 2.1.10 shall be adjusted to \$300 million and \$150 million, respectively, unless otherwise determined by the Board of Directors in that review.¹
- 2.2 Proposed changes to a project approved by the President which result in the project falling within the exceptions to the authority delegated to the President by this Regulation shall be referred to the Board of Directors for consideration.

3. Information Sharing

- 3.1 The President shall provide to the Board of Directors on a quarterly basis a summary of the pipeline of potential future projects for the following two years that have been considered by the Executive Committee.
- 3.2 The President shall promptly submit to the Board of Directors the Project Summary Document for each project which has passed Concept Review at the Investment Committee and which has been determined for approval within the President's authority as established by this Regulation. In case of changes to the project or the Bank's financing that are relevant for the purposes of the Project Summary Document, an Updated Project Summary Document shall be submitted to the Board of Directors at the latest after the project has passed Appraisal/Final Review at the Investment Committee. If there are no such changes, the Board will be notified accordingly.

4. Overrides of President's Authority

¹ The review completed and the amounts so adjusted on April 21, 2022.

- 4.1 The project approval authority otherwise delegated to the President by this Regulation may be overridden as follows:

Call-In by Directors:

- 4.1.1 Any Director may determine, at any time from receipt of information about a project as part of the project pipeline until a date which is fourteen (14) calendar days after the Board of Directors is provided with:
- i. A final Project Summary Document, or
 - ii. a confirmation that there have been no changes to the project or AIIB's financing that are relevant for the purposes of the Project Summary Document since the original Project Summary Document, that notwithstanding the authority delegated by this Regulation, such project shall be referred to the Board of Directors for consideration.

Referral by President:

- 4.1.2 The President may determine, at any stage of a project, including changes to a project approved by the President, that notwithstanding the authority delegated by this Regulation, such project or change to a project shall be referred to the Board of Directors for consideration. Such determination shall weigh the significance of any potential integrity and reputational risks of a project.

5. Accountability of President for Exercising Delegated Authority

- 5.1 The President shall inform the Board of Directors promptly each time a project is approved in accordance with the authority delegated by this Regulation, with the information provided being that which would have been provided to the Board of Directors in preparation for its consideration of a project had there been no delegation.
- 5.2 The President shall provide the Board of Directors with an Investment Operations Quarterly Monitoring Report that provides a summary of all projects approved by the Bank.
- 5.3 The Board of Directors shall review annually the President's performance in accordance with terms of reference adopted therefore by the Board of Directors. The Board of Directors, as it deems advisable, may be assisted in this regard by any committee of the Board of Directors.

6. Implementation

- 6.1 No later than the third anniversary of this Regulation coming into effect, and then on a triennial basis, the President shall submit a written review to the Board of Directors on the implementation of this Regulation. Such review shall be in accordance with terms of reference agreed by the Board of Directors.
- 6.2 This Regulation shall enter into effect on January 1, 2019.