

**AIIB Directive on
the Administration of AIIB Special Funds
July 16, 2021; updated August 12, 2021**

1. Overriding Objective

- 1.1. This Directive sets out the roles and responsibilities of the relevant internal units of the Asian Infrastructure Investment Bank (AIIB) for administering AIIB Special Funds (Special Funds) which the Board of Directors (the Board) or the President of AIIB (under the authority delegated by the Board) have established or approved participation.
- 1.2. Established by AIIB as per Article 17 of its Articles of Agreement, Special Funds are considered “resources of the Bank” covering resources, inter-alia, received directly from contributors (internal Special Funds) and from multilateral partnership facilities (external Special Funds). Annex 1 provides a list of AIIB Special Funds covered by this Directive¹.
- 1.3. The exercise and interpretation of this Directive will seek to give effect to this overriding objective.

2. Definitions

- 2.1. As used in this Directive, the capitalized terms shall have the meanings set forth in AIIB’s Operational Policy on Financing (OPF), this Directive, or other relevant documents of the Special Funds as applicable.

3. Roles and Responsibilities for Administering Special Funds

- 3.1. AIIB will support clients develop and implement activities financed by Special Funds in accordance with the applicable policies and procedures of the respective Special Fund and will oversee implementation of activities by clients. AIIB may also develop and implement activities financed by Special Funds in accordance with applicable policies and procedures of both AIIB and the respective Special Funds.
- 3.2. AIIB will administer Special Funds in accordance with AIIB’s own applicable policies and procedures. AIIB is accountable to the respective governing bodies or contributors for the appropriate use of such resources in accordance with the legal agreements signed between AIIB and the governing bodies or contributors of respective Special Funds and serving as Rules and Regulations for external Special Funds.

4. Responsibilities

- 4.1. The Policy and Strategy Vice Presidency (PSVP) is responsible for: (i) overseeing the implementation of the rules and regulations or governing documents of the Special

¹ This Directive will govern all Special Funds of AIIB, except the Special Fund Window (SFW) under the COVID-19 Crisis Recovery Facility, which is governed by its own directive.

Funds; (ii) issuing Administrative Guidance to facilitate the proper implementation of this Directive; and (iii) proposing further expansion of Special Funds in support of AIB's mandate and corporate goals.

- 4.2. The Special Funds Committee (SF Com) is responsible for overseeing all Special Fund resources, ensures their effective use in line with AIB's Corporate priorities and targets, and reviews and recommends approval of Special Funds proposals in accordance with the SF Com's Terms of Reference.
- 4.3. Each Investment Operations Vice Presidency (IOVP) is responsible for: (i) identifying and recommending activities eligible for financing from AIB Special Funds; (ii) overseeing implementation of client-executed activities supported by Special Funds; (iii) implementing AIB-executed activities supported by Special Funds; and (iv) monitoring and reporting on implementing of Client and AIB executed activities.
- 4.4. The Strategy, Policy and Budget Department (SPB) in PSVP is responsible for: (i) establishing the Special Funds Secretariat (SF Sec) to provide administrative support to the SF Com and special operations; (ii) coordinating and administering all Special Funds, including managing relationships with contributors to internal Special Funds, managing relationships with the administrators, trustees, secretariats, management units, and governing bodies of external Special Funds, leading the development and revision of operational policies related to Special Funds, developing periodic monitoring reports for internal and external consumption; and (iii) coordinating internal and external communications on Special Funds.
- 4.5. The Legal Department (LEG) is responsible for providing legal advice on all matters relating to the administration of Special Funds, including preparing agreements with contributors to internal Special Funds, negotiating agreements with external Special Funds, and preparing agreements with clients related to activities supported by Special Funds.
- 4.6. The Office of the Controller (CTL) is responsible for: (i) maintaining the books of the Special Funds in the general ledger; (ii) preparing annual financial statements of each respective Special Fund; (iii) arranging a periodic audit by AIB's external auditors, in accordance with AIB's policies and the policies of the respective Special Funds, of the financial statements of the Special Funds; and (iv) preparing quarterly reports, as required, for the SF Sec.
- 4.7. The Internal Audit Office (IAO) is responsible for carrying out the internal audit of Special Funds pursuant to [the Terms of Reference of the Internal Audit Office](#).
- 4.8. The Office of the Treasurer (TRE) is responsible for: (i) opening and managing the required bank accounts for the respective Special Funds; (ii) sending requests for payment, as provided in the relevant agreements, and receiving and maintaining records of such payments; (iii) receiving and disbursing funds from the bank accounts of the respective Special Funds; (iv) undertaking foreign exchange transactions as required; (v) investing funds pending their disbursement following AIB's own investment

guidelines and related policies; and (vi) reporting on investment income earned on the Special Funds' bank accounts, if required.

- 4.9. The Facilities and Administrative Services Department (FAS) is responsible for overseeing the procurement by AIIB of goods and services for AIIB-executed activities supported by Special Funds, in accordance with the Policy on Corporate Procurement.
- 4.10. The Communications Department (COM) is responsible for coordinating content related to Special Funds on the AIIB website, annual reports, outreach materials, and publications.
- 4.11. For those departments not specifically mentioned in the above paragraphs, AIIB's policies will be followed in carrying out activities in support of Special Funds.

5. Information Disclosure by AIIB

- 5.1. AIIB's Policy on Public Information and related Directive and Administrative Guidance govern the disclosure of information relating to this Directive.

6. Authority

- 6.1. The President shall make all final decisions regarding the application of this Directive.

Annex 1: List of AIIB Special Funds Covered by this Directive

A. Internal Special Funds

1. Project Preparation Special Fund (PPSF).
 - [Rules and Regulations of the PPSF](#).

B. External Special Funds

1. Global Infrastructure Facility (GIF)² Special Fund
 - [Financial Procedures Agreement \(FPA\) between AIIB as Technical Partner and the World Bank as GIF Trustee](#).
2. Multilateral Cooperation Center for Development Finance (MCDF)³ Special Fund
 - [Implementing Partner Agreement between AIIB as Implementing Partner and AIIB as Administrator of the MCDF Finance Facility](#).

² AIIB became Technical Partner of GIF on June 23, 2021, after signing the Financial Procedures Agreement with the World Bank (the GIF Trustee).

³ AIIB became Implementing Partner of the MCDF Finance Facility on Aug. 9, 2021, after signing the Implementing Partner Agreement with AIIB (Administrator of the MCDF Finance Facility).