



PROJECT PREPARATION SPECIAL FUND (PPSF)

November 2025



WHAT IS THE PPSF?

• AIIB's First Special Fund

Established in June 2016, the Project Preparation Special Fund (PPSF) is a multi-donor facility created to provide technical assistance grants to support the preparation of high-quality bankable projects for AIIB Members, especially less developed Members.

• Technical Assistance Grants

The PPSF provides technical assistance grants to AIIB Members for preparing bankable infrastructure projects. Project preparation activities supported by these grants are critical to improve project quality and ensure economic, environmental and social sustainability and implementation readiness.

WHAT ACTIVITIES ARE USUALLY BE COVERED BY PPSF?

1. Carrying out or updating feasibility studies
2. Preparing or updating environmental, social, financial, legal, social or technical assessments
3. Preparing or updating environmental and social management plans or frameworks
4. Preparing detailed engineering designs
5. Consulting with project-affected people
6. Obtaining advisory services during the procurement process for project preparation and implementation
7. Purchasing small equipment if required to conduct the project preparation activities
8. Assessing client and stakeholder capacity and conducting training for capacity building to establish a fully operational unit or entity for project implementation
9. Preparing critical documents and systems such as a draft operational manual, a project delivery strategy, procurement plan or a project implementation plan
10. Preparing monitoring and evaluation systems

CONTACT INFORMATION

For more information, visit the [PPSF page](#) on AIIB's [website](#) or send any questions through the AIIB's [Public Information Request Form](#).

MEMBER ELIGIBILITY

PPSF grants can be provided to or for the benefit of AIIB Members which are:

- Eligible to receive financing from the **International Development Association (IDA)**.
- Not eligible to receive IDA financing, but have substantial development needs and capacity constraints, provided the cumulative amount of grants to such Members does not exceed, at any time, thirty per cent (30%) of the aggregate amount of all contributions made to the Fund;.

Note that preference is given to AIIB Members eligible to receive IDA financing.

PROJECT ELIGIBILITY

PPSF grants can be provided to projects that are included in AIIB's Rolling Investment Pipeline.

HOW DOES IT WORK IN PRACTICE?

- **Client Request:** Based on client's request for financing, the proposed project is screened and included in AIIB's rolling investment pipeline.
- **Proposal Submission:** Client completes and submits a formal application with supporting documents to AIIB requesting a PPSF grant. The application should be prepared in close coordination with the AIIB Project Team.
- **Special Funds Committee Approval:** AIIB Project Team assesses the request and prepares a grant proposal for consideration by the AIIB Special Funds Committee.
- **President/Board Approval:** If the Committee recommends approval of the grant, the proposal is sent to the AIIB President/Board for final approval. If the grant is approved, a grant agreement is prepared by AIIB for signature by the client and AIIB.
- **Implementation:** Disbursements shall be made in accordance with the grant agreement and the disbursement letter sent to the grant recipient.

FREQUENTLY ASKED QUESTIONS

Can AIIB Non-regional Members access PPSF grants for project preparation? Yes, only if the country and project eligibility criteria are met. Investments in AIIB Non-Regional Members are guided by [AIIB's Strategy for Financing Operations in Non-regional Member](#).

Can PPSF grants be provided to non-public entities? In the absence of an objection from the AIIB Member, the PPSF grant may be extended to (a) a sub-sovereign entity of the Member; (b) a state-owned enterprise and (c) in special circumstances, a private entity. PPSF can support the preparation of private sector projects, as long as such support does not create unfair competitive advantages for grant recipients.

What is the maximum size of the PPSF grant that can be granted? The amount of the PPSF grant is determined by the preparation needs of the underlying project. On average, PPSF grants approved so far have ranged between USD2-4 million. The President can approve grants in amounts up to USD5 million per project; grants that exceed USD5 million in the aggregate per project must be approved by the Board of Directors.

How long does it take to approve the PPSF grant? Once AIIB receives the PPSF application from the client, approval can be granted within three to four weeks, subject to a sound justification and provision of all the required supporting information and documents.

How are disbursements made on approved grants under the PPSF? Disbursements to be executed by the client generally follow the same procedures as regular AIIB loans, in accordance with the disbursement letter sent to the grant recipient after signing the grant agreement.

Is there a period during which recipients have to utilize the PPSF grant fully? All preparatory activities supported by the PPSF grant for a project to be financed by a sovereign-backed loan should generally be completed within two years following effectiveness of the financing agreements for the project, unless there are duly justified circumstances requiring an extension.