AIIB ASIAN INFRASTRUCTURE INVESTMENT BANK

PROJECT PREPARATION SPECIAL FUND (PPSF)

Last updated September 2026

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.

HOW IS THE PPSF FUNDED?

The PPSF is funded through voluntary contributions. To date, contributions have been received from China; the United Kingdom; Korea; Hong Kong, China; and Kenya.

WHAT ACTIVITIES ARE USUALLY COVERED BY PPSF?

1. Carrying out or updating feasibility studies
2. Preparing or updating environmental, social, financial, legal 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 draft operational manuals, project delivery strategies, procurement plans or project implementation plans
10. Preparing monitoring and evaluation systems

CONTACT INFORMATION

For more information, visit the PPSF page on AIIB's website or submit questions through AIIB's Public Information Request Form.

MEMBER ELIGIBILITY

PPSF grants can be provided to or for the benefit of the following:

- AIIB Members eligible to receive financing from the **International Development Association (IDA);**
- **Other AIIB Members** (not eligible to receive IDA financing) **that have substantial development needs and capacity constraints**, subject to a cumulative limit of 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 may be provided to projects being considered for AIIB financing and 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's nonregional Members access PPSF grants for project preparation? Yes, if the member and project eligibility criteria are met. Investments in AIIB's nonregional Members are guided by AIIB's Strategy for Financing Operations in Non-regional Members.

Can PPSF grants be provided to non-public entities? In the absence of an objection from the AIIB Member, a 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.

What is the maximum size of the PPSF grant that can be granted? The amount of a PPSF grant is determined by the preparation needs of an underlying project. On average, PPSF grants approved to date have ranged between USD2 million and USD4 million. The President can approve grants in amounts up to USD5 million per project; grants that exceed USD5 million in aggregate per project must be approved by the Board of Directors.

How long does it take to approve the PPSF grant? Once AIIB receives a PPSF application from the client, approval may be granted within 1-2 months, 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 the signing of a grant agreement. In exceptional cases, and upon approval by AIIB management, some components may be executed by AIIB following its policies and procedures for contracts under corporate procurement.

Is there a period during which recipients must fully utilize the PPSF grant? Yes. The preparatory activities supported by PPSF should generally be completed by an agreed grant closing date, set according to the type and complexity of those activities. That date should normally fall no later than two years after the financing agreements for the underlying project are approved, unless duly justified circumstances warrant an extension.