ASIAN INFRASTRUCTURE INVESTMENT BANK

RULES AND REGULATIONS

OF

THE AIIB PROJECT PREPARATION SPECIAL FUND

ASIAN INFRASTRUCTURE INVESTMENT BANK
(Approved June 24, 2016, amended February 28, 2019 and June 6, 2025)

TABLE OF CONTENTS

ARTICLE I – THE FUND 4
Section 1.01 Establishment of the Fund 4
Section 1.02 Application of Rules and Regulations 4
Section 1.03 Administration of the Fund 4
ARTICLE II- RESOURCES OF THE FUND 4
Section 2.01 Types of Resources 4
Section 2.02 Contributors and Contribution Agreements 4
Section 2.03 Amount and Payment of Contributions 4
ARTICLE III – USE OF THE RESOURCES OF THE FUND 5
Section 3.01 Use of the Resources of the Fund 5
Section 3.02 Policy, Procedures and Approval Authority 5
Section 3.03 Procurement 5
ARTICLE IV – ADMINISTRATION OF THE RESOURCES OF THE FUND 6
Section 4.01 Principles 6
Section 4.02 Separation of Fund Resources from Ordinary Resources 6
Section 4.03 Pooling of Fund Resources 6
Section 4.04 Investment 6
Section 4.05 Administrative and Other Expenses 6
Section 4.06 Valuation of Currencies 6
Section 4.07 Accounts and Audit 6
Section 4.08 Reports 7
ARTICLE V –TERMINATION 7
Section 5.01 Termination of the Fund 7
Section 5.02 Disposal of Resources on Termination of the Fund 7
ARTICLE VI – AMENDMENTS AND DISPUTE RESOLUTION 7
Section 6.01 Amendments 7
Section 6.02 Dispute Resolution 8
Annex A 9
Section 1.01 Contribution 10
Section 1.02 Use and Administration of the Contribution 10
Section 1.03 Application of the Rules and Regulations 10
Section 1.04 Notices 11
Section 1.05 General 11
Section 1.06 Governing Law 11

RULES AND REGULATIONS
OF THE AIIB PROJECT PREPARATION SPECIAL FUND

WHEREAS:

(a) The Asian Infrastructure Investment Bank (the "Bank" or "AIIB") is empowered by Article 17.1 of its Articles of Agreement (the "Bank's Articles") to establish and administer Special Funds and carry out special operations financed from such Special Funds;

(b) The establishment of a Special Fund to support and facilitate preparatory activities during the preparation and early implementation of projects to be financed by the Bank from its ordinary and/or special resources would, in accordance with Article 17.1 of the Bank's Articles, serve the purpose and come within the functions of the Bank.

(c) To this end, the Bank established on June 24, 2016 and is administering a multi- donor Special Fund called the AIIB Project Preparation Special Fund (the "Fund"), which is open to contributions by all Bank members and others.

(d) The Board of Directors of the Bank adopted the rules and regulations (the "Rules and Regulations") for the establishment and operation of the Fund on June 24, 2016, and amended the Rules and Regulations on February 28, 2019, to read as follows.

ARTICLE I – THE FUND

Section 1.01 Establishment of the Fund
The Fund has been established as a Special Fund of the Bank in accordance with Article 17.1 of the Bank's Articles, as of June 24, 2016.

Section 1.02 Application of Rules and Regulations
The Fund and the resources thereof shall be governed by, and such resources shall be received, administered, used and disposed of in accordance with these Rules and Regulations, as may be amended from time to time pursuant to Section 6.01.

Section 1.03 Administration of the Fund
(a) Subject to the express provisions of these Rules and Regulations and any relevant decision of the Board of Directors, the respective functions of the Board of Directors, the President, the Vice-Presidents, the officers and the staff members of the Bank in carrying out the responsibilities and exercising the powers of the Bank with respect to the Fund, and the procedures to be followed in the exercise of such functions, shall be the same as those which apply in similar circumstances in the ordinary operations of the Bank.

(b) The President may adopt such guidelines and operating procedures, consistent with these Rules and Regulations, as shall be considered necessary or appropriate for the efficient administration of the Fund.

ARTICLE II- RESOURCES OF THE FUND

Section 2.01 Types of Resources
The resources of the Fund shall consist of:
(a) amounts accepted by the Bank for inclusion in the Fund as provided in Section 2.03;

(b) income derived from investment of the resources of the Fund in accordance with Section 4.04; and

(c) any funds reimbursed to the Fund, if any.

Section 2.02 Contributors and Contribution Agreements
(a) Any member of the Bank, any of its political or administrative sub-divisions, or any entity under the control of the member or such sub-divisions or any other country, entity or person approved by the President may become a contributor (a "Contributor") to the Fund by entering into a contribution agreement with the Bank (the "Contribution Agreement") in the form attached as Annex A, which shall provide, among others, the amount of resources (the "Contribution") contributed by the Contributor to the Fund.

(b) By signing a Contribution Agreement, the Contributor shall accept the application of these Rules and Regulations to the resources contributed under such Contribution Agreement. In the event of any inconsistency between a Contribution Agreement and these Rules and Regulations, these Rules and Regulations shall prevail.

Section 2.03 Amount and Payment of Contributions
(a) A Contribution shall be in an amount of US Dollars one million (USD1,000,000) or multiples thereof.

(b) Each Contribution shall be paid in US Dollars or the currency provided for in the Contribution Agreement upon request by the Bank and shall be made available in cash.

(c) A Contributor may at any time propose an increase in the amount of its Contribution. Subject to the Bank's acceptance, such increase is effected by amending the relevant Contribution Agreement or by entering into another Contribution Agreement. The provisions of these Rules and Regulations relating to Contributions shall apply equally to increased amounts so contributed.

ARTICLE III – USE OF THE RESOURCES OF THE FUND

Section 3.01 Use of the Resources of the Fund

(a) The resources of the Fund shall be used to finance, on a grant basis, technical assistance for preparatory activities required during preparation and early implementation of a project, where:

(i) the project is for the benefit of (A) one or more members of the Bank that, at the time when the decision to extend the grant is made by the Bank, are eligible to receive financing from the International Development Association, and (B) other members of the Bank with substantial development needs and capacity constraints; provided, however, that the cumulative amount of all grants extended to all projects for the benefit of such other members does not exceed, at any time, thirty per cent (30%) of the aggregate amount of all Contributions made to the Fund; and

(ii) the project is being considered for Financing (as defined in the Bank's Operational Policy on Financing) in accordance with the Bank's procedures applicable to such Financing.

(b) The resources of the Fund shall be used with a view to: (i) giving preference to members classified as eligible to receive financing from the International Development Association; (ii) diversifying the Bank's portfolio; (iii) prioritizing projects that are aligned with Bank's thematic priorities of sustainable infrastructure, cross- border connectivity and private capital mobilization; and, (iv) avoiding creating unfair competitive advantages to recipients of grants under the Fund.

(c) For the purposes of paragraph (a), technical assistance shall include, among others, consultancy services, equipment necessary for the preparation or delivery of such services or for the implementation of the recommendations made under such consultancy services, and related training.

Section 3.02 Policy, Procedures and Approval Authority

(a) In using the resources of the Fund, the Bank shall apply the same internal policies and procedures as are applied when administering technical assistance or other grants from its ordinary resources.

(b) The President is authorized to approve grants from the Fund resources in an amount not to exceed in an aggregate five million US Dollars (USD 5,000,000) per project.

Section 3.03 Procurement

Consistent with Article 13.8 of the Bank's Articles, no restriction shall be placed upon the procurement of goods and services from any country to be financed from resources of the Fund. The Bank's Procurement Policies and related directives and other rules shall apply to the procurement of all goods, works and services financed from the resources of the Fund.

ARTICLE IV – ADMINISTRATION OF THE RESOURCES OF THE FUND

Section 4.01 Principles
The establishment, administration and use of the resources of the Fund shall be the responsibility of the Bank.

Section 4.02 Separation of Fund Resources from Ordinary Resources
(a) In accordance with Article 10.2 of the Bank's Articles, the resources of the Fund shall at all times and in all respects be held, used, committed, invested or otherwise disposed of entirely separately from the ordinary resources of the Bank.

(b) In accordance with Article 10.3 of the Bank's Articles, under no circumstances shall the ordinary resources of the Bank be charged with, or used to discharge, losses or liabilities arising out of Fund's special operations or other activities for which resources of the Fund were originally used or committed.

Section 4.03 Pooling of Fund Resources
The Contributions of the Contributors shall be managed as a single pool, irrespective of the date on which each Contribution has been paid-in.

Section 4.04 Investment
The Bank may invest any resources of the Fund which are not immediately required for use under Article III of these Rules and Regulations in accordance with the Bank's usual treasury management practices applicable to Special Fund resources; such practice may include placing money in an interest bearing account without any active management by the Bank. Any income derived from such investments (including interest) shall be promptly credited to the resources of the Fund and to be used in accordance with these Rules and Regulations.

Section 4.05 Administrative and Other Expenses
(a) In accordance with Article 17.1 of the Bank's Articles which requires that the full cost of administering any Special Fund be charged to that Special Fund, the Bank shall charge an administration fee based on the principle of full cost recovery on the amounts received by the Fund pursuant to Section 2.01 (a) of these Rules and Regulations.

(b) In accordance with Article 10.4 of the Bank's Articles, the Fund shall bear all expenses appertaining directly to operations financed from the resources of the Fund. Any other expenses shall be charged as the Bank shall determine.

(c) The Bank shall debit from the resources of the Fund and credit to the Bank's ordinary resources all fees and expenses payable to it in connection with the operations financed out of the resources of the Fund.

Section 4.06 Valuation of Currencies
Whenever it shall be necessary to determine the value of any currency in terms of another currency or of the unit of account of the Bank, the valuation shall be reasonably made by the Bank, applying as far as practicable the principles applicable to valuation of currencies forming part of the ordinary resources of the Bank.

Section 4.07 Accounts and Audit
(a) The Bank shall maintain accounts of the Fund in accordance with the Bank's accounting policies. The accounts of the Fund shall be prepared and presented in US Dollars.

(b) Special operations financed from the resources of the Fund shall be presented in financial statements separately from the Bank's ordinary operations and special operations financed from other Special Funds or trust funds.

(c) The accounts of the Fund shall be audited by internal and external auditors of the Bank in accordance with the same audit requirements as are applied to the accounts of the Bank's ordinary resources.

(d) The Board of Directors shall submit to the Board of Governors, for approval at the Annual Meeting of Governors, the audited financial statements of the Fund for the previous financial year.

Section 4.08 Reports

(a) The Bank shall report on the Fund in its Annual Report.

(b) The Bank shall provide the Contributors with an annual report on the current status and anticipated use of the resources of the Fund.

ARTICLE V –TERMINATION

Section 5.01 Termination of the Fund

(a) The Board of Directors may, after consultation between the Bank and the Contributors, decide to terminate the Fund.

(b) The Fund shall terminate automatically upon termination by the Bank of its operations pursuant to Article 41 of the Bank's Articles.

Section 5.02 Disposal of Resources on Termination of the Fund

Upon termination of the Fund, the following provisions shall apply with respect to the resources of the Fund:

(a) The Bank shall forthwith cease all activities relating to such resources, except those incidental to the orderly realization, conservation and preservation of such resources and the settlement of the direct and contingent obligations to which they may be subject.

(b) Subject to subsection (c) below, the Bank shall distribute the Total Net Assets at the time of termination among the Contributors in proportion to the Contributions made available by them to the Fund. Such distribution shall be effected at such times, in such currencies and in such types of assets as the Bank shall deem fair and equitable. Distribution need not be uniform as to type of asset or as to currency.

(c) No distribution shall be made until liabilities to creditors (including liabilities to the Bank in respect of administration fees) shall have been discharged or provided for. Any distribution to a Contributor shall be subject to prior settlement of all outstanding claims by the Bank against such Contributor in respect of its Contribution(s) to the Fund.

(d) Until final distribution of the Total Net Assets, all rights and obligations of the Bank and of Contributors under these Rules and Regulations shall continue unimpaired.

ARTICLE VI – AMENDMENTS AND DISPUTE RESOLUTION

Section 6.01 Amendments

These Rules and Regulations may be amended, after consultation between the Bank and the Contributors, by a decision of the Board of Directors.

Section 6.02 Dispute Resolution

(a) If a disagreement arises between the Bank and a Contributor concerning any matter arising out of or in connection with the Contribution Agreement of that Contributor, and such dispute cannot be settled by consultation between the parties, such disagreement shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules (in force as at the date of these Rules and Regulations), subject to the following:

(i) The parties to such arbitration shall be the Bank on the one side and the Contributor on the other side.

(ii) The number of arbitrators shall be three (3).

(iii) The appointing authority for the purposes of the UNCITRAL Arbitration Rules shall be the Secretary-General of the Permanent Court of Arbitration.

(iv) Where the Secretary-General of the Permanent Court of Arbitration is to appoint an arbitrator, the Secretary-General of the Permanent Court of Arbitration shall be at liberty to choose any person he regards as suitable to act as arbitrator pursuant to the UNCITRAL Arbitration Rules.

(v) Except as the parties to such arbitration shall otherwise agree, the place of arbitration shall be The Hague.

(vi) The language to be used in the arbitral proceedings shall be English.

(vii) The law to be applied by the arbitral tribunal shall be the law specified in the Contribution Agreement with the Contributor.

(viii) Notwithstanding the provisions of the UNCITRAL Arbitration Rules, the arbitral tribunal shall not be authorized to take any interim measures of protection or provide any pre-award relief against the Bank, and none of the parties may address to any judicial authority a request for any interim measures of protection or pre-award relief against the Bank.

(b) Notwithstanding the provisions of this Section, nothing contained in these Rules and Regulations or in any Contribution Agreement shall operate or be regarded as a waiver, renunciation or other modification of any immunities, privileges or exemptions of the Bank under its Articles of Agreement, under international conventions or under any applicable laws.

(c) In any arbitral proceeding arising out of any Contribution Agreement, the certificate of the Bank as to any amount due to the Bank under such agreement shall be prima facie evidence of such amount.

Annex A

CONTRIBUTION AGREEMENT

BETWEEN

[CONTRIBUTOR]

AND

ASIAN INFRASTRUCTURE INVESTMENT BANK

IN RESPECT OF

THE AIIB PROJECT PREPARATION SPECIAL FUND

DATED **[…]**

THIS CONTRIBUTION AGREEMENT (the "Contribution Agreement") is made between [Contributor] (the "Contributor") and the Asian Infrastructure Investment Bank (the "AIIB" or the "Bank"), jointly referred to hereinafter as the "Parties" and each a "Party", in respect of the Contributor's commitment and contribution to the AIIB Project Preparation Special Fund (the "Fund").

WHEREAS

(A) AIIB has established the Fund in accordance with the Rules and Regulations of the AIIB Project Preparation Special Fund dated […] (the "Rules and Regulations").

(B) The Contributor wishes to make a contribution to the Fund, the resources of which shall be accepted, held, managed, administered, used, committed, expended or otherwise disposed of by the Bank in accordance with the Rules and Regulations and this Contribution Agreement.

(C) The Parties have agreed to conclude this Contribution Agreement, as required by Section 2.02 of the Rules and Regulations;

NOW THEREFORE the Parties hereto agree as follows:

Section 1.01 Contribution

(a) The Contributor hereby contributes an amount of […] million United States Dollars (USD [..],000,000) (the "Contribution") to the Fund.

(b) The Contribution shall be paid, in cash, in [...] instalments as follows:

1. First instalment: an amount of […] million United States Dollars (USD [..],000,000) upon entry into force of this Contribution Agreement and submission of request for payment by the Bank;
2. Second instalment: an amount of […] million United States Dollars (USD [..],000,000) upon submission of request for payment by the Bank, but not earlier than such time as an amount at least equal to […] million United States Dollars] (USD [..],000,000) of the Fund's resources have been committed to operations; and
3. Third instalment: an amount of […] million United States Dollars (USD [..],000,000) upon submission of request for payment by the Bank, but not earlier than such time as an amount at least equal to […] million United States Dollars] (USD [..],000,000) of the Fund's resources have been committed to operations.

(c) The Contribution shall be paid in US Dollars. Payment of each instalment shall be made by the Contributor to the bank account specified in AIIB's request for payment within 30 (thirty) days of receipt of AIIB's request.

Section 1.02 Use and Administration of the Contribution

(a) The Contribution shall be used and administered in accordance with the Rules and Regulations of the Fund.

(b) In accordance with the provisions of Section 4.05 of the Rules and Regulations of the Fund, the Bank shall receive an administration fee equal to [X]% ([X] per cent) of the amount of the Contribution. A proportionate amount of such administration fee shall be debited from each instalment of the Contribution paid in by the Contributor and credited to the Bank's ordinary resources.

Section 1.03 Application of the Rules and Regulations

The Contributor hereby:

(a) acknowledges receipt of a copy of the Rules and Regulations, as in force on the date of entry into force of this Agreement; and

(b) agrees that the Rules and Regulations shall apply to this Agreement and the Contribution, as if incorporated herein in full.

Section 1.04 Notices
All matters relating to the implementation of any Fund document shall be addressed to the following authorized representative of each Party:
(a) For the Contributor:

(b) For the Bank:

Section 1.05 General
(a) All capitalized terms used in this Agreement have the meaning attributed to them in the Rules and Regulations, which shall take precedence over this Agreement.
(b) The Contributor shall do and execute all such further acts, as are required to give full effect to the rights and obligation, as specified and the transactions contemplated by the Rules and Regulations and this Agreement.
(c) Nothing in this Agreement shall constitute or be construed as constituting, a waiver, express or implied, of any of the immunities, privileges and exemptions enjoyed by the Bank, its Directors, Alternates, Officers, employees or experts.
(d) This Agreement shall enter into force on the date when the last of the Parties signs it and shall remain in force for a period of 10 (ten) years following the date of its entry into force.

Section 1.06 Governing Law

[Alternative A: Contributor is a sovereign state]
In case of dispute between the Bank and the Contributor, the law to be applied by the arbitral tribunal in accordance with Section 6.02 of the Rules and Regulations shall be international law, the sources of which are taken for these purposes to include:
(a) the Articles of Agreement of the Bank and any relevant treaty obligations that are binding reciprocally on the parties;
(b) the provisions of any international conventions and treaties (whether or not binding directly as such on the parties) generally recognized as having codified or ripened into binding rules of customary law applicable to states and international financial institutions, as appropriate;
(c) other forms of international custom, including the practice of states and international financial institutions of such generality, consistency and duration as to create legal obligations; and
(d) applicable general principles of law.

[Alternative B: Contributor is <u>not</u> a sovereign state]
In case of dispute between the Bank and the Contributor, the law to be applied by the arbitral tribunal in accordance with Section 6.02 of the Rules and Regulations shall be the laws of England and Wales.

Signed in the English language, in two originals, one for each of the Parties,

For the Contributor:	**For the Bank:**
_____	_____
Name:	Name:
Title:	Title:
Date:	Date: