

**RULES AND REGULATIONS
OF THE ASIAN INFRASTRUCTURE INVESTMENT BANK PROJECT-SPECIFIC WINDOW**

WHEREAS:

- (a) The Asian Infrastructure Investment Bank (the “Bank” or “AIIB”) is empowered by Article 17.1 of its Articles of Agreement (the “Articles”) to establish and administer Special Funds and carry out special operations financed from such Special Funds.
- (b) The needs of several AIIB low- and middle-income and small island state Members for development financing at affordable rates are increasing.
- (c) A number of partners intend to provide funds targeted to projects with aforesaid AIIB members to enhance the affordability of AIIB financing and project development impact in accordance with AIIB's policies and procedures in such projects.
- (d) There is a need for AIIB to establish a mechanism to facilitate the receipt of funds from such partners, and to enhance its ability to mobilize and channel financing for projects in AIIB members.
- (e) To this end, on March 19, 2024, the Board of Directors of the Bank approved the establishment and operationalization of a Special Fund to be called Project Specific Window (the “Fund”), including its rules and regulations (the “Rules and Regulations”), which shall read as follows.

ARTICLE I – THE FUND

Section 1.1 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 6.1 of these Rules and Regulations.

Section 1.2 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) Consistent with these Rules and Regulations, the President may adopt such guidelines and operating procedures, as shall be considered necessary or appropriate for the efficient administration of the Fund.

ARTICLE II – RESOURCES OF THE FUND

Section 2.1 Types of Resources

The resources of the Fund shall consist of:

- (a) Amounts received by the Bank for inclusion in the Fund, as provided in Section 2.3;
- (b) Income derived from investment of the resources of the Fund in accordance with Section 4.4 of these Rules and Regulations;
- (c) Funds reimbursed to the Fund, if any; and
- (d) Other sources as decided by the AIIB Board of Directors.

Section 2.2 Contributors and Contribution Agreements

- (a) Any Member of the Bank, any of its administrative subdivisions, or any agency under the control of the Member may become a contributor (a “Contributor”) to the Fund by entering into a contribution agreement with the Bank (the “Contribution Agreement”), which shall provide, among others, the amount of resources (the “Contribution”) contributed by the Contributor to the Fund.
- (b) Any non-Member of the Bank, any of its administrative subdivisions, or any agency under the control of such non-Member Member, or any entity or a body corporate, whose first contribution shall be approved by the BOD may become a contributor (a “Contributor”) to the Fund by entering into a contribution agreement with the Bank (the “Contribution Agreement”), which shall provide, among others, the amount of resources (the “Contribution”) contributed by the Contributor to the Fund.
- (c) 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 2.3 Amount and Payment of Contributions

- (a) The minimum amount of a Contribution shall be no less than One Million US Dollars (USD1,000,000).
- (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 affected 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 3.1 Use of the Resources of the Fund

The resources of the Fund shall be used in accordance with the purpose and functions of the Bank as set forth in the Articles and at the request of Bank Members to co-finance investment

Projects undertaken by eligible Bank Members (“Eligible Members”) as specified in Section 3.3 of these Rules and Regulations. The grants from the Fund resources shall only be used in conjunction with such investment Projects.

Section 3.2 Policy and Procedures

In using the resources of the Fund, the Bank shall apply the same internal policies and procedures as are applied to financing from its ordinary resources, unless expressly stated otherwise in these Rules and Regulations.

Section 3.3 Eligibility Criteria

- (a) **Project Eligibility.** Any Project to be financed or co-financed by the Bank in Members that are classified as low- or middle-income as per the World Bank classification or small island economies as per the United Nations’ list of Small Island Developing States as of the time the project is included in the Bank’s Rolling Investment Pipeline.
- (b) **Execution Criteria.** Grants provided by the Fund to co-finance Projects shall be executed by the recipients of the Grants. No Grant provided under this Fund shall be Bank-executed.

Section 3.4 Approval Authority

The approval authority applicable to the corresponding investment Projects financed by the Bank through its ordinary resources shall apply for the approval of grants from the Fund resources.

ARTICLE IV – ADMINISTRATION OF THE RESOURCES OF THE FUND

Section 4.1 Principles

The administration and use of the resources of the Fund shall be the responsibility of the Bank.

Section 4.2 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 4.3 Pooling of Fund Resources

The resources of the Fund shall be managed as a single pool, irrespective of the date such resources are transferred to the Fund.

Section 4.4 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 be used in accordance with these Rules and Regulations.

Section 4.5 Administrative and Other Expenses

- (a) In compliance 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 2.1 (a) of these Rules and Regulations.
- (b) In compliance with Article 10.4 of the Bank's Articles, the Fund shall bear all expenses appertaining directly to the operations of the Fund. Any other expenses shall be charged as the Bank shall reasonably determine based on the principle of full cost recovery under (a) immediately above.
- (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 the Bank in connection with the operations financed out of the resources of the Fund.

Section 4.6 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 4.7 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. Such special operations financed from the resources of the Fund shall be presented together with the financial statements of the Bank's Special Funds of similar operational nature.
- (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 Special Funds of similar operational nature.

Section 4.8 Reports

- (a) The Bank shall report on the Fund as part of its Special Funds resources.
- (b) The Bank shall provide a report on the Fund at the termination of the Fund to the Contributors.

ARTICLE V – TERMINATION

Section 5.1 Termination of the Fund

- (a) Unless the situation and context otherwise require, the Fund shall terminate upon the use of the entire amount in 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 5.2 Disposal of Resources on Termination of the Fund

Upon termination of the Fund pursuant to Section 5.1, 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 incidentals 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) herein, following the concomitant closing of the AIIB financing and PSW grant co-financing, any unused grant balance will be dealt with in the manner specified in the respective Contribution Agreements.
- (c) No return of unused grant balance 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 return of unused grant balance to a Contributor (referred to in Sections 2.2 (b) of these Rules and Regulations) shall be subject to prior settlement of all outstanding claims by the Bank against such Contributor in respect of the amounts provided by it to the Fund.
- (d) Until final returns of unused grant balances, 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 6.1 Amendments

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

Section 6.2 Dispute Resolution

If a disagreement arises between the Bank and a Contributor, referred to under Section 2.2 of these Rules and Regulations, concerning any matter arising out of or in connection with the contribution agreement of that Contributor, referred to under Section 2.3 of these Rules and Regulations, and such dispute cannot be settled by consultation between the parties, such disagreement shall be settled by arbitration in accordance with the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules (in force as at the date of these Rules and Regulations) and pursuant to Section 1.06 of the Contribution Agreement.