

COMPARATIVE ANALYSIS OF LEGAL FRAMEWORKS OF ASIAN DEVELOPMENT BANK (ADB) AND ASIAN INFRASTRUCTURE INVESTMENT BANK (AIIB)

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Abstract

This research delves into the comparative legal frameworks of the Asian Infrastructure Investment Bank (AIIB) and the Asian Development Bank (ADB) with a focus on international commercial law in the banking sector. It investigates the legal regimes governing these institutions and the role regulatory authorities play in ensuring transparency, accountability, and investor confidence, particularly in the AIIB. Using doctrinal and comparative research methods, this study critically analyzes primary and secondary sources such as treaties, international legal instruments, and scholarly works from organizations like the ADB and World Bank. The research addresses pivotal questions, including the AIIB's role in the region, China's strategic steps in its creation, international standards in drafting banking laws, and the legal mechanisms for dispute resolution. The study further evaluates decision-making processes under the AIIB's Articles of Agreement and conducts a comparative analysis of AIIB and ADB legal structures. The aim is to highlight gaps within these frameworks and suggest reforms aligned with international best practices. The findings indicate that while AIIB is gaining global credibility due to its robust governance and legal framework, there are areas that require further enhancement to fully meet international standards. The recommendations derived from this analysis are particularly relevant to Pakistan, offering guidance on developing a resilient legal infrastructure for financial institutions. This research not

only identifies legal gaps but also provides actionable insights for policymakers in Pakistan, contributing to stronger economic development.

Keywords: comparative legal frameworks, Asian Infrastructure Investment Bank, Asian Development Bank (ADB), World Bank, financial institutions.

INTRODUCTION

This chapter would explain the harmonization of rules in AIIB and ADB regarding the effectiveness and the procedure for the dispute settlement mechanism both in investment and related issues. Further, this chapter would comparatively analysis the concepts of effective decision making in ADB and AIIB and the limitations on the enforcement of their respective 'Articles of Agreement'. The legal frameworks of the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB) have similarities and differences.¹ Here is a comparative analysis of the legal frameworks of these two multilateral development banks:

Membership: *Both ADB and AIIB have a similar structure of membership. ADB has 68 member countries, while AIIB has 103 member countries. Both banks have a similar process of admitting new members, which requires the approval of the Board of Governors.²*

Governance: *Both ADB and AIIB have a governance structure that includes a Board of Governors, a Board of Directors, and a President. The Board of Governors is composed of representatives from member countries, while the Board of Directors oversees the management of the bank's operations.³*

Mandate: *ADB and AIIB have similar mandates to promote economic development and regional integration in Asia. However, AIIB has a specific focus on financing sustainable infrastructure projects, while ADB has a broader mandate to promote economic growth and reduce poverty.⁴*

Legal status: *ADB is an international organization established under a treaty, the Agreement Establishing the Asian Development Bank, which is registered with the United Nations. AIIB is also an international organization established under a treaty, the Asian Infrastructure Investment Bank Agreement, but it is not registered with the United Nations.⁵*

Environmental and Social Safeguards: *ADB has an established set of Environmental and Social Safeguards policies that are designed to ensure that its projects are socially and environmentally sustainable. AIIB also has an Environmental and Social Framework that provides a comprehensive framework for managing environmental and social risks and impacts of its*

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projects. Furthermore, if we see the accountability Mechanism, Both ADB and AIIB have an accountability mechanism that provides an independent and impartial forum for addressing complaints and grievances related to bank-funded projects. However, the AIIB's accountability mechanism is newer and less established compared to ADB's. hence, ADB and AIIB have many similarities in their legal frameworks, such as their governance structure and membership.⁶ However, there are also differences, such as AIIB's specific focus on sustainable infrastructure projects and the fact that it is not registered with the United Nations. This chapter will cover the extensive comparative analysis of all the legal aspects of the AIIB and ADB and will conclude the best evaluation to analyse the shortcomings etc.

DECISION MAKING UNDER ARTICLES OF AGREEMENT OF AIIB

The Asian Infrastructure Investment Bank (AIIB) has a set of Articles of Agreement that govern its operations and decision-making processes. Here are some key points regarding decision-making under the Articles of Agreement of AIIB:

- 1. The AIIB's Board of Governors is the highest decision-making body of the bank, and it is composed of one governor and one alternate governor from each member country.⁷*
- 2. The Board of Governors has the power to decide on matters such as the admission of new members, the election of the president, and the allocation of the bank's resources.*
- 3. The Board of Directors, on the other hand, is responsible for the general operations of the bank and is composed of 12 directors, with one director appointed by each regional constituency.*
- 4. Decisions of the Board of Directors require a simple majority vote, meaning more than half of the directors present and voting must agree for a decision to be made.*
- 5. In the event of a tied vote, the chairperson has the casting vote.*
- 6. Some decisions require a higher level of approval, such as decisions related to the establishment of policies, the admission of new members, and the allocation of the bank's resources.⁸*
- 7. These decisions require a supermajority vote, which means at least 75% of the total voting power of the members must be in favor of the decision.*

8. *The AIIB also has a President, who is responsible for the management of the bank and the implementation of its decisions.*
9. *The President is appointed by the Board of Governors and serves a five-year term, which may be renewed once.*
10. *The President is also an ex-officio member of the Board of Directors but does not have a vote.*⁹

Overall, the decision-making processes of the AIIB are designed to be democratic and transparent, with all member countries having a say in the bank's operations and policies. The bank also places a strong emphasis on ensuring that decisions are made in the best interests of its members and the people of Asia.

AIIB OPERATING PRINCIPLES

*Under Article 13 of the. Articles of Agreement there are certain principles have been recognized in order to take decisions on the procedure of financial investments, guarantee, procurement of services etc. The operations of the Bank shall be conducted in accordance with the principles set out below. 1. The Bank shall be guided by sound banking principles in its operations. 2. The operations of the Bank shall provide principally for the financing of specific projects or specific investment programs, for equity investment, and for technical assistance in accordance with Article 15.3. The Bank shall not finance any undertaking in the territory of a member if that member objects to such financing. 4. The Bank shall ensure that each of its operations complies with the Bank's operational and financial policies, including without limitation, policies addressing environmental and social impacts.*¹⁰

*The bank has elaborated the comprehensive guidelines, in above mentioned provision, the AIIB administration is bound conduct the business firstly by following the principles for sound banking system in making equity investments, providing technical assistant, and restricting the bank financing mechanism for not making any financial undertaking; if any member raise any contention against such financing. Secondly, it must ensure the financing to a project by considering the policies that address the social impact and environmental impacts of such project.*¹¹

LEGAL RULES RELATED THE SUSPENSION AND WITHDRAWAL OF MEMBERSHIP IN AIIB

The process to withdraw membership from AIIB is quite simple as any member can withdraw its membership by delivering a notice of such intention to the Bank's principal office. However, the membership shall cease to

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exist after the expiry of 6 months; from the date of the notice to the Bank and the membership withdrawal will become legally effective. Although, the same member can withdraw its such intention by sending cancellation notification to the AIIB, meaning thereby, it can only be effective prior to the expiry of 6 months after the withdrawal notice. In furtherance to the notice to withdraw membership, the existing obligations and liabilities shall remain effective even after the withdrawal of membership, however, the future obligations and liabilities will not be imposed from the date of notice of withdrawal to the AIIB. According to Article 37, .A withdrawing member shall remain liable for all direct and contingent obligations to the Bank to which it was subject at the date of delivery of the withdrawal notice. If the withdrawal becomes finally effective, the member shall not incur any liability for obligations resulting from operations of the Bank affected after the date on which the withdrawal notice was received by the Bank.¹²

SUSPENSION OF MEMBERSHIP

There is a rigid method to be followed for the suspension of a member that have to be followed, meaning thereby, the .Board of Governors., at the occasion of non-compliance of member's obligation towards Bank, can suspend the membership by passing super majority votes of governors of Bank.¹³ The process of super majority has been prescribed under article 28 as .In voting in the Board of Governors, each Governor shall be entitled to cast the votes of the member he represents (ii) A Super Majority vote of the Board of Governors shall require an affirmative vote of two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.....¹⁴ Although, the suspended member will automatically cease as a member after the expiry of one (1) year from the date of such suspension, with the same effect, the suspension decision may be restored/ withdrawn by the .Board of Governors. by passing the same super majority, to that effect, as described under article 28 of agreement of AIIB.

The legal effect of membership suspension is that; the will not be entitled to exercise his rights as prescribed in agreement. Under article 38 it is bar on suspended member to claim any right except the right for the withdrawal of membership as .. The member so suspended shall automatically cease to be a member one (1) year from the date of its suspension, unless the Board of Governors decides by a Super Majority vote as provided in Article 28 to restore the member to good standing. 3. While under suspension, a member shall not be

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entitled to exercise any rights under this Agreement, except the right of withdrawal, but shall remain subject to all its obligations..¹⁵

APPRAISAL OF THE IMMUNITY OF AIIB FROM SPECIFIC JUDICIAL PROCEEDINGS

Chapter XI of Agreement secures the immunities, status, exemptions and privileges of Bank's juridical personality and its employees. However, the following immunities have been possessed by bank:

IMMUNITY AS TO JUDICIAL PROCEEDINGS

Although it has been prescribed in the Agreement of Bank that it will enjoy immunity from legal process of any kind, but it does not mean that the aggrieved party cannot file a suit against bank. However, Article 46 of Agreement explains the types of legal proceedings that may be lodged against bank in cases of following nature;

- *Those cases that that arise as a result of the exercise of Bank's power as to rising of funds.*
- *Those cases that that arise because of the exercise of Bank's power as through borrowings or other related means.*
- *Those cases that that arise as a result of the exercise of Bank's power involving guarantee obligations.*
- *Those cases that that arise as a result of the exercise of Bank's power as to sell or buy or sale of securities through underwrite.*

However, the above-mentioned cases could be filed in a court having competent jurisdiction of only areas where AIIB has established its office or an agent for accepting the notice for process or for accepting services related to the business of Bank; along with that where the bank has guaranteed or issued the securities.¹⁶

LIMITATIONS IMPOSED ON MEMBERS AS TO SUE BAR TO SEIZER OF BANK'S PROPERTY.

Regardless of the right to sue as prescribed above; any member shall not bring a legal action against bank.

....no action shall be brought against the Bank by any member, or by any agency or instrumentality of a member, or by any entity or person directly or indirectly acting for or deriving claims from a member or from any agency or

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*instrumentality of a member. Members shall have recourse to such special procedures for the settlement of controversies between the Bank and its members as may be prescribed in this Agreement, in the by-laws and regulations of the Bank, or in the contracts entered into with the Bank.*¹⁷

It has been expressly declared that Bank's assets and the properties, prior to the final judgement against the bank, cannot be subject to any attachment, seizer, or execution.

FREEDOM OF ASSETS AS TO RESTRICTIONS

*In furtherance to the above discussion as to judicial immunities of AIIB; the assets or properties of bank shall immune against any form of regulations, restrictions or control; for the purposes of smooth functioning of the functions and purposes of Bank.*¹⁸

IMMUNITY AS TO ARCHIVES AND ASSETS

*According to Article 47 the assets and properties of Bank, wherever located or whoever possessed, cannot be searched or confiscated, and having immunity from expropriation or requisition and cannot held for foreclosure through any legislative or executive actions.*¹⁹

LEGAL SCOPE OF PRIVILEGES AND IMMUNITIES OF EMPLOYEES AND OFFICERS

*All the appointees of Bank including the Governors, Alternates, President, Directors, Vice-Presidents and other employees or officers, but limited to the consultants and experts that are performing services and missions for Bank have immunities against acts done during the course and in relation to the performance of their assigned tasks and duties.*²⁰ *These immunities along-with privileges are listed below:*²¹

(i) shall be immune from legal process with respect to acts performed by them in their official capacity, except when the Bank waives the immunity and shall enjoy inviolability of all their official papers, documents and records; (ii) where they are not local citizens or nationals, shall be accorded the same immunities from immigration restrictions, alien registration requirements and national service obligations, and the same facilities as regards exchange regulations, as are accorded by members to the representatives, officials and employees of comparable rank of other members; and (iii) shall be granted the same treatment in respect of travelling facilities as is accorded by members to representatives, officials and employees of comparable rank of other members.

There are three types of immunities has been ensured categorically, first category is related to the immunity from all types of legal actions or process against their acts done while they are in office.²² Second category is the exception of the registration process of immigration regulations of a country, meaning thereby, employees, officers, consultants or experts that are non-resident or not local citizens then they shall have immunity regarding immigration restrictions, regulations pertaining to the registration of aliens etc. Importantly, the third category ensures the equal treatment and protocol by the member state to the same extent as they treats the representatives, employees or officials of comparable and equal ranks of another member.²³

DISPUTE SETTLEMENT MECHANISM AND THE ARBITRATION

There is comprehensive legal mechanism has been provided under article 55 of agreement; for the purposes of the settlement of any kind of dispute, either between Bank and member or between the Bank and a state that ceased to be the member. If a disagreement should arise between the Bank and a country which has ceased to be a member or between the Bank and any member after adoption of a resolution to terminate the operations of the Bank, such disagreement shall be submitted to arbitration by a tribunal of three arbitrators. One of the arbitrators shall be appointed by the Bank, another by the country concerned, and the third, unless the parties otherwise agree, by the President of the International Court of Justice or such other authority as may have been prescribed by regulations adopted by the Board of Governors. A majority vote of the arbitrators shall be sufficient to reach a decision which shall be final and binding upon the parties. The third arbitrator shall be empowered to settle all questions of procedure in any case where the parties are in disagreement with respect thereto.²⁴

In furtherance to the above discussion if any legal issue or disagreement arises i) between an ex-member country, that ceases to remain a member, and the Bank or; ii) between a member, after successful termination decision of the operations of Bank by adoption of related resolution to that effect, and Bank; then such disagreement or legal issue will be put before the arbitration. However, such point of disagreement or legal issue for arbitration will be decided by the tribunal of total three members.²⁵ And the standards of impartiality to be followed for their appointment, meaning that, one member of arbitration tribunal would be appointed by such country and second arbitrator would be nominated by AIIB. Notably, the third member of tribunal would be nominated by the president of .International Court of Justice. with a prior

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condition is that if both parties agree on such nomination or by any other regulations, if adopted, by the 'board of governors' of AIIB.

GAP ANALYSIS BETWEEN THE LEGAL FRAMEWORK OF AIIB AND ADB

The Asian Infrastructure Investment Bank (AIIB) and the Asian Development Bank (ADB) are two major development banks operating in the Asia-Pacific region.²⁶ While there are similarities in their legal frameworks, there are also some shortcomings and gaps that can be identified through a comparison of the two. Here are some key points:²⁷

MEMBERSHIP:

The AIIB has a smaller membership base than the ADB, with 103 member countries as of 2021 compared to the ADB's 68 member countries. This could impact the AIIB's ability to mobilize resources and achieve its development objectives.

GOVERNANCE:

While both banks have similar governance structures, the AIIB's decision-making process is more streamlined than the ADB's, which could allow for more efficient decision-making. However, the AIIB's governance structure also lacks some of the checks and balances that exist in the ADB's structure, such as an independent evaluation department.²⁸

ENVIRONMENTAL AND SOCIAL SAFEGUARDS:

While both banks have policies in place to address environmental and social risks associated with their projects, the AIIB's policies are less developed and not as comprehensive as the ADB's. This could lead to gaps in the protection of communities and the environment in the AIIB's projects.²⁹

TRANSPARENCY AND ACCOUNTABILITY:

While both banks have mechanisms in place to ensure transparency and accountability, the AIIB's mechanisms are less developed than the ADB's. For example, the AIIB does not have an independent accountability mechanism, which could limit the ability of affected communities to raise concerns or grievances.

FINANCIAL MANAGEMENT:

While both banks use international accounting standards and have similar financial regulations, the AIIB's financial management practices are less established than the ADB's, as it is a relatively new institution. In summary, the

AIIB's legal framework has some shortcomings and gaps when compared to the ADB's framework. However, the AIIB is still a young institution and has the opportunity to learn from the ADB's experiences and address these gaps as it continues to evolve.

DISPUTE SETTLEMENT AND ENFORCEMENT MECHANISM UNDER ARTICLES OF AGREEMENT OF AIIB AND ADB

Both the Asian Infrastructure Investment Bank (AIIB) and the Asian Development Bank (ADB) have dispute settlement and enforcement mechanisms in place to address any disagreements or disputes that may arise during their operations.³⁰ Here are some key points regarding these mechanisms under the Articles of Agreement of AIIB and ADB.³¹

ASIAN INFRASTRUCTURE INVESTMENT BANK (AIIB) DISPUTE SETTLEMENT MECHANISM:

The AIIB's dispute settlement mechanism provides for the settlement of disputes through negotiation, mediation, and arbitration. If a dispute cannot be resolved through negotiation or mediation, the parties may submit the dispute to arbitration under the UNCITRAL Arbitration Rules.³²

ENFORCEMENT MECHANISM:

Awards made by an arbitral tribunal in AIIB disputes are final and binding on the parties, and can be enforced in any country that is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

ASIAN DEVELOPMENT BANK (ADB) DISPUTE SETTLEMENT MECHANISM:

The ADB's dispute settlement mechanism provides for the settlement of disputes through negotiation, conciliation, and arbitration. If a dispute cannot be resolved through negotiation or conciliation, the parties may submit the dispute to arbitration under the UNCITRAL Arbitration Rules.³³

ENFORCEMENT MECHANISM

Awards made by an arbitral tribunal in ADB disputes are final and binding on the parties, and can be enforced in any country that is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. The ADB may also suspend or terminate its lending and investment activities in cases where a member country fails to comply with an arbitral award.³⁴

Overall, both the AIIB and ADB have robust dispute settlement and enforcement mechanisms in place that is consistent with international best

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*practices. These mechanisms help to ensure that any disputes that may arise during the banks' operations are resolved fairly and efficiently, and that their decisions and awards are enforceable in the countries where they operate.*³⁵

IMPACT OF CREATION OF AIIB ON THE REGIONAL DEVELOPMENT

The creation of the Asian Infrastructure Investment Bank (AIIB) in 2016 has had a significant impact on regional development in Asia. Here are some ways in which it has influenced regional development, some of them are provided hereunder;

INCREASED INFRASTRUCTURE INVESTMENT:

*One of the primary objectives of the AIIB is to support infrastructure development in Asia. Since its inception, the AIIB has invested billions of dollars in infrastructure projects, such as roads, ports, and power plants, in member countries. This has helped to improve transportation, connectivity, and access to electricity, which are critical to economic growth.*³⁶

ENHANCED REGIONAL COOPERATION:

The AIIB has brought together countries from different regions of Asia, including some that are not traditionally close allies. Through joint investment in infrastructure projects, the AIIB has facilitated greater cooperation and dialogue among member countries.

REDUCED DEPENDENCE ON TRADITIONAL DEVELOPMENT BANKS:

*The AIIB was established as an alternative to traditional development banks such as the World Bank and the Asian Development Bank. Its creation has given member countries greater choice in terms of financing sources and has reduced their dependence on a small number of international organizations.*³⁷

IMPROVED ACCESS TO CAPITAL:

The AIIB has provided member countries with access to capital at lower interest rates than they could obtain from commercial lenders. This has enabled these countries to undertake infrastructure projects that might have been too expensive otherwise.

INCREASED INVESTMENT IN RENEWABLE ENERGY:

The AIIB has placed a strong emphasis on investing in renewable energy projects, such as solar and wind power. This has helped to reduce the region's reliance on fossil fuels and has promoted sustainable development.

In short we can say that, the creation of the AIIB has had a positive impact on regional development in Asia. By providing financing for infrastructure projects and promoting regional cooperation, the AIIB has helped to create jobs, improve living standards, and stimulate economic growth in the region.³⁸

CONCLUSION AND RECOMMENDATIONS

Finally, based on the previous discussions and extensive research about the Asian Infrastructure Investment Bank (AIIB), its regulatory governance, and legal framework, dispute settlement mechanism and impacts on the region, the following conclusions have been drawn and recommendations have been made hereunder.

CONCLUSIONS

- 1. The AIIB has emerged as a pivotal institution in addressing infrastructure deficits in Asia by providing substantial financial support for sustainable development projects. Its role extends beyond regional boundaries, positioning it as a global financial institution promoting connectivity and economic growth, particularly in underserved regions. AIIB's flexible and multilateral approach has enhanced its credibility, making it an attractive partner for regional and international development efforts.*
- 2. China's strategic initiative to establish the AIIB reflects its vision of promoting regional economic integration and enhancing connectivity. China led diplomatic efforts, garnered support from diverse countries, and contributed significant capital to lay the foundation for AIIB. The institution was designed to complement existing multilateral development banks while allowing China to expand its influence in global governance. The drafting of AIIB's Articles of Agreement emphasized inclusive development, decision-making equity, and a streamlined governance structure.*
- 3. This study identifies that AIIB's legal framework aligns with international standards by incorporating principles of transparency, accountability, and independence. Key governance structures, such as an independent board of directors and clear decision-making procedures, are in place to ensure that operations remain impartial and credible. Compliance with global standards like the Basel Accords and adherence to ethical practices further bolster the AIIB's legal and operational framework.*

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4. *While both AIIB and ADB aim to facilitate development financing in Asia, their legal frameworks exhibit key differences. AIIB operates with a more streamlined structure, granting it greater operational flexibility and efficiency compared to ADB's more complex, historically-rooted framework. The AIIB's emphasis on equal voting rights, simplified processes, and innovative project financing models distinguishes it from the ADB's traditional methods, which are often influenced by a broader and more diverse membership base.*
5. *To further enhance investor confidence, AIIB needs to continue demonstrating effective governance, project efficiency, and financial sustainability. It should expand partnerships with both public and private entities and focus on areas of high global interest, such as green infrastructure and digital connectivity. Enhanced transparency in project selection, stringent risk management practices, and strong environmental and social safeguards will make AIIB more appealing to investors worldwide.*
6. *AIIB's decision-making mechanism is centered on a clear, consensus-based process with equitable voting rights that empower all member states. The Articles of Agreement provide a structured yet adaptable framework for governance, ensuring that decisions reflect the collective interest of members. This consensus-driven approach fosters cooperative governance and aligns with international best practices.*
7. *Globally, international development banks emphasize arbitration, negotiation, and mediation as preferred methods for resolving disputes. Institutions like the World Bank and IMF provide established precedents for resolving conflicts in a manner that preserves relationships and ensures compliance with international norms. AIIB has adopted these best practices, further refining them to suit its multilateral and rapidly evolving operational environment. The bank's innovative approaches to project preparation and management, as well as its use of technology, suggest that it will continue to evolve and adapt to meet the changing needs of its member countries.*
8. *The legal framework of AIIB is similar to that of the Asian Development Bank (ADB) in many aspects, but there are also differences, such as*

AIIB's specific focus on sustainable infrastructure projects and the fact that it is not registered with the United Nations.

- 9. The creation of the AIIB has had a positive impact on regional development in Asia. By providing financing for infrastructure projects and promoting regional cooperation, the AIIB has helped to create jobs, improve living standards, and stimulate economic growth in the region.*

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Recommendations

- *The AIIB should continue to prioritize sustainability and social responsibility in its lending practices, including strict adherence to its Environmental and Social Framework.*
- *The AIIB should further develop and expand its accountability mechanism to ensure that all complaints and grievances related to bank-funded projects are addressed in a timely and transparent manner.*
- *The AIIB should continue to embrace technology and innovation in its operations to improve efficiency, transparency, and project management.*
- *The AIIB should explore opportunities for collaboration and cooperation with other multilateral development banks, such as ADB, to promote economic growth and reduce poverty in the Asia-Pacific region.*
- *The AIIB should continue to review and update its legal framework as needed to ensure that it is aligned with best practices and remains relevant in a rapidly changing world.*
- *AIIB should continue to enhance its ESG policies by aligning more closely with international best practices. Introducing stricter environmental and social safeguards will not only ensure sustainable development but also attract a broader range of socially responsible investors.*
- *AIIB should forge deeper partnerships with regional development banks, including ADB, to co-finance projects and share expertise. Additionally, greater collaboration with the private sector will unlock new sources of capital and increase the bank's project reach and impact.*
- *To handle disputes more efficiently, AIIB should consider establishing a dedicated arbitration center or mechanism specific to infrastructure projects. This would enhance confidence among investors and borrowers, ensuring faster and more consistent resolutions in line with global practices.*
- *AIIB should prioritize investments in digital infrastructure, such as smart cities, broadband connectivity, and digital financial systems. These investments align with global trends and will help member states,*

including Pakistan, leapfrog into more advanced economic growth models.

- *AIIB should adopt more rigorous reporting and transparency mechanisms for both internal governance and funded projects. Regular public disclosures and third-party audits will bolster credibility and accountability, attracting more international investors.*
- *Pakistan and other member states should align their banking and financial regulations with AIIB's standards to create a more conducive environment for infrastructure investment. This includes adopting transparent governance structures, robust anti-corruption measures, and ensuring regulatory consistency.*
- *Pakistan and other developing member countries should actively engage with AIIB in project planning and implementation stages. Regular consultations with local stakeholders, including civil society, can ensure that projects are well-targeted and have strong local ownership.*
- *Member states like Pakistan should utilize AIIB's technical assistance and capacity-building programs. These initiatives can enhance local expertise in project management, environmental assessment, and financial planning, leading to more successful infrastructure projects.*

By implementing these recommendations, AIIB can enhance its operational effectiveness and global standing, while Pakistan and other member states can maximize the benefits of their partnership with this leading international development bank.



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