

Question: What is the current legal status of AFI according to Bangkok regulations?

Answer:

AFI is at present not a legally independent entity. It currently exists as a project managed by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) with grant funding mainly from the Bill & Melinda Gates Foundation.

Question: What kind of legal status options are available for AFI during its transition phase? An NGO, a corporation etc.

Answer:

At present AFI is operating as a project managed by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) (www.giz.de). During the transition period it is important that this status is able to be continued prior to AFI becoming an independent entity.

Should the potential host country have a bilateral agreement with the Federal Republic of Germany on technical cooperation it may be possible for AFI to operate as a project under the bilateral agreement in the interim.

KPMG is not able to advise countries as to the most appropriate organizational structure for AFI in any particular jurisdiction. The structure selected by any one jurisdiction should accord with AFI's requirements as listed in section 8 of the Expression of Interest Document.

Question: In the Q&A Response Part 1 document, it is stated that during AFI's transition phase, *"the host country will effectively be hosting AFI as a project administered by GIZ until its formal independence (and adoption of its new legal form). During this transition period, AFI as a project will nonetheless require the same immunities as post-independence AFI such as like visa free travel, corporate tax exemptions and expedited employment permits/passes...This effectively means that a maximum window of 6 months will be required for the transition from AFI's current status (as a project administered by GIZ) to its new legal form in the new host country on relocation"*.

Is it a requirement to grant the same immunities in this transition period or is it just an advantage for the selection process?

Answer:

Yes. This is a prerequisite criterion that is specifically stated under Section 2, Question 2.5 of the EOI Questionnaire. Given that AFI will likely be transitioning from its current status to its post-independent status after it has physically moved from Bangkok to its new host country, it is vital that such immunities and privileges be granted pre-independence as well as post-independence.

Question: The questionnaire includes very specific expectations and which we already have been addressing for other international organizations located in our country (they all have international organization identity). However, in AFI case, the issues regarding the independence (including the membership structure, governance, appropriate legal

requirements) are to be discussed and have not been finalized yet. When we consider this issue and the questions raised above, should the interested country grant all the immunities subject to finalizing the legal structure of independency?

Answer:

The Sub-Committee on AFI Independence is currently in the process of drafting the articles of association.

The basic principles that currently govern AFI are not expected to change substantially. This would include its charter, mandate as well as the make-up of its members. AFI members will continue to be institutions (central banks or Ministries of Finance etc.) and its Board will consist of its member institutions. Post-independence, AFI will however receive membership subscription from its member institutions.

We expect the draft article of association to be developed by the end of 2014. However, at this point, we cannot provide a definitive answer as to when the new articles will be shared.

The basic organisational and legal requirements are detailed in the EOI document. Should these requirements be met, we expect that the potential host country should not have any issues with the finalized articles of association.

We also highlight that potential host country may also specify conditions under which AFI would and would not qualify for the aforementioned immunities in their response to the EOI.

Question:

Within the context of the answer to Q4 and Q5 (EOI: Q&A Response- Part 1), it can be concluded that:

The host country selection will be made by mid 2014;

The relocation of AFI's operations to the new host country will be early 2015; and

The legal structure supporting an independent AFI will be established by end 2015

We would therefore like to seek clarity as to why the relocation of AFI's operations to the new host country will occur earlier than the establishment of the legal structure supporting an independent AFI?

Answer:

The proposed timeline is to ensure logistic efficiency. AFI is proposing to relocate its operations to the new host country under its current status; that is as a project managed by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). This ensures that AFI continues to receive the financial and staffing support from GIZ during the course of the relocation and that the timeline for establishment the new organizational structure can be met while the operations are located in the new host country.