Governing Instrument of the Finance Facility of the Multilateral Cooperation Center for Development Finance

(Effective as of May 15, 2020)
Introduction

1. Trade in goods and services, the movement of people and communication and information transfers within and between countries are all expected to continue expanding rapidly across the globe. These will continue being critical drivers of growth and prosperity. Underpinning such growth will require large and high-quality investments in infrastructure connectivity, financed from private and public sources—both domestic and/or foreign—including multilateral as well as bilateral financiers.

2. International Financial Institutions (IFIs) are ideally placed to support their members in addressing the challenge of infrastructure connectivity. In addition to financial resources, they bring long-standing experience in applying, in a country-driven model, high-quality project standards to ensure social, environmental, financial, and economic sustainability. They also bring multilateral governance that works with national authorities to promote transparency and strong fiduciary practices.

3. The Multilateral Cooperation Center for Development Finance (MCDF) supports the IFIs to work with their client countries and other partners to better address the challenges of quality and long-term sustainability of cross-border infrastructure and connectivity by building the capacity of their clients and other partners to implement the Quality Infrastructure Principles of the G20 and by financing project preparation activities for high quality investments consistent with those principles.

4. All projects that the MCDF supports are to meet accredited IFI standards. Such standards are well established standards that are utilized by the IFIs who are accredited as Implementing Partners regarding: debt sustainability (consistent with the debt sustainability policy of the International Monetary Fund); environmental and social safeguards, including existing polices of the IFIs around international relations, such as disputed areas and international waters; standards on fossil fuel investments and promoting clean energy; preventing and combating fraud and corruption; procurement; and transparency and disclosure of information (collectively referred to as the “Accredited IFI Standards”).

5. The MCDF is also aligned with the recommendations of the G20 Eminent Persons’ Group on Global Financial Governance\(^1\) that recognize the need for bold reforms to harness complementarities and synergies in the development system, including tapping the largely untapped potential for collaboration among the IFIs\(^2\) as well as with other development partners to maximize their contributions as a group, including by convergence around core standards.

6. The MCDF is designed to reinforce the numerous existing global, regional and sectoral initiatives established in response to connectivity needs. These present a range of inter-governmental arrangements, frameworks, mechanisms and funding instruments. A number of these initiatives focus on promoting connectivity investments by helping define bankable projects for private financing. Forums with broader mandates help coordinate government planning but are less focused on supporting the more practical but critical aspects of improving the standards and coordination of

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\(^1\) One of the tasks of the G20 Eminent Persons’ Group was to consider, having regard to relevant past reviews, the optimal role of the international financial institutions (IFIs) comprising the IMF, the World Bank Group, and other multilateral development banks, including how these IFIs interact and coordinate with one another, with the G20, and with their respective memberships; their capacity to catalyze private capital flows and domestic resources; and corporate governance and accountability structures, to ensure efficiency, effectiveness and transparency in addressing the challenges identified.

regional and cross-border connectivity investments across different development partners. The MCDF is designed to avoid competition or duplication with other existing channels and mechanisms, including other initiatives for IFI cooperation and collaboration.

Chapter I – Basic Provisions

Article 1   Purpose of the MCDF

1. The MCDF is a multilateral initiative, the overarching purpose of which is to foster high-quality infrastructure and connectivity investments that adhere to the Accredited IFI Standards in developing countries that are members of any IFI Implementing Partner, and to advocate for a transparent, friendly, non-discriminatory and predictable financing environment.

2. The purpose of the MCDF Collaboration Platform (as further described in Articles 2 and 5) is to facilitate the flow of information across IFIs and other development partners to avoid duplication, facilitate collaboration, promote synergies and enhance learning and knowledge sharing relating to Accredited IFI Standards and infrastructure and connectivity investment.

3. The purpose of the MCDF Finance Facility (as further described in Article 2) is to provide financial support to activities whose objectives are to increase high quality connectivity investments that follow the Accredited IFI Standards, through:
   a) Wider application of the Accredited IFI Standards by New Partners (as defined in Article 3.4) of the IFIs, through partnership, capacity building and information sharing by, co-financing with, and technical assistance from, the accredited IFI Implementing Partners;
   b) Increased country-level application and enforcement of the Accredited IFI Standards through capacity building supported by the accredited IFI Implementing Partners; and
   c) Increased financing of connectivity projects from, and mobilized by, the accredited IFI Implementing Partners.

4. The financing from the MCDF Finance Facility may also be made available for other activities aimed at fostering the purposes and objectives of the MCDF on such conditions as the Governing Committee may determine.

Article 2   Structure of the MCDF

The MCDF is comprised of:

a) An MCDF Collaboration Platform (the “Collaboration Platform”) to promote communication and collaboration among the IFIs and other development partners regarding plans and activities relating to infrastructure and connectivity investments;

b) An MCDF Finance Facility (the “Finance Facility”) to provide grant resources to fund activities of the MCDF;

c) An Administrator to provide administrative and financial services to the MCDF, including the establishment and hosting of the MCDF Secretariat; and

d) An MCDF Secretariat (the “Secretariat”) to support the day to day operations of the MCDF.
Article 3  Participants of the MCDF

1.  **Contributors**: Contributors include any sovereign member of an accredited IFI Implementing Partner that contributes grant resources to the Finance Facility. Contributions to the Finance Facility may also be received from any other entity, including a private sector entity, subject to approval by the Governing Committee and the Administrator pursuant to the Administrator’s relevant policies.

2.  **Beneficiary countries**: MCDF-financed activities will:
   a)  provide financing for activities that promote the economic development and welfare of low- and middle-income countries (as classified by the World Bank); or
   b)  be carried out for the benefit of countries that have an active country program with an IFI Implementing Partner. For this purpose, an “active” program means where an IFI Implementing Partner has a lending or grant program and/or on-going policy dialogue with the country.

3.  **IFI Implementing Partners**: MCDF-financed activities will be implemented through the IFIs accredited as Implementing Partners pursuant to Article 12.

4.  **New Partners**. New Partners are financial institutions as well as investors, state-owned or private, which generally do not yet apply Accredited IFI standards, and are based in recipient countries of the IFI Implementing Partners.

5.  **Administrator and the MCDF Secretariat**. The Asian Infrastructure Investment Bank (“AIIB”) shall be invited to serve as the Administrator of the MCDF, which shall establish and host the MCDF Secretariat.

Chapter II – Collaboration Platform and Coordination Committee

Article 4  Structure

The Coordination Committee oversees and directs the Collaboration Platform. The Secretariat shall provide administrative support to the Collaboration Platform and the Coordination Committee.

Article 5  Collaboration Platform

1.  The Collaboration Platform will provide opportunities for communication and collaboration among IFIs and other development partners, including New Partners (collectively referred to as the “participants in the Collaboration Platform”), about plans and activities relating to infrastructure and connectivity investments, for information sharing and for on-going exchange of best practices.

2.  The Collaboration Platform will support the dissemination to broader stakeholders of best practices for infrastructure investments, focusing on:
   a)  debt sustainability implications;
   b)  environmental, social and governance standards;
   c)  procurement processes; and
   d)  the promotion of transparency, coordination and synergies among IFIs and other development partners.

3.  Participants in the Collaboration Platform are expected to follow agreed practices and procedures, including commitment to an agreed level of information sharing, while having due regard to confidentiality.
4. The Collaboration Platform is expected to benefit from a suite of collaborative tools and data platforms. Proposals to finance such tools and platforms may be submitted to the Governing Committee for review and approval of financial support from the Finance Facility.

5. The Secretariat will prepare a proposed annual work plan and budget for the Collaboration Platform and its information sharing activities to be agreed by the Coordination Committee. The budget for the Collaboration Platform, once agreed by the Coordination Committee, will be submitted to the Governing Committee for approval.

Article 6 Coordination Committee

1. The governance and operation of the Coordination Committee shall be in accordance with the Rules of Procedure of the Coordination Committee adopted on December 2, 2019.

2. The Coordination Committee shall exercise, *inter alia*, the following responsibilities:
   a) providing strategic advice with respect to proposals submitted by IFI Implementing Partners, and the Secretariat, for funding through the Finance Facility;
   b) developing, with support from the Secretariat, of strategies, work plans and budgets for the Collaboration Platform activities;
   c) agreeing upon the use of specific collaborative tools, data proposals or activities requiring funding from the Finance Facility. Such proposals or activities may be implemented by IFI Implementing Partners and the Secretariat;
   d) performing an active role to enhance collaboration and communications between IFIs and New Partners, as well as with countries and infrastructure connectivity project stakeholders, and facilitate in-country development partner consultations.

Chapter III – Finance Facility: Governing Committee and Implementing Partners

Article 7 Governing Committee: Composition

1. The Governing Committee of the Finance Facility shall comprise Contributors to the Finance Facility, who will be either Voting Members or Non-voting Members as follows:
   a) *Voting Members*: Contributors that commit USD ten (10) million or more for a period of not more than five years shall be voting members. Each Voting Member shall have one equal vote.
   b) *Non-Voting Members*: Other Contributors shall be Non-voting Members and shall have no vote.

2. Notwithstanding the number of public entities from the same country that may be Contributors to the Finance Facility, only one seat shall be designated for all such entities on the Governing Committee.

3. The following shall be invited to participate in the meetings of the Governing Committee as observers in accordance with the rules of procedure of the Governing Committee:
   a) the Managing Director of the Secretariat;
   b) one representative of each IFI Implementing Partner; and
   c) one representative of the Administrator.
Article 8  Governing Committee: Chair
1. The Chair of the Governing Committee shall be appointed by the Voting Members. The Chair shall rotate annually among the Voting Members.
2. The Chair of the Governing Committee may invite, with the agreement of other Voting Members, additional observers to a meeting of the Governing Committee, as appropriate in light of the agenda items under discussion.
3. The Chair shall preside at all meetings of the Governing Committee and shall perform such other inter-sessional duties as may be agreed by the Governing Committee. The Chair will be assisted by the Secretariat.

Article 9  Governing Committee: Decision Making
1. A majority of the Voting Members shall constitute a quorum for any meeting of, or decision making by, the Governing Committee.
2. Decisions of the Governing Committee shall be made by consensus among the Voting Members. Consensus shall be deemed to have been established in the absence of a request for a formal vote by any Voting Member. In the case of a formal vote, unanimity among Voting Members casting their votes shall be reached for all decisions otherwise requiring consensus.

Article 10  Governing Committee: Functions
The functions of the Governing Committee shall include:
   a) approving any amendments to the Governing Instrument;
   b) adopting its rules of procedure;
   c) approving, at its first meeting, a results framework for the Finance Facility (the “Results Framework”);
   d) approving a risk framework to assist the Governing Committee in fulfilling its oversight responsibilities of the Finance Facility;
   e) approving accreditation process and criteria for IFI Implementing Partners in concurrence with the Administrator;
   f) approving a policy on information disclosure, taking into account the IFI Implementing Partners’ respective rules, procedures on data protection, disclosure and access to information;
   g) approving a policy on administrative fees;
   h) approving new Contributors and IFI Implementing Partners, in concurrence with the Administrator;
   i) keeping under review the operation of the Finance Facility consistent with its purpose, scope, and objectives;
   j) directing the utilization of the Finance Facility resources and keeping under review the financial sustainability of the Finance Facility;
   k) approving and periodically reviewing operational modalities of the Finance Facility (including the operations manual);
l) approving and periodically reviewing funding priorities and project selection criteria, including incentives to promote collaboration between IFI Implementing Partners and New Partners;
m) approving funding from the Finance Facility to support IFI Implementing Partner funding proposals;
n) approving funding from the Finance Facility for activities to support the Collaboration Platform;
o) approving policies for the transfer of resources for approved MCDF-financed activities and/or administrative budget to the IFI Implementing Partners, the Secretariat, and the Administrator;
p) monitoring and evaluating progress in implementation of the approved work programs and providing guidance to the Secretariat and IFI Implementing Partners;
q) arranging for the expertise of independent experts to provide objective advice and recommendations as needed;
r) approving arrangements and financing for independent evaluations of the MCDF;
s) approving the MCDF annual report;
t) reviewing the audited financial statements of the Finance Facility;
u) reviewing and approving the MCDF administrative budget to cover the costs of the Secretariat and the services provided by the Administrator;
v) approving a policy to cover the additional administrative costs of the IFI Implementing Partners, taking into account the cost recovery policies of the IFI Implementing Partners;
w) approving termination of the Finance Facility after taking into account the views and recommendations of the IFI Implementing Partners and the Administrator; and
x) exercising such other functions as appropriate to fulfill the purposes of the Finance Facility.

Article 11 Implementing Partners: General Provisions

For an IFI to be eligible to receive funding from the Finance Facility, it must be accredited as an IFI Implementing Partner and sign an IFI Implementing Partner Agreement.

Article 12 Implementing Partners

1. Unless the Governing Committee decides otherwise, an IFI, upon its expression of interest, shall be deemed to comply with the Accredited IFI Standards and, therefore, is recognized as accredited as an Implementing Partner if the IFI has been accredited as a Technical Partner of the Global Infrastructure Facility.

2. An IFI may be otherwise accredited as an Implementing Partner in accordance with a process and criteria to be approved by the Governing Committee in concurrence with the Administrator.

3. In approving the accreditation process and criteria, the following should be taken into account:
   a) the recommendations of independent experts appointed by the Governing Committee to develop criteria and review applications for accreditation from potential IFI Implementing Partners;
   b) the purpose of and activities to be financed by the MCDF; and
   c) the transaction costs of the process and the overall funding level of the MCDF and expected funding size of MCDF-financed activities.
4. During the accreditation process, a candidate IFI’s policies and procedures, track record and demonstrated capacity to manage funds entrusted to it shall be assessed, including guarding against the misuse or ineffective use of funds, in line with the Accredited IFI Standards.

5. An IFI Implementing Partner shall act in accordance with its own applicable policies and procedures to administer the Finance Facility resources provided to it and is accountable to the Governing Committee for the appropriate use of these resources. Activities financed by the Finance Facility resources may be carried out by an IFI Implementing Partner or by a country or other client per the IFI Implementing Partner’s policies and procedures.

6. The IFI Implementing Partners, when developing and implementing MCDF-financed activities, shall (a) comply with their respective practices on debt sustainability; and (b) take into account the G20’s Quality Infrastructure Investment Principles.

**Article 13 Activities**

MCDF grants are to be made available for the benefit of eligible beneficiary countries through the IFI Implementing Partners, and for other activities promoting the purposes of the MCDF as deemed appropriate by the Governing Committee. The following categories of activities shall be financed to support high quality infrastructure investments:

a) *information sharing activities* that are developed and implemented through the Collaboration Platform and under the guidance of the Coordination Committee;

b) *capacity building activities* to enhance relevant know-how, institutional capacity, and regulatory reform of developing countries and their development partners in areas including, but not limited to:

   (i) anti-corruption;
   (ii) debt sustainability;
   (iii) environmental and social frameworks;
   (iv) financial and operational performance improvements;
   (v) gender equality;
   (vi) inclusion;
   (vii) investment climate;
   (viii) investment cycle capacity building that enhances the integration of standards;
   (ix) procurement;
   (x) risk management, including risks related to environment and Greenhouse Gas emissions; and
   (xi) trade facilitation.

c) *project preparation activities* including, but not limited to:

   (i) pre-feasibility and feasibility activities and studies;
   (ii) debt sustainability assessments; and
   (iii) environmental and social assessments.
Chapter IV – Administrator and Secretariat

Article 14 Administrator

1. The functions of the Administrator shall include:
   a) hosting the MCDF Secretariat;
   b) approving, with the concurrence of the Governing Committee, Contributors and IFI Implementing Partners in accordance with Articles 3 and 12, respectively;
   c) opening a bank account on behalf of the Finance Facility to receive contributions from Contributors, transferring approved funds to the IFI Implementing Partners, the Secretariat and itself under the instructions of the Governing Committee, and receiving returns of unused and recovered funds from Implementing Partners, the Secretariat and itself;
   d) administering the funds, assets and receipts that constitute the Finance Facility pursuant to the terms of the contribution arrangements;
   e) entering into contribution arrangements with Contributors;
   f) entering into Implementing Partner Agreements with IFI Implementing Partners;
   g) keeping Finance Facility resources separate and apart from any other assets maintained or owned by the Administrator;
   h) investing the cash assets of the Finance Facility following the Administrator’s own investment policies;
   i) monitoring financial flows and funding available for cash transfers;
   j) maintaining appropriate records of all relevant MCDF Account financial transactions;
   k) subject to the availability of applicable resources in the MCDF Account and to the terms of the contribution arrangements, making commitments and transfer of resources upon instructions of the Governing Committee;
   l) providing reports, including periodic financial statements, on the financial status of the MCDF Account;
   m) arranging a periodic internal audit of the Secretariat and the Administrator by the Administrator’s internal audit function;
   n) arranging a periodic audit by the Administrator’s external auditors, in accordance with the Administrator’s policies, of the financial statements of the MCDF Account and providing such audited financial statements through the Secretariat to the Governing Committee.

2. The Administrator shall be accountable to the Governing Committee for the performance of its functions. Upon the transfer of funds to an IFI Implementing Partner, the Administrator shall take no responsibility for the use of the resources transferred and activities carried out therewith. Each IFI Implementing Partner shall be responsible for the use of such transferred funds in accordance with terms of the Implementing Partner Agreement it entered into.

3. The Administrator may terminate its role as Administrator at any time, after consultation with the Governing Committee and the IFI Implementing Partners, and after giving the Governing Committee six months’ notice in writing.
Article 15  Secretariat: General Provisions

The Secretariat shall be administratively established by, but functionally independent from, the AIIB. The Secretariat’s Managing Director shall be appointed by the Administrator with the concurrence of the Governing Committee. Recognizing its functional independence, the Secretariat shall be accountable to the Governing Committee for its activities while remaining accountable to the Administrator for complying with its administrative rules and procedures.

Article 16  Secretariat: Functions to Support the Collaboration Platform

The Secretariat functions to support the Collaboration Platform shall include:

a) servicing the Coordination Committee;
b) organizing meetings of the Coordination Committee;
c) preparing documentation for review and decision by the Coordination Committee;
d) preparing an annual workplan to be approved by the Coordination Committee;
e) preparing a budget based on the annual workplan to be agreed first by the Coordination Committee and then to be approved by the Governing Committee;
f) managing consultations and decisions by mail or electronic communications, as appropriate;
g) overseeing implementation of the decisions of the Coordination Committee;
h) promoting communication and information exchange among participants in the Collaboration Platform to strengthen collaboration and knowledge sharing;
i) organizing workshops, tutorials and knowledge sharing events to support the information sharing objectives of the Collaboration Platform;
j) publishing best practices and successful MCDF’s activities and other connectivity infrastructure investments; and
k) performing other functions assigned by the Coordination Committee.

Article 17  Secretariat: Functions to Support the Finance Facility

The Secretariat functions to support the Finance Facility will include:

a) servicing the Governing Committee;
b) preparing documentation for review and decision by the Governing Committee;
c) managing decisions by mail or electronic communications, as appropriate;
d) overseeing implementation of the decisions of the Governing Committee;
e) proposing for approval at the first meeting of the Governing Committee the Results Framework and compiling monitoring results from the IFI Implementing Partners to provide annual monitoring reports in accordance with Results Framework. Such Results Framework shall be developed in consultation with the IFI Implementing Partners;
f) proposing for approval by the Governing Committee a risk framework to guide the Governing Committee’s responsibilities for monitoring identified risks and ensuring implementation of the mitigating measures outlined in the framework. Such risk framework shall be developed in consultation with the IFI Implementing Partners;
g) proposing a policy for the transfer of Finance Facility resources for approved MCDF-financed activities and administrative budget to the IFI Implementing Partners, the Secretariat, and the Administrator;

h) preparing and submitting for approval and periodic review of the Governing Committee the operational modalities of the Finance Facility;

i) proposing a policy on administrative fees, in consultation with the IFI Implementing Partners, for approval by the Governing Committee;

j) coordinating the preparation of and determining the content of the proposed work programs for approval by the Governing Committee;

k) facilitating coordination among IFI Implementing Partners and, as appropriate, other development partners, including organizing regular meetings with representatives of such Implementing Partners and others, as necessary, to:
   (i) share information on project ideas and proposals based on the programming guidelines approved by the Governing Committee;
   (ii) review the Finance Facility’s pipeline with a view to maintaining a flow of activities consistent with the availability of funding; and
   (iii) facilitate coordination and synergies among activities financed by the Finance Facility;

l) preparing annual reports for the Governing Committee on administration, programming, and financing to ensure transparency and accountability, including reporting on the status of the programming pipeline and funding;

m) developing and maintaining a Management Information System to record and track Governing Committee decisions and to record programming, operational and financial information needed to support its day-to-day functions;

n) maintaining a database of the Finance Facility’s programming pipeline, funding decisions, and cash transfers to IFI Implementing Partners, Secretariat, and Administrator; and

o) performing other functions assigned by the Governing Committee.

Chapter V – Financial Administration

Article 18  Unit of Account

The unit of account of the Finance Facility shall be the United States dollar (USD).

Article 19  Contributions

1. Contributors shall provide grant contributions to the Finance Facility by entering into a contribution arrangement with the Administrator.

2. Contributions shall be made in any freely convertible currency, and paid in cash, or subject to the Administrator’s agreement, in promissory notes or other obligations issued by the Contributor.

3. Contributions subject to national budgetary appropriations may be accepted by the Administrator.
4. In determining the acceptability of contributions under paragraphs 2 and 3 above, the Administrator shall take into account (a) the financial need of the Finance Facility; and (b) equitable treatment across all Contributors.

**Article 20 MCDF Account**

The Administrator shall establish and manage an MCDF Account to hold the funds contributed to the Finance Facility. The Administrator shall hold the funds, assets and receipts which constitute the MCDF Account and manage and transfer them only for the purpose of, and in accordance with, the provisions of this Governing Instrument, the contribution arrangements, the Implementing Partner Agreements and decisions of the Governing Committee, keeping them separate and apart from other accounts and assets maintained or owned by the Administrator.

**Article 21 Resources of the Finance Facility**

1. The resources of the Finance Facility will consist of proceeds from grants from Contributors, income derived, or losses incurred from, the investment of the resources of the MCDF Account, and amounts returned to the MCDF Account by IFI Implementing Partners, the Secretariat and the Administrator.

2. The privileges and immunities accorded to the Administrator under its Articles of Agreement shall apply to the resources of the Finance Facility.

**Article 22 Financing under the MCDF Account**

1. Resources in the MCDF Account shall be used to finance activities described in Article 13.

2. Resources in the MCDF Account may also be used to cover administrative costs approved by the Governing Committee, including those incurred by IFI Implementing Partners, the Secretariat, and the Administrator.

**Article 23 Availability of Resources**

1. The Governing Committee shall approve funding for activities subject to the available resources in the MCDF Account.

2. The Secretariat, in consultation with the Administrator, shall inform the Governing Committee every six months of the amount of available resources before funding decisions are made.

**Article 24 Cost recovery**

1. The Governing Committee shall approve, on an annual basis and subject to amendment as may be agreed, a budget for the Secretariat and the Administrator to perform their functions. Any uncommitted funds at the end of the financial year shall be returned to the MCDF Account.

2. IFI Implementing Partners may be paid a fee to cover administrative costs associated with MCDF-financed activities. The policy on administrative fees shall be developed by the Secretariat in consultation with the IFI Implementing Partners and approved by the Governing Committee.
Chapter VI – Operational Modalities

Article 25 Finance Facility Operations Manual
The Governing Committee shall approve an operations manual and any subsequent amendments thereto. The operations manual shall include guidance on project selection criteria and operational modalities and processes for the preparation of proposals to be financed by the Finance Facility.

Article 26 Finance Facility Work Programs
The Governing Committee shall review for approval the Finance Facility work programs comprising funding proposals from the IFI Implementing Partners. A proposal for an activity to be financed by the Finance Facility is to be developed pursuant to the IFI Implementing Partner’s processes. It is to be submitted for inclusion in a work program at an appropriate stage of project development by the IFI Implementing Partner. The Secretariat shall coordinate the preparation of the work program and facilitate a review by the Coordination Committee. The Secretariat shall then convey proposals, together with any comments from the Coordination Committee, to the Governing Committee for approval of Finance Facility financing. The further processing of an approved MCDF-financed activity shall follow the IFI Implementing Partner’s policies and procedures.

Chapter VII – Results Framework

Article 27 Results Framework: General Provisions
1. MCDF-financed activities shall include effective monitoring and evaluation to capture key lessons and to facilitate learning by New Partners.
2. A single Results Framework, applicable to both the Collaboration Platform and the Finance Facility, shall be approved by the MCDF Governing Committee at its first meeting. The Results Framework shall include both qualitative and quantitative success indicators.
3. The Results Framework shall prioritize three important characteristics of the MCDF as follows:
   a) its focus on regional and cross-country infrastructure and connectivity investments;
   b) its provision of an incentive to IFI Implementing Partners and New Partners to collaborate to help raise quality standards in infrastructure connectivity investments.; and
   c) its intention to promote additional activities and not to replace existing funding sources.

Article 28 Results Framework: Key Requirements
The Results Framework shall include the following requirements:
   a) Fifty percent of technical assistance support to projects approved annually by the Governing Committee shall be for projects in which IFI Implementing Partners invest or co-finance with New Partners. The Finance Facility may continue to provide technical assistance in support of this objective across the project lifecycle when such support is approved by the Governing Committee.
   b) In considering proposals submitted by IFI Implementing Partners, the Governing Committee shall give priority to proposals submitted by IFI Implementing Partners that have successfully
met or exceeded the fifty percent target above in the previous financial year. Efforts made by IFI Implementing Partners to meet the target through engagement with New Partners may be taken into account in the approval process.

c) Allocation of grants to projects that only have IFI participation will be limited to cases where funds from other technical assistance mechanisms or IFI budgets are not available.

Article 29 Monitoring
1. Each IFI Implementing Partner shall report annually on the progress and results for MCDF-financed activities, including reporting on core indicators of the Results Framework, applying its monitoring and evaluation practices.
2. The Secretariat shall consolidate individual reports from the IFI Implementing Partners and aggregate data and information on progress of MCDF-financed activities against the Results Framework. The Secretariat shall prepare an annual monitoring report for review by the Governing Committee.

Chapter VIII — Reporting, Evaluation and Disclosure

Article 30 Reporting
The Secretariat will prepare a comprehensive annual report, based on information submitted by the IFI Implementing Partners, describing how the MCDF is achieving its goals. The MCDF annual report will also include financial reporting on the status of the MCDF’s funding, the use of resources, and recommendations and analysis emerging from a pipeline review. The annual report is to provide an account of the MCDF’s results achieved in the past year in accordance with the Results Framework and lessons learned.

Article 31 Independent Evaluation
An independent evaluation of the operations of the MCDF, including the performance of the Coordination Committee, the Governing Committee, the Secretariat, the IFI Implementing Partners, and the Administrator, and the impacts of its activities shall be carried out periodically and financed by the MCDF Finance Facility. The independent evaluation shall include verification of results reported against the Results Framework. The terms of reference for the independent evaluation shall be approved by the Governing Committee.

Article 32 Disclosure of Information
The MCDF shall operate in a transparent manner and the governing documents, overarching activities, annual reports and independent evaluations of the MCDF shall be made publicly available. The Secretariat shall prepare, in consultation with the IFI Implementing Partners, for approval by the Governing Committee, a policy on information disclosure that shall take fully into account the IFI Implementing Partners’ respective rules and procedures on data protection and access to information.
Chapter IX – Liabilities and Dispute Resolution

Article 33 Liabilities

1. Nothing in this Governing Instrument or any documents thereunder shall be construed as a waiver of the privileges and immunities enjoyed by any of the IFI Implementing Partners.

2. No Contributor assumes liability in respect of (a) any third party claims for damages arising out of the implementation of any activity financed from the Finance Facility, or (b) any damage or injury sustained by the staff or property of the IFI Implementing Partners, the Secretariat or the Administrator arising out of the implementation, management and administration of the Finance Facility.

3. The Administrator shall not be liable to any Contributor or third party for any damage, loss or injury incurred as a result of, or in connection with, the implementation by IFI Implementing Partners of any activity funded by the MCDF Finance Facility.

4. The Administrator shall only be responsible for performing those functions specifically set forth in this Governing Instrument and other MCDF agreements/arrangements and is not subject to any other duties or responsibilities. The Administrator shall be indemnified out of the Finance Facility resources against all liabilities or claims arising out of its actions and omissions except those incurred as a direct result of its own gross negligence or willful misconduct.

5. An IFI Implementing Partner is responsible for the funding it receives from the Finance Facility for designated projects, programs and activities, in accordance with the Implementing Partner’s applicable policies and procedures and with the same standard of duty and care as the Implementing Partner applies to managing its own resources or third-party funds administered by it. The IFI Implementing Partner shall take all necessary measures, in accordance with its applicable rules, policies and procedures, to ensure that the proceeds of the grant financing are used only to implement the approved activity. The accredited Implementing Partner’s liability is limited to the amount of the MCDF funding provided for the activity.

6. The IFI Implementing Partners, the Secretariat and the Administrator, shall take all reasonable steps, in accordance with their respective policies and procedures, to prevent the sexual exploitation and abuse and sexual harassment (“SEAH”) of any person linked to their respective MCDF activities. The Secretariat and the Administrator shall report to the Governing Committee any SEAH incidences related to their activities that are to be shared with the Administrator’s competent governing organ in accordance with the Administrator’s policies and procedures. An Implementing Partner shall share with the Governing Committee any report of such incidences related to MCDF-financed activities that it submits to its own competent governing organ in line with its policies and procedures.

7. As set forth in the Implementing Partner Agreement, each IFI Implementing Partner is obligated to take all applicable measures in accordance with its own policies and procedures to attempt to recover mis-used funds from recipients, subject to all costs incurred in the recovery proceedings being covered by the resources of the Finance Facility.

8. The Administrator’s own resources shall not be used to discharge any liabilities arising out of the projects, programs or activities financed by the Finance Facility.

9. The Administrator shall not be responsible for undertaking any due diligence with respect to any project, program or activity for which Finance Facility resources are provided to an IFI Implementing Partner and will not be responsible for the implementation of any such project, program or activity or for the use of Finance Facility resources by such Implementing Partner. The Administrator shall follow the process agreed by the Governing Committee in case an IFI Implementing Partner fails to fulfill its obligations with respect to the use of Finance Facility resources.
Article 34  Dispute Resolution

1. The parties shall use their best efforts to amicably settle any dispute, controversy or claim arising out of or relating to the Governing Instrument.

2. Any dispute, controversy or claim arising out of or relating to the Governing Instrument, which has not been settled by agreement of the parties, shall be settled by arbitration in accordance with the United Nations Commission on International Trade Law Arbitration Rules (the UNCITRAL Arbitration Rules) in force on the effective date of the Governing Instrument, subject to the following provisions:
   a) the appointing authority shall be the Secretary-General of the Permanent Court of Arbitration;
   b) the language of the arbitral proceedings shall be English;
   c) except as the parties shall otherwise agree, the place of arbitration shall be Beijing; and
   d) the law to be applied by the arbitral tribunal shall be international law.

   The arbitral award shall be final and binding on the parties.

Chapter X – Amendments and Termination

Article 35  Amendments

The Governing Instrument may be amended by the Governing Committee, upon a proposal agreed by the Administrator in consultation with IFI Implementing Partners.

Article 36  Termination

1. Termination of the Finance Facility may be approved by the Governing Committee after taking into account the views and recommendations of the IFI Implementing Partners and the Administrator.

2. In case of termination, the Administrator shall take all necessary action for winding up its activities in an expeditious manner, after meeting the commitments of the Finance Facility already made for grants and transfers, and for the disposition of any remaining funds, receipts, assets or liabilities of the Finance Facility upon termination. Remaining uncommitted funds will be apportioned and returned to each Contributor on a pro-rata basis. The Administrator will distribute each Contributor’s share based on instructions received from the relevant Contributor.

Chapter XI – Final Provisions

Article 37  Acceptance

Any Contributor, when entering into a contribution arrangement with the Administrator, shall indicate its acceptance of the Governing Instrument.
Article 38 Entry into Force

The Governing Instrument shall enter into force when not less than three public Contributors of different nationalities have committed grant resources in an amount of not less than USD ten (10) million for five years to the MCDF.