MULTILATERAL
COOPERATION CENTER
FOR DEVELOPMENT FINANCE

Independent Evaluation of the Multilateral Cooperation Center for Development Finance

2021-2025

September 2025

This report is an independent evaluation of the Multilateral Cooperation Center for Development Finance (MCDF) from 2021 to 2025. The report was prepared by an independent evaluation team comprising Vinod Thomas, Stoyan Tenev, and Asita De Silva. The evaluation work was conducted from December 2024 to August 2025. It included interviews with members of the MCDF Governing Committee, members and observers of the MCDF Coordination Committee, the MCDF Secretariat and staff, the MCDF Administrator, country representatives and beneficiaries, observers, and representatives of Implementing Partners and New Partners. An evaluation survey was sent to MCDF stakeholders, and 17 responses were received. The MCDF Secretariat and staff provided strong support for this independent assessment. The report benefitted from comments and suggestions on an earlier draft from MCDF Secretariat staff that helped ensure the factual accuracy of information in the report. The report reflects comments made at the MCDF Ministerial Meeting in June 2025 as well as suggestions received from Members and Observers of the MCDF Coordination Committee on a draft circulated in July 2025. The evaluation team would like to thank the interviewees, commentators, and survey respondents for sharing their perspectives and insights to inform the evaluation.

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Introductory Summary

The entry of the Multilateral Cooperation Center for Development Finance (MCDF) in the development arena was intended to help fill a gap in countries' preparedness for infrastructure connectivity that would be financially, socially, and environmentally sustainable. In its first phase (2021–2025) of start-up and operation, the new organization has shown good performance and the potential for growth and impact in the second phase (2027–2031). Its governance structure reflects the dual focus on project preparation for connectivity and on sustainable investment standards (Operations Manual and Accreditation Framework). The MCDF Governing Committee (GC) is the center of operational decisions. MCDF's role as a collaborative knowledge platform is overseen by the MCDF Coordination Committee (CC).

MCDF's leadership has built capable skills and delivery channels for its services, including seven Implementing Partners (IPs) and an ecology of partnerships with international financial institutions (IFIs), New Partners (NPs), countries, and multilateral organizations. The seven IPs are the Africa Finance Corporation (AFC), African Development Bank (AfDB), Asian Infrastructure Investment Bank (AIIB), Caribbean Development Bank, Development Bank of Latin America and the Caribbean (CAF), International Fund for Agricultural Development (IFAD), and Islamic Development Bank (IsDB). The seven contributor countries are China, Egypt, Hungary, Saudi Arabia, Cambodia, Lao PDR, and the Philippines.

This performance assessment and its reform recommendations draw on a results chain going from inputs and outputs to, importantly, outcomes and impact. The chain is fed by performance indicators in categories that are being evaluated: relevance, efficiency, and effectiveness for which data are available; and impact and sustainability which usually depend on data from completed projects. Evaluations have a retrospective component as a basis for recommendations. But under rapidly changing conditions, it is important to have a prospective part as well.

In this evaluation, relevance assumes great importance in today's rapidly changing global setting. MCDF's relevance in the next phase for sustainable connectivity can be even greater than at inception — provided it augments the scale and leverage for greater quality impact. Effectiveness and efficiency are assessed as being largely satisfactory. This finding on meeting initial output and outcome targets coexists with the judgment that the next phase should seek and achieve greater scale, leverage, and impact on the quality and sustainability of connectivity investments. A retrospective assessment of impact (and sustainability) has not been possible given the recent vintage of the projects. The evaluation draws implications on how impact could be augmented, based on the organization's five-year experience.

In this spirit, the evaluation has several strategic and operational recommendations for raising MCDF's impact. The recommendations are presented in this section and the final section, with intervening sections on MCDF performance along the evaluation axis.

Relevance Under Changing Global Conditions

The original mandate to support high-quality connectivity investment continues to provide a compelling case for the type of grant financing delivered thus far. Needs for connectivity infrastructure in developing regions remain large. The proliferation of global infrastructure initiatives provides the opportunity for raising investment standards. This provides a powerful rationale for MCDF to go beyond the agenda of the first five years.

This evaluation comes at a pivotal moment. Not only are infrastructure needs rising but also fiscal pressures, and the urgency for environmental and social (E&S) sustainability. The Organisation for Economic Co-operation and Development estimates that USD6.9 trillion per year is needed through 2050 for infrastructure investment to meet development goals and create a low-carbon, climate-resilient future. There is currently a multi-trillion-dollar gap in these required investments, and a continued need to ensure high-quality standards in these investments remains. While MCDF grants have made positive contributions, the pace of global needs for quality standards far outstrips the progress made. The rapidly worsening environmental and climate trajectory, along with the scale and complexity of current geopolitical challenges, necessitates a more transformative response — one that maximizes MCDF's value as a catalytic financing mechanism.

The International Monetary Fund (IMF) projects that the global economy will face significant downside risks, including trade policy uncertainty, disruptions to the disinflation process, and rising geopolitical tensions, aggravated by trade and tariff tensions. Several countries have set targets for advancing average incomes; for example, Viet Nam aims for high-income status by 2045, and India by 2047. Many also have goals for growth with net-zero emissions — for example, by 2050 and 2060, respectively, for the two countries mentioned above. Both of these appear to be stretch goals, especially in a tougher context for trade and investment. With growing uncertainty, there is a strong case for greater regional trade and cooperation, driven also by the need for economic resilience. Regional cooperation can help build more resilient supply chains and mitigate the impact of external shocks, according to the IMF. In an increasingly tense geopolitical environment, the need for apolitical, multilateral, and institutional approaches is as high as ever. For example, adherence to quality standards for avoiding financial, reputational, environmental, and social fallouts from greater connectivity in densely populated settings is a growing concern. In an increasingly tight investment climate, the value of high-quality connectivity infrastructure investment with sustainability will be high.

In these circumstances, expanding financing sources and increasing the productivity of available investments is valuable — particularly to ensure that infrastructure investments are high-quality and financially, environmentally, and socially sustainable. Given the severe limits of public investment, the premium on private participation is high. A well-prepared project is more likely to be considered bankable by private investors. Strong project preparation is seen to avoid costly mistakes during implementation. Early consideration of mounting climate risks helps a project's sustainability.

Hard to ignore is that climate change is exacting a heavy toll on development prospects. Global carbon dioxide (CO_2) emissions from fossil fuels and industry reached a record high of 37.4 billion metric tons ($GtCO_2$) in 2024, marking a 1.08% increase from 2023. This rise pushed CO_2 concentrations to 422.5 parts per million (ppm), which is 3 ppm higher than 2023 and 50% above pre-industrial levels. Extreme weather events are becoming frequent, along with massive biodiversity loss and ecosystem collapse. Air and water pollution are at elevated levels in many countries. Infrastructure without safeguards has made things worse according to various reviews; sustainable and quality infrastructure can make a positive difference.

Quality infrastructure investment is vital for dealing with climate change mitigation and adaptation. For mitigation, robust and efficient connectivity infrastructure, like smart grids, is essential for integrating renewable energy sources across borders and reducing energy losses. For adaptation, it is essential to build resilient infrastructure that can withstand floods and heatwaves. The IFIs — the Asian Development Bank (ADB), AfDB, AIIB, AFC, CAF, IsDB, New Development Bank (NDB), and the World Bank Group (WBG) — have augmented their plans for low-carbon transitions and for climate resilience. Despite the pendulum swing of some countries on climate action, the urgency for these plans will grow. A continuing MCDF role would be partnering with IFIs on mitigation and adaptation in Paris-aligned infrastructure investment.

Project Delivery and Value Addition

The “theory of change” that implicitly underlies MCDF’s work would be built around the following core premises: (i) there is a significant gap between needs and investments in high-quality connectivity infrastructure; (ii) this gap is partly related to gaps in investment in high-quality project preparation and associated capacities; (iii) IFI standards reflect the “high quality” that is required to ensure the economic, environmental, and social sustainability of infrastructure investments; and (iv) IFIs, working with others, are well placed to help fill these gaps. These assumptions underpin MCDF’s goal to increase the finance mobilized by IPs and NPs and to enhance investment standards in NPs through support for information sharing, capacity building, and project preparation.

MCDF has developed a Results Framework (RF) with specific and time-bound output and outcome targets. Three main outcomes are sought: (i) wider adoption of accredited IFI standards by NPs; (ii) increased number and volume of co-financed connectivity projects developed by IPs and NPs; and (iii) increased mobilized finance and number of IP stand-alone connectivity projects. For outputs, the RF includes targets for activities related to (i) information-sharing, (ii) capacity-building, and (iii) project preparation. Beyond outputs and outcomes, the RF identifies MCDF’s expected impact as: “*Quality infrastructure and connectivity projects following accredited IFI standards in developing countries increased.*” The next phase must shift far more attention to the difference being made in project preparation, be it early adherence to environmental and social standards or guardrails against financial mismanagement or corruption.

Output

MCDF has met or exceeded most of its 2021–2025 output targets, other than two targets related to NPs. In this time, MCDF approved 41 grants — 28 for project preparation, 9 for capacity building, and 4 for information sharing — totaling USD47.4 million through the MCDF Finance Facility. It also organized 33 events under its MCDF Collaboration Platform. Over 5,300 participants from over 100 countries have participated in these events. In exit surveys conducted for 13 out of 22 information-sharing events, 97% of respondents rated the events as satisfactory. MCDF clients continue to voice a keen interest in the topics, including financial management, public–private partnerships, and renewable energy. To make sustained progress, MCDF might benchmark quality requirements across IFIs and country systems.

More than half of the approved project preparation grants supported technical pre-feasibility studies, while one-third supported E&S assessments. The dominant focus on E&S assessments and pre-feasibility studies reflects demand from IPs for such support. This work delivered through IPs is diversified across Latin America and the Caribbean (LAC), Africa, Asia and the Pacific, and the Middle East and North Africa (MENA) regions.

Efficiency in the use of resources appears good with a ratio of commitments to staff and budget that compares favorably with peers. Efficiency has been sought and achieved through the standardization of information-sharing and capacity-building events, increased reliance on online technology especially during the pandemic, and synergies with IPs. It is embedded in the overall business model of working through IPs. MCDF has been flexible and responsive to the needs and expectations of clients.

Outcome

Beyond output is the crucial question of outcome along the results chain. To take one interesting aspect, MCDF has set a target of contributing to at least two "geographically and financially influential NPs" adopting quality standards. Since 2021, MCDF has supported activities toward this target in five geographically and financially influential NPs. Results are available for one activity that supported adoption of standards in the Export–Import Bank of China (CEXIM) while the other grant activities are ongoing. MCDF financing made an important contribution toward enhancing CEXIM's E&S framework, with demonstration effects for other banks in China. CEXIM established its revised Green Financing Framework. Following promotion of this project among Chinese financial institutions, there was an increase in interest among domestic banks in gaining insights into AIIB's E&S standards. The sustainability of CEXIM's adherence to the improved standards will need to be monitored by AIIB.

A core MCDF objective is to help mobilize IP–NP partnerships to help raise the investment standards of NPs. MCDF targets 50% of its project preparation activities to involve joint IP–NP project preparation. It established a target of mobilizing at least USD1.5 billion for 10 joint IP–NP projects by 2025. As of March 2025, seven project preparation grants (37% of the total) that supported potential IP–NP projects had been approved. Four underlying investments had been approved by IPs for USD410 million (although in two of these cases, the MCDF grant activity had not yet commenced). IPs have submitted only a limited number of grant proposals for projects that involve NPs. This suggests the need for more proactive business development.

MCDF has financed 19 project preparation activities**.** Five underlying investments have been realized. Five more underlying investment projects are expected to be approved in 2025. Several underlying projects have transformational potential: a proposed USD1 billion AIIB-supported project for construction of a toll road connecting two international ports and key production areas in Sumatra, Indonesia; a potential USD1.7 billion AfDB-supported project to develop a hydropower plant on the Zambia–Democratic Republic of the Congo border; and a USD100 million CAF investment in the first submarine fiber optic connecting Chile with Antarctica.

Given that most activities are still under implementation or yet to commence, it is early to assess the outcomes. Moreover, outcomes have been constrained by delays in grant utilization and implementation hindrances among IPs. Disbursement rates from MCDF to IPs are high, but they are slowed considerably from IPs on the ground. Legal issues and civil conflicts in countries have partly accounted for some of the delays. Internal processing requirements of IPs and policy and process differences between IPs and countries have contributed to delays.

Likely Impact

While it is early in the project cycle to measure impact, this section discusses emerging signals of impact that need to be capitalized on and scaled up. A substantial portion of the grants has supported upstream project development, mainly project identification and pre-feasibility studies. One dimension of impact is the share of eventual project approvals within the universe of interventions. By this token, of the 41 MCDF project approvals, 28 have been for project preparation, 9 of which are for the preconcept stage and 19 for potential projects. Of the 19, 10 have been or are on the way to being approved.

A desired impact that must be assessed is that the projects abide by IFI standards on financial, social, and environmental aspects. Grants across different regions have financed technical, economic, and financial feasibility studies, as well as E&S assessments, whose impacts are still to be discerned. One measure of that would be, *inter alia*, the extent to which partners "adopt accredited IFI standards in their operations." Capacity building for some large NPs (i.e., CEXIM, Banco de Desenvolvimento de Minas Gerais) can scale up environmental, social, and financial guidelines in development projects.

A positive impact that needs to be evaluated refers to the quality of the project with an MCDF input compared to what it would have been without. There are indications that MCDF has helped enhance the focus on cross-border connectivity in some projects. On several occasions, project teams of the IP reported that they modified the scope of underlying projects to include cross-border connectivity elements. This suggests the value of early involvement when the project scope is still not finalized and there are opportunities to incorporate connectivity elements and enhance the focus on E&S standards. The experience suggests that grants, although small, can increase investment in connectivity when well targeted.

Yet another area of impact according to stakeholders is in the organization's convening power, reflected in the IFIs, NPs, and country representatives it can attract. Maintaining this capability and deepening it in the next five years of competing priorities depend most importantly on the organization's ability to embody state-of-the-art content that is useful to the clients. MCDF's outreach, communication, and branding are valuable in delivering this content. It relies on the IFIs for the content, which, for the most part, is an efficient approach.

Recommendations for the Next Phase

It would be valuable not only to deliver individual, often one-off, grants and seminars (i.e., doing things right), but to aim for greater impacts (i.e., doing the right things). Now is the time to see whether MCDF can elevate its work — and that of its partner agencies — to a new level. This review suggests this to be feasible by reaching both the scale and sustainability of impact needed.

The closing section provides several recommendations for the next phase, organized under four headings: Content and Project Management, Partnership and Leverage, Outreach and Communication, and Institutional Reform. Selected recommendations are presented below.

Content and Project Management

In-house **expertise** in highly selected areas would be a big asset both for the convening power and project work. The most flagged areas by stakeholders for such expertise are monitoring and evaluation, climate mitigation and adaptation, and digital technology. These capabilities are indeed available in the marketplace, but additional capacity within MCDF could help its ability to identify and mobilize these resources, increase impact, and conduct self-evaluation.

MCDF could benefit from instituting a **self-evaluation** function for its activities. This would build on existing data and monitoring, assess results, and become an integral part of an enhanced portfolio function going forward. There can also be considerable value in **benchmarking IFI standards**. For example, it would be useful to know whether all IFIs adopt similar standards (say, for debt sustainability or E&S standards).

Slow **disbursement** by IPs needs to be tackled. Resource utilization in IPs needs refinement, particularly regarding the use of investment partner systems versus local country systems to aid swifter disbursements. It could help introduce a cancellation clause for projects that have not been disbursed after a certain period.

Partnership and Leverage

Greater **scale and impact** can be aided by capitalizing on linkages to drive larger, more impactful projects. MCDF can enhance its positioning to support large-scale connectivity infrastructure, including megaprojects. Working across boundaries with two or more implementing agencies could mean linkages across projects and countries — such as those MCDF is supporting through project preparation grants for a Nigeria Fiber Optic project and a Caspian Sea Submarine Cable project. Increasing scale and impact would also eventually require expanding the number of IPs to include IFIs such as ADB, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IDB), NDB, and WBG — most of which were signatories to the original 2019 memorandum of understanding (MOU) to establish MCDF, but none of which currently serves as an IP.

A **programmatic approach** across a series of projects could mean links that would save on overhead costs compared to one-off grants. It would also be worthwhile to enhance synergies between the MCDF Finance Facility and the MCDF Collaboration Platform, particularly through the greater inclusion of MCDF Finance Facility counterparts in IPs into the MCDF Collaboration Platform's information-sharing and capacity-building activities.

Scale can also be enhanced through greater engagement with the **private sector**. This could help strengthen the sustainability of the financing model by gradually introducing reimbursable technical assistance (TA). With broader participation, connectivity could more explicitly include vital aspects of climate and digital connectivity — both of which are of increasing interest to partners and clients and are growing in importance in the current global environment.

Outreach and Communication

There is a continuing need to raise MCDF's **profile and visibility** in the development arena. MCDF should consider providing more clarity on grant eligibility criteria. It could publish clearly defined criteria and guidance on its public website to clarify project eligibility. The knowledge products should be of interest to policymakers and practitioners everywhere.

The focus of **information sharing** is to channel information on standards from IFIs to NPs and governments. This can be deepened. The reverse, from NPs and countries to IFIs, may also be important. For example, information on the standards of an NP may be important for the IPs to have.

Institutional Reform

The **GC**, the centerpiece of decision-making, might consider rolling approvals, more frequent virtual meetings, and delegated authority for small grants, as warranted by increased volumes. The diversity and size of the **CC** is a strength but can also make it unwieldy. The functioning of both the CC and GC could benefit from the establishment of a management committee to help sharpen the agenda.

The rapidly changing geopolitical, social, and climate setting undercuts previous assumptions of even five years ago. It would help generate a strategy for MCDF's scope and scale as part of the preparations for the next phase. As a prelude to it, MCDF could put out a **bold strategy** update that will guide operations. The strategy could revisit MCDF's mission for financially, environmentally, and socially sustainable investment in the changing global landscape, reach out for greater partnerships and leveraging, and clarify selection criteria for grants, knowledge products, and capacity development.

I. Objectives and Workings of MCDF

MCDF is a multilateral grant-financing and information-sharing facility that seeks to increase high-quality connectivity infrastructure investments in developing countries. In a March 2019 memorandum of understanding (MOU), the Ministry of Finance of the People's Republic of China (China) and eight international financial institutions (IFIs) agreed to cooperate to establish MCDF.[1] The MOU envisioned MCDF as a platform to foster high-quality infrastructure and connectivity investments in developing countries. It was expected to focus on three main functions to advance this goal: (i) information sharing among participating institutions and other development partners, (ii) capacity building for developing countries and their development partners, and (iii) financing project preparation activities. In June 2020, the Asian Infrastructure Investment Bank (AIIB) became the Administrator of MCDF and has since hosted the MCDF Secretariat at its headquarters in Beijing. By end-2024, MCDF had seven contributing countries with commitments of USD180 million: China (83% of commitments), Egypt (6%), Hungary (6%), Saudi Arabia (6%), Cambodia (0.1%), Lao PDR (0.1%), and the Philippines (0.1%). With contributions exceeding USD10 million each, China, Egypt, Hungary, and Saudi Arabia are voting members of the MCDF Governing Committee (GC), which makes decisions by consensus or unanimous vote among voting members.

MCDF's underlying approach is to promote high-quality, sustainable connectivity infrastructure through IFIs. A core premise is that a rapid expansion in trade in goods and services, the movement of people, and information flows within and between countries is expected in the coming years.[2] This rapid growth will require large investments in connectivity infrastructure from both private and public sources of finance. Such investments, moreover, will need to meet high-quality standards to be economically, environmentally, and socially sustainable. IFIs are well placed to support this process, as they can provide financial resources; bring experience in achieving environmental, social, and financial goals; and offer multilateral governance that can promote transparency and strong fiduciary practices in projects. IFIs can also help raise the standards of private or state-owned financiers that do not yet apply high investment standards. The approach, therefore, is to work through IFIs to help bridge gaps in financing and knowledge for high-quality connectivity investments and thereby contribute toward a "*better-connected world built on high-quality, sustainable infrastructure.*"[3]

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[1] *Memorandum of Understanding on Collaboration on Matters to Establish the Multilateral Cooperation Center for Development Finance*, signed by representatives of the Ministry of Finance of the People's Republic of China, the Asian Development Bank (ADB), Asian Infrasturcture Investment Bank (AIIB), Development Bank of Latin America and the Caribbean (CAF), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IDB), International Fund for Agricultural Development (IFAD), and the World Bank Group (WBG), March 2019.

[2] Multilateral Cooperation Center for Development Finance (MCDF), *Governing Instrument of the Finance Facility of the Multilateral Cooperation Center for Development Finance*.

[3] MCDF, *Guidance for Participation in the MCDF Collaboration Platform*, July 22, 2021.

"Connectivity" infrastructure that is eligible for MCDF support includes both hard and soft infrastructure across several sectors. According to MCDF's operations manual, "connectivity" refers to the "*linkage of communities, economies, and nations through transport, communications, energy, and water networks across countries.*" Connectivity projects eligible for MCDF financial support include both physical investments as well as trade facilitation, customs harmonization, and single window arrangements. On its website, MCDF further clarifies that eligible investments may be in one country if they are intended to improve cross-border connectivity. These can include airports, ports, railway stations, transmission lines, logistics centers, renewable energy, and telecommunication facilities. A priority is placed on projects that are co-financed by New Partners (NPs), which MCDF defines as state-owned or private financial institutions and investors that generally do not yet apply accredited IFI standards and are based in recipient countries of IFI Implementing Partners (IPs). MCDF also prioritizes supporting "large-scale, innovative, and high-profile" projects.[4]

Objectives and Organization

MCDF aims to help increase high-quality connectivity infrastructure investment. The Governing Instrument of the MCDF Finance Facility states that MCDF's "overarching purpose" 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, nondiscriminatory, and predictable financing environment.*" The project standards that MCDF seeks to support in cross-border connectivity investments comprise consideration of debt sustainability (consistent with International Monetary Fund policies); E&S safeguards; fossil fuel requirements and promotion of clean energy; prevention of fraud and corruption; and adequate procurement and transparency standards. These standards are considered of "high quality" if they follow the principles and practices of IFIs that are accredited as MCDF IPs. MCDF currently comprises four entities: the MCDF Finance Facility, the MCDF Collaboration Platform, the Secretariat, and the Administrator. The MCDF Finance Facility is governed by the GC, and the activities of the MCDF Collaboration Platform are overseen by the MCDF Coordination Committee (CC). Their respective functions are discussed below.

a) MCDF Finance Facility

The MCDF Finance Facility aims to provide grant financing for high-quality connectivity investments. Through the MCDF Finance Facility, MCDF provides grants to help realize: (i) the broader application of accredited IFI Standards by NPs (through partnership, capacity building, and information sharing, as well as co-financing and TA from accredited IPs); (ii) increased country-level application and enforcement of standards (supported by capacity-building efforts from accredited IPs); and (iii) increased financing of connectivity projects by, and mobilized through, accredited IPs.[5] Eligible beneficiaries include low and middle-income countries and

[4] MCDF, *Operations Manual of the Finance Facility*, June 30, 2021.

[5] MCDF, *Governing Instrument of the Finance Facility of the Multilateral Cooperation Center for Development Finance* (2020).

those at any income level that have a program with an IP. MCDF Finance Facility grants are required to be channeled through IPs, who are responsible for the implementation of the activities.

The MCDF Finance Facility supports three types of activity. These are (i) *information and knowledge-sharing* activities related to cooperation opportunities, preparation and implementation of projects, and adoption of quality standards (with an indicative allocation of 5% of MCDF Finance Facility resources); (ii) *capacity building* implemented by IPs to strengthen the capacity of NPs and countries related to quality requirements (20% of MCDF Finance Facility resources); and (iii) *project preparation support* to finance preparation of connectivity infrastructure projects to be financed by sovereign, IP, or joint IP–NP financing (75% of MCDF Finance Facility resources).[6] As part of project preparation support, grants of up to USD150,000 can be provided to finance "*preconcept papers*" for IPs to facilitate project identification, concept development, and identification of NPs. Grants support activities such as pre-feasibility and feasibility studies, debt sustainability assessments, E&S assessments, and project readiness support. Joint IP–NP project preparation is prioritized, given its importance in increasing the adoption of accredited IFI standards.

b) MCDF Collaboration Platform

The MCDF Collaboration Platform aims to facilitate the flow of information across IFIs, NPs, and private sector entities to support high-quality connectivity investment. It seeks to provide opportunities for communication among development partners and enhance knowledge sharing relating to accredited IFI Standards and connectivity investment.[7] The stated objectives of the MCDF Collaboration Platform are to (i) support a transparent, friendly, nondiscriminatory and predictable financing environment; (ii) enhance information exchange and knowledge sharing; and (iii) strengthen know-how and institutional capacity in sustainable debt management, procurement, E&S safeguards, anti-corruption, and transparency.[8] The instruments of the MCDF Collaboration Platform comprise (i) the collection, storage, and dissemination of information; (ii) a website that provides digital publications, data, and other information; and (iii) information-sharing events that include seminars, workshops, and conferences.[9]

MCDF's development partners are expected to share information on the MCDF Collaboration Platform. Participants of the MCDF Collaboration Platform, including stakeholders of the MCDF Finance Facility, IFIs, and other partners, are expected to share knowledge on standards, solutions, best practices, and experiences. IPs, or other stakeholders in cooperation with IPs, may propose information and knowledge-sharing events and related analyses and case studies. MCDF Collaboration Platform activities are financed by the MCDF Finance Facility through

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[6] Indicative allocations are from MCDF, *Operations Manual for the Finance Facility*, June 30, 2021.
[7] MCDF, *Guidance for Participation in the MCDF Collaboration Platform*, July 22, 2021.
[8] *Ibid*.
[9] MCDF, *Operations Manual of the Finance Facility*, June 2021.

a regular budget allocation process. Participants are also encouraged to provide financial support and in-kind contributions.

c) MCDF Secretariat

The MCDF Secretariat manages MCDF's operations. The Secretariat comprises the office of the MCDF Chief Executive Officer (CEO); the Platform Team that supports the work of the MCDF Collaboration Platform; the Program Team that supports work related to the MCDF Finance Facility; and the Governance Team that supports the MCDF governing bodies (GC and CC) in fulfilling their governing functions and performs MCDF administrative functions. The CEO's functions include strategic planning, strategic partnership building, external communication resource mobilization, and management of Secretariat staff. The Secretariat also established and manages JIGSAW, a digital platform that facilitates the flow of information on unfunded connectivity projects and IFI quality standards.

d) MCDF Governing Committee

The GC is the decision-making body of the MCDF Finance Facility. The GC comprises contributor countries of the MCDF Finance Facility and provides policy guidance and operational oversight to the MCDF Finance Facility. As of March 2025, the GC had seven members. Four donors with USD10 million or more in contribution commitments were voting Members: China, Egypt, Hungary, and Saudi Arabia. Three other donors were non-voting Members with less than USD10 million in commitments: Cambodia, Lao PDR, and the Philippines. In addition, representatives of each IP, the CEO, and the Administrator are invited to be observers of the GC. Decisions of the GC are made by consensus among voting members or unanimous vote among voting members.

e) MCDF Coordination Committee

The CC oversees the activities of the MCDF Collaboration Platform. The CC comprises representatives of (i) contributor countries to the MCDF Finance Facility; (ii) IFIs that were party to the 2019 MoU that established MCDF that have been members since March 25, 2019 (ADB, AIIB, CAF, EBRD, EIB, IDB, IFAD, and WBG); and (iii) other IFIs that joined the 2019 MOU as signatory parties after March 25, 2019 (currently AfDB, AFC, Caribbean Development Bank, IsDB, and NDB). Other countries and institutions also observe CC meetings. The functions of the CC are to: (i) oversee and direct all activities undertaken through the MCDF Collaboration Platform; (ii) provide strategic advice to the GC on funding proposals; (iii) agree on specific proposals or activities requiring funding from the MCDF Finance Facility; and (iv) enhance collaboration and communication among IFIs, NPs, countries, and infrastructure connectivity project stakeholders.[10]

[10] MCDF, *Rules of Procedure of the MCDF's Coordination Committee,* November 2019.

f) MCDF Administrator

The MCDF Administrator provides financial and administrative services to MCDF. AIIB became the Administrator of the MCDF Finance Facility in 2020 and has since hosted the Secretariat at its headquarters in Beijing. As the Administrator, AIIB's functions include (i) providing financial services to the MCDF Finance Facility, including managing financial transactions; (ii) providing administrative services related to hosting the Secretariat; and (iii) providing legal support to the Secretariat. The Administrator also concurs with decisions by the GC on the accreditation of IPs and on new contributors to the MCDF Finance Facility. AIIB is reimbursed for the cost of these services by the MCDF Finance Facility.

II. MCDF Activities in 2021–2025

MCDF's initial activities were hindered by the COVID-19 pandemic. MCDF commenced operations in 2021, during the COVID-19 pandemic. Restrictions and uncertainties caused by the pandemic affected activities in 2021–2022. Disruptions included longer-than-expected recruitment of Secretariat staff, travel restrictions that undermined partnership building and business development, and the need to switch information-sharing and capacity-building events from in-person to virtual sessions. Progress in 2021–2022 included establishing and staffing the Secretariat; completing the Operations Manual, IP Agreement, and MCDF Accreditation Framework; and commencing operations in 2021.

As of March 2025, MCDF had seven accredited Implementing Partners. The standards applied by "accredited" IFIs to their investments are those that MCDF seeks to promote among countries and NPs investing in connectivity projects. MCDF automatically accredits IFIs that are technical partners of the Global Infrastructure Facility (GIF) and, under certain conditions, those that are partners of the Green Climate Fund (GCF).[11] For other potential IPs, MCDF has developed its own direct accreditation process. This process is based on an applicant institution's strategic alignment with MCDF objectives and its fiduciary, institutional capability, and E&S standards.[12] AIIB became MCDF's first IP in August 2021. Since then, six more IPs have been accredited: AfDB in 2021; CAF and AFC in 2023; and IFAD, IsDB, and the Caribbean Development Bank in 2024. However, several of the original signatories of the 2019 MOU to establish MCDF are currently not IPs, including ADB, EBRD, EIB, IDB, and WBG.

Through April 2025, MCDF had financed 41 grants for USD47.4 million through the MCDF Finance Facility. As of April 2025, four IPs had requested and received grant funding from the MCDF Finance Facility: AfDB, AIIB, CAF, and IsDB. CAF received funding for 13 projects for USD18.2

[11] Accredited entities of the GCF are accredited to the MCDF without a direct accreditation process if they are IFIs and have demonstrated the capacity to undertake complex infrastructure investments.
[12] MCDF, *Multilateral Cooperation Center for Development Finance Accreditation Framework,* December 2022.

million (39% of total funding); AfDB received funding for 9 projects for USD16.2 million (34%); AIIB received funding for 18 projects for USD12.6 million (27%); and IsDB received financing for 1 project (0.4%). Of the total grant funding, 69% was for project preparation (in 19 projects); 26% for capacity building (9 projects); 3% for information and knowledge sharing (4 projects); and 3% was for preconcept paper support (9 projects). The financing covered all of MCDF's main target sectors: transport (37% of funding); energy (16%); investment climate and trade facilitation (10%); information and communications technology (9%); E&S sustainability (8%); and the water sector (4.5%). Eighteen percent supported non-specific sectors. The beneficiary countries of the grants were distributed across LAC (40%), Africa (34%), Asia (25%), and multiple regions (1%).

As of March 2025, MCDF had organized 33 events under the MCDF Collaboration Platform. Of these events, 22 were information and knowledge-sharing events (67% of the total); 8 were business matching (24%); and 3 were capacity-building TA (9%). The topics with the most events were debt sustainability, E&S safeguards, and investment facilitation, each of which had seven to eight events over the period. Other topics covered included public–private partnerships (PPPs), climate-smart connectivity, cross-border infrastructure, anticorruption, and procurement. About one-third of the events were held virtually, with wide participation from Africa, Asia, and LAC. Of the in-person or hybrid events, 14 were in Asia (including 10 in China); 4 in MENA (including 3 in Egypt); 1 in Africa (Cote D'Ivoire); and 1 in LAC (Uruguay). Several were held as side events to major international meetings. Total MCDF expenditure on MCDF Collaboration Platform events from May 2021 through December 2024 amounted to USD897,200, with information and knowledge sharing accounting for over 90% of total expenditure.

MCDF also produced several knowledge products. Following each MCDF Collaboration Platform event, MCDF produces an "event summary" report for its stakeholders that summarizes the presentations, feedback survey results, and lessons learned. For events that MCDF considers to be particularly rich in content, publications are produced to disseminate the key messages to a wider audience. Four such publications have been produced on debt sustainability, climate-smart connectivity infrastructure, management of E&S risks in wind power, and land valuation for involuntary resettlement. Since March 2021, MCDF has also produced a biweekly *MCDF Brief* that compiles recent news and analyses on the connectivity infrastructure sectors; information on IFI research and activities related to investment quality standards; updates on MCDF, IFI, and other partner initiatives; and a summary of upcoming events from MCDF and its partners.

MCDF had held seven business matching forums, including two country-level events and five regional-level events. The country-level events were for Egypt and Indonesia, and the regional-level events covered Central and West Asia, Southeast Asia, and Africa. At the events, government agencies presented a pipeline of potential projects to a range of multilateral and bilateral financiers. At one event in 2022, the Association of Southeast Asian Nations (ASEAN) Secretariat presented 15 projects that were under preparation in the energy and transport sectors in Lao PDR, the Philippines, Thailand, and Indonesia. In a 2021 workshop, Egyptian government participants presented a pipeline of 23 investment projects in the transport, logistics, energy, urban, and telecommunications sectors. Another workshop highlighted investment opportunities in five Central Asian countries for IsDB, AIIB, and MCDF. In a 2022 workshop co-hosted by the

Indonesian Ministry of Finance, IsDB, and AIIB, 15 energy and transport projects were presented to financiers.

MCDF also established JIGSAW as a knowledge-sharing and business-matching platform. In December 2021, MCDF launched JIGSAW as a platform to disseminate information on unfunded connectivity projects to potential financiers, promote IFI investment quality standards, and serve as a custodian of knowledge generated through MCDF activities. At present, JIGSAW contains a Project Database and a Knowledge Database. The Project Database lists (i) investment proposals from governments or private sector project owners that are seeking financing from IFIs and/or NPs; and (ii) TA proposals for project preparation and capacity development that are seeking grant support. The Knowledge Database has a repository of all the materials presented at MCDF Collaboration Platform events; information on IFI standards and best practices; analysis related to connectivity investment; a repository of *MCDF Briefs*; and a database of connectivity projects supported by various IFIs.

III. Relevance and Additionality of MCDF Activities

Several core underlying assumptions underpin MCDF's rationale and approach. These include (i) the expectation of continued rapid growth in the movement of people, goods, and information across countries; (ii) recognition of a significant gap between needs and investments in high-quality connectivity infrastructure; (iii) understanding that this gap is partly related to underinvestment in project preparation and application of high-quality standards and associated capacities; (iv) acknowledgment that IFIs are well placed to support this process; and (v) the principle that IFI standards seek to ensure the economic, environmental, and social sustainability of infrastructure investments. The continued validity of these assumptions and relevance of MCDF's mission and approach are considered below.

The strong track record of global trade in reducing poverty suggests a continued global focus on expanding trade. Several events in the last decades have caused some changes in perceptions of international trade and "globalism."[13] The global financial crisis, the COVID-19 pandemic, regional conflicts, and heightened global tensions have raised concerns that global trade may expose countries to risks and that its benefits may not be fairly distributed among or within countries. As a result, some countries have adopted policy stances toward more protectionism, localization of supply chains, and "reshoring" of industries, such as the tariff increases announced by the United States in April 2025. Nonetheless, growth in trade is associated with significant decreases in global poverty. The share of low-income and middle-income economies in global trade grew from 21% in 1995 to 38% in 2022, while the share of people living on less than USD2.15 a day in these countries dropped from 40% in 1995 to 10% in

[13] World Trade Organization (WTO), *Re-globalization for a Secure, Inclusive, and Sustainable Future. World Trade Report 2023*.

2022, suggesting a positive impact of trade on poverty alleviation.[14] The benefits of trade have included productivity growth, access to foreign technology, access to lower-cost goods and services, and the diffusion of green technologies.[15] Reduced trade would likely diminish opportunities for growth and inclusiveness. Instead, open trade policies should be integrated with complementary domestic policies and international cooperation to expand its benefits.[16]

Studies show continued substantial infrastructure gaps across the world. Various past studies differ in their estimates but generally agree that connectivity infrastructure needs and investments gaps are large and growing in developing regions.[17] A recent study estimates the infrastructure financing gap in developing countries to be about USD3.8–4.3 trillion annually by 2030.[18] In areas such as transportation and telecommunications, the financing gap is estimated at USD0.4 trillion annually. Landlocked countries, where the needs for connectivity infrastructure are especially acute, report a financing gap of USD500 billion.[19] The substantial gaps in connectivity infrastructure can be partly attributed to the complexity of cross-border infrastructure projects.[20] They can be large and span multiple countries, involve high levels of coordination, and exhibit vast E&S externalities that can be neglected by financiers and countries. As a result, such projects involve high project preparation costs and need commitment and sustained effort to turn them into viable projects. The long gestation periods may exceed the horizon of political authorities.

The gap in connectivity is associated with underinvestment in project preparation. Various estimates suggest that infrastructure project preparation costs in developing countries typically range from 5% to 10% of the total project investment.[21] Connectivity infrastructure projects that tend to be cross-border, large, and complex typically occupy the upper part of this range. Thus, the estimated infrastructure financing gap of USD0.4 trillion annually in developing countries — covering transport and telecommunications — corresponds to project preparation

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[14] WTO, *Trade and Inclusiveness: How to Make Trade Work for All. World Trade Report 2024*; Barbara D'Andrea, et al., "Thirty Years of Trade Growth and Poverty Reduction," *WTO Data Blog*, April 24, 2024.

[15] World Bank, "Trade Has Been a Powerful Driver of Economic Development and Poverty Reduction," *Brief*, February 12, 2023.

[16] WTO, *Trade and Inclusiveness: How to Make Trade Work for All*, *World Trade Report 2024*.

[17] See Figure 3 of World Economic Forum's White Paper. WEF, *Financing a Forward-Looking Internet for All*: *White Paper* (2018), http://www3.weforum.org/docs/WP_Financing_Forward-Looking_Internet_for_All_report_2018.pdf; Ovum Research, various years. https://www.ovumkc.com/; ADB, *Meeting Asia's Infrastructure Needs*, 2017; Organisation for Economic Co-operation and Development (OECD), *Technical Note on Estimates of Infrastructure Investment Needs*, 2017; IDB, *The Infrastructure Gap in Latin America and the Caribbean: Investment Needed through 2030 to Meet the Sustainable Development Goals*, 2021.

[18] United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2023.*

[19] United Nations, Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS), *Bridging Half Trillion-Dollar Funding Gap Is Key to connectivity for Landlocked Developing Countries*, 2022.

[20] EIB, *Cross-Border Infrastructure Projects: The European Investment Bank's Role in Cross-Border Infrastructure Projects,* 2023.

[21] Global Infrastructure Hub (GI Hub), *Leading Practices in Governmental Processes Facilitating Infrastructure Project Preparation*, chap. 3, "Financing Project Preparation, 2019.

financing needs of about USD20–40 billion a year.[22] As referenced earlier, landlocked countries collectively estimate a gap in connectivity infrastructure of USD500 billion, indicating needs of USD25–50 billion for project preparation for these countries alone.[23] The gap in financing reflects, in part, the high risk associated with investment in project preparation. McKinsey research indicates that most infrastructure projects in Africa fail to reach financial close: fewer than 10% achieve this milestone, while 80% fail at the feasibility and business plan stage.[24] This suggests that in a typical case, 2% to 5% of the eventual capital cost needs to be put on the line before a "go/no-go" decision can be made.

The focus on early-stage project preparation remains relevant. Risks are particularly high for early-stage project preparation. A study finds that infrastructure projects that can attract private capital in developing countries are prone to getting stuck in the "valley of death" between a good idea or needs assessment and the financing of feasibility studies or business plans.[25] It identifies early-stage project development as the most capital-starved segment of the infrastructure project development process, while being the most crucial point to make a project pipeline available for private investors. A recent review finds that project preparation facilities (PPFs) are most active in middle-income countries, with an emphasis placed on later-stage project preparation. This reflects the greater attractiveness of mature projects and signals a gap in early-stage support for riskier or less-defined projects.[26] The study recommends that PPFs, financial institutions, and city networks strengthen support for early-stage project preparation to ensure a balanced project pipeline and increase opportunities to translate infrastructure planning into investments. Good quality project preparation can reduce the risks of projects getting stuck in the so-called "valley of death" and can reduce overall project preparation costs.

Underinvestment in the preparation of PPP connectivity projects partly reflects inadequate capacity. This lack of capacity stems from various factors, including insufficient funding, expertise, and coordination.[27] Many development partners lack the financial resources and skilled personnel needed to properly prepare PPP infrastructure projects, leading to delays and inefficiencies. A lack of expertise in areas such as feasibility studies, environmental impact

[22] Mohseni-Cheraghlou, Nisha Naraynan, and Geovanie da Vitoria, *Financing the SDGs and Global Infrastructure Gap: The Role of Quasi State and Private Capital*, T20 Policy Brief, 2024.

[23] UN-OHRLLS, *Bridging Half Trillion-Dollar Funding Gap Is Key to Connectivity for Landlocked Developing Countries.*

[24] Kannan Lakmeeharan, Qaizer Manji, Ronald Nyairo, and Harald Pöltner, *Solving Africa's Infrastructure Paradox*, (McKinsey & Company, 2020), https://www.mckinsey.com/capabilities/operations/our-insights/solving-africas-infrastructure-paradox.

[25] Katharina Schneider-Roos, Daniel Wiener, Raphael Guldimann, and Marco Grossmann, "Unleashing Private Capital Investments for Sustainable Infrastructure Greenfield Projects: Scoping Study Regarding the Early-Stage Project Preparation Phase" (Global Infrastructure Basel Foundation, 2014).

[26] Abdullah Hamza, Jiayi Gu, and John Michael LaSalle, *The Landscape for Project Preparation* (Cities Climate Finance Leadership Alliance, 2024).

[27] WBG, *Building Stronger Institutions to Deliver Better PPPs: The Role of Capacity Building* (2022; GI Hub. *Infrastructure Monitor 2021*; Jyoti Bisbey, Hosseini Nourzad, Seyed Hossein, Ching-Yuan Chu, and Maryam Ouhadi, "Enhancing the Efficiency of Infrastructure Projects to Improve Access to Finance," *Journal of Infrastructure, Policy and Development*, 2020.

assessments, and financial structuring often results in poorly planned PPP projects that are not bankable. Lack of coordination between different government agencies and stakeholders can also lead to incomplete designs, delays, and a lack of clear project vision.

MCDF's information-sharing and capacity-building activities remain appropriate for improving quality standards. MCDF's information-sharing activities are based on a 2022 stakeholder survey on the quality aspects of investments. These information-sharing events, in turn, can lead to demand for tailored capacity-building events. Surveys following events reveal a high level of satisfaction among participants. Some IFIs feel that, in some types of events, they contribute more than they receive and question the sustainability of MCDF's approach, which relies heavily on in-kind contributions to information-sharing and capacity-building events from leading IFIs, some of which are not yet IPs. IFIs value the gains from interacting with and learning about NPs. There is also strong interest in E&S safeguards. Given the dynamic environment, periodic updates of the initial survey of stakeholders may be warranted to ensure the focus and prioritization of information-sharing and capacity-building events remain appropriate.

MCDF's focus on connectivity remains appropriate, but some flexibility may be warranted. In some cases, projects supported by MCDF do not appear to conform — *stricto sensu* — to the definition of cross-border connectivity. For example, in the financial intermediary loan from AIIB to CEXIM to finance green infrastructure projects in China, it is unclear whether the connectivity criterion applies to subproject selection. Likewise, the proposed credit lines to banks in Egypt and Morocco would be to launch green finance in the countries and subproject selection may not necessarily be driven by cross-border connectivity criteria. Nevertheless, these activities involved capacity building on standards for NPs. Their potential adoption in these NPs can then apply to the NPs' other investments. This suggests the value of some flexibility in the eligibility criteria given MCDF's dual objectives of catalyzing connectivity investment and raising standards in NPs. According to the evaluation survey, 24% of 17 respondents felt that MCDF's focus could be broadened to cover other areas, including health, waste management, and rural infrastructure.

The approach to promoting "high quality" deserves continued review. MCDF uses the investment practices and standards of accredited IFIs as its benchmark for "high quality." These broadly continue to reflect best practices in the consideration of debt sustainability, E&S safeguards, transparency, and governance in investment financing. The emphasis on promoting high-standard policies among NP financiers remains relevant. MCDF might also be cognizant of alternative means to support "high quality." For example, some NPs may have developed sufficiently high standards on their own, which they apply to their overseas investments without the involvement of IFIs. Membership in the Equator Principles has grown from 10 financial institutions (FIs) in 2000 to 137 by the end of 2023, including several major Chinese FIs.[28] It would

[28] The Equator Principles are intended to serve as a common baseline and risk management framework for financial institutions to identify, assess, and manage environmental and social risks when financing projects. https://equator-principles.com/about-the-equator-principles/.

be useful to review the role of such instruments in promoting the adoption of standards among NPs.

IFIs continue to be well placed to support connectivity investments. In recent years, the multilateral system has been challenged by factors such as (i) rising nationalism and unilateralism that could weaken global governance and hinder collective efforts; (ii) resource constraints and funding shortages in multilateral agencies that can limit their ability to act; (iii) its inability to effectively address some global issues, such as the COVID-19 pandemic; and (iv) increasing calls for reform of multilateral institutions to better reflect the changing global environment.[29] However, there remains value in what IFIs can provide, including their financing at scale, regional or global reach, capacity to share experience across countries, staff capacity and depth of expertise, efforts to stem corruption and ensure integrity in development finance, and E&S safeguard practices.[30] Furthermore, cross-border connectivity is well suited to multilateral approaches.

MCDF is relevant to the desires of the stakeholders. IFIs have identified the need to coordinate and cooperate more effectively, particularly in supporting infrastructure investments that follow good business practices.[31] The demand by stakeholders for a better coordinated IFI system is especially important in the case of large complex connectivity infrastructure projects, which can often entail the participation of several IFIs. MCDF can be relevant to the needs of partners for a more integrated IFI system in the recognition of standards, sharing of knowledge about gaps in country systems, and sharing of investment opportunities.

Although there is some overlap in functions with other facilities, MCDF has some distinct comparative advantages. MCDF conducted a mapping exercise in 2020 that identified seven other facilities that had overlaps in objectives, priorities, beneficiaries, and partners with MCDF.[32] This and other reviews suggest that there is a multiplicity of PPFs focusing on infrastructure. The Global Infrastructure Hub (GI Hub), for example, identified and analyzed 130 PPFs operating across the world. Several IFIs have their own in-house PPFs. For example, AIIB has a Project Preparation Special Fund that provides project preparation grants to International Development Association–eligible (lower-income) countries. IFIs therefore have multiple sources

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[29] United Nations, "Global Issues: Multilateral System," https://www.un.org/en/global-issues/multilateral-system#; The Bridgetown Initiative, *Bridgetown Initiative on the Reform of the International Development and Climate Finance Architecture, Version 3*, 2024; Congressional Research Service, *Multilateral Development Banks: Overview and Issues for Congress* (2023).

[30] See, for example, Annalisa Prizzon et al., "Addressing Cross-Border Challenges: What Should Multilateral Development Banks Do Differently? A Review of the Literature" (ODI, April 2024); Yas Froemel and Daniel Zapf, "Introduction: The Unique Role MDBs Play in Combating Corruption and Ensuring Integrity in Development Finance," *Global Investigations Review*, February 2025.

[31] See *Viewpoint Note: MDBs Working as a System for Impact and Scale*, endorsed by the heads of the following multilateral development banks: AfDB, ADB, AIIB, Council of Europe Development Bank, EBRD, EIB, IDB, IsDB, NDB, and WBG, April 20, 2024.

[32] These were Central Asia Regional Economic Cooperation, Global Infrastructure Connectivity Alliance, GIF, Global Infrastructure Hub, Infrastructure Development Finance Company, South Asia Subregional Economic Cooperation, and Sustainable Development Investment Partnership.

of grant financing for project preparation. Nevertheless, the multiplicity of facilities should be viewed in the context of the magnitude of the gaps in connectivity infrastructure. In the evaluation survey, 82% of 17 respondents felt that MCDF had comparative advantages. These include (i) its focus on cross-border connectivity and quality and sustainability standards; (ii) potential for a combination of coordination, capacity-building, and project-preparation instruments to harness synergies among them; (iii) financing that is "untied" to sourcing requirements; (iv) eligibility of countries at any income level, subject to an active program with an IP; (v) relatively simple processes; (vi) convening power; (vii) financing of upstream project concept; and (viii) financing of both sovereign and non-sovereign projects.

IV. Effectiveness of MCDF Activities

MCDF seeks three main outcomes. The Results Framework (RF) developed by MCDF identifies them as (i) wider adoption of accredited IFI standards in critical policy areas by NPs; (ii) increased mobilized finance and number of connectivity projects developed by IPs in collaboration with NPs that follow accredited IFI standards; and (iii) increased mobilized finance and number of IP stand-alone connectivity projects. The RF identifies three sets of outputs MCDF aims to realize by 2025 to advance these outcomes: (i) information-sharing activities, (ii) capacity-building activities, and (iii) project preparation activities (see Table 1). Achievement of the outputs and outcomes was expected to lead to MCDF's impact, which was defined as: "*Quality infrastructure and connectivity projects following accredited IFI standards in developing countries increased.*"

Outputs

By March 2025, MCDF had met or exceeded most of its 2021–2025 output targets, except for two related to NPs. Outputs related to information-sharing activities had mostly been exceeded by end-2024 (see Table 1). For example, MCDF organized 22 events against a target of 10; engaged over 4,000 participants against a target of 800; and reached participants from over 100 developing countries against a target of 10 countries. Based on exit surveys for 13 out of 22 information-sharing events for which data were collected, 97% of respondents rated the events as satisfactory. MCDF had also exceeded its output target for capacity building for beneficiary countries: as of the end of March 2025, participants from at least 16 countries had received capacity-building TA, exceeding the target of 10. However, with respect to capacity-building for NPs, MCDF had reached 5 NPs compared to a target of 10. By March 2025, MCDF had also met its initial output target for stand-alone project preparation grants, with 12 grants approved compared to a target of 10. However, it had not yet met its target for IP–NP project preparation grants, with 7 approved compared to a target of 10.

Table 1. Indicators of Output as of March 2025

Output Indicators - Expected Achievements by 2025	Output Achievements as of end 2024 (CP)/March 2025 (FF)
1. Information Sharing	
1) 10 workshops/seminars covering connectivity infrastructure investments, accredited IFI standards, and best practices organized	1) **Achieved.** As of end-2024, 22 information-sharing workshops/seminars had been organized under the Collaboration Platform.
2) At least 800 participants attending workshops/seminar; 70% sharing positive feedback on relevance and quality	2) **Achieved.** According to MCDF data, as of end-2024, 5,332 participants had attended information-sharing workshops/seminars. Based on exit surveys for 13 out of 22 information-sharing events for which data was collected, 97% of respondents rated relevance and quality as satisfactory.
3) At least 2 major research studies on quality infrastructure and standards commissioned	3) **Achieved.** Two research studies were issued in 2023 (Climate-Smart Connectivity Infrastructure and Sustainable Financing of Development and Infrastructure). Two others were commissioned in 2024.
4) At least 8 business matching events organized, related mostly to connectivity investment project opportunities in developing countries targeting a wide private and public sector stakeholders and collaboration	4) **Achieved**. As of end-2024, 8 business-matching events had been held. 2021: 2 (Central Asia, Egypt); 2022: 2 (ASEAN, Indonesia); 2023: 2 (Kazakhstan, Africa); 2024: 2 (Turkey, Uruguay)
5) At least 10 recipient countries engaged in workshops/seminars and business-matching events	5) **Achieved.** According to MCDF data, participants from over 100 developing countries have attended information workshops/seminars and business-matching events since 2021.
6) At least 10 NPs engaged in information-sharing events (private and public sector in nature)	6) **Achieved.** According to MCDF data, participants from over 80 bilaterial agencies, development banks, and private sector financers have attended information-sharing events.
7) 80% of the activities completed on time	7) **Achieved.** MCDF considers an event to be "on time" if it is held in the calendar year expected in the concept note. According to this criteria, as of end-2024, 23 of 24 events were completed on time.
8) 80% of the activities completed within budget	8) **Achieved.** All MCDF Collaboration Platform events were completed within allocated budgets.
9) 70% of the completed activities rated successful	9) **Achieved**. Based on exit surveys for 13 out of 22 events for which data was collected, 97% of respondents rated the events as overall satisfactory.
2. Capacity Building	
1) At least 10 recipient countries benefit directly from MCDF-funded capacity-building assignments related to connectivity investment project planning and the adoption and application of accredited IFI standards	1) **Achieved**. As of end-March 2025, of 9 approved capacity-building activities, one had been completed, 5 were under implementation, and 3 had not yet started implementation. Under the completed or active projects, participants from at least 16 developing countries received capacity-building TA.
2) At least 10 NPs accept MCDF-funded capacity-building technical assistance on accredited IFI standards	2) **Partly Achieved.** To date, 5 NPs have been reached with capacity-buiilding TA: 6 capacity-building projects were approved under the Finance Facility. Of these 5 were focused on capacity-building for government entities. According to AIIB, the other project, reached two NPs (2 new AIIB FI partners) with ESMS support. In addition under Collaboration Platform events, particpants from 2 NPs (CEXIM, ICBC) received capacity-building TA. In addition, 7 project preparation grants included capacity-building elements for NPs. Of the two that had commenced implementation as of March 2025, one provided capacity-building TA for CEXIM and the other provided capacity-building for ADFD through co-preparation of an investment project in Lao PDR.
3) 70% of the activities completed on time	4) **Too early to assess.** Only one grant activity has been completed (CB001), which was completed on time.
4) 70% of the activities completed within budget	4) **Too early to assess.** Only one grant activity has been completed (CB001), which was completed within budget.
5) 70% of the completed activities rated successful	5) **Achieved.** One capacity-building grant was completed, which was satisfactory upon completion. Based on exit surveys for 2 out the 3 Collaboration Platform capacity building events, 100% of respondent rated the events as successful.
3. Project Preparation	
1) At least 10 joint IP-NP project preparation proposals approved by MCDF	1) **Partly achieved.** As of end-March 2025, 7 IP-NP project preparation proposals had been approved. Of note, however, is that 6 of these were line of credit operations that did not involve joint IP-NP preparation.
2) At least 10 stand-alone IP project preparation proposals approved by MCDF	2) **Achieved.** As of end-March 2025, 12 stand-alone IP project preparation proposals had been approved.
3) At least 10 project concept papers approved by IPs, 5 of which requiring high levels of readiness	3) **Mostly achieved**. As of end-March 2025, 9 project concept paper grants had been approved. "High levels of readiness" is not defined.
4) 80% of completed projects rated successful	4) **Too early to assess.** No project preparation grants had been completed as of end-2024.

Source: MCDF Results Framework; Evaluator's assessments.

Outcomes

Outcome 1: Adoption of Accredited IFI Standards by New Partners

With results from just one project available, it is too early to assess MCDF's effectiveness in supporting the adoption of IFI standards in NPs. Promoting the adoption of quality investment standards by state-owned and private financial institutions is a core element of MCDF's approach. The RF set a target of MCDF contributing to at least two "geographically and financially influential" NPs adopting IFI standards by 2025. Since 2021, MCDF has supported activities that promote adoption of higher standards in five NPs (see Table 2). However, other than the experience with CEXIM (discussed below), it remains too early to assess MCDF's contribution toward the adoption of IFI investment standards in NPs. All grant activities supporting their adoption in NPs are still ongoing or yet to be commenced. Moreover, limited baseline data on the use of standards in NPs will likely make it difficult to ascertain MCDF's contributions. Efforts to collect baseline data on the application of standards in NPs are therefore warranted.

Table 2. MCDF Capacity-Building Activities for New Partners, 2021–March 2025

MCDF Activity	Number of Activities	New Partners
Capacity-building TA grants (Finance Facility)	One capacity-building TA grant: Of 9 grants approved, 6 had commenced disbursement as of end-March 2025. Of these 5 reached government agencies and one reached potential NPs	2 AIIB FI partners
Project preparation grants (Finance Facility)	Two project preparation grants: 7 grants were approved that included capacity-building activities for 8 NPs. Of these, 2 grants had commenced activities as of end-March 2025 that reached 2 NPs	CEXIM; ADFD
Collaboration Platform events	3 events focused on capacity building for NPs	CEXIM; Industrial and Commercial Bank of China

Source: Evaluator's assessments based on MCDF data.

MCDF financing contributed to enhancing CEXIM's E&S framework, with potential broader application to other banks in China. In 2021, MCDF approved a USD680,000 grant for an AIIB proposal to help raise CEXIM's E&S management system and Green Financing Framework to be materially consistent with AIIB's. Strengthening its E&S standards supported a proposed AIIB line of credit project to help CEXIM expand its green loan portfolio. Grant activities included capacity building for CEXIM and sub-borrowers of the AIIB-financed Green On-Lending Facility, and efforts to disseminate the approach to the broader banking sector in China. As a result, CEXIM established its revised Green Credit Guidelines in 2023 that incorporate bilateral and multilateral financial institution practices.[33] The guidelines helped enhance CEXIM's green credit management and are applied to the bank's international projects. CEXIM also revised its lending policies for the coal, chemical, glass, and textiles industries, where E&S risks are especially pronounced. According to AIIB, following completion of this project, there was an increase in interest among other domestic banks in China in AIIB's E&S standards. According to AIIB, this growing interest suggests "*a significant shift toward embracing higher standards of sustainability and social responsibility in the sector*."[34] It would be important for AIIB to monitor the extent to which CEXIM maintains the application of the improved standards over time, especially under changing conditions and new pressures, to ascertain their sustainability once the AIIB-supported project is completed.

Six ongoing capacity-building TA grants aim to help build capacity in government agencies. A completed USD145,000 grant helped build capacity among government agencies in Cambodia to develop a master plan for a multipurpose special economic zone (SEZ). The grant

[33] The Export-Import Bank of China, http://english.eximbank.gov.cn/Responsibility/GreenF/.
[34] AIIB, "Annual Report by Implementing Partners on Use of Technical Assistance from Multilateral Cooperation Center for Development Finance, Reporting Period January 1, 2024, to December 31, 2024," March 31, 2025.

financed training sessions and study visits to Malaysia and China that exposed participants to practical experience in establishing and managing SEZs. Another USD1.6 million grant is helping strengthen capacity in seven East African countries to connect their trade information portals and develop options for customs systems compatibility, as steps toward establishing a regional single window to ease barriers to trade. Another USD2.6 million grant is helping build capacity in ASEAN nations to implement an ASEAN connectivity master plan and develop a pipeline of regional connectivity projects. With just one completed project, however, it is premature to assess MCDF's contributions toward this objective.

Outcome 2: Mobilization of Finance for IP–NP Connectivity Projects

MCDF has not yet realized its outcome objectives for IP–NP projects. A core MCDF objective is to foster IP–NP partnerships in connectivity investments, not only to mobilize financing from NPs but also to raise the investment standards of NPs through the co-financing process. MCDF has therefore prioritized supporting joint IP–NP project preparation. Its Operations Manual (2021) states that at least 50% of MCDF-supported project preparation activities are expected to involve joint IP–NP project preparation.[35] The RF set a target of mobilizing at least USD1.5 billion for 10 joint IP–NP projects by 2025. As of March 2025, seven project preparation grants — 37% of the total — had been approved to support potential IP–NP projects. However, six of the seven potential projects were credit line projects that do not necessarily involve joint IP–NP project preparation (discussed further below). Of the potential IP–NP projects supported, four underlying investments had been realized for USD410 million, compared to the target of USD1.5 billion by the end of 2025. However, in two cases, the MCDF grant activity had not yet commenced.

Activities supported by grants include E&S due diligence, project analyses, and training. Examples of the types of activities financed by MCDF grants are as follows: For the proposed AfDB Green Infrastructure Banks Financing Initiative project, the MCDF grant will finance the retention of a consulting firm to help two commercial banks in Egypt and Morocco develop green finance facilities, including through a preliminary feasibility analysis; a report on legal structuring; design of a governance framework; development of an operational manual for green finance facility procedures; and support for project pipeline development and financial structuring. For the AIIB-supported Bangladesh Sustainable Private Capital Infrastructure Financing project, MCDF will finance consultants to prepare a gap analysis in the E&S management system of the Commercial Bank in Bangladesh (CBL) and AIIB; support enhancement of CBL's E&S management system; provide training for CBL staff; and support preparation of the first subprojects under the line of credit operation.

Two ongoing grant activities have supported projects that involve IPs and NPs for USD260 million. In the first activity, MCDF approved a grant to AIIB in 2021 to help enhance CEXIM's E&S management system in support of an AIIB line of credit project. AIIB approved the

[35] Moreover, proposals for project preparation grants with only IP participation are considered only when funds from other TA facilities or from the budgets of the concerned IPs are not available.

underlying USD200 million line of credit to CEXIM to finance green infrastructure subprojects in China in January 2022. The ongoing grant activity is supporting CEXIM in enhancing and implementing its E&S system through the application of improved standards reflected in its revised Green Financing Framework. In the second activity, MCDF approved an AIIB grant in 2022 to support project preparation and capacity development in government agencies for an anticipated highway improvement project in Lao PDR. In December 2024, the AIIB Board approved a USD40 million loan, and the Abu Dhabi Fund for Development (ADFD) approved a USD20 million loan to Lao PDR to support the rehabilitation and improvement of a section of the main north–south highway. The grant activity is supporting the implementation of the Resettlement Plan and Ethnic Group Engagement Plan as per IFI standards and local regulations.

The Lao PDR project grant illustrates MCDF's envisioned model of supporting quality connectivity investment. The 2022 grant to support preparation of the AIIB/ADFD co-financed road development project in Lao PDR reflects MCDF's model of supporting increased quality connectivity investment. The project has several attributes: (i) it includes clear connectivity aspects by financing the rehabilitation of a section of the main north–south highway in Lao PDR, which connects the border with China in the north to the border with Cambodia; (ii) an accredited IFI's policies and procedures applied to the design and implementation of the project, including on safeguards, procurement, financial management, and project monitoring and reporting; (iii) the project was jointly prepared by AIIB and ADFD, which enabled ADFD to learn and adopt standards by AIIB in its due diligence and project preparation measures; and (iv) the project mobilized USD20 million from an NP for a connectivity project that adhered to IFI investment standards. The project was ADFD's first investment project in Lao PDR.

Six grants for NP–IP projects support financial intermediary loans that do not necessarily involve joint IP–NP project preparation. Six of the seven MCDF grants that supported potential NP–IP projects were credit lines from IPs to NP financial intermediaries. [36] As financial intermediary loans, these projects are not jointly prepared or co-financed investment projects by IPs and NPs. They comprise an IP loan to the NP for on-lending to subprojects. Under such financial intermediary projects, the IP would ideally work with the NP to ensure that on-lending to subprojects meets certain criteria. This can result in improvements in the NP's application of quality standards, such as in the case of CEXIM. However, the standards promotion mechanism is different from that envisioned in the Operations Manual of the Finance Facility, which states that priority will be placed on joint IP–NP project preparation "*recognizing that joint project*

[36] These comprised (i) an AIIB credit line to CEXIM for lending to green infrastructure projects in China; (ii) an AIIB credit line to the Banco de Desenvolvimento de Minas Gerais for lending to the productive sectors in Minas Gerais state; (iii) potential AfDB credit lines or credit enhancements to support green finance investments by Commercial International Bank in Egypt and Crédit Agricole du Maroc; (iv) an AIIB credit line to City Bank Bangladesh for lending to multisector infrastructure and energy-efficient projects in Bangladesh; (v) an AIIB credit line to the Development Bank of Kazakhstan, a public bank with a mandate to invest in non-extractive sectors in Kazakhstan; and (vi) an AIIB credit line to Eastern Bank Bangladesh to finance multisector infrastructure projects in Bangladesh.

preparation contributes to helping NPs adopt Accredited IFI Standards in their operations."[37] The RF also specifies the output target as "joint IP–NP project preparation proposals." As the standards promotion mechanism under financial intermediary loans is different from that of the joint IP–NP appraisal and preparation of a connectivity investment, MCDF may want to ensure that its support for credit line projects is consistent with its expected outcomes.

Table 3. Outcomes as of March 2025

Outcome Indicators - Expected Achievements by 2025	Outcome Indicators: Achievements as of end-2024 (CP)/March 2025 (FF)
1. Wider adoption or significant progress in the adoption of accredited IFI standards in critical policy areas by NPs	
At least 2 geographically and financially influential NPs adopt, or make significant progress in the adoption of the necessary internal institutional measures to apply accredited IFI standards with respect to transparency and disclosure of information; debt sustainability consistent with IMF policy and methodology); procurement; preventing and combating fraud and corruption; E&S safeguards in infrastructure projects; standards on fossil fuel investments and clean energy	**Partly Achieved.** MCDF supported CEXIM Bank's adoption of enhanced E&S management systems and improvement of its Green Financing Framework. In addition, MCDF supported adoption of IFI standards in the Abu Dhabi Fund for Development (ADFD) through co-financing of the ongoing investment project with AIIB in Lao PDR. The results with respect to adoption of IFI standards in ADFD are not yet available. Of note is that MCDF does not require collection or reporting of baseline and monitoring data on the adoption of standards in New Partners that may make its difficult to assess progress on adoption of IFI standards and MCDF's contributions.
2. Increased mobilized finance and number of connectivity projects developed by IPs and NPs in developing countries follow IFI accredited standards	
At least $1.5 billion to be mobilized for 10 joint IP-NP projects	**Too early to assess.** As of March 2025, MCDF had approved financing for preparation of 7 potential IP-NP projects. However, only 2 of these had commenced implementation. In both cases, the underlying investments were realized amounting to $260 million. The other 5 approved grants supported potential investments of up to $1.9 billion. Of note, however, is that 6 of the 7 potential IP-NP projects are line of credit operations that do not involve joint IP-NP project preparation. With all MCDF grant activities still ongong or not yet commenced, it remains too early to assess both the volume of investment they supported and the extent to which they supported the adoption of accredited IFI standards in the investments.
3. Increased mobilized finance and number of IPs stand-alone connectivity projects in developing countries	
At least $1.5 billion mobilized for 10 IP stand-alone projects developed with the support of MCDF technical assistance	**Too early to assess.** To date, MCDF has financed 12 project preparation activities with potential investment financing of up to $5.7 billion. As of March 2025, one underlying stand-alone investment had been approved by an IP: a $150 million CAF loan to El Salvador (approved in July 2024) for development of a submarine cable. However, the 2023 MCDF grant supporting the project had not been utilized as of March 2025. A further 3 projects are expected to be approved in 2025 for $1.4 billion in potential investments. Overall, with only a few grant activities under way and most underlying projects still in early stages of development, it is too early to identify the volume of investment supported by MCDF.

Source: MCDF Results Framework; Evaluator's assessments.

MCDF needs to overcome difficulties in channeling financing for joint IP–NP project preparation. Although its model prioritizes support for jointly prepared IP–NP investment projects, only one joint preparation IP–NP project has been realized. Among the IPs, of the nine AfDB grants so far, only one has involved NPs and none of the 13 proposals submitted by CAF have involved NPs. Stakeholders interviewed by the evaluation team suggest that both IPs and NPs may face some disincentives to developing co-financed projects. NPs may be discouraged by more cumbersome processes in working with IPs, while IPs may be discouraged from co-financing projects with NPs due to additional processing time and costs or higher reputational risks associated with co-financing projects with an NP without an established track record.

Outcome 3: Mobilization of Stand-Alone IP Finance for Connectivity Projects

While MCDF has approved 12 grants to support stand-alone IP projects, it remains too early to assess the volume of investment mobilized. In 2021–2025, MCDF approved 12 grants to support preparation of stand-alone IP connectivity projects. So far, one underlying investment loan has been realized: a USD150 million CAF loan to El Salvador (approved in July 2024) for

[37] MCDF, *Operations Manual of the Finance Facility*, 2021. It further states that "Such a partnership may include a joint project preparation team of an Implementing Partner and a New Partner led by the concerned Implementing Partner to conduct the project preparation work, including feasibility study and due diligence, in compliance with the Accredited IFI Standards."

development of a submarine cable connecting El Salvador with Panama and other regional countries. However, the grant to help implement CAF investment standards for the project has not yet been utilized due to delays in initiating the international bidding process for preparation of pre-feasibility studies. In this case, the grant therefore cannot be considered to have helped mobilize the financing. Other underlying investment projects expected to be approved in 2025 amount to a potential investment of USD1.4 billion in connectivity infrastructure. At this stage, however, it remains too early to identify the volume of investment catalyzed by MCDF. It is important to note, moreover, that it will be difficult to attribute the volume of investment financing in the underlying projects to MCDF. Multiple factors can affect the realization of an investment beyond the specific project preparation activities financed by an MCDF grant. It therefore may be possible to observe MCDF *contributions* to realizing connectivity investment financing, but it may not be possible to *attribute* these investments to MCDF.

The potential stand-alone IP investments supported by grants reflect a range of connectivity infrastructure in LAC, Asia, and Africa. As of March 2025, five grant activities had commenced implementation. These supported preparation of (i) a proposed USD300 million AIIB investment in construction of a segment of the Batam–Bintan interisland bridge in Indonesia; (ii) a proposed USD1 billion AIIB-supported project to construct a toll road connecting two international ports and production areas in Sumatra, Indonesia; (iii) a potential USD200 million CAF investment in high performance computing centers for artificial intelligence across the LAC region; (iv) a potential USD1.7 billion AfDB-supported project to develop a hydropower plant on the Zambia–Democratic Republic of Congo border; and (v) a USD100 million CAF investment in the first submarine fiber optic connecting Chile with Antarctica. A further grant activity that has been approved but not yet commenced will support a proposed USD140 million AIIB loan to Bahrain to upgrade an interchange connecting Bahrain's major port to a highway to Saudi Arabia.

The grants are financing due diligence and feasibility studies for the proposed investments. In the case of the Batam–Bintan Bridge Project, the MCDF grant is supporting an E&S impact assessment; plans for land acquisition, resettlement, E&S management, and stakeholder engagement; and engagement of an expert E&S panel. For the Trans-Sumatra Toll Road project, MCDF financing is supporting a biodiversity baseline survey, a socioeconomic survey, an expert E&S panel, a road safety review, and a strategic E&S assessment for land use development. The grant for the preparation of the CAF-supported High Performance Computing Centers project is funding a demand analysis, diagnostic assessments to develop a road map for high-performance computing centers, and preparation of an investment proposal.

Factors Affecting Progress Toward Outcomes

There have been significant delays in the utilization of grant financing by IPs. Once MCDF approves a grant and transfers the funds to the respective IPs, the implementation of grant-supported activities is in the hands of the IPs. As of the end of March 2025, of the USD47 million in grants approved since 2021, 96% of the funds had been transferred to IPs, but only USD3.6 million (7.6%) had been disbursed by IPs. Of the 41 grants approved, 29 (66%) had not yet commenced disbursement. Among the IPs, 17.8% of the approved AIIB-managed grant amount had been disbursed; 7.6% of the AfDB grant amount; and 0.5% of the CAF grant amount (with most grants approved in 2023 and 2024). Sixteen percent of capacity-building funding had been disbursed; 15% of information-sharing funding; and only 6% of project preparation funding. By sector, disbursements for projects in the “hard” infrastructure sectors of energy, water, telecommunications, and transportation showed lower disbursements at 5%, compared to 21% in the “soft” sectors of investment climate and trade facilitation and E&S sustainability. By region, 20% of funds for projects in Asia, 12% in Africa, and 17% of multicountry project funds had been disbursed. There had been no disbursements for any of the country-specific projects in LAC and MENA. There was no significant difference in disbursements by country income group, with 4.7% of funds for projects in low-income and lower-middle-income countries disbursed, compared with 4.3% of funds for projects in upper-middle-income and high-income countries.[38] The low level of disbursements partly reflects the relatively young age of the portfolio, particularly for CAF and AfDB-supported projects in LAC and MENA. However, even among the first 15 approved projects for which significant time has passed, 9 grants have experienced disbursement delays.

A range of both external and IP-related factors account for disbursement delays. In some cases, external factors have accounted for significant delays in initiating grant activities. For example, the implementation of activities under a USD1 million grant approved in 2021 to help strengthen the E&S framework of a development bank in Brazil was delayed due to issues related to the tax-exempt status of the funding. Likewise, activity under a USD2.8 million grant approved in 2022 to support a proposed AfDB investment in a power system interconnection project between Egypt and Sudan was put on hold due to the civil conflict in Sudan. Several factors within IPs have also contributed to delays. These include internal processing requirements, extended periods required for legal agreements related to grant activities, misaligned procurement policies between IPs and government entities implementing the grants, and long engagement periods and negotiations required for complex infrastructure projects. In addition, IP staff turnover, lower institutional priority placed on projects in earlier stages of development in IPs, and a “learning curve” for IP staff on MCDF grants — that is likely to be resolved in due course — have also contributed to delays.

MCDF Collaboration Platform activities for which exit surveys were conducted have received positive feedback. MCDF conducted exit survey polls for 15 out of the 32 events held since 2021. These included two capacity-building TA activities and 13 information- and knowledge-sharing events. All the respondents (100%) of the two capacity-building TA activities found the sessions relevant to their work, were satisfied with the content and quality of the sessions and provided a satisfactory overall assessment of the event. For the information-sharing events, 97% of respondents found the sessions relevant to their work, 96% were satisfied with the content and quality of the sessions, and 97% provided a satisfactory overall assessment. Whereas most events sought to share IFI policies with countries and NPs, IFI representatives also noted the importance of knowledge sharing — from countries and NPs to IFIs — on the application of standards.

[38] Country income group is based on the 2023 World Bank Group classifications.

MCDF has developed an effective approach under the MCDF Collaboration Platform to leverage the capacity and reach of partners. The Secretariat identifies topics of interest and speakers, designs events, and provides coordination and logistical support, while leveraging the capacity of IFI partners for expertise on investment standards and for reaching target audiences in developing countries and among NPs. All events have been co-hosted with partner IFIs and have drawn on the expertise and reach of the range of IFIs on the MCDF Coordination Committee (CC), including ADB, AfDB, AIIB, EBRD, IFAD, IsDB, NDB, and WBG. For example, a workshop series on "Climate-Smart Connectivity Infrastructure" included speakers from China, the Philippines, AIIB, IsDB, World Bank (WB), IFAD, ADB, EBRD, NDB, and IDB, and was attended by participants from 65 economies and eight NPs. In another example, a 2023 workshop series on debt sustainability, co-hosted by WB and AIIB, included speakers from Cambodia, China, Egypt, the Philippines, the United Kingdom, AfDB, ADB, AIIB, IsDB, and WB, and was attended by participants from 57 economies and 12 NPs. Use of virtual and/or hybrid meetings has helped broaden the reach among participants.

The accreditation of seven IPs has placed MCDF in a strong position to ramp up its activities. MCDF's accreditation of seven IPs has given it wide reach across all geographical regions and sectors and places it in a position to significantly expand its volume of grants. Five IPs — AfDB, AIIB, CAF, CBD, and IsDB — have active programs in each connectivity infrastructure sector. AFC proposed its first grant at the June 2025 MCDF Governing Committee (GC) meeting, reflecting some challenges for MCDF financing in supporting AFC's private sector–led business model. As AFC's active role in developing and financing high-quality private sector–led power, transport, and telecommunications projects across the Africa region offers strong promise, it would be useful for MCDF to pay particular attention to supporting AFC's operations. Likewise, IFAD, which was accredited in 2024, only presented its first grant proposal at the June 2025 GC meeting. It remains to be seen whether synergies can be developed between MCDF's grant financing and IFAD's agriculture and rural development mandate. The expectation is that synergies can be developed in "first-mile" connectivity in rural areas.[39]

Preconcept paper grants offer strong potential to further MCDF objectives. As of March 2025**,** nine grants for preconcept papers had been approved for USD1.3 million (with each grant having a limit of USD150,000). AIIB and CAF each received financing for four grants and AfDB for one. Eight of the nine grants so far have been in the transport and logistics sector. Examples include a study on airport cities in LAC; identification of potential maritime connectivity projects in Indonesia; and a strategic ports investment plan for the Seychelles Port Authority. The preconcept papers offer strong promises as they address (i) the underlying need for development of viable connectivity projects; (ii) a potential underinvestment in upstream activities in IFIs due to internal incentives that favor downstream activities; and (iii) a gap in financing as other facilities tend not to finance preconcept activities. A venture capital approach might apply, in that if one out of, say, 10 grants results in a connectivity project, the payoff may be high. MCDF might

[39] IFAD, "IFAD Becomes MCDF Implementing Partner," press release, July 19, 2024, https://www.ifad.org/en/w/news/ifad-becomes-mcdf-implementing-partner

enhance its reporting requirements and monitoring of preconcept grant activities to better identify factors that are more likely to lead to successful outcomes. At least three IPs have reported forthcoming investment projects in 2025–2026 that will build on the preconcept papers financed by MCDF grants: the CAF-supported study on airport cities in LAC, the AfDB-supported ports investment plan for the Seychelles Port Authority, and the AIIB-supported Lao PDR Tunnel for National Road 22.

There have been no tangible reported investment outcomes from business-matching events. Business-matching events have included two country-specific events and five regional events. One of the key functions of JIGSAW is to provide an electronic platform to match project sponsors with financiers. As yet, no reported investments have resulted from business-matching events or JIGSAW. They have, however, led to the establishment of partnerships, such as with ASEAN and the Saudi Fund for Development. AIIB co-hosted all the events and appreciated the opportunity to identify potential projects. However, several IFIs have direct relationships with their member countries and systems in place to discuss and identify project pipelines with each country, and they may have less need for such events. Scope may exist for designing business-matching events to generate co-financing partnerships with NPs and with private sector financiers for potential PPP initiatives, as well as for greater collaboration across IFI co-financing platforms. According to MCDF, business-matching events have been scaled down since 2024 due to strong pipelines coming through MCDF IPs.

The JIGSAW platform has yet to meet its objectives. JIGSAW's objectives are to match connectivity project proposals with potential financiers and to promote information flows across MCDF partners. As of March 2025, there were 28 registered organizational users on JIGSAW, including 11 IFIs; 6 governments (China, Cambodia, Ghana, Hungary, Philippines, and Egypt); and several development banks and other development partners. However, JIGSAW has not yet seen tangible results in matching project proposals with potential financiers, and the platform is not yet being actively used as a mechanism for information exchange. ADB, CAF, EBRD, and WB each have only one registered user for their organization registration, although they have more users for the knowledge database. Between October 2023 and January 2025, JIGSAW averaged 161 logins per month. In the survey conducted by the evaluation team, less than 50% of respondents felt that JIGSAW was adequately meeting its objectives. According to stakeholders, some aspects may have limited value, such as reports also available on MCDF's website, the historical list of IFI projects, and extensive details on project proposals. Some rethinking of JIGSAW's approach may be warranted. JIGSAW may also need to ensure it has value added compared to other such collaborations.[40]

MCDF has helped enhance the focus on cross-border connectivity in some projects. Project teams of the IPs reported that, on several occasions, they modified the scope of

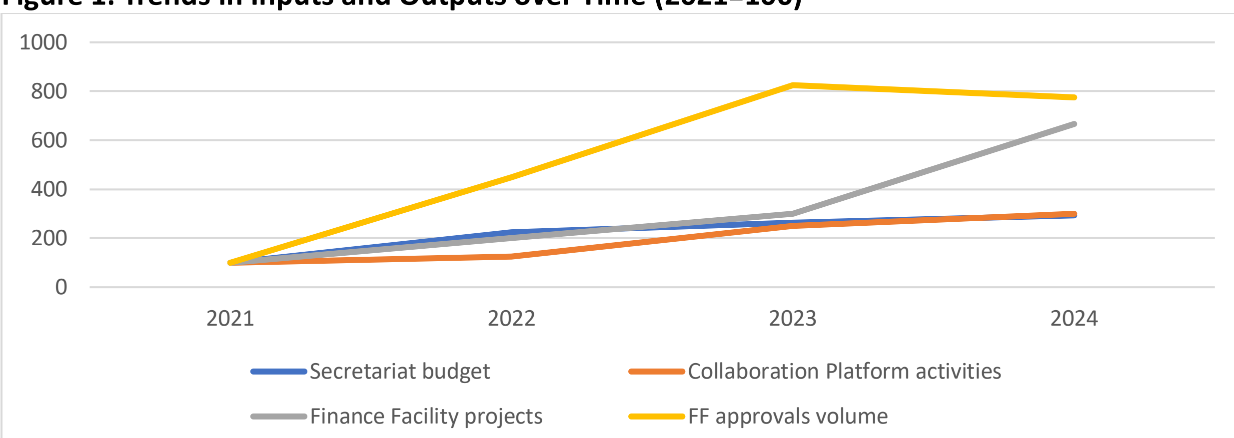
[40] For example, in April 2024, several multilateral development banks (MDBs) launched the "Collaborative Co-Financing Portal" to facilitate transparency and improve coordination across the multilateral and bilateral systems. It aims to serve as a convening mechanism to bring together MDBs and co-financiers and to curate and list projects seeking co-financing. https://www.cofinancing.org/#/ebiz/cofinancelogin.

underlying projects to include cross-border connectivity elements to meet the eligibility criteria for MCDF funding. In one case in Kazakhstan, for example, an airport was included in the pool of subprojects that would benefit from the NP's on-lending operations. In another example, in a rural roads project, a connection to a port was included to meet the criteria for eligibility for MCDF funding. These examples indicate the value of early involvement when the project scope is still not finalized and there are opportunities to modify project scope and design to include connectivity elements and enhance focus on E&S standards. MCDF grants, although small, when targeted well can help increase investments in connectivity. The examples illustrate the importance of the definition and the need for flexibility in the definition and scope of connectivity.

V. Assessment of Efficiency

Growth in MCDF's outputs has outpaced expenditure, and budget utilization has improved over time. MCDF has completed its initial setup phase and is now positioned to enter a growth stage. In the setup phase, costs grew first, followed by output. By the end of 2024, growth in all dimensions of outputs had already outpaced growth in inputs (budget) leading to increased efficiency (Figure 1). The approved budgets for both the Secretariat and the Administrator have been showing only modest increases, and budget utilization has improved over time (see Table 4). The positive trend in output was interrupted by the global pandemic. Growth subsequently resumed and was particularly pronounced for the MCDF Finance Facility in 2024.

Figure 1: Trends in Inputs and Outputs over Time (2021=100)



Source: Based on MCDF annual reports.

Administrative costs compare favorably with similar facilities (Table 5). The choice of comparators is based on the proximity of business models: GIF, GI Hub, and the Public–Private Infrastructure Advisory Facility (PPIAF)are closer to MCDF, while the Adaptation Fund and GCF are more remote. MCDF is unique in financing information-sharing and knowledge activities (as do PPIAF and GI Hub, which has now been merged with PPIAF) as well as project preparation and capacity building (as does GIF). Aggregating the outputs of these two different platforms is not meaningful, however. Separating MCDF's two types of activities therefore facilitates comparisons, particularly of the MCDF Finance Facility with GIF and of the MCDF Collaboration Platform with PPIAF and GI Hub. Defining outputs of the MCDF Collaboration Platform is complicated by the heterogeneity of its activities.[41] On funding per unit of administrative budget, number of activities per staff, and administrative budget per activity, MCDF is at par with GIF, PPIAF, and GI Hub. The Adaptation Fund indicates some trade-offs: larger projects have fewer projects per staff, larger outflows of funds per unit of budget, and larger spending per activity.

Table 4: Evolution of MCDF Budget Inputs and Outputs Over Time

	2021			2022			2023			2024			2021–2024
	Planned	Actual	Actual - Planned (%)	Planned	Actual	Actual - Planned (%)	Planned	Actual	Actual - Planned (%)	Planned	Actual	Actual - Planned (%)	Total
Secretariat budget, $ million	3.5	2.0	57	6.6	4.4	67	6.5	5.1	79	6.5	5.7	88	17.2
Administrator budget, $ million	1.8	1.4	76	2.8	2.2	78	3.1	2.4	79	2.5	2.1	85	8.2
Collaboration Platform Activities	4	4	100	7	6	86	7	8	114	10	12	120	30
Finance Facility projects approved	3	3	100	19	6	32	19	9	47	18	20	111	38
Finance Facility approvals, $ million	1.8	2.0	110	8.6	9	104	12.1	16.5	136	17	15.5	91	43

Note: MCDF Collaboration Platform activities include only information-sharing and capacity-building events and do not include JIGSAW, media web, knowledge products (research studies, briefs), and MCDF Coordination Committee meetings.
Source: MCDF Annual Reports.

MCDF's business model reflects efficient use of resources. MCDF has been able to operate effectively with a lean Secretariat by relying on the systems of the IPs. This can be seen in the reliance on processes and resources deployed by partners rather than MCDF "reinventing the wheel" itself. For example, in addition to its own Accreditation Framework, it also takes advantage of the accreditation processes of GIF and GCF. For MCDF Collaboration Platform events, MCDF uses experts from partners and organizes events around the annual meetings of IFIs and IPs. Some MCDF Collaboration Platform events have led to follow-up activities: for instance, general workshops have resulted in tailored training for individual clients. The tailored training for China Exim on Debt Sustainability, for example, was designed and implemented following a generic workshop on debt sustainability. A procurement workshop for Egypt and MENA contractors with AfDB, IsDB, AIIB, and WB led to a proposal from AfDB for procurement capacity building, and with IsDB also considering a similar program for Africa.

There are synergies among products, standardization, and use of technology. Workshops have been standardized and grouped into series, which is conducive to brand formation, learning,

[41] The evaluation takes a broader approach to the activities of the MCDF Collaboration Platform that is similar to the approach taken by GI Hub and others. In addition to events, MCDF Collaboration Platform activities (outputs) include the meetings of the MCDF Coordination Committee (four per year); initiatives such as JIGSAW, which are annually maintained and improved during each year; knowledge products such as the *MCDF Briefs* and other publications; as well as accreditation activities.

and efficiency. Some workshops have been developed into knowledge products, such as the publications on climate-smart infrastructure and sustainable financing that are based on workshop series. Publications have, in turn, been used to further anchor information-sharing and capacity-building events. Joint studies, such as one with partners in Central Asia, have been used to enhance convening power and coordination among partners. Efficiency gains have also been realized by conducting online events, for which the cost per participant is much lower than in-person events.[42] During COVID-19, the MCDF Collaboration Platform increased its use of online events and now maintains a balance among online, in-person, and hybrid events.

Table 5. MCDF and Comparator Facilities, 2021-2024

	MCDF Finance Facility	MCDF Collaboration Platform	GIF	PPIAF	GI Hub	Adaptation Fund	Green Climate Fund
Total Cumulative Resources, USD million	151.3		219.6	463.6		2128.1	32000
Cumulative funding decisions (approvals, USD million)	42.97	1.05	131.3	381.4	N.A.	1264.3	13900
Cumulative disbursements, USD million	31.6	1.03	116.3	374.5	N.A.	795.15	4300
Cumulative number of activities funded	38	65	171	1779	120	183	294
Cumulative administrative budgets, USD million	12.7	12.7	48.3	69.1	70	110	1065.1
Years in operation	4	4	8	25	8	23	13
Staff in 2024	5	5	10	19	35	29	311
Funding per USD of admin budget	3.4	N.A.	2.7	5.5	N.A.	11.5	13.1
USD disbursed per USD of admin budget	2.5	N.A.	2.4	5.4	N.A.	7.2	4
No. of activities per year per staff	1.9	3.3	2.1	3.7	0.4	0.3	0.8
Average size of project/activity	1.1	N.A.	0.8	0.2	N.A.	6.9	47.3
Admin budget per activity	0.3	0.2	0.3	0.04	0.6	0.6	3.6

Sources: Annual reports and financial statements of respective institutions.

Potential synergies exist between the MCDF Collaboration Platform and the MCDF Finance Facility. MCDF Collaboration Platform events have served as a business development tool

[42] Virtual events also have their own limitations while in-person events have important, often intangible, benefits that are hard to capture in a cost–benefit analysis.

for the MCDF Finance Facility and helped economize on business development efforts. Opportunities for such synergistic engagements exist in both directions: i.e., from the MCDF Collaboration Platform to the MCDF Finance Facility and vice versa. Examples include (i) a USD2.7 million grant for ASEAN capacity building, which resulted from the April 2022 workshop on Post-COVID-19 Infrastructure and Connectivity in Southeast Asia; (ii) a USD790,000 grant to support AIIB's work on capacity building and knowledge sharing on E&S safeguards, which led to other events jointly organized with the MCDF Collaboration Platform; and (iii) support from the MCDF Collaboration Platform for an initial Central Asia connectivity mapping study with IsDB and AIIB, which led to an AIIB grant for a larger Central Asian connectivity study that is generating proposals for project preparation support.

VI. Likely Impacts

An assessment of MCDF's impact seeks to capture the difference it is making. In the current context, a positive impact refers to the quality of a connectivity investment project with MCDF input compared to what it would have been without such input. Measuring this difference, even qualitatively, should be a priority as more projects mature. Meanwhile, there is merit in further developing the framework to measure impact, building on the output and outcome measures in the results chain, and providing a complete picture of MCDF's development contributions.

MCDF has helped enhance consideration of cross-border connectivity in some projects. There are indications of the value of early involvement, when a project's scope is not yet finalized and opportunities exist to incorporate connectivity elements and introduce a focus on E&S standards. MCDF has helped enhance consideration of cross-border connectivity in some projects, as project teams of IPs report that they modified the scope of projects to include cross-border connectivity. The experience suggests that grants, when targeted well, can increase investment in connectivity. The importance of assessing IFIs' E&S standards and integrating them into projects is widely noted, but the extent to which this is implemented must be examined.

Adoption of IFI Standards by New Partners

An important impact is NP adherence to IFI standards on E&S and financial aspects as a result of MCDF grants. Grants across regions have financed technical, economic, and financial feasibility studies, as well as E&S assessments, whose impact has yet to be determined. One measure, *inter alia,* would be the extent to which NPs adopt accredited IFI standards in their operations. Capacity building for large NPs (i.e., CEXIM, Banco de Desenvolvimento de Minas Gerais) can scale up E&S and financial guidelines in development projects. The size of some NPs can rival and at times exceed the development footprint of IFIs. Thus, even small improvements in their E&S standards and practices can have multiplier effects.

The experience with CEXIM illustrates the potential. CEXIM is estimated to have an overseas loan portfolio that exceeds that of WB and ADB. The MCDF-supported AIIB–CEXIM project helped strengthen the impact of CEXIM's green loan portfolio by enhancing its E&S management system and Green Financing Framework. An important factor of success is the close monitoring and supervision of subprojects, which was embedded in the project design. Other experiences also highlight the role of monitoring and supervision of subprojects in the adoption of IFI standards.[43] Continued monitoring of the extent to which CEXIM adheres to the improved standards after completion of the AIIB-supported project would be important to ascertain sustainability in the application of standards.

Various factors can drive the adoption of standards. Adoption of standards is partly motivated by considerations of reputational risk, which prompts highly visible institutions such as CEXIM to adopt high-quality standards.[44] Nudging by national regulation is also important. Once the process is under way, however, forces emerge that trigger adoption, driven in part by the incentives of large institutions to ensure a level playing field. Thus, large financial institutions tend to align their interests with civil society to promote adoption. Enforcement mechanisms tend to be lacking, however, as illustrated by the experience with the Equator Principles.[45] The evidence from the MCDF-supported AIIB–CEXIM project has helped reassure AIIB shareholders that the project will have an institutional impact despite its small size. This positive experience suggests that the potential of MCDF support for the adoption of IFI standards by other large NPs must be capitalized on.

Investment in Connectivity Infrastructure

A further MCDF impact would be its contribution to the size and quality of connectivity infrastructure investment. The difference MCDF can make is in its support to help identify and prepare such projects. One example is MCDF's support for capacity building in project preparation for regional institutions such as ASEAN.[46] After a slow start, MCDF has supported nine project concept development undertakings so far. The grants have largely supported upstream project development, mainly project identification and pre-feasibility studies. A measure of impact in this respect is the share of eventual project approvals within the universe of MCDF interventions. By this token, of the 41 MCDF grant approvals, 28 have been for project preparation — nine at the preconcept stage and 19 for projects in more advanced stages. Of the 19, 10 have been or are on the way to being approved.

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[43] See CAO's report on the role of monitoring and supervision for subprojects in the adoption of IFI standards: CAO, *Compliance Audit of IFC's Financial Sector Investments* (2021), https://www.cao-ombudsman.org/cases/multi-regional-cao-compliance-audit-ifcs-financial-sector-investments
[44] Franck Amalric, *The Equator Principles: A Step Towards Sustainability?* CCRS Working Paper Series, Working Paper no. 01/05, 2005.
[45] United Nations Environment Programme, *The Equator Principles: Do They Make Banks More Sustainable?* Inquiry Working Paper 16/05, February 2016.
[46] WBG, *Supporting Africa's Transformation: Regional Integration and Cooperation Assistance Strategy for the Period FY18–FY23*.

The development contributions of MCDF-supported connectivity projects can be estimated by comparing them with similar evaluated projects. The connectivity projects supported by MCDF, by and large, have not yet produced their economic, social, and environmental effects. Nonetheless, the profile of these investments can be extrapolated to some extent from similar evaluated IFI projects to assess their prospective performance and impacts.[47] Such comparisons might note the cross-border connectivity in MCDF projects, their predominant focus on transport and energy, and their large E&S spillover effects. Comparison with IFIs' regional integration projects can capture both their development potential and greater complexity and multiplicity of stakeholders.[48]

Experience of Regional Projects

Independent evaluations identify positive impacts from connectivity projects. In the case of WBG-supported cross-border connectivity projects in Africa and EBRD-supported projects in Central Asia and Eastern Europe, development success has been mixed but generally on par with the development effectiveness of projects overall. An independent WBG evaluation found that support for regional integration has been mostly successful in enhancing regional connectivity in Sub-Saharan Africa. The positive impacts were increases in regional or cross-border trade and in economic growth, reduced poverty, and enhanced environmental and social benefits.[49] In Lao PDR, ADB-financed hydropower projects allowed the country to earn more export revenues and expand rural electrification.[50] A portfolio analysis of WBG-supported cross-border connectivity projects in energy and transport in Africa also revealed positive impacts.[51]

Environmental and social impacts arise both from sustainability that is promoted and from harm that is avoided. Cross-border protection of the environment brings benefits. However, cross-border connectivity can also have substantial negative impacts — if safeguards and standards are not given due attention. For example, an ADB evaluation found that some cross-border transport projects in the Greater Mekong Subregion promoted illegal logging, wildlife trade, deforestation, deterioration in road safety, and adverse resettlement impacts.[52] These cases highlight the heightened importance of averting harm through project preparation to ensure the implementation of IFI standards.

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[47] James L. Boutwell and John V. Westra, "Benefit Transfer: A Review of Methodologies and Challenges," Resources 2 (2013): 517–27. doi:10.3390/resources2040517.

[48] EBRD, *Cluster Evaluation, Projects Supporting Cross-Border Connectivity and Regional Integration*; ADB, *Thematic Evaluation: ADB Support for Regional Cooperation and Integration* (2015); WBG, *Two to Tango: An Evaluation of the World Bank Group, Support to Fostering Regional Integration* (2019); WBG, *Supporting Africa's Transformation: Regional Integration and Cooperation Assistance Strategy for the Period FY18–FY23* (2018).

[49] For a list with detailed examples of some of the growth, trade, and regional integration impacts of WBG supported connectivity projects in the energy and transport sectors in Africa see WBG, *Supporting Africa's Transformation*, 67–71.

[50] ADB, *Thematic Evaluation*, 2015.

[51] WBG, *Supporting Africa's Transformation*, 67–71.

[52] ADB, *Thematic Evaluation*, 64.

Projects may require long periods before their benefits are realized. The regional integration impact of cross-border infrastructure projects (such as international corridors) might take years (sometimes decades) to materialize and achieve their potential. They are generally implemented and put into operation gradually, and their impact often depends on complementary investments in a broader network. This implies the need for a programmatic approach to project preparation, leading to internalizing horizontal and vertical linkages across IFIs, countries, sectors, and stages of the project cycle.

Experience indicates that diligent project preparation is important to enhancing development impact. The impacts of cross-border connectivity projects can be undermined by implementation roadblocks arising from complex project design, inadequate project preparation leading to poor readiness for implementation, weak capacity of institutions, and procurement and disbursement delays. Disbursement of cross-border connectivity projects tends to be slower when compared with national projects in the same countries. For example, the WBG's regional cooperation and integration portfolio in Africa had a substantially lower disbursement ratio than the Africa region average, an experience shared by other IFIs.[53] Addressing these seemingly systemic constraints to disbursement through diligent and comprehensive project preparation would be an operational priority for getting the most out of efforts.

VII. Assessment of Institutional Performance

MCDF has established itself as a lean and responsive agency. The independent evaluation survey and interviews did not reveal any perceptions of substantial weakness in the performance of the Secretariat. Of 17 respondents in the evaluation survey, 94% felt that MCDF did not require a major organizational restructuring. MCDF has established a lean and efficient operation that compares favorably with other grant facilities. MCDF's responsiveness, simple and streamlined processes, quick approval of grants, and predictability of money transfer are attributes appreciated by IPs. Clients would welcome more flexibility in the timing of approvals, which can be constrained by the quarterly meetings of the MCDF Governing Committee (GC), as well as greater clarity and specific guidance on exactly what qualifies for financing from MCDF on its website.

Delays in grant implementation and disbursement underscore the importance of more proactive portfolio management. In the current MCDF model, portfolio management occupies a small share of the budget expenditure (0.7% of the budget in 2024). More proactive portfolio involvement, as well as procedures to claw back non-disbursing funds from stalled grant activities through a cancellation clause, may be needed. An enhanced feedback mechanism on grant implementation can also contribute to greater understanding of obstacles to implementation.

[53] WBG, *Supporting Africa's Transformation*, 65.

The MCDF Coordination Committee (CC) has been the main partnership mechanism. The CC has supported the activities of the MCDF Collaboration Platform and has also served as a venue for information sharing in its own right. Representation from all the major IFIs — along with donors, observers, and NPs — offers strong potential for the CC. Of 17 respondents in the evaluation survey, 88% felt that the CC had been effective in meeting its objectives. Suggestions from stakeholders to further enhance the CC's role include: (i) establishing working groups comprising experts from IFIs and other partners on specific topics; (ii) designating specific themes for one or more quarterly meetings to encourage the participation of sectoral or thematic experts from IFIs, NPs, and governments; and (iii) improving communication ahead of CC meetings.

The GC has provided effective oversight of MCDF's grant financing. All the 17 respondents in the evaluation survey (100%) felt that the GC has been effective in meeting its objectives. Since inception, MCDF activities have been consistent with its mandate; it has not experienced any reputational risks. With an anticipated increase in the volume of proposals, there is a risk that approvals at quarterly meetings may unduly slow approvals. In this event, the GC may want to consider virtual meetings to approve grants. Delegated authority for small grants can also be considered. MCDF may also want to consider allowing GC members to request pre-briefings on grant proposals to allow members to make fully informed decisions. A further suggestion is to take more time to listen to clients.

MCDF's 2021–2025 Result Framework contained useful time-bound indicators, but the RF should be enhanced in the next phase. Several of the 2021–2025 output indicators of the RF have been substantially exceeded and are insufficiently ambitious at this stage. Moreover, some outcome measures lacked specificity. For example, "adoption" or "significant progress in the adoption" of IFI standards can be subject to interpretation of some or all investments, or adoption on paper versus in practice. Other indicators may also need to be revisited to ensure accurate attribution. For example, two outcome indicators measure the volume of investment in underlying projects.[54] However, multiple factors that are beyond MCDF's control affect investments. Moreover, this indicator can encourage deliberate support for projects at an advanced state at the expense of those in earlier stages, where value addition may be higher. The RF also does not capture progress toward the stated objective to "*advocate for a transparent, friendly, nondiscriminatory, and predictable financing environment*." Most importantly, the RF should place much greater stress on impact, while continuing to monitor output.

VIII. Recommendations for the Next Phase

Based on MCDF's experience in 2021–2025, along with consideration of the evolving global landscape, the evaluation generates key recommendations to be considered and implemented in the next phase. These fall into two segments: specific steps at the operational

[54] They are: "at least USD1.5 billion to be mobilized for 10 joint IP–NP projects," and "at least USD1.5 billion mobilized for 10 IP stand-alone projects."

level to augment outcomes, and strategic changes to ensure continued relevance and effectiveness.

Content and Project Management

The content or substance of the three business lines matters most to stakeholders. MCDF relies heavily on the IPs for the content of grant activities and MCDF Collaboration Platform events, which for the most part is an efficient approach. However, in-house expertise in selected areas can be a significant asset for both convening power and grant financing. The most flagged areas by IPs and other stakeholders for such expertise are monitoring and evaluation, climate mitigation and adaptation, and digital technology. While capabilities in these areas are indeed available in the marketplace, complementary capacity in MCDF could bolster credibility and impact. This would strengthen value addition in its primary areas of focus, such as integrating quality standards for more sustainable projects.

MCDF needs to get more actively involved with monitoring its portfolio. Once MCDF approves grants and transfers the funds to the IP, the IP is responsible for the implementation of grant-financed activities. However, many projects approved in 2021–2024 had not yet started disbursements as of early 2025. Delays entail an opportunity cost. MCDF should consider enhancing its reporting requirements on grant implementation. One option is for the MCDF Governing Committee (GC) to emphasize the timeline for implementation in the funding plan. If it is not followed, the Secretariat can then consider a "claw-back" cancellation clause for funds that are unused after a certain period. Greater MCDF oversight can contribute to learning.

It would be important to institute a self-evaluation function. Self-evaluation is an extension of portfolio management. MCDF could gain from instituting a self-evaluation function for its activities. This would build on existing data and monitoring and would assess results. It would also go further in evaluating the likely or actual impact of the grants on the meaningful adoption of IFI quality standards in connectivity projects — in financial and debt management; assessment and management of E&S risks and impacts; and good governance practices.

A benchmarking of IFI standards might be undertaken. At present, MCDF's information sharing on IFI standards is largely limited to providing a platform for IFIs to share information on their policies. However, there can be considerable value in comparing these guidelines across IFIs, as WBG has done in the past. For example, it would be useful to make a structured comparison of differences not only in policies but also in the application of standards (say, for debt sustainability or E&S standards) across IFIs.

MCDF could increase awareness of the extent to which projects follow IFI standards. A further potential area for knowledge generation is to report on the adequacy and meaningfulness of the adoption and implementation of quality standards in connectivity projects across the world. This will help shed light on the magnitude of the challenge ahead in raising standards in connectivity investments. The MCDF Connectivity Infrastructure Report Series reports that are being prepared to study IFI cross-border connectivity projects across regions are a step toward this. They might be supplemented with studies on best practices in complex cross-border mega projects with multiple governments and financers.

MCDF could consider a diagnostic review and classification of NPs. The degree to which NPs adopt and enforce high-quality standards is likely to differ substantially among them and subject to change over time. What may have been the case in 2016, for example, may no longer apply at present. A review and classification of major state-owned and private sector entities based in developing countries that invest in connectivity infrastructure overseas could be undertaken. This would indicate both the magnitude of the challenges to be addressed and a baseline for MCDF moving forward.

MCDF might consider a diagnostic assessment of country systems to fill key knowledge gaps. While in some cases, NPs may adopt and enforce their own standards when investing in projects in developing countries, in other cases, they may follow the regulations and standards of the developing country. To enable a better understanding of where capacity-building efforts can be focused, MCDF should consider commissioning diagnostic assessments and classifications of countries that may fall short of enforcing high-quality standards in given areas.

Partnership and Leverage

It would pay to capitalize on horizontal and vertical linkages to drive larger, more impactful projects. Working across boundaries with two (or more) implementing agencies could mean more horizontal linkages across projects and countries and a higher impact. MCDF might develop its role in supporting collaboration across IFIs on connectivity infrastructure, including in megaprojects — as in the case with AFC, AfDB, and WBG in Nigeria, or with AIIB and ADB in Azerbaijan. Within one or more countries, a programmatic approach across projects over time could create vertical links that reduce overhead costs compared with one-off grants.

Additional efforts to engage further IFIs and contributors are warranted. MCDF's full potential is constrained by a limited number of IPs and contributors. MCDF has accredited seven IPs, which places it in a position to significantly ramp up its volume of grant financing. At the same time, realizing its full potential is undermined by several major institutions — such as ADB, EBRD, EIB, IDB, and WBG — not joining as IPs. It is further constrained by only seven countries providing contributions and the limited participation of others. Additional efforts to engage these IFIs as IPs and to broaden country contributors are warranted.

MCDF could strengthen its engagement with the private sector. The MCDF Collaboration Platform could consider organizing investor roadshows and matchmaking platforms for private investors. A mechanism for reimbursable TA might also be developed, similar to what is being considered for PPP transaction advisory, to enhance the financial sustainability of its business model.

MCDF could consider developing mechanisms to support governments in developing project proposals. A key challenge to increasing connectivity investments is the lack of viable, bankable projects. In some cases, governments may lack the capacity to develop and present potential projects to financiers. MCDF might directly support governments in developing project concepts, even in the absence of initial IFI engagement. For example, a separate window under the MCDF Finance Facility might provide grants, as part of a "readiness program," to governments for concept development.

MCDF might engage directly with NPs through the MCDF Finance Facility. The methodology of working through IP–NP partnerships to raise standards in NPs may need to be reassessed and adapted in the next phase. There have been limited cases of joint IP–NP projects, which is the primary means through which MCDF seeks to promote higher investment standards. Moreover, only supporting IFI project preparation may restrict MCDF's contribution. A strategy might be developed for MCDF to accredit high-performing NPs as IPs. MCDF's accreditation framework might be used to encourage adoption of IFI investment standards in NPs.

Outreach and Communication

MCDF should offer greater clarity on grant eligibility criteria. According to IFI staff, there is a degree of uncertainty as to exactly what grant proposals are eligible for financing. MCDF currently does not identify the full criteria for grant eligibility on its public website. A clear set of criteria and guidance should be made available on its website to clarify project eligibility.

The MCDF Collaboration Platform might generate information flows from NPs and countries to IFIs. At present, the focus of information sharing is to channel information on standards from IFIs to NPs and governments. Efforts to enhance the flow of information in a reverse direction from NPs and developing countries to IFIs and other financiers may also be important. For example, information on the standards an NP adopts may be important for IPs considering partnerships with that NP. Similarly, the legal and regulatory standards enforced by a country on a given quality aspect would be of interest to potential financiers and investors.

JIGSAW needs rethinking. While good progress has been made in enhancing the content and users of JIGSAW, some rethinking is warranted to ensure that JIGSAW is best serving its purpose. The platform may need more than a listing of project information to match project sponsors with financiers. Options might include (i) making the platform more exclusive and targeting it at key decision-makers among project sponsors and financiers, and then providing information tailored to their needs; (ii) posting only vetted and bankable projects on the site; (iii) reversing information flows from NPs and countries to IFIs; or (iv) focusing on minimum basic project information needed to generate interest and connect financiers and sponsors, rather than requiring extensive project details on the platform.

Institutional Reforms

While MCDF has established a governance structure that is adequate for the current scale, there is a need to strengthen it as MCDF expands. The GC remains the centerpiece for operational decisions and is a strong body. Nonetheless, to promote inclusive and balanced governance, MCDF may consider ways to allow both contributor and recipient countries to shape the strategic direction of MCDF. The GC should also consider introducing rolling approvals, if warranted by increased volumes. In the same way that AIIB's Board approves projects throughout the year, the GC might also consider more frequent virtual meetings to approve projects, if warranted. Delegated authority for small grants can also be considered. There is scope to improve follow-up mechanisms for the GC's decisions.

The effective knowledge-sharing role of the MCDF Coordination Committee (CC) can be further streamlined and enhanced. The CC has been effective in overseeing the activities of the MCDF Collaboration Platform and in being a knowledge-sharing venue in itself. However, its composition of representatives of IFIs, donors, observers, and NPs, while a strength, can also be unwieldy. One option to streamline its functioning is to delegate approval of the budget, agenda setting, and advice on grant proposals to a management committee. The CC might also consider establishing working groups that meet more frequently on topics that bring together specialized expertise from IFIs, NPs, and governments. More (virtual) participation by specialized IFI staff from headquarters in CC meetings might also be encouraged. The CC may also benefit from better integration with IFI programming cycles.

As a prelude to the next phase, MCDF needs to issue a strategy update to guide its operations over the next five years. The strategy could revisit and sharpen MCDF's mission in the changing global landscape. From the outset, MCDF's overarching purpose has been to promote adherence to IFI investment standards in connectivity investments, comprising debt sustainability, E&S safeguards, switching from fossil fuels to clean energy, prevention of fraud and corruption, and procurement and transparency standards. The importance of these considerations has only increased; by the same token, an updated strategy would require greater assurance that MCDF's resources, instruments, and approaches are optimally configured to advancing these goals.

The strategy will need to be ambitious yet realistic about the mobilization of financing. Emerging cuts in grant availability from bilateral and other sources could potentially increase the demand for MCDF grants. To strengthen its sources of funds, MCDF could pursue greater partnerships and increase leverage. There is also the question of whether MCDF remains a *de facto* developing country facility, and how the funding base is envisaged to grow. A related matter is to determine whether the mandate remains multilateral, and, if so, how the major IFIs can be mobilized to join.

It is worth thinking about how the strategy would work in implementation. In addition to issues concerning the sources and uses of funds, it would be timely to assess the content and value added of activities supported by MCDF grants. The substance with respect to quality and sustainability of projects that would be augmented with MCDF involvement needs to be better laid out in view of the experience of the first five years. A new results framework should enhance the focus on impact and sustainability in addition to inputs, outputs, and outcomes. It is also a good time to clarify the eligibility criteria for grants, knowledge products, and capacity development.