



## **Cancellation Policy of Grants with No Disbursement Two Years After Approval**

*(Adopted by the MCDF Governing Committee on 10 June 2026)*

### **I. Introduction**

1. Timely implementation and disbursement are critical to ensuring that MCDF Finance Facility resources are used efficiently and achieve their intended catalytic impact. Extended delays between MCDF Governing Committee (GC) approval and the commencement of disbursement may weaken project momentum, reduce portfolio effectiveness, and constrain the availability of limited grant resources for new, ready-to-advance activities.
2. The Cancellation Policy of Grants with No Disbursement Two Years After Approval (Policy) seeks to better align incentives for timely grant implementation while discouraging excessive delays between GC approval and the disbursement of funds by MCDF Implementing Partners (IPs). It also provides IPs with a clear and predictable timeframe to advance the implementation effort.

### **II. Policy**

3. Any such grant for which no disbursement has been made by the relevant IP on or before 31 December 2026 shall be cancelled with effect from 1 January 2027, unless the GC, on a case-by-case basis, decides to exempt such grant from cancellation. For any such cancellation, the relevant IP shall be required to submit a memorandum to the GC for information, setting out the grant details, implementation status, reasons for non-disbursement, and confirmation of the cancellation. This policy provides a final, clearly defined period for IPs to advance implementation and initiate disbursement.
4. In the event of cancellation, the relevant IP shall notify the Administrator accordingly and report the actual administrative expenses incurred. Any unused funds, including the unused portion of the administrative fee, shall be returned to the Administrator, in accordance with the applicable provisions in the Implementing Partner Agreement.
5. In circumstances where a cancelled grant is subsequently resubmitted, any new funding proposal submitted by the IP shall be reviewed and approved by the GC on a no-objection basis, in accordance with Section 7.3.6 of the Operations Manual.

### **III. Applicability**

6. This Cancellation Policy shall apply to all approved grants governed by the Operations Manual of the MCDF Finance Facility approved by the GC on 30 June 2021.
7. Upon the GC approval of the revised Operations Manual, grants governed by that Operations Manual shall be subject to the cancellation-related provisions set out therein. This Cancellation Policy shall continue to apply to all other grants for the duration of their implementation, unless otherwise decided by the GC.