

Multilateral Cooperation Center for Development Finance Accreditation Framework

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Definitions

AIIB	Asian Infrastructure Investment Bank
GIF	Global Infrastructure Facility
GCF	Green Climate Fund
IFI	International Financial Organisation
MCDF	Multilateral Cooperation Center for Development Finance
PPP	Public-Private Partnership

Executive summary

The Multilateral Cooperation Center for Development Finance (MCDF) will help with the implementation of IFI standards by financing project preparation activities for connectivity infrastructure, as well as capacity building and information sharing. The IFI Implementing Partners (as defined in the Governing Instrument) — that is, IFIs accredited by MCDF — will work with New Partners (as defined in the Governing Instrument) and help disseminate Accredited International Financial Institution (IFI) Standards through such cooperation.

The accreditation process described in this Accreditation Framework aims to create an open, transparent, and efficient process for accrediting Implementing Partners.

As specified in Article 12 paragraph 1 of the Governing Instrument, unless otherwise decided by the Governing Committee, an applicant IFI, upon its expression of interest, is recognized as accredited as an MCDF Implementing Partner if it has been accredited as a Technical Partner of the Global Infrastructure Facility (GIF). Hence, and in accordance with Article 12 paragraph 2 of the Governing Instrument, the accreditation process and criteria described in this Accreditation Framework, applies to applicant IFIs that are not already, or have not yet become, accredited to the GIF prior to seeking to become an MCDF Implementing Partner.

MCDF considers that two additional accreditation modalities are needed in addition to achieving accreditation to MCDF via accreditation to GIF to accommodate a wide variety of different organisational and institutional solutions which will nonetheless ensure that the IFI Standards are achieved.

This Accreditation Framework proposes two additional accreditation modalities:

- Acceptance of approved accreditation with the Green Climate Fund (GCF) under certain conditions
- Direct accreditation after a comprehensive accreditation assessment for applicant IFIs which are not accredited with the GIF or GCF.

Accepting approved accreditation with GCF, subject to three additional conditions, enables IFIs that have already demonstrated to GCF the adoption and application of IFI standards to be accredited by MCDF. The three additional conditions ensure that an applicant is an IFI (which is not required by GCF), and that it has the capability to undertake complex connectivity infrastructure projects.

Direct accreditation to MCDF can increase the number of partner IFIs and improve the allocation of MCDF funds based on IFIs' particular strengths and comparative advantages.

1 Introduction

The MCDF is a multilateral initiative that aims to foster high-quality infrastructure connectivity investments adhering to Accredited IFI Standards in developing countries that are members of any IFI Implementing Partner, and advocate for a transparent, friendly, non-discriminatory and predictable financing environment¹. The MCDF Finance Facility and the MCDF Collaboration Platform support IFIs to work with their client countries and other partners to better address the challenges of quality and long-term sustainability of cross-border infrastructure by building the capacity of their clients and partners with respect to the implementation of the Quality Infrastructure Principles of the G20, and by financing project preparation activities consistent with those principles. The MCDF Finance Facility can extend funding to Accredited Implementing Partners for information sharing, capacity building, and project preparation activities (including, but not limited to pre-feasibility and feasibility activities and studies, debt sustainability evaluations and environmental and social assessments).

More specifically, as specified by its Governing Instrument, the MCDF was created to encourage infrastructure projects financed in developing countries to meet Accredited IFI Standards in areas including, but not limited to:

- anti-corruption
- debt sustainability (including taking into account the G20 Quality Infrastructure Investment Principles)
- environmental and social standards
- climate resilience
- financial and operational performance improvement
- gender equality
- inclusion
- investment climate
- investment cycle capability that integrates standards
- procurement
- risk management, including risks related to environment and greenhouse gas emissions, and
- trade facilitation.

The MCDF will help to implement these IFI standards by financing project preparation activities for connectivity infrastructure, as well as through capacity building and information sharing activities. The IFI Implementing Partners (as defined in the Governing Instrument) — that is, IFIs accredited by MCDF — will work with New Partners (as defined in the Governing Instrument) and help disseminate the Accredited IFI Standards through such cooperation.

The MCDF is supported by grants from Contributors (as defined in the Governing Instrument) to support the activities of MCDF. MCDF grants are to be made available for the benefit of eligible Beneficiary Countries (as defined in the Governing Instrument) through IFI Implementing Partners, as well as for other activities promoting the purposes of the MCDF as

¹ See Article 1 para. 1 of the Governing Instrument of the Finance Facility of the Multilateral Cooperation Center for Development Finance (“Governing Instrument”).

deemed appropriate by the Governing Committee. The Asian Infrastructure Investment Bank (AIIB) serves as the Administrator (as defined in the Governing Instrument) of the MCDF and host of the MCDF Secretariat (as defined in the Governing Instrument).

2 Purpose of Accreditation of Implementing Partners

The IFI accreditation process and criteria are designed to ascertain that accredited IFI Implementing Partners have in place the policies, rules, procedures, processes, institutional structures and capacity to implement infrastructure projects that meet the MCDF's objectives, using grants from the MCDF Finance Facility according to IFI standards.

The term "Accredited IFI Standards" is defined in the Governing Instrument as "well established standards that are utilized by IFIs who are accredited as Implementing Partners". Hence, the Accreditation Framework needs to (i) summarise the established understanding of what the IFI standards are and (ii) use such broad understanding to define the standard that any specific IFIs must reach to become accredited. Further, it must specify the procedure through which the attainment of such a standard would be verified.

This accreditation process seeks to create an open, transparent, and efficient process.

As specified in Article 12 paragraph 1 of the Governing Instrument, unless otherwise decided by the Governing Committee, an applicant IFI, upon its expression of interest, is recognized as accredited as an MCDF Implementing Partner if it has been accredited as a Technical Partner of the GIF. The accreditation process and criteria described in this Accreditation Framework applies to applicant IFIs that are not already, or have not yet become accredited to, the GIF prior to seeking to become an MCDF Implementing Partner.

MCDF considers that two additional accreditation modalities are needed in addition to achieving accreditation to MCDF via accreditation to GIF to accommodate a wide variety of different organisational and institutional solutions which will nonetheless ensure that the IFI Standards are achieved. These additional modalities will be designed to ensure that the MCDF standards continue to be aligned and consistent with the IFI standards.

This Accreditation Framework proposes two additional accreditation modalities:

- Acceptance of approved accreditation with the GCF under certain conditions
- Direct accreditation after a comprehensive accreditation assessment for applicant IFIs which are not accredited with the GIF or GCF.

Accepting accreditation to GCF, subject to three conditions, enables IFIs that have already demonstrated to GCF the adoption and application of IFI standards to be accredited by MCDF.

Direct accreditation to MCDF can increase the number of partner IFIs, and improve the allocation of MCDF funds based on IFIs' particular strengths and comparative advantages.

Overall, the Accreditation Framework does not duplicate the GIF process and framework to become a Technical Partner. Instead, it ensures that IFI Standards are met in substance either via the GCF or through direct accreditation.

3 Core Accreditation Principles

The Accreditation Framework has been developed based on core principles developed through consultation with stakeholders. These include the following:

- An outcomes-based approach focusing on substance to help define the “IFI Standards”. This approach recognises that there is no “one-size-fits-all” model related to IFI governance and operations. Hence, to become accredited, applicant IFIs are not required to replicate specific institutional structures and processes of a given IFI or a group of IFIs (including those that have already been accredited to MCDF through their accreditation as Technical Partners of the GIF), but rather need to have and demonstrate policies and procedures which in the opinion of the MCDF Governing Committee and the MCDF Administrator (based on the advice of the MCDF Secretariat and the Independent Expert) will likely achieve the substantive outcomes consistent with the objectives of the MCDF Governing Instrument.
- An objective and transparent assessment of an applicant IFI’s alignment with the “IFI Standards”. The assessment will be data driven. Where judgement is required, the reasons for any judgements will be clearly articulated and provided to the applicant.
- Clear and unambiguous guidance to applicant IFIs on any actions needed to achieve accreditation. If, upon receiving advice, the Governing Committee, in concurrence with the Administrator, determines that an applicant needs to improve any of its processes or procedures in order to meet the standards required for accreditation, it will provide clear and unambiguous guidance to the applicant IFIs on the needed measures.
- The accreditation process will strive for **efficiency**, with no unnecessary paperwork and no unreasonable delays.

Table 1 below sets out the main features of the accreditation procedure and how they reflect the above core principles.

Table 1: Main Features of Accreditation Procedure

Elements of Accreditation	Main Features
Eligible Applicants	IFIs, which are multilateral financial institutions - global, regional and sub-regional in nature.
Accreditation Decisions	Decisions will be made in an objective and fair way, based on an assessment of an applicant IFI’s policies, rules and procedures, institutional arrangements, track record and demonstrated capacity to manage funds entrusted to it, including guarding against the misuse and ineffective use of such funds. The assessment will be based on the understanding that an IFI Implementing Partner will act in accordance with its own applicable policies, rules and procedures, ² and hence will

² See Article 12 para. 4 and 5 of the Governing Instrument.

	recognise and value the institutional history of each IFI and its specific ways to meet the common goals and standards of the IFIs.
MCDF Engagement with Applicant IFIs	Applicant IFIs will be kept informed in a clear and transparent manner throughout the accreditation process whilst respecting confidentiality. The MCDF Secretariat will facilitate communications with applicants to enable them to submit the necessary information for subsequent assessment.
Accreditation Procedure	The procedure will be transparent and clear to provide credibility and predictability. The application will be reviewed by an Independent Expert, who will provide advice to the MCDF Governing Committee and the Administrator on each applicant IFI.
Accreditation Criteria	The Accreditation Framework uses an evidence-based approach and describes how qualitative decisions will be made.
Expectation of Communication with Applicant IFIs	<p>During the application process, the applicant IFI is expected to provide the required information in a transparent and timely manner.</p> <p>In preparing its responses, the applicant IFI will anticipate that under Article 12 paragraph 6 of the Governing Instrument, the IFI Implementing Partners, when developing and implementing MCDF-financed activities, shall (a) comply with their respective practices on debt sustainability; and (b) take into account the G20's Quality Infrastructure Investment Principles.</p>

4 Review

The Accreditation Framework and the accreditation process may be reviewed from time to time at the discretion of the Governing Committee in consultation with the Administrator. Such reviews will consider whether the Accreditation Framework is achieving the objectives set out in the Governing Instrument.

The first such review will be undertaken no later than 5 years from the first approval of the Accreditation Framework by the Governing Committee in concurrence with the Administrator. At the time of the review, the Governing Committee in concurrence with the Administrator will also consider whether accreditations granted under the Accreditation Framework also need to be periodically renewed.

Any revised version of the Accreditation Framework as well as renewals of accreditations previously granted will be approved by the Governing Committee in concurrence with the Administrator. An applicant IFI shall inform the Secretariat in case of (i) changes to its accreditation status with the GIF or GCF, and (ii) changes to the criteria which are assessed as part of this Accreditation Framework.

5 Accreditation via GIF

The MCDF Governing Instrument specifies that IFIs accredited as Technical Partners to GIF—that is, those that have signed the Financial Procedures Agreement with the World Bank (the GIF Trustee)—shall be deemed to comply with the Accredited IFI Standards and thus meet all necessary requirements to become Implementing Partners of MCDF, upon their expression of interest. This modality recognises the high standards required from GIF Technical Partners, as well as the fact that GIF supports connectivity projects of similar complexity and in similar sectors to those supported by MCDF.

However, while GIF is a collaborative platform aimed at boosting Public-Private Partnerships (PPPs) investment in sustainable, quality infrastructure projects, MCDF is a multilateral initiative which aims to boost both public and private investments. This distinction explains the need for additional modalities for accreditation to MCDF.

Accreditation via GIF follows three stages:

- Stage 1: Expression of interest by an IFI that has been accredited as Technical Partner of the GIF submitted to MCDF.
- Stage 2: Governing Committee approval in concurrence with the Administrator.
- Stage 3: Execution of the Implementing Partner Agreement.

6 Modality for Accreditation via GCF

There are many similarities between the GIF accreditation framework and the GCF framework. This would suggest that accepting GCF accreditation is a workable basis for an MCDF accreditation modality.

The GCF accreditation framework assesses the following:

- Internal financial management, anti-corruption capabilities and transparency of the accredited partners (broadly falling under the heading of fiduciary capability and aimed at assuring GCF that the partners will use the money legitimately in line with the specified objectives, and without risk of corruption)
- The ability and experience of accredited partners in ensuring compliance with the standard related to social and environmental safeguards
- Technical capability and experience of the partners to ensure that the money is used by the partners effectively as well as legitimately.

The GCF accreditation framework applies a demanding and appropriate assessment in relation to fiduciary, social and environmental standards of its implementing partners. These assessments are as strong as those under the GIF Framework. While some GIF assessments,

particularly in relation to social and environmental standards, essentially require compliance with the World Bank Group approaches to those issues, the GCF tests achieve the same outcomes, but with less focus on the form through which those standards are achieved. The GCF approach is consistent with the approach outlined under the MCDF Accreditation Framework.

In line with the GCF mandate, GCF funding is available to a much wider range of organizations for a much wider range of purposes than is the case with respect to the GIF and MCDF. This means that MCDF would need to apply a number of additional conditions to potential applicants for the purposes of accreditation using GCF as the reference.

The process for accreditation via GCF will consist of four stages:

- Stage 1: Expression of interest by an IFI accredited with the GCF.
- Stage 2: Independent Expert's review and recommendation to the Governing Committee.
- Stage 3: Governing Committee approval in concurrence with the Administrator.
- Stage 4: Execution of the Implementing Partner Agreement.

6.1 Accepting the GCF Accreditation if Additional Conditions are Met

The accreditation modality via the GCF is based on the premise that in broad terms, the GCF Accreditation Framework and GIF Accreditation Framework follow similar assessment criteria and principles. There are three main differences between the two:

- **Scope**—The GCF allows for a broad range of public and private entities to be accredited, while the GIF accepts certain IFIs.
- **Theme**—The GCF accredits institutions that wish to undertake public and private sector projects that relate to climate mitigation and adaptation, while the GIF only accredits institutions focused on infrastructure and utility PPPs. MCDF has a different mandate to that of the GIF or the GCF, focusing on the hard and soft infrastructure public and private sector projects. The fact that there is already automatic cross-accreditation with the GIF indicates that the accreditation framework can accommodate flexibility with respect to the thematic focus.
- **Assessment Process**—In the GCF framework, legal capacity and institutional arrangements are self-assessed, and the remaining criteria are evaluated by the GCF Secretariat and an Independent Panel. In the case of GIF, assessment is entirely undertaken by an independent third party. A similar third-party assessment mechanism is mandated by the Governing Instrument for the MCDF, with oversight by the MCDF Secretariat and the Administrator.

In order for MCDF to accept the GCF accreditation as a framework for MCDF accreditation, it would be necessary to test if three further conditions in relation to those entities already accredited by the GCF are met. This is to ensure their suitability for MCDF accreditation. These three conditions are as follows:

- The entity must be an IFI.

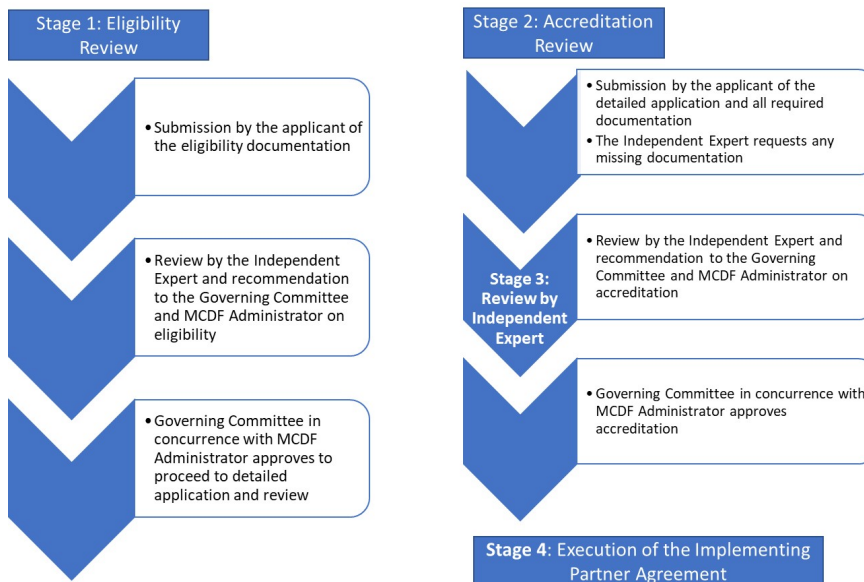
- The entity must have an existing track-record in developing and financing complex, medium to large-scale infrastructure projects in the energy, transportation, water, and telecommunications sectors (including projects categorized as “Category A” from an environmental and social perspective).
- The applicant must have the mandate to provide on-lending and/or blending (for loans, equity and/or guarantees).

This additional screening is to be undertaken by an independent third party, with oversight by the MCDF Secretariat and the Administrator. The objective is to align with the requirements of the Governing Instrument.

7 Modality for Direct Accreditation

Under this modality, the accreditation process shall consist of four stages. The first stage focuses on the submission and review of eligibility documentation. If the applicant organisation meets the eligibility requirements, the initial review will progress into the second stage, which involves a much more detailed assessment of the institutional and other capabilities to meet IFI standards.

The chart below summarises the overall direct accreditation process.



7.1 Stage 1: Applicant Submission of Eligibility Documentation

An IFI that is interested in becoming an accredited IFI Implementing Partner of the MCDF shall submit an Eligibility Application Form. The purpose of the stage 1 application is to inform the MCDF that an IFI is interested in becoming an IFI Implementing Partner, and to inform the IFI

of what is required to achieve such accreditation. The application describes how the IFI will meet the eligibility criteria. The documentation required for this Stage is set out in Appendix 1.

The Governing Committee will appoint an Independent Expert to review the application. The following criteria are all pass/fail in nature, and all must receive a “pass” grade to continue to the next stage:

- **Mission alignment**—The applicant IFI must demonstrate that its objectives are broadly aligned with MCDF objectives described in the Governing Instrument through the provision of supporting evidence, such as a statement of the organization’s objectives, mission statement or declaration.
- **Strategic alignment**—The applicant IFI must demonstrate through its strategic and business plans that investment in connectivity infrastructure are designed and implemented in accordance with accredited IFI standards, that this is part of its core business, is committed to promoting investments in connectivity infrastructure in accordance with accredited IFI standards, and that it is committed, through cooperation with new partners, to widen the adoption and application of accredited IFI standards among such new partners.
- **Reasonable level of experience**—The applicant IFI must demonstrate (through information on the sector and thematic policies, as well as the project processing, approval and implementation cycle) that it has already been involved in infrastructure project preparation or implementation activities, which had a relevant strategic focus on connectivity infrastructure.

7.2 Stage 2: Detailed Application Submission

Applicant IFIs that pass stage 1 are then required to submit a Stage 2 Application Form (containing the required information described in Appendix B) that provides more detailed information on how they meet “IFI standards”. In other words, the purpose of the information to be submitted in the detailed application is to demonstrate the IFI’s ability to successfully use MCDF funds to process, approve, implement, and supervise infrastructure projects in a manner consistent with the standards.

7.3 Stage 3: Independent Expert Review and Approval by the Governing Committee in Concurrence with the Administrator

The Independent Expert assesses the applicant IFI against compliance with the “IFI standards”. In its assessment, the Independent Expert will follow the assessment criteria set out in Appendix B. Broadly, standards the applicant must meet can be described as falling into three categories:

- **Fiduciary Standards** describe the institutional mechanisms in place to ensure appropriate and efficient use of funds. Fiduciary standards include financial integrity and management, as well as institutional and project procurement practices, anti-corruption measures and transparency. The “IFI standard” in relation to this category shall be defined as policies, rules, institutional processes and procedures which are in

place to ensure that the risk of inappropriate use of funds is minimized, any issues are quickly flagged, and processes are in place to correct such issues.

- **Institutional Capability Standards** describe policies, rules, procedures, processes, skills, experience and training programs which confirm the IFI's ability to undertake informed and professional evaluations of infrastructure projects, ensure that only high-quality and economically, financially, environmentally, and socially sound as well as fiscally sustainable projects receive financing, and report and monitor on project implementation progress to ensure that risks are identified early, and any problems are adequately addressed. Institutional capability also includes any processes that the IFI may have to learn from its project experience, including past mistakes.
- **Environmental and Social Standards** describe arrangements in place to ensure that any social, environmental, or other impacts of projects on third parties or beneficiaries are identified and are avoided or at minimum appropriately mitigated in line with international best practice.

Fiduciary Standards

Overall, an applicant IFI can be considered to meet IFI Fiduciary Standards if it has:

- **Legal Status**—The applicant IFI is legally capable of receiving MCDF funds;
- **External and Internal Financial Audit Capacity**—The applicant IFI has appropriate external and internal audit arrangements, as well as review and disclosure protocols;
- **Financial Management and Control Frameworks**—The applicant IFI has adequate controls for the management and disbursement of funds;
- **Financial disclosure and conflict of interest practices**—The applicant IFI has appropriate disclosure and conflict of interest control mechanisms;
- **Investigation functions**—The applicant IFI has self-investigatory function; and
- **Whistle-blower policies**—Policies and platforms are in place for employees and stakeholders to report malpractices.

The Fiduciary Standards consist of acceptable management and accounting practices. In this respect, “the IFI standards” are generally well-understood, and there is limited flexibility in how they are implemented (for example, an applicant IFI either has internal audit capacity or it does not). However, whistle-blower protection policies and the specific location of the internal investigation function can reasonably differ from organisation to organisation. In such cases, the accreditation review looks beyond specific mechanisms to consider whether a function or policy is likely to be effective in achieving its objective.

Institutional Capability Standards

The purpose of reviewing institutional policies, rules, processes, procedures, and capacities is to ensure that the IFI is able to participate end-to-end in the project lifecycle: from project development to appraisal, implementation, monitoring, reporting, risk management and evaluation. The key components of such a lifecycle include:

- **Infrastructure project preparation and appraisal**—The applicant has policies, rules and procedures to prepare and appraise infrastructure projects to high standards, including projects that are publicly and privately funded and financed.
- **Project approval**—the IFI has project approval processes which ensure that projects only proceed to approval and implementation when the proper due diligence has been conducted and are ready for submission to the Management and Board of

Directors. The approvals should be fit-for-purpose depending on whether the project is public or private, what type of financial instrument is applied, and how the transaction is to be managed.

- Implementation (including procurement and disbursement)—The applicant has fit-for-purpose policies, rules and procedures with respect to procurement and other implementation requirements, which should include aspects relating to transparency, efficiency, quality, value and money, or timeliness, and are suited to different types of projects (including both public and private).
- Monitoring and Reporting on Infrastructure Projects at Risk—Monitoring and reporting procedures in place to identify and respond to risks.
- Evaluation—The applicant has in place internal processes that promote learning from experience.

An assessment of capability standards required careful consideration. Capabilities will be assessed through operational features that the IFI has (such as operating or procurement policies, rules, and guidelines), staff capabilities (such as background and experience of staff) and, where appropriate, through experience with infrastructure projects. It is important to note that review of experience with infrastructure projects will play the smallest part in the assessment: the MCDF will not review performance or success rates of previous projects but rather the existence of such a track record³.

Environmental and Social Standards

On the face of it, different IFIs apply slightly different environmental and social policies and thus standards to projects. For the purposes of accreditation, the applicant's environmental and social standards will be reviewed from the perspective of comprehensiveness and with a focus on maintaining high standards as a matter of substance rather than form.

The review examines whether the IFI has:

- Relevant environmental and social policies (see list on completeness below)
- An institutional set-up and organisational capability to review project compliance in line with its environmental and social policies
- Decision-making processes which take compliance with environmental and social standards into account in investment decisions, and
- Follow up processes to monitor achievement of environmental and social objectives and remedial action plans.

For comprehensiveness, the relevant policies must address reasonable concerns relating to:

- Assessment and Management of Environmental and Social Risks and Impacts, including requirements applied to different categories of infrastructure projects, including:
 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
 - Biodiversity Conservation and Sustainable Management of Living Natural Resources; and

³ See Appendix B

- Indigenous Peoples/Historically Underserved Traditional Local Communities.
- Labour and Working Conditions (including prevention of all forms of child labour)
- Prevention of Gender-based Violence and Sexual Exploitation and Harassment
- Resource Efficiency and Pollution Prevention
- Climate change response, disaster risk management, and resilience
- Community Health and Safety
- Cultural Heritage.

The assessment also focuses on the way stakeholder engagement and information disclosure are carried out—i.e., MCDF shall be assured that all parties potentially affected by the project are adequately informed, fully consulted, and, where appropriate, protected. In addition, the assessment looks into the way complaints from project-affected people are handled. Some IFIs have fully independent review mechanisms. Others rely on project team and management involvement. Several IFIs also use the services of special project facilitators to address complaints and propose remedial actions.

Besides environmental and social standards, the assessment also looks into the way the IFI includes various thematic areas, including but not limited to, climate change, biodiversity, gender equality, inclusion, disaster risk management, and other social objectives.

The Independent Expert presents a report to the Governing Committee summarising the information collected from each applicant with respect to each standard and presents an assessment of whether each relevant standard has been met. The Governing Committee will approve the accreditation application based on the Independent Expert’s recommendation, in concurrence with the Administrator.

7.4 Stage 4: Execution of the Implementing Partner Agreement

Following approval of accreditation by the MCDF Governing Committee in concurrence with the Administrator, the applicant IFI and the Administrator enter into an Implementing Partner Agreement (as defined in the Governing Instrument), which sets out the terms and conditions for the Implementing Partner’s relationship with the Administrator.

8 Roles of MCDF Entities

Entity	Role in accreditation procedure
Governing Committee	Requests and receives advice by Independent Expert and approves

	accreditation applications in concurrence with the Administrator.
MCDF Administrator	<p>Approves Implementing Partners in concurrence with the Governing Committee.</p> <p>Enters into the Implementing Partner Agreement once accreditation is approved by the Governing Committee in concurrence with the Administrator.</p>
MCDF Secretariat	<p>Facilitates communication with the applicant IFI and collects information.</p> <p>Provides its own advice and inputs as necessary.</p> <p>Consults with the Administrator and presents documentation to the Governing Committee and the Administrator for approval.</p> <p>Procures Independent Expert as appointed by the Governing Committee with support from the Administrator.</p>
Appointed Independent Expert	<p>Provides explanations to applicant IFIs on assessment criteria and evidence.</p> <p>Reviews and assesses documentation received and advises Governing Committee and Administrator on accreditation.</p>

Appendix A: Eligibility Review

This section outlines the required information and format for MCDF to assess the applicant IFI's eligibility:

Information Required	Input Data/Documents attached in Application
Legal name and legal personality of applicant	Please provide the constituting document, legal name and full address. Proof of legal status of the institution required to progress
Type of institution	Please specify whether international, regional, sub-regional, or other type of multilateral financial institution.
Focal points for contact	Please provide a full name, title, email and contact number of a contact person(s) to act as focal points.
Website	Please provide link to URL.
Countries of operation and shareholders	Please list countries of operation and shareholders.
Strategic priorities and sectors of operation/type of programmes or projects undertaken	Please list sectors of operation and provide a general description of projects/programmes undertaken.
Size of institution	Please provide information on the capital base of the institution and annual investment in/financing of connectivity infrastructure.
Status of accreditation with any other global financing facility	Please list any relevant facilities which the applicant IFI considers as requiring compliance with the accredited IFI standards relevant to connectivity infrastructure.

Information Required	Input Data/Documents attached in Application
Mission alignment	Please attach statement of organization’s objectives, mission statement, or declaration of intent, demonstrating alignment with MCDF’s objectives.
Activity alignment	Please provide an annual business plan and any other strategic planning documents showing the focus on investment in connectivity infrastructure in compliance with internationally accepted standards of economic, fiscal, financial, social and environmental sustainability.
List of types and themes of intended projects with the MCDF	Please provide a list stating e.g. “project development support, project appraisal support etc.”

Appendix B: Detailed Evaluation of “IFI Standards”

This section provides a detailed description of the evaluation of whether an IFI meets “IFI standards” in relation to:

- Fiduciary Standards;
- Institutional Capability Standards; and
- Environmental and Social Standards.

The following describes the criterion that is being assessed, the specific measure applied, the supporting evidence that the applicant IFI needs to provide, as well as the type of assessment that is undertaken.

Fiduciary Standards

Criterion	Objective	Measure	Supporting Evidence	Assessment Standard
External and Internal Financial Audit	<p>The external financial audit function ensures an independent review of financial statements and internal controls.</p> <p>The internal function allows management to oversee risk areas and decide on corrective actions.</p>	<p>The applicant IFI has appointed an independent auditor.</p> <p>The IFI has an internal audit function.</p> <p>The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing. The internal audit function covers a wide range of assessments with respect to key functions, reports on risks and makes recommendations.</p> <p>Financial statements prepared in accordance with recognized accounting standards such as International Accounting Standards (“IAS”), International Financial Reporting Standards (“IFRS”) Generally Accepted Accounting Principles (“GAAP”), providing an annual opinion consistent with those accepted in major capital markets.</p>	<p>Annual accounts and audit reports for the last three years.</p> <p>Work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing.</p> <p>Provision of financial statements consistent with IAS, IFRS, GAAP, providing an annual opinion that is positive.</p> <p>Descriptions of accounting systems.</p> <p>Terms of reference for oversight committee.</p> <p>Internal documents regarding practices and procedures for internal audit.</p> <p>Reviews of the internal audit function and reports therein.</p>	<p>Review of internal documentation to ensure existence and independence of external and internal audit function.</p> <p>Pass/Fail</p>

Criterion	Objective	Measure	Supporting Evidence	Assessment Standard
		<p>External audit reports make annual observations regarding systems, financial controls, and management of the organisation.</p> <p>Internal audit follows established audit standards prescribed under the Institute of Internal Auditors Practices Framework (“IPPF”).</p>		
Financial Management and Control Frameworks	An internal control framework is in place to provide assurance of reliability of reporting and financial management, and compliance with policies and procedures.	<p>The objective is to ensure that the applicant IFI has international-standard processes in place to address the following areas:</p> <ul style="list-style-type: none"> ▪ Treasury: The applicant IFI must be equipped to manage cash flows adequately, and to have sophisticated management of assets and liabilities. ▪ Risk Management: The applicant IFI has sufficient processes in place to manage financial risks pertaining to its activities as a financial intermediary. ▪ Budget: The applicant IFI has a structured process for setting annual budgets and high levels of compliance with its budget framework. ▪ HR: The applicant IFI has strong HR function which ensures recruitment, training and retention of personnel with the skills required to perform at the “IFI standard”. 	<p>Documents illustrating that a control framework has been adopted which is documented and includes clearly defined roles.</p> <p>Documents illustrating that the control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.</p> <p>Documents describing risk-assessment processes in place to identify, assess, analyse, and provide a basis for proactive risk responses in each of the internal control areas.</p>	This assessment includes a review of functions and processes to assess if any material gaps exist compared to what would be expected of an organisation meeting the required standard. The minimum standard to be achieved is the absence of due diligence red flags.
Code of Ethics	A code of ethics for agency staff promotes responsible governance and ethical behaviour.	<p>A documented code of ethics defines ethical standards to be upheld by the board, management and staff, including protecting agency and trust fund assets.</p> <p>The code describes disciplinary and enforcement actions for violations and provides for appropriate flexibility in application and implementation in local environments.</p>	Examples of a code of ethics document utilised internally.	Code of ethics must exist and must specify recognised ethical standards. Generally pass/fail, but some degree of judgement on coverage and content.
Financial Disclosure and Conflict of Interest	The financial disclosure policy delineates the process surrounding mandatory financial disclosures of possible or apparent conflicts of interest by identified parties.	<p>A documented financial disclosure policy, which covers identified parties, defines conflicts of interest arising from personal financial interests that require disclosure, including actual, perceived and potential conflicts.</p> <p>The policy defines what is prohibited as a personal financial interest.</p>	A documented financial disclosure policy, which covers identified parties, defines conflicts of interest arising from personal financial interests that require disclosure, including actual, perceived and potential conflicts.	Some degree of judgement is applied. Documents and procedures must exist that address key concerns, but the form

Criterion	Objective	Measure	Supporting Evidence	Assessment Standard
		<p>The policy describes the principles under which conflicts of interests are reviewed and resolved. It describes sanction measures for parties that do not self-disclose where a conflict of interest is identified.</p> <p>Parties covered by the policy are provided a way to disclose self-interests annually.</p> <p>The policy establishes processes for the review of financial disclosure interests of defined parties, and resolution mechanisms under an independent mechanism.</p>	<p>Examples of disclosure documents and cases which were identified, and how they were dealt with, if any.</p> <p>Documents illustrating the application of the mechanisms and the process.</p>	<p>of the document and specific procedures will be assessed against their likely effectiveness.</p>
Investigation Functions	<p>The investigation function provides for objective investigation of allegations of fraudulent and corrupt practices (areas such as financial malpractice).</p>	<p>The investigation function has terms of reference that outline the purpose, authority, and accountability of the function.</p> <p>To ensure independence from operations, the function reports to an oversight body such as a committee of directors.</p> <p>The investigation function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during, and after the investigation process.</p> <p>The function has a defined process for reporting case trends to senior management and respective business areas.</p>	<p>Documents which detail the guidelines for assessment and investigation, including the roles and escalation policies.</p>	<p>The assessment allows for flexibility for where the investigation function sits and how it handles complaints. The assessment asks if the investigation function is likely to achieve its objective.</p>
Whistle Blower Protection	<p>Standard IFI policies provide avenues for reporting suspected ethics violations and protections for individuals reporting such violations.</p>	<p>A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent, or similar activity as defined by an applicable policy.</p> <p>Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistle-blowers.</p> <p>Procedures are in place for the periodic review of the handling of the hotline, the whistle-blower, and other reported information in order to determine whether it is handled effectively and whether processes for protecting whistle-blowers and witnesses are consistent with best international practice.</p>	<p>Links to online intranet or hotline are available.</p> <p>Documents outlining the procedures.</p> <p>Reviews of the process (and outcomes, where applicable).</p>	<p>Some form of whistle blower protection must exist. Apart from that pass/fail component, the assessment focuses on whether the actual process is likely to give whistle blowers sufficient protection to induce them to provide information to the organisation.</p>

Institutional Capacity Standards

Criterion	Objectives	Measures	Supporting Evidence	Assessment Standard
The applicant IFI has well-defined strategy framework and project life-cycle.	The objective is to ensure that the applicant IFI has a strategic focus and the ability to see infrastructure projects end-to-end.	<ul style="list-style-type: none"> The applicant IFI has a Strategic Framework: The entire cycle starts with both internal and external strategies. The internal strategy defines what the specific organization wants to focus on and how it wants to do this. Some organizations also have country strategies. These define what the specific organization will deliver at the country level. Preparation: the applicant IFI is capable to cover three main areas: (i) due diligence on technical, commercial, legal, financial, economic, environmental, social, institutional, project implementation, financial management and other areas (ii) risk assessments, and (iii) design of monitoring and reporting frameworks. Approval: the applicant IFI has well-specified internal review processes and the documentation used for management and board approvals. Implementation: the applicant IFI has a well-specified path from approval to implementation and has procedures for high quality implementation. Monitoring and reporting: the applicant IFI has a well-specified framework for monitoring project progress and reporting on emerging issues Completion and Evaluation: once a project is completed, it is subject to a completion report, which may later be used for evaluation purposes. 	<ul style="list-style-type: none"> Documents relating to the project cycle (documents required for confirming that the applicant IFI has a strategic approach to the project life-cycle may also be used for assessment of procurement, fiduciary standards, and environmental and social standards (all covered separately within the framework). The assessment here will ensure that all the elements work together. 	<p>MCDF wants to understand the strategic priorities, with emphasis on connectivity infrastructure, and priority sectors. The strategic assessment is relevant for analyses under other categories, but here the standard will be for the applicant IFI to show that it does not approach projects on an <i>ad hoc</i> basis and that its strategy is consistent with MCDF vision and objectives.</p> <p>The assessment recognises differences between public and private sector projects and differences between transaction types and products used. The assessment applies judgement to assess if the strategic approach of the IFI is appropriate for the type of operations it is planning to undertake.</p>
Infrastructure project preparation and appraisal	Capability in the identification and design of infrastructure projects or programmes; documented process for project appraisal to ensure quality and	Project and/or activity appraisal policies, and processes are in place for the purpose of examining whether proposed projects and/or activities meet appropriate	<ul style="list-style-type: none"> Project preparation guidelines. Project appraisal guidelines. 	The assessment will be based on three categories of information:

Criterion	Objectives	Measures	Supporting Evidence	Assessment Standard
	<p>monitoring of follow-up actions during implementation.</p>	<p>technical, economic, financial, environmental, social, institutional and/or other relevant criteria.</p> <p>Policies and risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted to incorporate environmental, social, or other relevant considerations into a proposed project or activity.</p>	<ul style="list-style-type: none"> ▪ Policies or other documents which outline the applicant IFI’s project risk assessment procedures/framework. ▪ Samples of project appraisals where available. ▪ Staff experience and training. 	<ul style="list-style-type: none"> ▪ Assessment of completeness and sophistication of internal documentation; ▪ Review of staffing levels and skills; and ▪ Review of past project experience. <p>It is important to note that review of past project experience does not attempt to evaluate quality of projects, but rather considers if this applicant IFI has done this kind of work before.</p> <p>Minimum standard would require the reviewer to be satisfied that the applicant IFI has the required skills and internal process to gather necessary information and to consider and evaluate all aspects of infrastructure projects.</p>
Responsible lender policies	<p>Capacity to undertake economic, financial, debt, and fiscal analysis to identify borrower debt sustainability and to ensure the applicant IFI does not lend irresponsibly.</p>	<p>Policies in place to assess fiscal and financial risks from infrastructure projects and ability of the relevant fiscal authorities to service such debt.</p>	<p>Guidelines on project fiscal and financial risk analysis.</p> <p>Debt sustainability guidelines.</p>	<p>This assessment considers if the applicant IFI applies similarly rigorous standards to public and private borrowers, and how it proposes to ensure that</p>

Criterion	Objectives	Measures	Supporting Evidence	Assessment Standard
				its lending is responsible (beyond assessment of specific loan repayment risk). In addition to judgment, the assessment will consider if the IFI consults IMF or meets the IMF/World Bank policy guidelines.
Procurement of project preparation services using MCDF funds	Use of procurement processes covering internal/administrative procurement and procurement by recipients of funds include written standards based on widely recognized processes.	<p>Specific procurement guidelines are in place with respect to different types of procurement managed (consultants, contracts, and service providers).</p> <p>Specific procedures, guidelines, and methodologies for assessing the procurement procedures of beneficiaries are in place.</p> <p>Procurement records are easily accessible to procurement staff, and both policies and awards are publicly disclosed.</p>	<p>Documents detailing procurement policy, guidelines for evaluation, oversight and reviews of the procurement functions relating to IFI procurement for its use.</p> <p>Past examples of procurement reviews (at least two most recent examples).</p>	The minimum standard would be absence of due diligence red flags in relation to procurement standards being able to ensure value for money and appropriate quality
Infrastructure project procurement	Once projects are prepared, the objective of this requirement is to assure that projects will be procured through competitive and transparent processes.	<p>Specific procurement guidelines are in place with respect to different types of infrastructure procurement.</p> <p>Specific procedures, guidelines, and methodologies for assessing the procurement procedures of beneficiaries are in place.</p> <p>Procurement records are easily accessible to procurement staff, and both policies and awards are publicly disclosed.</p>	<p>Documents detailing procurement policy, guidelines for evaluation, oversight, and reviews of the procurement functions in relation to procurement of project works and disbursement of funds.</p> <p>Past examples of procurement reviews (at least two most recent examples).</p>	<p>Procurement modalities differ between public and private sectors. Contracts also differ. The assessment ensures that the applicant IFI has an adequate menu of modalities for the types of projects it wishes to pursue, and that its implementation modalities are fit-for-purpose and are likely to result in value-for-money competitive procurements.</p> <p>The assessment will consider if procurement</p>

Criterion	Objectives	Measures	Supporting Evidence	Assessment Standard
				<p>policies exclude any service providers. Since MCDF funds are contributed by its members, a key requirement may be that no exclusions affect MCDF members. If an applicant IFI has debarred certain companies from a contributing member based on the applicant IFI's policies, these decisions will be respected.</p>
<p>Monitoring and Reporting on Infrastructure Projects at risk</p>	<p>From a fiduciary perspective, the monitoring function detects, assesses, and provides management information about risks related to infrastructure projects and/or activities, particularly those deemed to be at risk.</p>	<p>Monitoring functions, policies and procedures are in place.</p> <p>The roles and responsibilities of the monitoring function are clearly articulated at both the project/activity and entity/portfolio levels.</p> <p>Monitoring reports at the project/activity level are provided within the organization so that mid-course corrections can be made, if necessary.</p> <p>A process or system is in place to flag when an activity or project has developed problems which may hinder the achievement of objectives, and a process for initiating responses to redress the issue.</p>	<p>Procedural documents for monitoring, evaluation, and project at risk systems/processes.</p> <p>Examples from past projects detailing how the process or system was applied to flag risk and engage mitigation actions.</p> <p>Information on frequency and content of project and portfolio implementation and performance reviews, including progress of implementation against targets.</p>	<p>The assessment will focus on whether the processes in place are likely to provide the applicant IFI with adequate ability to anticipate and mitigate risks.</p>
<p>Evaluation Function</p>	<p>Provides an objective basis for assessing results, to provide accountability in the achievement of objectives, and to learn from experience.</p>	<p>Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results.</p> <p>The evaluation function follows impartial and recognised professional standards and processes.</p> <p>The evaluations body or function is structured to have the maximum independence possible from the</p>	<p>Evidence of the use of an independent evaluator from past audits of project performance.</p> <p>Documentation of relevant policies.</p> <p>Disclosure and reporting policies.</p> <p>Past examples of reviews of project spending against targets (at least two most recent examples).</p>	<p>It is assessed if the applicant IFI has the capacity to learn from its performance and mistakes, taking into account the institution's specific evaluation format or structure.</p>

Criterion	Objectives	Measures	Supporting Evidence	Assessment Standard
		<p>organization’s operations, consistent with the structure of the institution.</p> <p>Evaluation disclosure policies are in place with reports published to wider audiences, at minimum to the parties in the project.</p>	Samples of project monitoring and evaluation reports.	

Environmental and Social Standards

Criterion	Objectives	Supporting Evidence	Assessment Standard
Comprehensiveness	<p>Environmental and social standards must cover all potential impacts on affected or vulnerable parties, or on the environment, both local and global, under the following headings:</p> <ul style="list-style-type: none"> ▪ Assessment and Management of Environmental and Social Risks and Impacts, including requirements applied to different categories of infrastructure projects, including: <ul style="list-style-type: none"> – Land Acquisition, Restrictions on Land Use and Involuntary Resettlement – Biodiversity Conservation and Sustainable Management of Living Natural Resources; and – Indigenous Peoples/Historically Underserved Traditional Local Communities. ▪ Labour and Working Conditions (including prevention of all forms of child labour) ▪ Prevention of Gender-based Violence and Sexual Exploitation and Harassment ▪ Resource Efficiency and Pollution Prevention 	Documentation that shows existence and coverage of environmental and social standards.	<p>This is a pass/fail test. If the organisation does not have policies that cover all areas of concern, it cannot become an Implementing Partner. The content of the policies is not assessed in this pass/fail phase but is considered under each heading.</p> <p>There is no presumption that the environmental and social standards must be organised under the headings set out here, but they must cover all relevant topics.</p>

Criterion	Objectives	Supporting Evidence	Assessment Standard
	<ul style="list-style-type: none"> ▪ Climate change response, disaster risk management, and resilience ▪ Community Health and Safety ▪ Cultural Heritage. 		
Risk-based approach to environmental and social policies	<p>The objective is to ensure that all social and environmental policies are part of risk assessments, consultations, information disclosure and risk or action management plans.</p> <p>The applicant IFI should classify projects (such as A to C) and apply most scrutiny to category A.</p>	<p>Documentation setting out an approach to environmental and social risks.</p> <p>Examples of policies' application and practice.</p>	<p>The assessment forms a judgement on whether the applicant IFI's procedures ensure that high risk (from the environmental and social perspective) projects are identified and risks are addressed.</p>
<p>Stakeholder Engagement and Information Disclosure.</p> <p>The importance of open and transparent engagement with project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation.</p>	<p>To establish a systematic approach to stakeholder engagement that helps identify stakeholders and builds and maintains a constructive relationship with project-affected parties.</p> <p>To assess the level of stakeholder interest and support for the project and to enable stakeholders' views to be taken into account in project design and environmental and social performance.</p> <p>To promote and provide means for effective and inclusive engagement with project-affected parties throughout the project life cycle.</p> <p>To ensure that appropriate project information on environmental and social risks and impacts disclosed to stakeholders is timely, understandable, and accessible.</p> <p>To provide project-affected parties with accessible and inclusive means to raise and respond to issues and grievance.</p>	<p>The applicant should provide documents setting out its guidance for stakeholder engagement and information disclosure, including policies on meaningful consultation with project stakeholders and timely and accessible disclosure of information.</p>	<p>For policies to be effective, affected stakeholders need to have an opportunity to be heard and need to be assured that their legitimate interests will be protected. The assessment here considers if the applicant IFI's policies sufficiently engage the stakeholders so that all relevant interests are taken into account.</p>
Assessment to consider treatment of specific environmental and social topics set out below:			
<p>Assessment and Management of Environmental, Social and International Relations Risks and Impacts.</p> <p>Responsibilities for assessing, managing, and monitoring environmental and social risks and impacts associated with each stage of</p>	<p>To identify, evaluate, and manage the environment and social risks and impacts of the project.</p> <p>To adopt a mitigation hierarchy approach to:</p> <p>(a) Anticipate and avoid risks and impacts;</p> <p>(b) Where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels;</p> <p>(c) Once risks and impacts have been minimized or reduced, mitigate; and</p>	<p>The applicant IFI should provide documents setting out guidance with respect to assessment, management, and monitoring of environmental, social, and international relations risks and impacts of a project.</p>	<p>The assessment will not be based on whether separate guidelines exist for the risks listed in this category, but rather will ensure that all relevant risks (including issues of operating in disputed territories) are</p>

Criterion	Objectives	Supporting Evidence	Assessment Standard
<p>a project to achieve environmental and social outcomes.</p> <p>The topics covered here also include:</p> <p>(i) Biodiversity Conservation and Sustainable Management of Living Natural Resources, (ii) Climate Change Response, Disaster Risk Management, and Resilience, (iii) Community Health and Safety, (iv) Prevention of Gender-based violence and Sexual Exploitation and Harassment, and (v) Cultural Heritage.</p>	<p>(d) Where significant residual impacts remain, compensate for or offset them, where technically and financially feasible.</p> <p>To adopt differentiated measures so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable, and that they are not disadvantaged in sharing development benefits and opportunities resulting from the project.</p> <p>To utilize national environmental, social, and international relation institutions, systems, and laws, including policies regarding disputed areas and international waters, regulations and procedures in the assessment, development, and implementation of projects, whenever appropriate.</p> <p>To promote improved environmental and social performance.</p>		<p>adequately addressed.</p> <p>Management of Environmental Impacts inherently covers pollution prevention and greenhouse gases (GHG) emission avoidance. Similarly, Management of Social Impacts covers avoidance of adverse impacts on the health and safety of project-affected communities during the project life.</p> <p>The assessment fundamentally asks whether the policies in place would ensure that the applicant IFI does not provide finance to projects that could cause harms or breach standards</p>
<p>Labour and Working Conditions.</p> <p>Projects should promote sound worker-management relationships and enhance the development benefits of a project by treating workers in the project fairly and by providing safe and healthy working conditions.</p>	<p>To promote safety and health at work.</p> <p>To promote the fair treatment, non-discrimination, and equal opportunity of project workers.</p> <p>To protect project workers, including vulnerable workers such as women, persons with disabilities, prevention of all forms of child labour, and migrant workers, contracted workers, community workers and primary supply workers, as appropriate.</p> <p>To prevent the use of all forms of forced labour and child labour.</p> <p>To provide project workers with accessible means to raise workplace concerns.</p>	<p>The applicant should provide documents setting out guidance with respect to occupational health and safety, and worker-management relationship.</p>	<p>Many applicant IFIs may not have specific requirements for working conditions on projects they finance, as long as such projects comply with national standards. The assessment considers whether the applicant IFI has the ability to identify situations where national standards are at odds with international standards (for example, domestic standards allow discrimination against women). To pass the standard, the applicant IFI must at the very least be</p>

Criterion	Objectives	Supporting Evidence	Assessment Standard
			able to identify situations where national standards are not sufficient and ensure that standards in the contracts it finances conform to international norms.
<p>Fossil Fuel Investment and Promotion of Clean Energy.</p> <p>Economic activity and urbanization often generate pollution to air, water, and land, and consume finite resources that may threaten people, ecosystem services and the environment at the local, regional, and global levels. The current and projected atmospheric concentration of GHG threatens the welfare of current and future generations. At the same time, more efficient and effective resource use, pollution prevention and GHG emission avoidance, and mitigation technologies and practices have become more accessible and achievable.</p>	<p>To promote the sustainable use of resources, including energy, and cleaner production standards.</p> <p>To encourage the development of projects focused on clean technologies that provide jobs and support sustainable growth.</p> <p>To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities.</p>	<p>The applicant should provide documents setting out its guidance with respect to fossil fuel investment and promotion of clean energy.</p>	<p>Applicant IFIs should clearly demonstrate how the fossil fuel projects it finances contribute to energy transition in line with the relevant Nationally Determined Contributions under the Paris Agreement.</p>
<p>Land Acquisition, Restrictions on Land Use and Involuntary Resettlement.</p> <p>Project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons. Project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets, or</p>	<p>To avoid involuntary resettlement or, when unavoidable, minimize involuntary resettlement by exploring project design alternatives.</p> <p>To avoid forced eviction.</p> <p>To mitigate unavoidable adverse social and economic impacts from land acquisition or restrictions on land use by: (a) providing timely compensation for loss of assets at replacement cost and (b) assisting displaced persons in their efforts to improve, or at least restore, their livelihoods and living standards, in real terms, to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.</p>	<p>The applicant should provide documents setting out its guidance with regard to land acquisition, restrictions on land use and involuntary resettlement.</p>	<p>The applicant IFI does not have to have a policy on land acquisition, restrictions on land use, and involuntary resettlement separate from its other social policies. The assessment ensures that issues raised under this heading are fully covered by the applicant IFI's comprehensive</p>

Criterion	Objectives	Supporting Evidence	Assessment Standard
<p>access to assets, leading to loss of income sources or other means of livelihood), or both. The term “involuntary resettlement” refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.</p>	<p>To improve living conditions of poor or vulnerable persons who are physically displaced, through provision of adequate housing, access to services and facilities, and security of tenure.</p> <p>To ensure that resettlement activities are planned and implemented with appropriate disclosure of information, meaningful consultation, and the informed participation of those affected.</p>		<p>environmental and social framework.</p>
<p>Indigenous and vulnerable people’s rights</p>	<p>The IFI has the capability to identify and protect the legitimate interests of specific indigenous groups or other vulnerable and underserved groups.</p>	<p>Documentation describing processes that should be followed to identify and protect indigenous and vulnerable people’s rights (consistent with the United Nations Declaration on the rights of Indigenous Peoples).</p>	<p>The assessment considers if the processes are adequate to ensure that rights are protected.</p>