I. MEMBERSHIP AND PARTNERSHIP CATEGORIES

The Lusophone Compact is an open platform which welcomes new members and partners on the basis of:

(i) Support to the initiative's goal of accelerating private sector growth and promoting regional integration of the PALOPs;

(ii) Provision of specific value-added contributions subject to approval by all participating parties.

A. Membership

- **The African Development Bank (AfDB), the Republic of Portugal and Portuguese-speaking member countries of the AfDB.** Based on the General Memorandum of Understanding on the Development Finance Compact for Portuguese-Speaking Countries of Africa.

B. Partnership

- **AfDB Non-Regional Member Countries.** *AfDB Regional Member Countries can freely engage with PALOPs under the Lusophone Compact. PALOPs could also leverage on existing Regional Economic Committees.*
- **Development Finance Institutions (DFIs):** International Development Finance Institutions; Multilateral and Bilateral Development Institutions and Regional Finance Institutions.
- **Investment Banks, Commercial Banks, and Institutional Investors:** Banks operating in African countries; Sovereign Wealth Funds, Pension Funds Investors and Insurers.
- **Other Institutions and Investors:** Private Institutions, Foundations, Non- Governmental Organizations or programs, Technical Assistance institutes etc.

II. VALUE-ADDED INSTRUMENTS

Value-added contributions include financial and non-financial instruments that may be made available to support private sector development in the PALOPs, in alignment with the Lusophone Compact's three anchors.

Risk Mitigation

- Guarantees (risk and credit);
- Risk Participation Agreements;
- Trade Credit and Risk insurance
- Credit Enhancement facilities e.g. local currency risk mechanisms;
- Credit Insurance;
- Participation in de-risking initiatives or platforms where PALOPs are beneficiary countries.

Financing

- Financial instruments with competitive financing terms;
- Debt (in foreign, local or multi-currency);
- Export Credit;
- Credit insurance and investment schemes;
- Bond issuances (local currency, project bond, green);
- Lines of credit (traditional and trade finance);
- Structured trade finance and commodity finance facilities;
- Blended finance facilities (in foreign, local or multi-currency)
- Equity (direct and indirect);
- Private equity, Venture capital.

Technical Assistance

- **Policy instruments for the Government:** Private sector development and policy reform support; diagnostic studies and policy gap assessments, value chain development, capacity building and twinning programs;
- **Structuring and progression for private and PPP projects:** project preparation facilities, transaction advisory services, matching with strategic and equity partners, MSME market linkage, know-how and technology transfer facilities, SME, climate change, women and youth entrepreneurship facilities and management coaching, etc.

III. MEMBERSHIP AND PARTNERSHIP INTEGRITY DUE DILIGENCE (IDD) PROCESS

Integrity risk assessments will be conducted by the Africa Investment Forum in partnership with the Integrity and Anti-Corruption Department (PIAC) and in line with the African Development Bank's processes and guidelines.

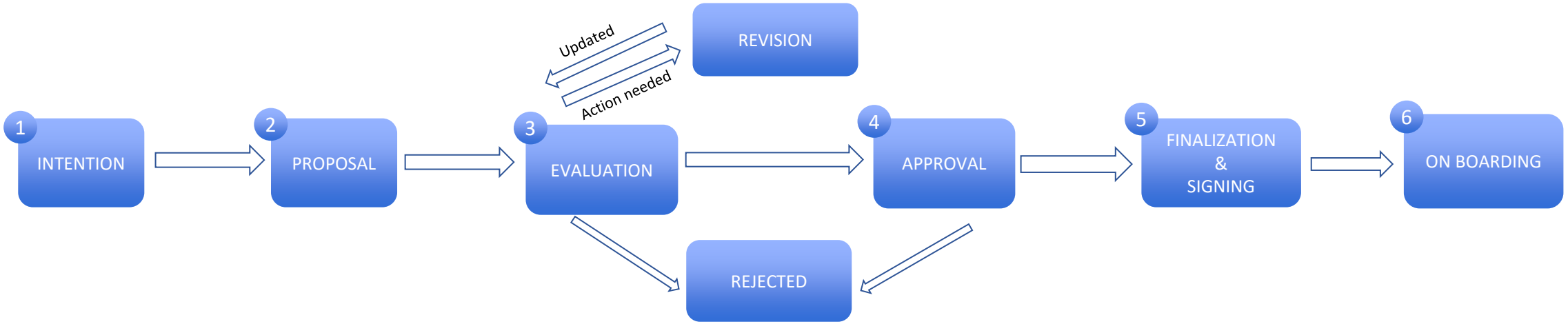
Category	Description	Process
CATEGORY A	Governments and agencies of Regional and Non-Regional Member Countries of the African Development Bank.	
CATEGORY B	Development Finance Institutions (DFIs) and Multilateral and Bilateral Development Banks.	
	Regional Finance Institutions (RFIs) and other Development Organizations	
CATEGORY C	Commercial and Investment Banks, Insurers, Asset and Investment Fund vehicles including Pension Funds and Sovereign Wealth Funds etc.	IDD conducted prior to consideration of partnership agreements and the subsequent acceptance of proposals from these sources when the outcome of IDD process is satisfactory. The Lusophone Compact Steering Committee will ensure that proposals from banks are not creating reputational risks or conflict of interest from any underlying transactions. For commercial banks and other asset managers, checks will also be undertaken with the primary regulating institutions in respective countries.
	Other Corporate Entities – Multinational corporate entities.	
	Private Equity/Venture Capital Fund, Family Offices, Non-Governmental Organizations, Foundations, etc.	
	Technical assistance institutes.	

IV. EVALUATION SCORE SHEET

Proposals scoring above **70%** will be considered for further assessment for possible membership/ partnership.

Evaluation Criteria	% Contribution to Overall Assessment
Alignment with the Bank's High 5 Priorities, Private Sector Development Policy and Country Strategy Papers (CSPs).	**10%**
Alignment with Lusophone Compact Anchors (identifiable and concrete resources dedicated to the Lusophone Compact anchors). Competitively priced instruments.	**35%**
Alignment with trade, Regional Integration Facilitation Agendas.	**10%**
Proven track record in investments, blended finance and providing technical assistance to private sector and PPPs.	**25%**
Value Addition & Innovation – Membership or Partnership will strengthen the Lusophone Compact.	**20%**
Total Score	**100%**

VII. APPLICATION WORKFLOW (1/2)



VII. APPLICATION WORKFLOW (2/2)

1

INTENTION

- Upon receipt of the intention to partner on the Lusophone Compact, a meeting is scheduled between the Compact Secretariat and the candidate for a walkthrough on the *Lusophone Compact Membership and Partnership Eligibility Criteria Fra*mework and guidelines. If eligible, the candidate is advised to proceed and submit a proposal.

2

PROPOSAL

- A proposal is prepared in line with the *Lusophone Compact Membership and Partnership Eligibility Criteria Framework* and is submitted to the Compact Secretariat, for the Bank's assessment.

3

EVALUATION

- The proposal is screened, assessing the merit of partnership by the Compact Secretariat under the coordination of the Africa Investment Forum (PAIF) and in liaison with the Bank's Resource Mobilization and Partnerships Department (FIRM) and the Office of Integrity and Anti-Corruption (PIAC);
- Once screened, the proposal and the relevant assessment findings are presented to the Standing Committee for comments;
- The comments on the proposal are reverted to the potential partner for revision and resubmitted for evaluation;
- The revised proposal proceeds to the Standing Committee for **No Objection**;
- If not cleared, the proposal is **Rejected** and the candidate is informed through the Compact Secretariat.

4

APPROVAL

- The Standing Committee then presents the proposal to the Steering Committee for endorsement and eventual approval;
- The final decision is then communicated to the candidate, through the Compact Secretariat;
- If not cleared, the proposal is **Rejected** and the candidate is informed through the Compact Secretariat.

5

FINALIZATION & SIGNING

- The draft agreement and non-disclosure agreement are then shared for perusal and negotiation of terms;
- Once negotiations are closed and reviewed by both parties, the agreement is executed.

6

ONBOARDING

The candidate is onboarding as member or partner and integrated to the LC Technical Committee.

Processing timeline: (i) Proposal Screening: 6 weeks; (ii) Approval: Annually during AfDB Annual Meetings (May/June) and extraordinarily (TBD); (iii) Finalization: 2-4 weeks.