

March 29, 2011

## Quality Review of SCF Investment Plans and Strategies

Dear SCF Trust Fund Committee Member,

At its last meeting, the SCF Trust Fund Committee considered the issue of preparing an independent quality review of investment plans prepared under the SCF targeted programs, and agreed to the following decision:

The SCF Trust Fund Committee reviewed document SCF/TFC.6/8, *Options for a Quality Review of Investment Plans and Strategies under the SCF*, and agrees that a focused independent technical review could contribute to enhancing the quality of the plans and strategies.

To this end, the SCF Trust Fund Committee agrees that the review should be independent and part of the development process of the investment plans and strategies and should:

- a) add value to the design process of the investment plan or strategy and be seen as a useful tool for countries, MDBs and the Sub-Committee;
- b) be part of the country-led preparation process of an investment strategy or plan;
- c) reflect the objectives and investment criteria of the targeted program; and
- d) provide knowledge and experience for interested stakeholders, including the members and observers to the SCF governing bodies.

The SCF Trust Fund Committee requests the CIF Administrative Unit, in collaboration with the MDB Committee, to prepare a proposal for the process and criteria for the preparation of an independent technical review of SCF investment plans and strategies consistent with the above agreed criteria. The proposal should also explore the costs of the review and propose how resources can best be made available to cover such costs. The proposal should be submitted to the SCF Trust Fund Committee for approval by mail. Investment plans and strategies prepared before agreement on procedures for an independent technical review, may proceed in accordance with procedures currently agreed.

The Sub-Committee agrees that once a proposal for a review is agreed, the Sub-Committee will review the process after it has been followed in 3-5 pilot countries so as to determine whether it adds value to the process.

Please find attached, for your consideration with a view to its approval, a proposal as to how quality reviews will be undertaken for each investment plan. This proposal has been prepared in collaboration with the MDB Committee on the basis of the principles discussed at the SCF TFC meeting, in particular, that the review should form part of the process of developing the investment plans.

*(See attached file: SCF proposal for prep independent tech reviews IPs 03292011.docx)*

In summary, the review would be carried out by an expert appointed from a roster of experts who would prepare an independent review of the first complete version of an investment plan. This review, which would be conducted in accordance with identified criteria, would be submitted to pilot countries and MDBs for their consideration. The review, together with a description of how it has been taken into account in the preparation of the final version of the investment plan, would be submitted to the relevant Sub-Committee together with the investment plan at the time of endorsement. A second review,

subject to the same procedures, could be approved by the MDB committee in the unlikely event that the first one is considered unsatisfactory by the pilot country and MDBs.

Recognizing that it will take some time to establish the rosters of experts foreseen in the paper for PPCR and SREP, we are proposing that the following interim measures be followed to facilitate the review of investment plans which are currently in an advanced stage of preparation and are expected to be submitted for endorsement before the end of the current fiscal year (June 30, 2011). These measures relate to the identification and appointment of experts to undertake the review on the basis of the process to be approved by the Trust Fund Committee.

a) For the FIP, experts would be drawn from the roster of experts established by the Forest Carbon Partnership Facility (FCPF) to serve as members of the Technical Advisory Panel (this is the procedure which is recommended in the proposal for the preparation of independent technical reviews).

b) For the PPCR and SREP, each MDBs has been invited to nominate three to five experts to be included in a provisional roster. Once ten experts have been nominated, the CIF Administrative Unit will post the provisional roster on the CIF website and invite the MDBs to select an expert from that roster. The MDB selection will be confirmed by the MDB Committee. It is expected that the establishment of a provisional roster may take up to two weeks.

Should a country and the MDBs need to identify an expert to undertake a review before the provisional roster is available, the MDBs working with the country will propose an expert to undertake the review. The CIF Administrative Unit will circulate the name and a short resume of the expert to the appropriate Sub-Committee for clearance, on a no objection basis, within 48 hours of the circulation of the expert's resume.

In proposing experts for the provisional roster or to undertake the review, the MDBs will consult with existing expert lists such as, in the case of SREP, those used by the CDM Methodologies Panel or the Renewable Energy and Energy Efficiency Program.

Another important consideration is the budget for financing the preparation of the reviews. In the proposal, it is recommended that resources available through the CIF Administrative Budget for country programming be increased to cover the costs of the experts. It will be recalled that country programming resources have been included in the CIF Administrative Budget to fund the support of the MDBs to country-led preparation of investment plans, including the participatory processes, capacity building and technical assistance associated with the preparing the plans. It is proposed that these funds be enhanced to cover the costs of the independent review and that the CIF Administrative Unit be authorized to draw upon the funds, after approval by the MDB Committee, to finance the experts' work.

Pending approval of this proposal and increased resources being made available through the FY12 CIF Administrative Budget, it is proposed that the CIF Administrative Unit draw upon savings in its FY11 budget that have been made available as a result of convening the Partnership Forum only at the end of June (many of the expenses associated with the 2011 Partnership Forum will now slip into the FY12 budget) to finance the experts undertaking any reviews in FY11.

The Trust Fund Committee is invited to approve the following decision:

The SCF Trust Fund Committee reviewed *the Proposal for the Preparation of Independent Technical Reviews of SCF Investment Plan*, dated March 29, 2011, and approves the proposed procedures to be followed in the preparation of an independent quality review of each

investment plan prepared under an SCF targeted program. The Trust Fund Committee requests the CIF Administrative Unit, in collaboration with the MDBs, to ensure that all investment plans submitted for endorsement include technical reviews prepared in accordance with these procedures. It requests the CIF Administrative Unit to work with the MDB Committee to ensure that reviewers are selected and contracted to undertake reviews for all investment plans which will be submitted in the future for endorsement to the relevant sub-committee. The Sub-Committee approves the interim measures proposed by the CIF Administrative for identifying and contracting reviewers until the end of the current fiscal year.

If we do not receive an objection to the proposed decision by close of business on April 12, 2011, the decision will be approved.

Sincerely,

Patricia Bliss Guest  
Program Manager  
Administrative Unit, Climate Investment Funds