

CLIMATE INVESTMENT FUNDS

FIP/SC.7/10
October 21, 2011

Meeting of the FIP Sub-Committee
Washington, D.C.
October 31, 2011

Agenda 10

PROCEDURES FOR THE PREPARATION OF INDEPENDENT TECHNICAL REVIEWS OF FIP INVESTMENT PLANS

Proposed Decision by FIP Sub-Committee

The FIP Sub-Committee reviewed document FIP/SC.7/10, *Procedures for the Preparation of Independent Technical Reviews of FIP Investment Plans*, and approves the proposed procedures, including the following choice of options:

(a) The review should be prepared by [two] [three] reviewers selected from the roster.

[(b) The reviewers should be proposed by the pilot country, supported by the relevant MDBs, early in the preparatory process of the investment plan. The CIF Administrative Unit will circulate the terms of reference and resumes of the proposed reviewers to the MDB Committee for approval within two working days.]

or

[(b) The reviewers will be proposed by the CIF Administrative Unit early in the preparatory process of the investment plan. The CIF Administrative Unit will circulate the terms of reference and resumes of the proposed reviewers to the pilot country and the MDB Committee for approval within five working days.]

The FIP Sub-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 the agreed procedures.

I. BACKGROUND

1. The SCF Trust Fund Committee (TFC) agreed at its November 2010 meeting that a focused independent technical review of proposed investment plans and strategies proposed for funding under the SCF targeted programs could contribute to enhancing the quality of the plans and strategies. It requested 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. It also agreed that the proposal should explore the costs of the review and propose how resources can best be made available to cover such costs.¹
2. Further to this request, the CIF Administrative Unit, in collaboration with the MDBs, prepared a proposal for preparing the quality reviews which was circulated to the SCF Trust Fund Committee on March 29, 2011, for approval by mail. A number of comments were received from Members of the Trust Fund Committee on the proposal which led the Administrative Unit to conclude that the proposal would need to be revised and reviewed again before it could be approved. The comments received are posted on the CIF website.²
3. A revised paper taking into account comments from the Sub-Committee Members was circulated to and discussed by the FIP Sub-Committee at its meeting in June 2011. Members of the FIP Sub-Committee were invited to submit additional written comments to the CIF Administrative Unit by July 15, 2011 and requested the CIF Administrative Unit to circulate a revised version of the document to the FIP Sub-Committee for approval by mail.
4. Given that consensus could not be reached on the basis of the comments, this document is being submitted to the Sub-Committee for further review and decision. Areas for which divergent views were presented are contained in brackets (see paragraphs 9, 14, 15, 16, 19, 20(b), and 30(b)).

II. PROCESS FOR THE PREPARATION OF AN INDEPENDENT QUALITY REVIEW

Principles and Objectives

5. As agreed by the SCF Trust Fund Committee in November 2011, an independent quality review will be undertaken for FIP Investment Plans (hereinafter referred to as “investment plans”) under the SCF. Such a review should be independent and part of the process of developing these plans. The review should:

- a) add value to the design process of the investment plan;
- b) be part of the country-led preparation process of an investment plan;

¹ See paragraphs 6 and 18 of the summary of the meeting, available at <http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Summary%20of%20SCF%20Co-Chairs%20November%202010.pdf>

² The comments are posted on the CIF website under SCF Decisions by Mail http://www.climateinvestmentfunds.org/cif/scf_decisions_by_mail

- c) reflect the objectives and investment criteria of the relevant program under the SCF; and
- d) provide knowledge and experience for interested stakeholders, including the members and observers to the SCF governing bodies.

7. It is recognized that the investment plans are country-owned. The main objective of the quality review is to support the development of a high quality investment plan and ensure that investment plans meet the objectives, principles and criteria of the relevant programs. The review will be carried out by independent experts and should facilitate the process of endorsement. The review would focus on technical, social and environmental aspects for quality enhancement.

Process Overview

8. FIP Investment Plans will be subject to an independent quality review. This review should complement the existing quality assurance procedures of the multilateral development banks (MDBs)³. Pilot countries, MDBs and reviewers should make all efforts to ensure a thorough review whose main objective is to support the development of high quality investment plans that meet the objectives, principles and criteria of the FIP

9. The review should be prepared by [two] [three] reviewers selected from the roster (see paragraph 10)⁴. [The reviewers will be proposed by the pilot country, supported by the relevant MDBs, early in the preparatory process of the investment plan.] [The reviewers will be proposed by the CIF Administrative Unit early in the preparatory process of the investment plan.] The Sub-Committee will be informed of the selected reviewers and will be invited to express any objections within five working days. The review of the investment plan should be led by one of the selected experts who will serve as the team leader.

10. The review will consist of the following:

- a) The reviewers will jointly review the first complete draft of the investment plan in accordance with the criteria contained in annex A and prepare a review with recommendations for consideration by the pilot country and the relevant MDBs in the preparation of the final version of the investment plan.
- b) The country and the MDBs may request a meeting (to be organized by video or telephone conference) with the independent reviewers to discuss the review.
- c) The country and the MDBs will prepare a note that describes how the suggestions and recommendations from the review have been considered in the final document. They may decide to share this note with the reviewers and, if required, they may also choose to revise the note after any discussion with the reviewers.

³ Such procedures usually include decision meetings (a formal management led review with participation of independent reviewers), quality enhancement reviews (informal meetings of independent reviewers and experts to discuss the plan), public disclosure and consultations, as well as multiple reviews of individual projects.

⁴ The total cost of the review should not exceed the cap agreed by the Sub-Committee.

- d) The review and the note will be submitted to the FIP Sub-Committee together with the proposed investment plan when it is submitted for endorsement.

11. The team leader may also be requested to participate in one or more meetings of the FIP Sub-Committee to present the outcomes of the review, offer advice, and serve as expert for any discussion or questions that arise on review methods, results, or general technical issues. Such participation may be arranged through video conferences.

Roster of Experts

12. The CIF Administrative Unit and the MDBs will use the roster of experts eligible to serve as members of the Technical Advisory Panel established by the Forest Carbon Partnership Facility (FCPF)⁵. If necessary, the CIF Administrative Unit will explore with the FCPF opening a call for additional experts to join this roster. These additional experts may be proposed by the pilot countries, the MDBs or the FIP Sub-Committee.

Appointment of the reviewers

13. The process to appoint experts to prepare a review should be initiated as early as possible. The pilot country and MDBs will develop the terms of reference for the review on the basis of generic terms of reference provided in Annex B.

14. The review should be prepared by [two] [three] reviewers selected from the roster (see paragraph 10)⁶.

15. [The reviewers will be proposed by the pilot country, supported by the relevant MDBs, early in the preparatory process of the investment plan. The CIF Administrative Unit will circulate the terms of reference and resumes of the proposed reviewers to the MDB Committee for approval within two working days. In proposing experts, efforts should be made to avoid any actual or perceived conflict of interest.⁷]

[The reviewers will be proposed by the CIF Administrative Unit early in the preparatory process of the investment plan. The CIF Administrative Unit will circulate the terms of reference and resumes of the proposed reviewers to the pilot country and the MDB Committee for approval within five working days. In proposing experts, efforts should be made to avoid any actual or perceived conflict of interest]

16. After approval by [the pilot country and] MDB Committee, the terms of reference and the resumes of the reviewers will be circulated to the Sub-Committee for review with an invitation to express any objections within 5 working days.

17. The review of the investment plan should be led by one of the selected experts who will serve as the team leader.

⁵ See <http://www.forestcarbonpartnership.org/fcp/node/23>

⁶ The total cost of the review should not exceed the cap agreed by the Sub-Committee.

⁷ A potential conflict of interest exists whenever a reviewer, his or her family, or an associated entity of the reviewer possesses or appears to possess a financial or other interest in the outcome of the investment plan.

18. With regards to an approved request for a second review, as described in paragraph 29 below, the procedures identified in paragraphs 13-16 above will also be followed.

Responsibilities of the reviewers

19. [The pilot country supported by the MDBs] [The CIF Administrative Unit] will decide on the length of the appointment and specify this length and period within the terms of reference.

20. The reviewers will be responsible for:

- a) conducting a joint review of the first complete draft version of the investment plan in accordance with the criteria contained in Annex A and using the template attached to the terms of reference (Annex B);
- b) submitting the review to the pilot country, the relevant MDBs [and the FIP Sub-Committee];
- c) discussing with representatives from the government and MDBs the findings of the review and, if necessary, submitting a final version of the review after this discussion has taken place. The purpose of these discussions will be to advance understanding of how the findings of the review may be incorporated into the investment plan.

21. The independent reviewers will have the following obligations:

- a) to work in his or her personal capacity and perform duties in an objective, neutral and professional manner;
- b) to disclose any potential conflict of interest relating to review activities;
- c) if requested by MDBs, to participate in MDB review meetings;
- d) to protect any confidential information provided in the course of the reviews both during and after the term of service; and
- e) to coordinate with each other during the review process and submit a joint review of the investment plan.

22. To achieve consistency, each individual expert selected to review an investment plan should complete his or her review according to the agreed criteria, and the team leader should synthesize the individual reviews into one summary expert-wide review.

Responsibilities of pilot countries and MDBs

23. Pilot countries and MDBs should involve the reviewers as early as feasible in reviewing the investment plan so that the review can be useful in shaping the final plan.

24. After the expert reviewers are selected, pilot countries and the MDBs will discuss with the reviewers, based on the terms of reference for the review, the process for conducting of the review.

25. Pilot countries will share the complete draft investment plan with the reviewers. The pilot country or the MDBs may choose to invite the reviewers to participate in any review meetings. Country visits by reviewers are not expected.

26. After receiving the review, pilot countries will consider its findings and prepare a note that describes how the findings and recommendations have been considered in the final document. They may decide to share this note with the reviewers and, if deemed necessary, they may request a virtual meeting with the reviewers.

27. The country will finalize the investment plan, taking into consideration the findings and recommendations from the review.

28. The review and the country's note responding to the review should be submitted to the FIP Sub-Committee together with the investment plan when it is submitted for endorsement.

29. In the event that the review is considered to be unsatisfactory by the pilot country, a second review may be requested, subject to approval by the MDB Committee. To this end:

- a) the pilot country and MDBs will inform the CIF Administrative Unit that they consider the product of the reviewers to be unsatisfactory, and that they wish a second review to be carried out. The request should specify the reasons why a second review is sought;
- b) the CIF Administrative Unit will inform the FIP MDB Committee and will add the request for a second review to the agenda of the next meeting of the FIP MDB Committee;
- c) The FIP MDB committee will consider the reasons for the request for a second review and, if agreed, approve it. The second review, to be prepared by different experts, will be subject to the process referred to in paragraph 9 above;
- d) The review considered to be unsatisfactory together with an explanation of why it was considered to be so will be submitted to the FIP Sub-Committee together with the second review and the proposed investment plan when it is submitted for endorsement.

Role of the CIF Administrative Unit

30. The CIF Administrative Unit will be responsible for the administrative arrangements described in this paper for confirming and contracting the selected experts. This includes, among other things:

- a) making available the most up-to-date FCPF roster of experts;

- b) [selecting the proposed reviewers;]
- c) circulating the terms of reference and resumes of the proposed reviewers [to the government and the MDBs] [to the MDB Committee] and the FIP Sub-Committee;
- d) contracting the expert reviewers; and
- e) performing other administrative tasks related to the contracting of the reviewers.

31. Once the appointment of the reviewers has been approved, the CIF Administrative Unit will make publicly available the reviewers' names on the CIF website.

Source of Funding

32. The Sub-Committee agrees that resources to finance the expert review should be made available through the FY12 CIF Administrative Budget drawing from resources approved for country programming.

Review of Expert Review Procedures

33. At the first FIP Sub-Committee meeting of each calendar year, the Sub-Committee will consider the content of quality reviews that have been submitted in the last 12 month period based on an overview prepared by the CIF Administrative Unit, in collaboration with the FIP MDB Committee, and will review the agreed procedures with a view to:

- a) determining whether the preparation of quality reviews adds value to the programming of CIF resources; and/or
- b) revising the procedures if necessary.

Annex A: Criteria for Undertaking the Review

In undertaking the review of a FIP investment plan, expert reviewers should assess whether the investment plan is consistent with FIP objectives, principles and investment criteria agreed in the following policy documents and operational guidelines:

- a) *FIP Design Document* (July 2009)
- b) *FIP Investment Criteria and Financing Modalities* (June 2010)
- c) *FIP Operational Guidelines* (June 2010)
- d) *FIP Results Framework* (May 2011)

Annex B

FOREST INVESTMENT PROGRAM

TERMS OF REFERENCE

INDEPENDENT TECHNICAL REVIEW OF THE INVESTMENT PLAN OF [COUNTRY]

Background and Introduction

1. The Climate Investment Funds (CIF) are comprised of two funds, the Clean Technology Fund and the Strategic Climate Fund. The CIF are an important new source of funding through which five Multilateral Development Banks (MDBs) will provide additional grants and concessional financing to developing countries to address urgent climate change challenges. The five MDBs are the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, and the World Bank Group.
2. The Strategic Climate Fund (SCF) funds the piloting of new development approaches or scale-up of activities aimed at a specific climate change challenge or sectoral response in the areas of sustainable management of forests to reduce deforestation and forest degradation management (the Forest Investment Program or FIP), climate resilience (the Pilot Program for Climate Resilience or PPCR), and scaling up renewable energy in low income countries (the Program for Scaling up Renewable Energy in Low Income Countries or SREP). MDB units and staff work with institutions in recipient countries to identify and prepare CIF opportunities in each of the above areas.
3. The FIP Sub-Committee has agreed that an independent quality review will be undertaken for each individual investment plan (hereinafter referred to as “investment plans”) under the FIP. Such a review should be independent and part of the process of developing these plans. The review should:
 - a) add value to the design process of the investment plan;
 - b) be part of the country-led preparation process of an investment plan;
 - c) reflect the objectives and investment criteria of the FIP;
 - d) provide knowledge and experience for interested stakeholders, including the members and observers to the FIP Sub-Committee.
4. The main objective of the quality review is to support the development of high quality investment plans. The review should assist pilot countries in ensuring that their investment plans meet the requirements of the FIP.

Duties and Responsibilities of the Reviewers

5. The reviewers would conduct a review of the first complete version of the investment plan of [country] in accordance with the procedures adopted by the FIP Sub-Committee (see *Procedures for the Preparation of a Independent Technical Review of FIP Investment Plans*). The reviewer should familiarize him- or herself with the FIP programming modalities, investment criteria, design document and other documents provided by the MDBs prior to undertaking this work.
6. The expert reviewers should assess whether the investment plan is consistent with FIP objectives, principles and investment criteria agreed in the following policy documents and operational guidelines:
 - e) *FIP Design Document* (July 2009)
 - f) *FIP Investment Criteria and Financing Modalities* (June 2010)
 - g) *FIP Operational Guidelines* (June 2010)
 - h) *FIP Results Framework* (May 2011)
7. The team leader should submit the review to the government, and the [MDBs], using the attached outline.
8. The reviewers should discuss, upon request, with representatives from [country] and [MDB] the findings and recommendations of the review and, if necessary, submit a revised version of the review after this discussion has taken place. Representatives from [MDBs] will indicate the date when they are expected to receive the final version of the review.
9. The team leader may also be requested to participate in one or more meetings of the FIP Sub-Committee⁸, to present the outcomes of the review, offer advice, and serve as expert for any discussion or questions that arise on review methods, results, or general technical issues. Such participation may be arranged through video conference.
10. The reviewers should participate in the following meetings:
 - [...]
11. The reviewers should:
 - a) make all efforts to ensure the development of high quality investment plans;
 - b) work in his or her personal capacity and perform duties in an objective, neutral and professional manner;
 - c) protect any confidential information provided in the course of the review both during and after the term of service;

⁸ The FIP Sub-Committee is the governing body of the FIP.

- d) disclose any potential conflict of interest relating to review activities; and
- e) coordinate with the other selected reviewers during review process and submit a joint review of the investment plan.

(Note: To achieve consistency, each individual expert selected to review an investment plan should complete his or her review according to the agreed criteria, and then the team leader synthesizes the individual reviews into one summary expert-wide review.)

Appointment of a Reviewer

12. [Two] [Three] experts will be selected from the FCPF roster of experts to perform the independent review. The reviewers are to be selected following the procedures approval by the FIP Sub-Sub-Committee (see *Procedures for the Preparation of Independent Technical Review of FIP Investment Plans*).

Timeframe

The reviewer will be hired for a total of [X] days, between [starting date of contract] to [end date of contract]

Reporting

The reviewer will collaborate with the Government of [country] and the [MDBs] on the preparation and timely delivery of the quality review.

The expert will submit the final review and a claim for payment to the CIF Administrative Unit once the review is complete.

**Attachment to Annex B:
Outline of the Review**

1. Title of the FIP investment plan
2. Country
3. Name of the reviewers
4. Team leader
5. Date of submission
6. Part I: General criteria
Please comment on whether the investment plan complies with the general criteria indicated in Annex A of the “Procedures for the preparation of independent technical reviews of FIP investment plans”.
7. Part II: Compliance with the investment criteria of FIP
Please comment on whether the investment plan complies with the criteria specific for FIP, as indicated in Annex A of the “Procedures for the preparation of independent technical reviews of FIP investment plans”.
8. Part III: Recommendations
Please provide any recommendations that could enhance the quality of the investment plan.