

# CLIMATE INVESTMENT FUNDS

JOINT CTF-SCF/TFC.14/4  
May 1, 2015

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Joint Meeting of the CTF and SCF Trust Fund Committees  
Washington D.C.  
Monday, May 11, 2015

Agenda Item 4

## **MEASURES TO FURTHER IMPROVE THE GOVERNANCE OF THE CLIMATE INVESTMENT FUNDS (EXECUTIVE SUMMARY)**

## PROPOSED DECISION

On June 25, 2014, the joint meeting of the CTF and SCF Trust Fund Committees reviewed the *Action Plan in Response to the Independent Evaluation of the CIF* (document CTF-SCF/TFC.12/9) and invited the CIF Administrative Unit and the MDBs to collaborate to implement the actions identified in the decision. One such action was to revise the paper CTF-SCF/TFC.11/7/Rev.1, *Measures to Improve the Efficiency of CIF Committees*, and to recommend additional options to improve the efficiency of Committee meetings and decision making while ensuring effectiveness.

The paper, JOINT CTF-SCF/TFC.14/4, *Measures to Improve the Governance of the Climate Investment Funds*, has been prepared by a consultant, drawing on inputs from Committee members, observers, MDBs, CIF Administrative Unit and comparative analyses from other relevant international institutions.

The joint meeting, having reviewed document JOINT CTF-SCF/TFC.14/4, *Measures to Improve the Governance of the Climate Investment Funds*, agrees to the following measures proposed in the document:

- a. [Boosting stakeholder integrity and accountability: The joint meeting requests the CIF AU to develop for review and approval by the joint meeting: (i) consolidated documents on roles and responsibilities for Co-Chairs, Committee members and observers; and (ii) a code of conduct for Committee members and observers to better address issues of integrity, accountability and conflict of interest.]
- b. [Establishing a Stakeholder Advisory Network (SAN) to provide an avenue for knowledge and experience sharing between current and past observers (CSO communities, indigenous peoples and private sector) that supports and enhances observers' contributions to directions, strategies, projects, and learning efforts of CIF: The joint meeting requests the CIF AU to develop a proposal, with the participation of observers, for the initiation and support of a SAN.]
- c. [Rethinking the Partnership Forum: The joint meeting requests the CIF AU to implement smaller and more targeted events throughout the year in place of the Partnership Forum, preferably alongside other regional or international events of the MDB and other partners.]
- d. [Establishing guidelines for the self-selection process for recipient countries to be conducted through a virtual platform: The joint meeting requests the CIF AU to prepare an approach to the constituency concept, for discussion by the Committees. The Committees also requests the CIF AU to develop guidelines for the joint meeting's review and approval that ensure inclusiveness and effectiveness of the selection process.]
- e. [Improving meeting efficiency through the change in the timing of the Co-Chairs' selection process: The selection of the countries providing the Co-Chairs will take place at the close of the member seat selection process. The specific person to fill the Co-Chair role can be named during the time between the country selection and the next Committee meeting, but in time for participation in meeting preparation activities.]
- f. [Improving the decision making process during and in-between meetings: The joint meeting invites the CIF AU to continue to collaborate with the Trustee to develop a Web-based, secure collaboration platform for approving decisions, taking advantage of the expanded capabilities being provided by the Trustee through its Financial Intermediary Funds Collaboration Platform. The joint meeting also invites the CIF AU to propose a standard process for assigning which decisions should be discussed during the Trust Fund Committee and Sub-Committee meetings, and which decisions should be processed through the "decision-by-mail" or "on-line decision" process.]



## Suggestions for Improving the CIF's Governance and Management

Climate Investment Funds  
Final Draft Report  
May 1, 2015

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**Submitted to:**  
Administrative Unit  
Climate Investment Funds



## Executive Summary

### *Purpose of the Report and How It Was Conducted*

Phase One was commissioned by the Climate Investment Funds (CIF) in February, 2015 to develop and propose practical suggestions for measures that would further improve the governance and management of the CIF and boost the organization's integrity, transparency, and accountability. The paper resulting from the CIF commission will be presented at the joint meeting of the CTF and SCF Trust Fund Committees meeting in May, 2015.

The CIF were established in 2008, and over time, the organization's structure and operations have been gradually modified in order to meet emerging needs and incorporate lessons learned. As such, one of the strengths of the CIF that distinguishes them from other multilateral funds has proven to be the Fund's adaptability in the face of new challenges.

Although the CIFs approach is innovative and distinct from that of other international climate finance organizations, the CIF still requires adjustments to their procedures and organization in order to function at full efficiency and effectiveness.

In developing the report, three primary sources of information were used.

The document review included CIF documents, with special attention paid to the CIF's Response to the Independent Evaluation, and a variety of climate change and other multilateral fund literature that shed light on issues of governance, management, and organizational efficiency.

Interviews were held with 24 CIF stakeholders from a variety of backgrounds to gauge their opinions on the current effectiveness of the CIF and to identify specific areas for improvement. It must be noted that these interviews do not constitute a comprehensive survey of CIF stakeholders, and the opinions expressed in this paper do not necessarily reflect the opinions of all CIF stakeholders. However, the results of the interviews do lend support and nuance to the findings derived from other sources.

Five comparative organizations were reviewed to find potential best practices: the Global Environment Facility (GEF); the Consultative Group for International Agricultural Research (CGIAR); Gavi, the Vaccine Alliance (also known as the "GAVI Alliance"); The Global Fund to Fight AIDS, Tuberculosis and Malaria (also known as "The Global Fund"); and the International Fund for Agricultural Development (IFAD). The comparative analysis included review of the publications and organizational documents of the comparator organizations, the websites of these organizations, and a few brief conversations with current or retired members of the comparators.

### *What Was Found*

The Phase One team found that while CIF stakeholders recognize the existence of some management and governance inefficiencies, they generally support maintaining a number of core features of the CIF that define a particular "culture of the CIF." Dependence on consensus was the most discussed of those principles. Even among stakeholders who identified inefficiencies or delays in procedure as issues within the CIF, time devoted to reaching consensus was generally perceived as a necessary and constructive part of the decision-making process. In addition to consensus, the strength of the MDB committee, the independent status of CIF observers, and the



role of the CIF Administrative Unit (CIF AU) were established early as four principles that should continue to serve as the basis for ongoing CIF success.

The study probed the potential areas for improvement within the scope of management and governance that had been previously identified by the Independent Evaluation, the Transparency International report, and CIF documents such as the Measures to Increase the Efficiency of CIF Committees (hereafter, “the CIF Measures document”). These areas include the following:

1. Decision-making
  - a. The delegation of decisions to the CIFAU, the MDB Committee, or other CIF partners as appropriate
  - b. Improving the decision-without-meeting process
2. Meeting efficiency
3. Clarity of responsibilities for members and member engagement
4. Selection of and clarity of responsibilities for Co-Chairs
5. Participation and clarity of responsibilities for observers
6. Partnership Forum
7. Guidelines to facilitate the self-selection process of members from eligible recipient countries
8. Transparency, accountability, and integrity

Specific findings in each of these areas are detailed in Section 3 “Presenting the Challenges.”

*Suggestions for Improving the CIF’s Governance and Management*

In keeping with the requirements and concerns of the CIF AU, work was focused on the specific those specific elements of management and governance within the CIF that need to be addressed and discussed. Suggestions should not alter the foundational framework of the CIF, but rather, should enable existing structures and procedures to function with greater efficiency and less procedural difficulties.

The suggestions are listed below, and detailed in Section 4 “Suggestions for Improvement”:

Suggestion 1a: Increase meeting efficiency by changing the timing of the Co-Chair selection process to give them the needed time to prepare for the first meeting of their terms and by reviewing with the new Co-Chairs the use of the authorities they have.
Suggestion 1b: Implement a standard process for assigning decisions to meetings, decision-without-meeting, or to an appropriate CIF entity (i.e., the CIF AU, the MDB Committee, and so on).
Suggestion 2: Change the current decision-without-meeting process to a more Web-centered collaboration environment approach, taking advantage of the expanded capabilities being provided by the Trustee.
Suggestion 3: Increase stakeholder engagement in meetings and boost stakeholder awareness of integrity and accountability by increasing role clarity for Co-Chairs, members, and observers, through the preparation of 1-2 page descriptions of responsibilities of Co-Chairs, members, and observers, informing them of what is expected of them as a CIF stakeholder. Include a Code of Conduct section setting out responsibilities for accountability, integrity, and conflict of interest.
Suggestion 4: Rethink and restructure the Partnership Forum into other events and activities that collectively achieve the same objectives and are more flexible and adaptable to the learning requirements of the CIF.



Suggestion 5a: The guidelines for the self-selection process for recipient countries should consider the possibility of developing a sense of programmatic constituency for the recipient countries as the primary basis for selection.

Suggestion 5b: The guidelines for the self-selection process for recipient countries should include the principles of an equitable regional balance (as modified by program focus), gender balance, “appropriate technical and/or policy expertise” that aligns with the objective of each targeted program, and an “active interest in promoting the efficient and effective governance” of that program.

Suggestion 5c: The guidelines for the self-selection process for recipient countries should first decouple the seat selection process from the Partnership Forum, move the seat selection consultation to a virtual environment, and develop procedural rules for the virtual environment to ensure that decisions of the consultation are inclusive and decisive.

Suggestion 6: Develop a Stakeholder Advisory Network (SAN) to support and enhance observers’ contributions to CIF directions, strategies, projects, and learning efforts.