

CLIMATE INVESTMENT FUNDS

CTF-SCF/TFC.11/7
October 7, 2013

Joint Meeting of the CTF and SCF Trust Fund Committees
Washington D.C.
October 29, 2013

Agenda Item 8

MEASURES TO INCREASE THE EFFICIENCY OF CIF COMMITTEES

PROPOSED DECISION

The joint meeting of the CTF and SCF Trust Fund Committees, having reviewed document CTF-SCF/TFC.11/7, *Measures to Improve the Efficiency of CIF Committees*, agrees to the measures proposed in the document including proposals regarding:

- a) engaging Co-Chairs in the organization of the meetings;
- b) preparation and better engagement of Committee members, including earlier posting of documents and opportunities for informal discussions and briefings before formal consideration of a document;
- c) replacement of Co-Chairs who are temporarily absent from a meeting;
- d) funding of participation of the Co-Chairs from recipient countries;
- e) procedures for circulating summaries of the meetings for comment before final distribution;
- f) procedures for approval by mail of CIF funding to project and CIF policy papers;
and
- g) rationalization of reporting requirements.

I. INTRODUCTION

1. At the May 2013 CIF Committee meetings, the CIF Administrative Unit was requested to give ongoing consideration to further measures to increase the efficiency of the meetings. In addition,

- a) the joint meeting of the CTF and SCF Trust Fund Committees requested the CIF Administrative Unit to prepare a proposal for consideration for the financing of the participation costs of the CIF Co-Chairs from eligible recipient countries; and
- b) the SREP Sub-Committee requested the CIF Administrative Unit to facilitate the organization of a coordination meeting among the recipient country members a day in advance of any Sub-Committee meeting to consult on agenda items to enhance the effectiveness of their participation in the meeting.

2. This paper both summarizes a number of steps that have been taken to enhance the efficiency of the CIF meetings and includes a number of new proposals for consideration and approval.

II. ENGAGING CO-CHAIRS IN ORGANIZATION OF MEETINGS

Challenge

3. In the past, the CIF Administrative Unit prepared the provisional agenda for each of the CIF meetings and proposed a schedule of meetings based on the requests of the Committees agreed at earlier meetings or issues that the CIF Administrative Unit and the MDB Committee agreed required discussion and guidance from the CIF Committees.

4. Recent experience has shown that in order to complete the business of all the CIF Committees (the CTF Trust Fund Committee, the SCF Trust Fund Committee, the FIP, PPCR and SREP Sub-Committees, and the joint meeting of the CTF and SCF Trust Fund Committees), in the allocated 5-day period, the Committees have been required to meet for extremely long days, and the question was raised whether the scheduling of the order of Committee meetings facilitated the most effective use of the members' time during the 5-day period.

Proposed measure

5. It is proposed that a telephone conference of all Committee Co-Chairs be convened to review the preliminary draft agendas for each of the Committee meetings and to agree jointly on the scheduling of meetings. Such a telephone conference was convened prior to the current set of meetings, and the CIF Administrative Unit found it very helpful to have the agreement of the co-chairs on both the provisional agendas and the schedule of meetings.

6. It is also suggested that during this review the co-chairs retain flexibility to extend the normal 5 day period of meetings to 6 or 7 days if the agendas justify a longer period or to limit the number of agenda items to meet the available time.

7. The decision by the Trust Fund Committee on the frequency of SCF meetings¹ is a step already taken to rationalize the time allocated for CIF Committee meetings.

III. PREPARATIONS FOR BETTER ENGAGEMENT OF COMMITTEE MEMBERS

Challenge

8. The CIF Administrative Unit has received feedback that:
- a) The period currently provided for review of documentation for the Committee meetings (two weeks) is insufficient to allow for a robust review by each member and consultations, particularly within constituency groups, prior to the meetings.
 - b) Recipient country members face particular difficulties to consult prior to the Committee meetings due to their widely spread geographic distribution and financial and technical constraints.
 - c) Informal discussions in advance of a formal meeting can serve to clarify proposals and contribute to consensus.

Proposed measures

9. It is proposed that the CIF Administrative Unit and the MDBs commit to disseminating documentation for the meetings no later than three to four weeks prior to the meeting, which would provide more time for review and consultations among constituency groups, and an opportunity for the co-chairs to provide feedback to the CIF Administrative Unit and MDBs. Receiving such feedback would allow the CIF Administrative Unit and the MDBs to be better prepared to respond to questions and concerns and to consider revised or new proposals that may meet any concerns raised.

10. Based on their constituency consultations, one or both co-chairs may request the CIF Administrative Unit to organize *a telephone conference in advance of the meeting* to present one or more of the papers if such an opportunity would serve to enhance greater understanding of proposals being put forward.

11. Any member or group of members may also make a request for a *briefing or dialogue on any of the papers*.

12. The CIF Administrative Unit will make arrangements for a *meeting room to be provided for members of each constituency to meet in Washington* just prior to a committee meeting.

13. At the request of a co-chair or a member, the CIF Administrative Unit can organize an *informal session of members of a committee in the margins of the meetings, such as the day before the formal meeting is scheduled*, to discuss a particular issue when such discussions may

¹ *Summary of the Co-Chairs*, Meeting of the SCF Trust Fund Committee, April 30, 2013, Decision 6, *Frequency of Meetings*.

serve to broaden understanding of the issue or assist in resolving concerns that have been raised during the Co-Chairs pre-meeting consultations.

14. In order to help other Committee members, MDBs and the CIF Administrative Unit prepare for the meetings, Committee members could be requested to provide in writing two to three days before the start of the meeting any major concerns on the agenda items to be addressed. This would facilitate discussions and responses to questions and concerns.

15. With a particular focus on enhancing the engagement with recipient country Members, it is proposed that:

- a) the CIF Administrative Unit seek to ensure that a short summary of each paper is prepared and that the summary and the proposed Committee decision are available in French and Spanish in advance of the meeting;
- b) the CIF Administrative Unit routinely make arrangements to brief recipient country members through a telephone conference in advance of the meeting on the agenda of the meeting, the documentation that has been disseminated and main issues to be considered; and
- c) the CIF Administrative Unit fund the participation of the elected co-chair from the recipient country constituency if so requested. The CIF Administrative Unit would also provide funding for the co-chair's alternate that is filling the member seat if such funding is normally provided for the member in accordance with CIF rules.

IV. CHAIRING OF THE MEETINGS

Challenge

16. Experience has shown that there are occasions when one of the co-chairs is unable to attend a particular meeting or telephone conference. The current rules provide that, if during a meeting either of the co-chairs is no longer able to serve in that capacity, the Committee shall elect a replacement from members of the relevant constituency group to serve as the co-chair.

Proposed measure

17. Based on experience, it is suggested that a more pragmatic option would be allowed in situations where the Co-Chair is unable to serve *on a temporary basis*, to, with the agreement of the two co-chairs, either (a) indicate that the Co-Chair's alternate will serve as the Co-Chair during the absence of the elected Co-Chair, or (b) the other Co-Chair will chair the meeting during the absence of the second elected Co-Chair. If either of the Co-Chairs should no longer be able to complete his/her term, then the current rule calling for the election of new Co-Chair from amongst the members would apply.

18. The current rule of procedure could be amended to read²:

If any of the elected Co-Chairs should temporarily not be able to serve in that capacity, with the agreement of both Co-Chairs, (a) such Co-chair may appoint his/her alternate to act for him/her as Co-Chair in the Meeting or (b) the other elected Co-Chair shall chair the meeting. If any of the Co-Chairs should no longer be able to serve in that capacity for the duration of his/her term as Co-Chair, the CTF/SCF Trust Fund Committee shall elect a replacement from Members of the group that is entitled to such position to serve as the Co-Chair.

Challenge

19. The balanced governance structure and selection of Co-Chairs from contributor and recipient countries in the CIFs has been marked as progress in governance structure of global funds. While keeping the larger interest of the CIFs in mind, the Co-Chairs are perceived to generate balance among the interest of the respective constituencies.

20. In some instances, with the absence of an alternate for Co-Chairs, the Co-Chairs have had to wear twin hats in the CIF meetings. This is particularly a challenge for Co-Chairs from recipient countries who have difficulty in financing the participation of an alternate to Committee meetings.

Proposed measure

21. It is proposed that this be addressed by requesting the CIF Administrative Unit to provide financing for the travel and accommodation expenses of the elected co-chairs from recipient countries, thereby facilitating the participation of the Co-Chair's alternate in the member seat (i.e., the alternate would be able to take advantage of any CIF financing that is available to the representative occupying the seat in accordance with CIF rules.)

Challenge

22. Some Committee members have also suggested exploring alternative governance models for the chairpersons of the CIFs governing bodies to further improve the efficiency of CIF meetings, including the recruitment of a professional, independent chair to manage the meetings.

Proposed measure

23. To assist the Committees to advance their deliberations on this proposal, the annex to this paper reviews governance models for the chairperson(s) of governing bodies of relevant global funds and entities and presents some considerations on the role and responsibilities of a professional co-chair or facilitator, recognizing that some CIF members have specifically requested that such a model be explored.

² Rule of Procedure for Meeting of the TFC of CTF (Para. 26)/SCF (Para. 27)

24. Whether or not the Committees decide to appoint an independent chair or facilitator, the following responsibilities should be given priority attention by the Co-Chairs:

- a) ensuring correct procedures, adherence to the agenda while allowing adequate time for discussion, reaching clear decisions and overseeing consensus decision making;
- b) encouraging active and effective contributions by all members of the CTF and SCF; and
- c) providing advice and guidance when requested by the head of the Administrative Unit.

V. SUMMARIES OF THE MEETINGS

Challenge

25. The rules of procedure for the CIF meetings provide that the CIF Administrative Unit, under the guidance of the Co-Chairs, shall prepare a Co-Chairs' summary of the meetings, which records the conclusions of, and decisions reached at the meeting.

26. This procedure does not necessarily provide an opportunity for members to review the written text of decisions, and as a result, members have requested an opportunity, particularly with regard to issues on which it may be difficult to reach a consensus, to draft the decisions during the meeting, thereby at times extending the length of the meeting considerably.

Proposed measure

27. Beginning in May 2013, the Committees have adopted the following steps for issuing the Co-Chairs' summary of the meeting. This process was first agreed by the SREP Sub-Committee in June 2010, and it has proven useful in ensuring that there is agreement by all members on the summary without requiring extended discussions of the written text during Committee meetings. The following steps are to be followed:

- a) the CIF Administrative Unit prepares a draft summary, in consultation with the Co-Chairs;
- b) the draft summary is circulated to all members of the Committee for review;
- c) members of the Committee may provide comments on the draft summary to the Co-Chairs and the CIF Administrative Unit, copying other Committee members; and
- d) the Co-Chairs and the CIF Administrative Unit agree on the final summary, taking into account comments submitted by members. The Co-Chairs and the

CIF Administrative Unit will consult with members as required to reach agreement on the summary.

VI. DECISIONS BY MAIL

Challenge: Approval of CIF funding for projects

28. Although the current rules of procedure provide for a two week review period (as a minimum) of any decision proposed by mail for approval on a no-objection basis, experience shows that approval of projects has taken a much longer time due to comments, responses, and exchange of information and clarifications. This often results in a decision making process that is considerably longer, and that can cause uncertainty for the approval of a project at the level of the MDB, since the Board agendas of many MDBs are established well in advance.

Proposed measure

29. CIF Committees agree that the process for approving projects by mail should not exceed 4 weeks, and every effort should be made to ensure that approval is provided within this time frame.

30. Since some of the delays may arise from a mismatch of expectations as to the information that should be provided in project and program proposals submitted for funding approval, it is proposed that each Committee and Sub-Committee undertake an exercise that begins with members of each Committee or Sub-Committee providing a summary of the points that are not being consistently addressed in project proposals. Each Committee or Sub-Committee should then enter into a discussion with the MDBs organized by the CIF Administrative Unit to address these concerns, clarify expectations and generate mutual understanding of the information to be provided in both public sector and private sector proposals.

31. Furthermore, it is proposed that the following steps and understandings be applied to decisions by mail for approval of project funding:

- a) The period for review would be a maximum of *four weeks*.
- b) The CIF Administrative Unit would *not* be required to clear the proposed decision by mail with Co-Chairs in advance of circulating the decision to the Committee but would seek to circulate the proposed decision as expeditiously as possible after it is received from the MDB.
- c) The CIF Administrative Unit would circulate the proposed decision to approve funding, together with supporting documentation, with a request that any comments, questions or requests for clarification that would need to be responded to before a decision is made be submitted to the CIF Administrative Unit and the MDBs within *two weeks* of circulation of the proposed decision.

- d) If no comments, questions or requests for clarification that need to be responded to before a decision is made are received, and there are no objections to the decision, the decision approving funding will be approved within the *two week* period.
- e) If, however, there are such comments, questions or requests for clarification, the period would be extended by a maximum of *two weeks*.
- f) Any member or MDB may request the CIF Administrative Unit to organize a conference call with Committee members and the MDB(s) concerned within three days of receiving the request to allow for a discussion of the project.
- g) The MDB concerned would reply to any comments, questions or requests for clarification within *three weeks* of when the proposal was first circulated.
- h) Members would be expected to submit final comments and any objection within *four weeks* from the date that project was first circulated. There would be no further extension unless there is an agreement to do so by the Co-Chairs, after consultation with the CIF Administrative Unit and the MDB concerned.

Challenge: Approval of CIF policy papers

32. Policy papers require more time for review

Proposed measure

33. It is proposed that the following steps and understandings be applied to decisions by mail for approval of policy proposals:

- a) The CIF Administrative Unit will share the proposed decision and supporting documentation with the Co-Chairs and request their clearance to circulate the decision and supporting documentation for approval by mail. The Co-Chairs will reply within two business day. If there is no response from a Co-Chair, the Administrative Unit may assume that the decision can be circulated.
- b) The proposed decision and supporting documentation will be distributed by CIF Administrative Unit with a request that comments and/or any objection be submitted within *four weeks*.
- c) Any member may request the CIF Administrative Unit to organize a telephone conference with Committee members or a group of members to allow for a discussion of the policy paper.
- d) If the policy paper is not approved, a discussion of the paper will be included in the agenda of the next meeting of the Committee, unless there is agreement

between the Co-Chairs and the CIF Administrative Unit to circulate a revised paper for decision by mail.

34. All other decisions proposed for approval by mail will follow current practice.

VII. REPORTING

Challenge

35. Over the years, a significant amount of reporting has been requested from the CIF Administrative Unit, MDBs and the Trustee. At the time, some of these reporting requirements were intended to address specific concerns or meet certain needs which may no longer be relevant. In some instances, this proliferation of reporting has resulted in overlaps with other reporting requirements.

Proposed Measure

36. The CIF Administrative Unit, in collaboration with the MDBs and the Trustee, is undertaking a reporting requirement rationalization exercise to streamline the processes and achieve better efficiency. A comprehensive review and analysis of the reporting requirements will be undertaken to determine relevance of the reporting requirement, identify any duplication and quantify the impact.

37. This exercise will take place in two phases. Phase 1 will be a stocktaking of the existing reporting requirements, documentation of the current processes and development of initial findings. Phase 2 will be to consult various stakeholders, rationalize the requirements and form practical recommendations.

38. In undertaking this rationalization, reporting and monitoring under the Enterprise Risk Management Framework will be fully taken into account.

Annex – Review of chairing arrangements of other global funds

Introduction:

This annex reviews governance models for the chairperson(s) of governing bodies of relevant global funds and entities and presents some considerations on the role and responsibilities of a professional co-chair, recognizing that some CIF members have specifically requested that such a model be explored.

Governance models for chairperson of global funds and entities:

The chairperson(s) of governing bodies of funds is(are) generally responsible for the conduct of the meeting and for dealing with all procedural matters. They are also responsible for ensuring observance of the rules of procedure of the Board and adherence to the agenda. Governing bodies of various global funds and entities have adopted different governance models for the selection and role of the chairperson(s). This ranges from:

1. **CEO of the fund acting as the Chairperson of the Fund** – Two of the global funds that use such a governance model are:

*Global Environment Facility*³: Paragraph 18 of the GEF Instrument provides that at each meeting, the GEF Council shall elect a Chairperson from among its Members for the duration of that meeting. The elected Chairperson and the CEO/Chairperson of the GEF shall jointly conduct deliberations of the Council on various issues.

*International Fund for Agricultural Development (IFAD)*⁴: The President of the IFAD shall be Chairman of the Board and shall participate in its meetings without the right to vote.

2. **A Chair and a Vice-Chair elected from the governing body of the fund:** Two of the global funds and entities that use such a governance model are:

*Global Fund*⁵-Board Members select the Board Chair and Board Vice-Chair, with the two positions alternating every two years between the voting groups described in Article 7.6 of the by-laws of the Global Fund. In addition to chairing Board meetings, the Chair will also have an important advocacy, partnership and fundraising role.

*GAVI Alliance*⁶: The Chair and Vice Chair will be selected according to Article 12 of the Statutes from among voting Board Members (not Alternate Board Members). The Chair shall preside at all meetings of the Board and shall act as Chair of and preside at meetings of the Executive Committee.

³ http://www.thegef.org/gef/sites/thegef.org/files/publication/11488_English.pdf

⁴ <http://www.ifad.org/pub/basic/eb/e/!06exboa.pdf>

⁵ www.theglobalfund.org/documents/core/.../Core_GlobalFund_Bylaws

⁶ www.gavialliance.org/library/gavi-documents/.../gavi-alliance-by-laws/

3. Two Co-Chairs (CIFs and GCF) selected from the membership of the governing body

*Green Climate Fund (GCF)*⁷: Two Co-Chairs of the Board will be elected by the Board members from within their membership to serve for a period of one year, with one being a member from a developed country Party and the other being a member from a developing country Party. If a Board member is elected as Co-Chair, that member may request his/her alternate member to express the respective constituency's or regional group's viewpoint in deliberations.

Climate Investment Funds: For the CTF⁸ and SCF⁹, the rules of procedures define the selection, terms and role of the Co-Chairs. For the CTF, the rule states: "Pursuant to paragraph 26 of the CTF Governance Framework Document, the CTF Trust Fund Committee shall, at the meeting of the Trust Fund Committee convened six months following the Partnership Forum, elect (i) a representative from an eligible recipient country, and (ii) a representative from a contributor country, from among its Members to act as the Co-Chairs for the duration of the next term. The elected Co-Chairs shall serve in the Meeting in that capacity. The Members of such elected Co-Chairs shall appoint an Alternate to act for them in the Meeting."

4. Chairperson selected from outside the membership of the governing body:

Some of the recently established global entities have started exploring the governance models whereby the chairperson of the governing body (apex bodies of that entity) is selected from outside the membership of that entity. One such global entity is Principles for Responsible Initiative supported by the United Nations.

UNEP-PRI: The Principles for Responsible Investment (PRI) Initiative is a United Nations supported global investor initiative that counts many of the world's largest investment institutions among its 1,200 signatories, representing more than \$ 34 trillion. PRI's governance framework¹⁰ comprises a 16-person PRI Advisory Council (Council), made up of two permanent members from the United Nations, 13 elected representatives from all categories of signatory and regions of the world and an elected Chair, and a seven-person PRIA Board (Board), supported by several Committees. PRI Advisory Council is recruiting an independent chair for its Advisory Council.

All these governance models have their pros and cons for the conduct of business of governing body meetings and general functioning of global funds and entities. Following an analysis of these models, some issues have been presented below that could be employed for the governance model for the chairperson of the CIFs. This may help improve the efficiency of the CIF meetings.

⁷ http://www.gcfund.net/fileadmin/00_customer/documents/pdf/RoP.pdf

⁸ https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CTF_Rules_of_Procedure_November_08_TFC_Meeting.pdf

⁹ <http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/SCF%20Rules%20of%20Procedure%20for%20TFC%20meetings-FINAL.pdf>

¹⁰ <http://www.unpri.org/about-pri/pri-governance/>

5. **Current governance model for the chairpersons of CIFs**

The balanced governance structure and selection of one of the Co-Chairs from contributor and recipient countries in the CIFs has been marked as progress in governance structure of global funds. While keeping the larger interest of the CIFs in mind, the Co-Chairs are perceived to guard the interest of the respective constituencies. Joint co-chairing can also serve to advance consensus and the finding of middle ground when difficult issues arise.

6. **Alternative governance model for the chairperson of the CIFs**

It has been proposed that the CIF consider, as tried in some other global entities like the UNEP PRI, the selection and appointment of an independent chair or facilitator, who is selected from outside the membership of the governing body of the CIFs. A senior executive who possesses the competencies and capacity to perform the responsibilities of the chair or facilitator could be selected to lead the work and deliberations of the CIF meetings and to assume the current role of the Co-Chairs of the CIFs (for both CTF and SCF Sub-Committees and joint meetings).

The chair/facilitator would need to possess and utilize extensive experience, skills and collaborative leadership capabilities to facilitate the CIF meetings. The current secretary arrangements for the CIFs, performed by the head of the Administrative Unit, would continue to assist any independent chair or facilitator to fulfill her/his responsibilities in conduct of the meetings.

Key responsibilities that such an independent chair/facilitator could assume are:

- a) chair all CIF meetings, and ensure correct procedures, adherence to the agenda while allowing adequate time for discussion, reaching clear decisions and overseeing consensus decision making;
- b) encourage active and effective contributions by all members of the CTF and SCF; and
- c) provide advice and guidance when requested by the head of the Administrative Unit.

Key competencies for an independent chair/facilitator of the CIFs could include the following attributes :

- a) a high-level of understanding of climate finance architecture and operations of global climate funds;
- b) an in-depth understanding of and commitment to, the CIFs principles, core values, mission, operations and governance mechanisms;

- c) experience in acting as a representative and leader in partnerships and large governing bodies with an ability and capacity to network effectively and broadly; and
- d) a facilitative and consultative approach to chairing with diplomatic and strategic skills.

The selection of a professional co-chair would need to occur through an open, transparent and competitive process.