

# CLIMATE INVESTMENT FUNDS

October 15, 2011

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## **PROCEDURES FOR THE PREPARATION OF INDEPENDENT TECHNICAL REVIEWS OF PPCR AND SREP INVESTMENT PLANS**



## 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.<sup>1</sup>

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.<sup>2</sup>

3. A revised paper taking into account comments from the Sub-Committee Members was circulated to and discussed by the PPCR and SREP Sub-Committees at their meetings in June 2011. It was approved by the Sub-Committees, subject to changes agreed by the Members during the meetings.

## PROCESS FOR THE PREPARATION OF AN INDEPENDENT QUALITY REVIEW

### *Principles and Objectives*

4. As agreed by the SCF Trust Fund Committee in November 2011, an independent quality review will be undertaken for PPCR Strategic Programs for Climate Resilience and SREP 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;
- 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.

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<sup>1</sup> 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>

<sup>2</sup> The comments are posted on the CIF website under SCF Decisions by Mail ([http://www.climateinvestmentfunds.org/cif/scf\\_decisions\\_by\\_mail](http://www.climateinvestmentfunds.org/cif/scf_decisions_by_mail)).

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 an independent expert and should facilitate the process of endorsement. The review would focus on technical, social and environmental aspects for quality enhancement.

### *Process Overview*

8. PPCR Strategic Programs for Climate Resilience and SREP 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).<sup>3</sup>

9. Normally, one expert reviewer will be appointed from a roster of experts to undertake the review. However, upon request by the country, two experts may be appointed. The reviewer will be identified by the pilot country and the relevant MDBs early in the preparatory process of the investment plan. The Sub-Committee will be informed of the selected reviewer and will be able to express any objections within two working days. The review will consist of the following:

- a) The reviewer will 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 with (to be organized by video or telephone conference) the independent reviewer 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 reviewer and, if required, they may also choose to revise the note after any discussion with the reviewer.
- d) The review and the note will be submitted to the relevant Sub-Committee together with the proposed investment plan when it is submitted for endorsement.

### *Establishment of a roster of experts*

10. For the PPCR and the SREP, the CIF Administrative Unit will establish and maintain a roster of expert reviewers.

11. In establishing the rosters for the PPCR and SREP, the eligibility requirements described in Annex B will be applied. The CIF Administrative Unit will:

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<sup>3</sup> 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.

- a) receive and screen applications, and forward an initial roster of experts who meet the criteria to the MDB Committee with a request that the committee agree to the initial roster;
- b) send an MDB-agreed initial roster to the relevant Sub-Committee for approval no later than September 1, 2011;
- c) maintain a database of the agreed roster of experts that will be available through the CIF website;
- d) keep an open online call for experts interested in becoming part of the roster.

12. Recognizing that there will be an open online call for experts, applications of experts received after the roster is established will need to be vetted and approved for inclusion in the roster in accordance with procedures similar to the steps in paragraph 11 above. That is, the CIF Administrative Unit will receive and screen applications, will forward them to the MDB Committee to agree on their inclusion in the roster, and will submit the resumes of the experts, to the SREP Sub-Committee for approval through a decision by mail.

#### *Appointment of the reviewer*

13. The process to appoint an expert to prepare a review should be initiated as early as possible. To this end, the pilot country and MDBs will select an expert reviewer from the relevant roster and inform the CIF Administrative Unit of the selection. In appointing experts, pilot countries and MDBs should avoid any conflict of interest that may arise from selecting the reviewer.<sup>4</sup>

14. The pilot country and MDBs will develop the terms of reference for the review on the basis of generic terms of reference. The CIF Administrative Unit will circulate the terms of reference and resume of the proposed reviewer to the MDB Committee for approval.

15. Should a roster not yet be established when a review is requested, the country and the MDBs will agree upon a qualified expert to undertake the review and notify the CIF Administrative Unit. The CIF Administrative Unit will submit the expert's resume and proposed terms of reference to the MDB Committee for its agreement. Thereafter, the resume and terms of reference will be submitted to the Sub-Committee for approval on a no objection basis within five working days.

16. With regards to an approved request for a second review, as described in paragraph 27 below, the procedures identified in paragraphs 13-14 above will also be followed.

#### *Responsibilities of the reviewer*

17. The pilot country and the MDBs will decide on the length of the appointment and specify this length and period within the terms of reference.

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<sup>4</sup> 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. The reviewer will be responsible for:
- a) conducting a review of the first complete draft version of the investment plan in accordance with the criteria contained in Annex A and using the template contained in the attachment to annex C.
  - b) submitting the review to the pilot country and the relevant MDBs.
  - 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.
19. The independent reviewer 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; and,
  - d) to protect any confidential information provided in the course of the review both during and after the term of service.

*Responsibilities of pilot countries and MDBs*

20. Pilot countries and MDBs should involve the reviewer as early as feasible in reviewing the investment plan so that the review can be useful in shaping the final plan.
21. After selecting the expert reviewer, pilot countries and MDBs will agree with the reviewer on the terms of reference for the review as well as issues relating to the conduct of the review.
22. The country and MDBs will forward the terms of reference to the CIF Administrative Unit so that this unit may proceed with the approval of the selection of the reviewer and the terms of reference and with the administrative arrangements to contract the reviewer.
23. Pilot countries and MDBs will share the complete draft investment plan with the reviewer. The MDBs may choose to invite the reviewer to participate in any MDB review meetings. A country visit by the reviewer is not expected.
24. After receiving the review, pilot countries and MDBs 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 reviewer and, if deemed necessary, they may request a virtual meeting with the reviewer.

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

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

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

- a) Pilot countries, MDBs and the reviewer will 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 relevant program;
- b) If this is not achieved, the pilot country and MDBs will inform the CIF Administrative Unit that they consider the product of the reviewer 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;
- c) The CIF Administrative Unit will inform the MDB Committee and will add the request for a second review to the agenda of the next meeting of this committee;
- d) The 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 a different expert, will be subject to the process referred to in paragraph 9 above;
- e) The review considered to be unsatisfactory together with an explanation of why it was considered to be so will be submitted to the Sub-Committee together with the second review and the proposed investment plan when it is submitted for endorsement.

#### *Role of the CIF Administrative Unit*

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

- a) establishing and maintaining a roster of experts;
- b) circulating the terms of reference and resume of a reviewer from the roster proposed by the government and the MDBs to the MDB Committee for approval;
- c) pending the establishment of the roster, circulating the resume and terms of reference for the reviewer to the Sub-Committee for approval after MDB Committee agreement;
- d) contracting the expert reviewer;
- e) performing other administrative tasks related to the contracting of the reviewer.

29. Once the appointment of the reviewer has been approved, the CIF Administrative Unit will make publicly available the expert's name on the CIF website.

*Source of Funding*

30. The PPCR and SREP Sub-Committees agreed that resources to finance the expert review should be made available through the FY12 CIF Administrative Budget, drawing on resources approved for country programming.

*Review*

31. At the first regular 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 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 an investment plan, expert reviewers will assess whether the investment plan:

### ***General***

- a) complies with the principles, objectives and criteria of the relevant program as specified in the design documents and programming modalities
- b) takes into account the country capacity to implement the plan
- c) has been developed on the basis of sound technical assessments
- d) demonstrates how it will initiate transformative impact
- e) provides for prioritization of investments, adequate capturing and dissemination of lessons learned, and monitoring and evaluation and links to the results framework
- f) has been proposed with sufficient stakeholder consultation and provides for appropriate stakeholder engagement
- g) adequately addresses social and environmental issues, including gender
- h) supports new investments or funding additional to on-going/planned MDB investments
- i) takes into account institutional arrangements and coordination
- j) promotes poverty reduction, and
- k) considers cost effectiveness of proposed investments.

### ***Specific to each program***

#### ***PPCR***

- a) Climate risk assessment: The SPCR has been developed on the basis of available information on the assessment of the key climate impacts in the country; the vulnerabilities in all relevant sectors, populations and ecosystems; and the economic, social and ecological implications of climate change impacts.
- b) Institutions/ co-ordination: The SPCR specifies the coordination arrangements to address climate change: cross-sectoral; between levels of government; and including other relevant actors (e.g., private sector, civil society, academia, donors, etc).
- c) Prioritization: The SPCR has adequately prioritized activities taking into account relevant climate/risks and vulnerabilities and development priorities, sectoral policies; ongoing policy reform processes and existing, relevant activities and strategies.
- d) Stakeholder engagement/ participation: The SPCR has identified and addressed the needs of highly vulnerable groups.

## *SREP*

- a) Catalyze increased investments in renewable energy in total investment: The investment plan describes how SREP investments will attract other public and private finance and lead to replication through demonstration effects, institutional learning, and increased investor confidence. The investment plan should leverage additional resources from non-SREP sources, including lending operations of MDBs, complementary funds from other developmental partners such as bilateral, public sector resource allocations, and private sector commercial investments.
- b) Enabling environment: The investment plan presents the country's long term commitment to promoting renewable energy as part of its energy sector strategies and energy access goals. The investment plans also demonstrates how SREP support would assist pilot countries in strengthening their policies and institutions with a view towards enhancing the enabling environment for renewable energy investments.
- c) Increase energy access: Proposals for SREP funding result in increased energy access through the use of renewable energy by addressing in a programmatic manner the main barriers to expanding access.
- d) Implementation capacity: Programs will be executed through government and sub-sovereign agencies, financial intermediaries, private sector or civil society organizations. Programs will build local and national implementation capacity and institutions. Programs should address the viability of the proposed implementation model, including models to engage the private sector.
- e) Improve the long-term economic viability of the renewable energy sector: Funding should help provide reasonable return on investment so that renewable energy technology deployment is sufficiently attractive to bring in private sector participation, where feasible. The investment plan presents the country's strategy for private sector development in the renewable energy sector, particularly in terms of growth in enterprises in renewable energy generation, installation, and operation and maintenance services.
- f) Transformative impact: The investment plan demonstrates how it will initiate transformative change in achieving national-scale outcomes and the delivery of SREP aims and objectives.

## **Annex B: Eligibility Requirements for Expert Reviewers**

Experts proposed for inclusion in the roster should meet the following eligibility requirements:

- a) University degree in the fields of economics, environmental science, forestry, engineering or other related discipline.
- b) Demonstrated experience with public policy in developing countries.
- c) Demonstrated experience with mitigation and/or adaptation technologies and practices.
- d) Demonstrated private sector experience or understanding of the private sector.
- e) Language proficiency in English.
- f) The rosters should include experts with expertise for the relevant program but as a whole, the roster should include, among other things, a diversity of perspectives and knowledge, and experience in gender issues. The roster should include experts from both developed and developing countries. Gender balance should be sought in establishing the roster.
- g) For the PPCR roster, demonstrated experience in developing and implementing adaptation policies and investment projects in developing countries is required.
- h) For the SREP roster, experience in economics is required. Demonstrated experience in developing and implementing renewable energy policies and investment projects in developing countries is also required.

## Annex C

### GENERIC TERMS OF REFERENCE

#### INDEPENDENT TECHNICAL REVIEW OF THE [INVESTMENT PLAN] [STRATEGIC PROGRAM FOR CLIMATE RESILIENCE] 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 SCF Trust Fund 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, PPCR and SREP. 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 relevant program under the SCF;
  - d) provide knowledge and experience for interested stakeholders, including the members and observers to the PPCR and SREP Sub-Committees.
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 relevant program, and in facilitating the process of endorsement.

## Duties and responsibilities of the reviewer

5. The reviewer would conduct a review of the first complete version of the [Investment Plan][Strategic Program for Climate Resilience] of [country] in accordance with the procedures adopted by the Sub-Committee (see *Procedures for the Preparation of Independent Technical Review of PPCR and SREP Investment Plans*). The reviewer should familiarize him- or herself with the programming modalities, investment criteria, design document and other documents provided by the MDBs prior to undertaking this work.
6. In undertaking the review of an investment plan, the expert reviewer should assess whether the investment plan meets the general criteria below and the program-specific criteria contained in Annex A, including:
  - a. complies with the principles, objectives and criteria of the relevant program as specified in the design documents and programming modalities
  - b. takes into account the country capacity to implement the plan
  - c. has been developed on the basis of sound technical assessments
  - d. demonstrates how it will initiate transformative impact
  - e. provides for prioritization of investments, adequate capturing and dissemination of lessons learned, and monitoring and evaluation and links to the results framework
  - f. has been proposed with sufficient stakeholder consultation and provides for appropriate stakeholder engagement
  - g. adequately addresses social and environmental issues, including gender
  - h. supports new investments or funding additional to on-going/planned MDB investments
  - i. takes into account institutional arrangements and coordination
  - j. promotes poverty reduction
  - k. considers cost effectiveness of investments.
7. Submit the review to the government, [MDBs], and CIF Administrative Unit using the template contained in the attachment.
8. 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. Participate in the following meetings:
  - [...]
10. The reviewer should:
  - make all efforts to ensure a successful review whose main objective is to support the development of high quality investment plans.

- work in his or her personal capacity and perform duties in an objective, neutral and professional manner.
- protect any confidential information provided in the course of the review both during and after the term of service.
- disclose any potential conflict of interest relating to review activities.

### **Appointment of a reviewer**

11. The CIF Administrative Unit has established a roster of experts to perform the independent reviews. The reviewer is to be selected following the procedures approval by the Sub-Sub-Committees (see *Procedures for the Preparation of Independent Technical Review of PPCR and SREP Investment Plans*).

### **Timeframe:**

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

### **Reporting:**

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

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

### **Rate:**

15. *[To be determined depending on the experience/qualifications of the reviewer.]*

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

1. Title of the investment plan.
2. Program under the SCF.
3. Name of the reviewer.
4. Date of submission.
5. 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 PPCR and SREP investment plans and programs”.*
6. Part II: Compliance with the investment criteria or business model of the relevant program.  
*Please comment on whether the investment plan complies with the criteria specific for the relevant program, as indicated in Annex A of the “Procedures for the preparation of independent technical reviews of PPCR and SREP investment plans and programs”.*
7. Part III: Recommendations.  
*Please provide any recommendations that could enhance the quality of the investment plan.*