

# CLIMATE INVESTMENT FUNDS

SCF/TFC.10/4  
April 2, 2013

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Meeting of the SCF Trust Fund Committee  
Washington D.C.  
April 30, 2013

Agenda Item 5

## **REVIEW OF THE SCF TECHNICAL REVIEWS OF INVESTMENT PLANS**

## **PROPOSED DECISION**

The SCF Trust Fund Committee reviewed document SCF/TFC.10/4, *Review of the SCF Technical Reviews of Investment Plans*, and agrees with the overall assessment that the independent technical review process has provided high quality, effective inputs to the investment planning process under the SCF programs. The Trust Fund Committee invites the CIF Administrative Unit and the MDBs to take the following steps to further enhance the quality and effectiveness of any further technical reviews to be financed by the CIF:

- a) the assessment criteria within the terms of reference for reviews (Annex 1) should be revised to include a clear consideration of monitoring and evaluation and results frameworks;
- b) the CIF Administrative Unit should provide a briefing before a reviewer begins his/her work to explain key background on CIF policies, procedures, and ambition to enhance the quality of recommendations;
- c) reviewers should be encouraged to contact government counterparts and MDB focal points during the review process, including to seek clarification on questions or concerns; and
- d) the CIF Administrative Unit should highlight to FIP pilot country and MDB focal points that, if desired, they may propose additional experts to be added to the FCPF roster of experts.

## **I. INTRODUCTION**

1. At its meeting on May 1, 2012, the SCF Trust Fund Committee considered the status of the roster of experts for independent technical reviews of SCF Investment Plans. As part of its discussions the Trust Fund Committee requested the CIF Administrative Unit, in collaboration with the MDB Committee, to prepare for the next meeting of the Trust Fund Committee in November 2012, an analysis of the quality, effectiveness and value added of the technical reviews with a view to drawing lessons from the review process and/or revising the procedures, if necessary (Co-Chairs' Summary of the meeting, paragraph 7).

2. Accordingly, the CIF Administrative Unit, in collaboration with the MDB Committee, undertook a review of SCF independent technical reviews completed up to May 2012 within the FIP, PPCR, and SREP. In addition, a survey was circulated to all pilot country and MDB focal points requesting views and comments on the independent technical review process and its usefulness in finalizing investment plans. Using these views, the aims, procedures, quality, and application of technical reviews were analyzed, both across SCF and within each program. This analysis was then used to provide an assessment of overall success compared against the stated aims of the technical review process.

3. This paper presents this analysis and provides lessons learned and recommendations to guide the SCF Trust Fund Committee in its discussions on this issue.

## **II. BACKGROUND ON INDEPENDENT TECHNICAL REVIEWS**

4. In November 2010, the SCF Trust Fund Committee agreed that a focused independent technical review could contribute to enhancing the quality of plans within the SCF. To this end, the SCF Trust Fund Committee agreed that reviews should be independent and part of the development process of the investment plans and should:

- a) add value to the design process of the investment plan 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 SCF program; and
- d) provide knowledge and experience for interested stakeholders, including the members and observers to the SCF governing bodies.

5. Two sets of procedures were developed for SCF programs to facilitate these reviews—one for the PPCR and SREP<sup>1</sup>, and a second for FIP<sup>2</sup>. These procedures outline (a) the criteria against which an independent expert should review investment plans, (b) the role of the reviewer,

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<sup>1</sup> SREP/SC.5/CRP.2 “Revised Proposal for the Preparation of Independent Technical Reviews of PPCR and SREP Investment Plans”

<sup>2</sup> FIP/SC.7/10 “Procedures for the Preparation of Independent Technical Reviews of FIP Investment Plans”

MDBs, and CIF Administrative Unit in the review process, and (c) guidance on the structure of the technical review.

6. To facilitate reviews, the CIF Administrative Unit established and maintains a roster of experts for PPCR and SREP based on eligibility criteria laid out in the procedures for conducting reviews<sup>3</sup>. These rosters were endorsed by the MDB Committee, and then approved by the respective SCF Sub-Committee. The PPCR roster of experts was approved by the PPCR Sub-Committee in April 2012; the SREP roster of experts was approved by mail by the SREP Sub-Committee in October 2011.

7. The FCPF roster of experts<sup>4</sup> is used to identify FIP reviewers.

8. Reviewers are then drawn from these rosters. For PPCR and SREP, reviewers are identified by the pilot country and the relevant MDBs from the roster of experts during the investment plan preparation process. One reviewer is selected for PPCR and SREP investment plans<sup>5</sup>. The relevant SCF Sub-Committee is informed of the selected reviewer and is able to express any objections within two working days. For FIP, reviewers are identified from the roster by the CIF Administrative Unit; two reviewers are selected for each FIP investment plans. As for PPCR and SREP, the FIP Sub-Committee is informed of the selected reviewer and is able to express any objections within two working days.

9. Once selected, the CIF Administrative Unit facilitates the contracting of expert reviewers using a standard template, Terms of Reference, modified to fit specific country/region and SCF program details. Typically 5-8 days' work is included within contracts by the CIF Administrative Unit, although precise amounts were defined by pilot countries and MDBs.

10. Once contracted, the expert conducts a review of the investment plan in line with the criteria laid out in the procedures for technical reviews approved by the appropriate SCF Sub-Committee (Annex 1). The pilot country (or regional institution for a regional pilot) and the MDBs then prepare responses to the review describing how suggestions and recommendations have been considered in the investment plan. The review and responses are then submitted to the relevant SCF Sub-Committee along with the final investment plan for consideration.

11. As of June 2012, 7 reviews have been completed for FIP, 11 for PPCR and 6 for SREP. Within the PPCR, 8 investment plans were prepared before the SCF Trust Fund Committee introduced the independent technical review process. Consequently, these countries do not have reviews. In addition, one PPCR country has yet to submit its investment plan.

12. The following sections of this paper assess the quality, effectiveness and value added of these procedures and the resulting reviews. The analysis is based on a survey of pilot country/region and MDB focal points (Annex 2) as well as a desk review of the independent technical reviews themselves. The paper then compares the outcomes of the analysis with the

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<sup>3</sup> <http://www.climateinvestmentfunds.org/cif/content/scf-expert-quality-reviews>

<sup>4</sup> <http://www.forestcarbonpartnership.org/fcp/node/23>

<sup>5</sup> Upon request the country two experts may be appointed for SREP and PPCR Investment Plans.

stated aims of the review process and offers lessons learned and recommendations for consideration by the SCF Trust Fund Committee.

### **III. QUALITY OF INDEPENDENT TECHNICAL REVIEWS**

13. Most survey responses from pilot country and MDB focal points believe the quality of reviews is generally strong. Using the agreed template, reviewers have usefully highlighted substantive questions about the scientific, technological, public policy, and social aspects of the investment plan and offer recommendations to enhance the plan. Moreover, survey respondents highlighted a number of specific areas where technical reviews were particularly strong. These included technique for carbon accounting, economic modeling, social considerations, and public consultation processes.

14. The desk review of the technical reviews highlighted that the strongest reviews were those that provide both a criteria-based assessment (using both general and program-specific criteria provided in Annex 1), as well as more programmatic comments about the overall scale of proposed investments and their suitability to the technical context of the pilot country/region. This helped to situate the specific comments that are based on the review criteria. Given the programmatic intentions of CIF investment plans, more strategic comments are particularly valuable.

15. The desk review also illustrated that in some cases reviewers are consistently highlighting similar issues. Across all three SCF programs, for example, reviewers provided comments on improving country consultation and coordination. This is perhaps an area where existing guidance to MDBs and country focal points could be developed to address commonly occurring weaknesses in investment plans. The decision from ongoing discussions within the joint meetings of the CTF and SCF Trust Fund Committees on country coordination and stakeholder should strengthen provisions on country consultation and coordination.

16. Both the survey of focal points and the desk review suggest that an area for improvement in many technical reviews is the consideration of the monitoring and evaluation component of an investment plan and its link to the results framework. As shown in Annex 1, independent reviewers are asked to assess monitoring and evaluation provisions of investment plans within general criterion “e”. However, this criterion also covers prioritization of investments, stakeholder consultation and engagement, and adequate capturing and dissemination of lessons learned. In many reviews responses under this criteria focus on these other areas and consequently consideration of the suitability of chosen indicators and the proposed results framework tends to be brief. Given the ongoing discussions within all CIF programs on revising results frameworks, this is an area for strengthening moving forward as revised results frameworks are rolled out.

### **IV. APPLICATION AND EFFECTIVENESS OF REVIEWS**

17. The application and effectiveness of reviews are directly linked to the extent to which a technical review actually impacts the quality of the investment plan. The strongest reviews were those that clearly engaged with both government and MDB focal points during the review

process. Surveys highlighted that, in line with paragraph 18 of the procedures for both reviews, a number of reviewers engaged in several rounds of comments with both country/regional stakeholders and MDBs before submitting the final independent expert review to country government(s) and the CIF Administrative Unit.

18. The desk review also indicates that government representatives in some countries were engaged in detailed written dialogue during the review process (some of which was included in final reviews themselves) about technical aspects of investment plans, especially at the policy setting level to ensure an appropriate enabling environment was considered within investment plans and future CIF investments. These cases illustrate the important role the review process itself plays in addition to the output document in ensuring that technical reviews lead to substantive improvements in investments at the country level.

19. Both country and MDB focal points suggest that the utilization of completed reviews is also generally strong. In many cases, investment plans were modified or redrafted to incorporate review comments. In some cases reviewers were actively brought into this process by MDBs, although this was largely determined by individual Task Team Leaders. In three cases the recommendations of technical reviews has led to extensive redesign of investment plans and a delay in their anticipated submission to Sub-Committees.

20. In addition, technical reviews have been noted and quoted multiple times by Sub-Committee members during committee discussions on investment plans, illustrating their impact at both operational and governance levels within the CIF.

21. However, results from the survey indicate that not all reviewers were so closely involved. In some cases interactions were limited to a single exchange of technical comments and responses between reviewers and MDBs with no involvement of country focal points. MDBs and reviewers could be encouraged to engage country focal points in electronic correspondence on particular technical aspects of the review<sup>6</sup>.

22. At a more general level, some survey respondents noted that engaging reviewers during the final drafting stages reduces the extent to which their inputs influence the core design of investment plans. These respondents argued that reviewers should be engaged during investment plan *development*. However, others noted the challenge this poses to the independence of reviewers. Indeed, existing guidelines adopted by the SCF Trust Fund Committee emphasizes the importance of maintaining the independence of reviewers from the investment plans themselves. Changing current practice could result in a shift in the role of reviewers from appraisal to more technical assistance.

23. A final comment from two survey respondents concerned the need for greater awareness among reviewers about the policies and procedures of the SCF programs and CIF more broadly, as well as the adherence of reviewers to the specific review guidelines. In some cases MDB focal points spent time building knowledge about the strategic aims of the CIF with reviewers or felt the quality of reviews was undermined by lack of adherence to review guidelines. One

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<sup>6</sup> Note: in its initial discussions on the procedures for technical reviews, the SCF Trust Fund Committee removed provisions for country missions.

possible solution recommended was that the CIF Administrative Unit could provide a short virtual orientation/briefing for expert reviewers to build core knowledge about the strategic aims of CIF programs.

## **V. SPECIFIC ISSUES RAISED BY PROGRAM**

### **FIP**

24. There is some variation in the procedures for conducting independent technical reviews between SCF programs. As noted, the FIP has separate guidelines for reviewers, including the use of the existing FCPF Roster of Experts<sup>7</sup>. Feedback from surveys indicates that pilot countries are keen to move beyond exclusively using the FCPF expert roster for FIP independent technical reviews. In particular, one pilot country and one MDB noted in their responses that governments and MDBs should be able to nominate independent experts to a FIP roster to ensure local knowledge is available for the review process.

25. Under current arrangements<sup>8</sup>, FIP pilot countries, MDBs, and the CIF Administrative Unit may propose additional experts to the FCPF roster of experts. Four additional experts have been added through this modality. Given the responses from pilot countries in surveys, greater awareness may need to be created highlighting this option for pilot countries.

26. An additional point noted by one MDB was difficulties encountered in cases where FIP investment plans were reviewed by two experts and where the two sets of comments were contradictory.

### **PPCR**

27. Survey respondents were largely positive about experiences with independent reviews within the PPCR. However, it was noted that the delay in establishing a Roster of Experts and the delayed approval of that roster contributed to delays in selection of reviewers in some cases, adding to transaction costs and slowing investment plan finalization.

## **VI. VALUE FOR MONEY**

28. Survey responses indicated that reviewers add to the overall quality of investment plans. Financially, in the context of overall preparation costs for investment plans within the SCF, technical reviews are a relatively small expense (Table 1). While the cost of reviews is covered outside preparation grant budgets, this comparison provides an indication of the relatively low cost for this service. Compared to average preparation grants for investment plans, average costs of independent technical reviews are at most one thirty-fifth of the cost (Table 1). The double review required for FIP investment plans increases the overall costs of the FIP review process; however, even here costs compared to investment plan preparation are comparatively low.

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<sup>7</sup> <http://www.forestcarbonpartnership.org/fcp/node/23>

<sup>8</sup> Procedures for the Preparation of Independent Technical Reviews of Investment Plans under the FIP, 28 November 2011 (paragraph 12)

29. Given the overall costs of developing an investment plan, the independent technical review is a comparatively small additional cost. This is particularly so given that it reduces the need for multiple MDBs to each conduct—and finance—quality reviews. Hence there is an economy of scale in addition to lower costs.

30. However, a number of survey responses noted the additional transaction costs created by undertaking independent reviews. Difficulty in reaching consensus on reviewers, time required to brief reviewers on CIF processes, and caps on consultant fees were all noted as reasons for this. While some of these costs are to some extent inevitable when contracting external services, issues such as briefings could be addressed through a more formalized briefing process for all reviewers.

Table 1: Comparison of Investment Plan Preparation Grants and Costs of Technical Reviews

| SCF Program | Average IP/SPCR Preparation Grant | Average Technical Review Cost | Comparison Ratio |
|-------------|-----------------------------------|-------------------------------|------------------|
| SREP        | \$210,833                         | \$5177                        | 1:40             |
| PPCR        | \$583,737                         | \$5031                        | 1:116            |
| FIP         | \$212,750                         | \$5989                        | 1:35             |

(As of June 2012)

## VII. OVERALL ASSESSMENT OF INDEPENDENT TECHNICAL REVIEWS IN ACHIEVING STATED AIMS

31. Based on this analysis, Table 2 summarizes how the independent technical review process has delivered against the aims set out by the SCF Trust Fund Committee in November 2010 (paragraph 4 in this paper).

Table 2: Summary of Independent Technical Review Success in Achieving Stated Aims

| Aim of Technical Review  | Assessment of Success in Achieving Aim   |
|--|--|
| 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>Achieved</b> – pilot country and MDB focal points see reviews as adding value to the investment planning process. The high quality of reviews improves the overall quality of Investment Plans.   |
| Be part of the country-led preparation process of an investment strategy or plan;  | <b>Partially Achieved</b> – while noting the importance of the independence of reviewers, the strongest reviews engaged in substantive and detailed dialogue with country stakeholders during the <i>review</i> process. However, not all reviews engaged in this way, and dialogue was limited to MDB focal points. |
| Reflect the objectives and investment criteria of the targeted program   | <b>Achieved</b> – reviews generally provided a good assessment of investment plans and their contribution to SCF aims and criteria.  |

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|---|---|
| Provide knowledge and experience for interested stakeholders, including the members and observers to the SCF governing bodies | <b>Achieved</b> – reviews are systematically posted on the CIF website and many are annexed to investment plans. In addition, reviews are circulated to government and MDB focal points, and, along with government and MDB responses, are then forwarded to the respective Sub-Committee with the final investment plan. |
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### VIII. LESSONS LEARNED AND RECOMMENDATIONS

32. Overall the independent technical review process provides high quality, effective inputs to the investment planning process within SCF programs. It largely achieves its stated aims and provides value for money within planning processes.

33. An overarching lesson emerging from the SCF programs’ experience with technical reviews is the importance of clarity in the role and timing of reviews. In the case of the CIF, the Trust Fund Committee and Sub-Committees’ decided to focus the role of the reviewer at the end of the investment planning process, emphasizing the importance of the independence of the technical appraisal. In the context of the CIF’s program cycle, where MDBs provide technical assistance for the preparation of investment plans, engaging reviewers in the final draft of the investment plan, and thus giving them independence from the plan itself, works well. It balances adequate assistance for preparation through the MDBs with an independent review and opportunity for feedback in the final preparation stages. As such, the scope of independent reviews within the CIF should continue to be limited to reviewing alignment of investment plans with SCF program criteria.

34. Based on the feedback received and analysis of technical reviews, there a number of recommendations for further enhancing the quality, effectiveness, and value added of any further technical reviews to be financed by the CIF:

- a) Revise assessment criteria within the terms of reference for reviews (Annex 1) to include a clear consideration of monitoring and evaluation and results frameworks;
- b) Increase clarity of the role of reviews through the CIF Administrative Unit providing briefings before reviewers begin their work to explain key background on CIF policies, procedures, and ambition to enhance the quality of recommendations;
- c) Encourage reviewers to contact government counterparts and MDB focal points during the review process, including to seek clarification on questions or concerns; and
- d) For FIP reviews, highlight to country and MDB focal points that, if desired, they may propose additional experts to be added to the FCPF roster of experts.

## **Annex 1: Extract from document SREP/SC.5/CRP.2 “Revised Proposal for the Preparation of Independent Technical Reviews of PPCR and SREP Investment Plans”<sup>9</sup>**

### **PPCR AND SREP INVESTMENT PLANS**

General assessment criteria:

- 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, stakeholder consultation and engagement, adequate capturing and dissemination of lessons learned, and monitoring and evaluation and links to the results framework
- f. adequately addresses social and environmental issues, including gender
- g. supports new investments or funding is additional to on-going/planned MDB investments
- h. takes into account institutional arrangements and coordination
- i. promotes poverty reduction
- j. considers cost effectiveness of 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.

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[http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/SREP%20and%20PPCR%2010%20Proposal%20for%20prep%20independent%20tech%20reviews%20IPs\\_SREP\\_sc\\_revised\\_version.pdf](http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/SREP%20and%20PPCR%2010%20Proposal%20for%20prep%20independent%20tech%20reviews%20IPs_SREP_sc_revised_version.pdf)

## 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.

## **FOREST INVESTMENT PROGRAM (FIP)**

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 2: Template Survey of Pilot Country and MDB Focal Points

### Analysis of the Quality, Effectiveness, and Value Added of Investment Plan Technical Reviews within the SCF

#### Template Survey for a draft paper for SCF Trust Fund Committee, June 2012

At its meeting on 1 May 2012 the SCF Trust Fund Committee considered the status of the roster of experts for technical reviews of SCF Investment Plans. As part of it is discussions the Trust Fund Committee requested the CIF Administrative Unit, in collaboration with the MDB Committee, to prepare for the next meeting of the Trust Fund Committee in November 2012, an analysis of the quality, effectiveness and value added of the technical reviews with a view to drawing lessons from the review process and/or revising the procedures, if necessary (Co-Chairs' Summary of the meeting, paragraph 7).

To build an accurate picture of the value added of SCF technical reviews the CIF Admin Unit is undertaking a survey of pilot country governments and MDBs to gather views on the review process and areas for improvement. This survey is presented below. Please complete and return the survey to [cifadminunit@worldbank.org](mailto:cifadminunit@worldbank.org) by June 18 2012.

Many thanks.

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|--------------------------|--|---|
| <p>Review Procedures</p> | <p>At what stage were reviewers engaged in IP development?</p> <p>Did government or MDB staff request meetings with reviewers to discuss the review?</p> <p>Are there ways review procedures could be accelerated?</p>   | <p>[Please write your answers here]</p> |
| <p>Quality</p>           | <p>Did reviews provide good quality feedback on technical issues?</p> <p>What areas of feedback were strongest/most useful?</p> <p>What areas of feedback were weakest/least useful?</p> <p>Were there areas/issues that were consistently highlighted by reviewers?</p> |   |

|                               |  |  |
|-------------------------------|--|--|
| Application/<br>Effectiveness | <p>Were significant revisions made to IPs based on technical reviews?</p> <p>Were reviewers engaged in this process? Who initiated this?</p> <p>To what extent were reviewers engaged with country stakeholders?</p> |  |
| Program-specific<br>Issues    | Is there variation in your answers between PPCR, SREP, and FIP? If so, please briefly explain.   |  |
| Any other<br>comments         | Please provide any other comments not already captured by your answers   |  |