



**GREEN
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GCF/B.15/12

13 December 2016

Terms of Reference of the Review of the Structure and Effectiveness of the Independent Technical Advisory Panel

Summary

This document presents a proposal for the terms of reference of the review of the structure and effectiveness of the independent Technical Advisory Panel, which was requested by the Board through decision B.10/09. The terms of reference include the scope, methodology, and expected outcomes of the review.

I. Introduction

1. In its decision B.09/10, the Board approved the terms of reference of the independent Technical Advisory Panel (the Panel, or the TAP). The terms of reference state that the Panel operates as an independent technical advisory body of the Fund, and is engaged on all funding proposals (not prejudging possible simplification of the proposal approval process for certain activities) independently assessing their performance against the Fund's investment criteria. In addition, the terms of reference allow the Board to expand the TAP's mandate in the future in order to provide strategic insights and share lessons learned.

2. The terms of reference define the composition and structure of the Panel, which would be comprised by six members – three from developing countries and three from developed countries, with gender balance, and with collective expertise covering a range of specialties related to adaptation, mitigation, the private sector, financing, and development and implementation of projects in developing countries. The terms of reference also allow the Panel to call additional experts if the need for specialised knowledge arises, through procurement by the Secretariat.

3. At the 10th Meeting of the Board in June 2015, the first three experts were endorsed as initial members of the Panel. These members reviewed the first set of funding proposals submitted for the Board's consideration at its 11th Meeting. In its 12th Meeting in March 2016, the Board endorsed three additional candidates, completing the roster of the Panel. In their decision, the Board noted that, with this endorsement, the Panel deviated, on an exceptional basis, from the geographic balance established in the terms of reference.

4. At its 10th Meeting, through decision B.10/09, the Board requested the Secretariat to conduct, in consultation with the Investment Committee, a review of the independent Technical Advisory Panel's effectiveness, to be provided to the Board for consideration at its 14th Meeting. At its 13th meeting, the Board decided to include the review in the work plan for 2017, and requested the Investment Committee to provide the draft terms of reference of the review for Board's consideration as appropriate. At its 14th meeting, as part of decision B.14/07, noted that the investment committee would propose terms of reference for the review of the independent Technical Advisory Panel at the fifteenth meeting of the Board.

II. Scope of the review

5. The Board, through Decision B.10/09, outlined three aspects that would be subject to assessment in the review of the independent Technical Advisory Panel's effectiveness:

- (a) Projected demands on the Panel and its associated capacity to assess funding proposals in terms of time commitment and range of technical expertise;
- (b) Any specific gaps in the Panel's technical expertise that should be filled through the appointment of additional Panel members (including from the UNFCCC roster of experts as appropriate) rather than ad hoc technical support; and
- (c) Costings for the recruitment and employment of such additional Panel members.

6. In the 12th Board Meeting, the Board decided to include the matter of the Panel's composition, including balance in terms of geographic and technical expertise coverage, as part of the review of the Panel's structure and effectiveness.

7. Guidance has been further provided by the Board to include in the scope of the review a revision of the Panel's role in the updated Proposal Approval Process vis-à-vis the Secretariat, Accredited Entities, the Investment Committee and the Board, as well as an assessment of the possibility of early engagement at the concept note stage. The Board also requested to review

the operation of the Panel, in particular with views to gradually standardizing feedback and recommendations and achieving internal consensus as a Panel. Further guidance has also been provided regarding the scope of the review of the Panel's capacity, workload, working practices and budget, and to ensure that the review includes consultations with different stakeholders involved in the review process.

III. Recommendation

8. It is recommended that the Board adopts the Terms of Reference included in annex II to this document, and that it mandates the Secretariat to immediately initiate the process to commission an independent third party to carry out the review.

IV. Deliverables

9. An interim update on the status of the review report will be provided to the Investment Committee prior to the final report. The final report will be presented to the Board at its 17th Meeting.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.15/12 titled “Terms of Reference of the Review of the structure and Effectiveness of the Technical Advisory Panel”:

- (a) Adopts the terms of reference of the review of the structure and effectiveness of the independent Technical Advisory Panel as set out in annex II;
- (b) Requests the Secretariat to commission an independent third party to implement the review of the Technical Advisory Panel’s structure and effectiveness in accordance with the terms of reference adopted;
- (c) Further requests the Secretariat, in consultation with the Investment Committee, to provide the final report for the consideration of the Board at its seventeenth meeting; and
- (d) Notes that the review of the structure and effectiveness of the independent Technical Advisory Panel should take into consideration outcomes of the review of the initial proposal approval process.

Annex II: Terms of reference of the review of the structure and effectiveness of the independent Technical Advisory Panel

I. Objective of the review

1. The overall objective of the review is to ensure that the composition and capacity of the TAP allows it to perform the review of funding proposals in a timely way and with high quality delivery. The review will assess the structure and effectiveness of the Panel, and its ability to review funding proposals that have undergone the Secretariat's second level due diligence. It will also assess the TAP's role in the revised proposal approval process and in other potential functions where its expertise can provide value for the Fund and its stakeholders such as the accredited entities and the national designated authorities.

II. Scope

2. In particular, the review will focus on the following aspects:

- (a) Projected demands on the TAP and its associated capacity to assess funding proposals in terms of time commitment and range of technical expertise;
- (b) Panel composition, including balance in terms of geographic and technical expertise coverage;
- (c) Any specific gaps in the Panel's technical expertise that should be filled through the appointment of additional Panel members rather than ad hoc technical support;
- (d) Costings for the recruitment and employment of such additional Panel members;
- (e) Cost-effectiveness of the current modus operandi of the Panel;
- (f) The usage of the roster of experts established to support the work of ITAP and the adequateness of its budget allocation;
- (g) The current and potential roles of the Panel in the Fund's proposal approval process (including simplified processes for certain activities and concept notes), pipeline development strategies, and knowledge and learning functions, as well as the division of labour between the TAP and the Secretariat;
- (h) Working practices, including the timing of the Panel's reception of funding proposals and delivery of its assessment findings, the use of experts from the roster of experts available to ITAP, and the details and procedures of the feedback process with the Accredited Entities and the Secretariat;
- (i) The quality and usefulness of the TAP's recommendations to the Board;
- (j) The potential effectiveness of extending the review of the Panel to other aspects that concern investments' appraisal such as the technical, economic and financial aspects which are detailed in the funding proposals' annexes.

3. The review will take into account the relevant decisions of the Board and the terms of reference of the independent Technical Advisory Panel, as well as inputs from the Secretariat regarding the current and projected funding proposal pipelines. It will also take into account the limitations due to the short timeframe in which the Fund, and the Panel in particular, has been operational.

4. The review will provide recommendations on how the quality and effectiveness of the Panel's advice to the Board can be enhanced, through consideration of, inter alia:

- (a) Additional capacity to fill gaps in technical expertise in areas where the current or foreseen level of demand so requires, as well as to meet the time demands for the review of the funding proposals;
 - (b) Possible redundancies in terms of geographic and technical expertise coverage, with respect to the observed needs related to the composition of the funding proposal pipeline;
 - (c) Areas in which the need for specialized knowledge is likely to arise, requiring the procurement of experts as external consultants;
 - (d) Ways to address the imbalances in the geographic balance noted by the Board in decision B.12/05, as well as any other imbalances that may be observed;
 - (e) Improvements and cost effectiveness in the operation of the Panel, including virtual and in-person discussions, standardization, clarity and quality of feedback, conditions and recommendations, and the individual or collective nature of the TAP review outcomes;
 - (f) Enhanced clarity of the role of ITAP and improvements in the way in which the Panel interacts with the AEs, the GCF Secretariat and the Board, drawing on the experience of the GCF and other similar funds, and regarding its roles and responsibilities, timing of interactions, provision of deliverables, etc.
 - (g) Additional roles that the Panel may take to improve the operation of the Fund and its ability to generate a high-quality pipeline, such as providing strategic insight and lessons learned, or early feedback on concept notes;
 - (h) Changes in the role of the TAP in the Proposal Approval Process, including interaction with accredited entities at an early stage of project design and during the TAP's funding proposal review;
 - (i) Additional capacity and budget needed to undertake those functions.
5. In addition, the review will compare the current business model (Panel composed by individual part time consultants) with other possible solutions that can provide cost-effectiveness maintaining the same type of representation standards (geographical balance, gender balance, etc.). This may draw on experiences from other funds that have a similar technical panel function.

III. Methodology

6. The review of the TAP's structure and effectiveness will be conducted by an independent third party (the consultant/firm) in collaboration with the Secretariat, and in consultation with the Investment Committee.
7. The consultant/firm will review, inter alia, the following documentation:
 - (a) The proposal approval process and the respective roles of the TAP and Secretariat in the review and assessment of funding proposals;
 - (b) The Terms of Reference of the Panel;
 - (c) The list of proposals submitted to the Panel;
 - (d) The work assigned to and conducted by each TAP expert;
 - (e) The TAP assessments for the funding proposals considered so far;
 - (f) Records of the amount of days worked by each TAP expert;
 - (g) Records of the discussions in TAP meetings; and

- (h) The composition of the expected future pipeline, to be provided by the Secretariat.
- 8. The consultant will conduct interviews with the Panel's members to record potential gaps, recommendations and good practices that the Panel may have identified in the course of its operations.
- 9. The consultant will also conduct interviews with other stakeholders, including the Secretariat, members of the Investment Committee, Board members, Accredited Entities and other stakeholders to identify potential issues, needs and opportunities for improvement in the aspects under review.
- 10. The consultant will provide, in consultation with the Investment Committee, specific recommendations to improve the structure and effectiveness of the TAP, focusing on the aspects discussed in section II.

IV. Deliverables

- 11. An interim update on the status of the review report will be provided to the Investment Committee prior to the final report. The final report will be presented to the Board at its 17th Meeting.
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