
Annex XIX: Terms of reference of the Private Sector Advisory Group**I. Role and functions**

1. The role of the Private Sector Advisory Group is to make recommendations to the Board on the Fund-wide engagement with the private sector and modalities to that end.
2. In fulfilling this role, the Private Sector Advisory Group will:
 - (a) Make recommendations to the Board on how the Fund, including its Private Sector Facility (PSF), should engage the private sector in order to catalyse, mobilize and leverage flows of private climate finance in developing countries and make best use of the knowledge on best available technologies;
 - (b) Make recommendations to the Board on the design and application of the Fund's policies, procedures and financial instruments as they relate to engagement with the private sector;
 - (c) Make recommendations to the Board on engaging the private sector in climate-resilient development, particularly in Africa, and in adaptation activities at national, regional and international levels;
 - (d) Make recommendations to the Board on promoting the participation of private sector actors in low-emission and climate-resilient development in developing countries, in particular local actors, including small- and medium-sized enterprises and local financial intermediaries;
 - (e) Make recommendations to the Board on activities to enable private sector engagement in low-emission and climate-resilient development in small island developing States and least developed countries; and
 - (f) Respond to other matters on which its advice is sought by the Executive Director or the Board.
3. The Risk Management Committee and the Investment Committee will consider recommendations and advice provided to them by the Private Sector Advisory Group.

II. Membership and observers

4. The Private Sector Advisory Group will comprise:¹
 - (a) Two developing country Board members or alternate members;
 - (b) Two developed country Board members or alternate members;
 - (c) Up to four private sector representatives from developing countries;
 - (d) Up to four private sector representatives from developed countries; and
 - (e) Up to two civil society representatives from developed and developing countries.
5. The Executive Director may attend the meetings of the Private Sector Advisory Group.
6. The following criteria will apply to the selection and appointment of all members of the Private Sector Advisory Group:
 - (a) Expertise in climate finance and investment;
 - (b) Expertise in leveraging and/or mobilizing private finance in developing countries; or

¹ Decision B.04/08, paragraph (i).

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- (c) Expertise in private sector activities and technologies relating to low-emission and climate-resilient development.
7. In addition, the private sector representatives on the Private Sector Advisory Group will each be experts in their fields and:
- (a) Have a proven track record of direct or indirect engagement in private sector investment, such as in project finance, private sector project development, private equity, energy trade, carbon finance, institutional investment, asset management, or private investment in emerging markets;
 - (b) Include eminent experts on different approaches to maximizing the amount and effectiveness of private and innovative sources of climate finance; and
 - (c) Include at least one representative with expertise in corporate governance and risk management structures.
8. In addition, the civil society representatives will:
- (a) Have experience within an environmentally-focused civil society organization or organizations that have a regional or global scope of operations; and
 - (b) Have experience in building partnerships between civil society actors and the private sector, governments and/or research experts, to increase the effectiveness of climate finance.
9. Members of the Private Sector Advisory Group will serve for an initial term of 18 months.
10. Private Sector Advisory Group members that are private sector representatives and civil society representatives will serve in their personal capacity.
11. In recognition of the criteria applicable to the members of the Private Sector Advisory Group, panel members may not delegate their responsibilities under the group to other individuals.
12. The two private sector and two civil society active observers on the Board of the Fund may, in an observer capacity only, attend Private Sector Advisory Group meetings and be provided with any meeting documentation considered by the Group.

III. Duration

13. The Private Sector Advisory Group will exist for an initial duration of three years, after which the Board will evaluate the usefulness and continued necessity of the Group, including amending its membership and these Terms of reference, as considered necessary.

IV. Guidelines for operation

14. Provisions will be put into place to manage actual and potential conflicts of interest.