

April 21, 2011

Comments from Norway on Quality Review of SCF Investment Plans and Strategies

Dear Admin Unit colleagues,

We thank you for the opportunity to comment on the “Proposal for the Preparation of Independent Technical Reviews of SCF Investment Plans”. We apologize that our comments are delayed, due to extended sick leave. We were the ones to propose such a review process under the FIP, and we are very committed to make the review work to enhance the effectiveness of the SCF. We see great potential in this process if done right. We have the following suggestions for further improvements for the next version:

- **The independent nature of the reviews must be strengthened.** While the proposal states that the reviews should be independent, the process does not ensure to a sufficient degree that this will be the case in practice:
 - o We think the main objective should be to assess whether the submitted investment plan meets the relevant objectives, principles and criteria of each fund rather than “to ensure a successful review whose main objective is to enhance the quality of the investment plan”. A review that by default must be “successful” will not assist the sub-committees in making good investment decisions. A good review will improve the quality indirectly – through a good discussion in the relevant sub-committee taking into account the truly independent review.
 - o To ensure independence (both from the pilot country who has drafted the strategy and the MDBs who have assisted the country in doing so), the expert should not be picked by the pilot country and relevant MDB. Rather, the Admin Unit should set up a review team that collectively hold the relevant competency to review the country’s proposal. Similarly, the TOR should not be developed by the country or MDBs, but be very general in nature (i.e., to assess compliance with all agreed principles, objectives and criteria of the respective fund) and apply to all countries.
- **Widen the scope.** In the FCPF, REDD+ Readiness Preparation Proposals (R-PPs) are reviewed by 5-8 reviewers, who meet in person even though the grant to implement the R-PP is only USD 3.6m. The review team includes experts with knowledge of REDD+ including technical issues relevant for REDD+, social issues (including indigenous issues, poverty etc), and country knowledge. This review process is applied even for draft proposals that are submitted only for feedback and not for grant approval. We think that for investment strategies of many times the magnitude in terms of funding, a similarly thorough process is merited. This much larger but still relatively minor up-front financial investment will in our view have great potential to increase the effectiveness of the programs under the funds and the overall effectiveness of the SCF.
- **Implications for the review process:** We believe the review should occur after the review is submitted to the relevant subcommittee, so that the SC members (who will bring their comments from various experts within their own systems) can comment on the same

investment strategy that has been assessed by the review team. The review should be submitted to the sub-committee at least one week prior to the SC meeting. Within that week, the country may also have the opportunity to prepare a response to the sub-committee. This process gives the review team three weeks to conduct the work, while not delaying the process for countries. The Admin Unit should hire consultants in advance, based on the prior notification from countries that an investment strategy will be submitted within the deadline set for a specific sub-committee meeting (i.e, four weeks in advance). If a second review is requested, this should occur for the next sub-committee meeting.

We are happy to discuss these proposals for improvements with the Admin Unit or interested committee members.

Kind regards,

Andreas Dahl-Jørgensen, on behalf of Per Pharo