

Terms of Reference S3I Advisory Committee

Background

Given the immense need for infrastructure investment in order to achieve the UN Sustainable Development Goals by 2030, the Sustainable Infrastructure Impact Investments (S3I) initiative has been launched by UNOPS to create step-change opportunities for stakeholders to generate healthy financial returns, with positive social, environmental and economic impacts.

S3I is currently exploring a range of potential sustainable infrastructure opportunities around the world, with a focus on three core areas: renewable energy, affordable housing and health infrastructure.

Purpose

The Committee for S3I Investment Proposals will be comprised of independent external experts with complementary competencies in the infrastructure investment area, advising the S3I Chief Executive (CE) on S3I investment proposals within the context of the policy framework set out by the Executive Director (ED) of UNOPS. In its advisory capacity, the Committee pays due regard to the mission-critical *impact* aspirations of S3I investments.

The Committee reviews individual investment proposals and related risks, makes recommendations to the CE on investment decisions, monitors the portfolio of approved projects and the management of the investment pipeline. The Committee reports to the CE of S3I. The Advisory Committee also prepares an annual report to the ED of UNOPS on S3I investments and any lessons learnt.

Composition and term of office

- The Chief Executive of S3I shall appoint the members of the Advisory Committee and designate one of them as chair. The Advisory Committee shall have a minimum of three and a maximum of five members.
- The S3I CE shall always attend the meetings or be represented. The CE may choose to be accompanied by S3I personnel or external consultants who will act *ex officio*.
- The external members will contribute on the basis of their skills and competences in the following areas: impact investing, infrastructure projects, emerging economies, early-stage equity/venture capital, risk management, accounting/valuation methodologies. The members must be independent and articulate in their contributions. The committee as a whole needs to continually retain a fair and diverse representation of these skills for it to be effective.
- The Advisory Committee will strive to achieve consensus in its advice but, in the absence of consensus, the chair will ensure any dissenting views to be fully recorded and communicated, and recommendations will follow a simple majority rule.
- The Chair of the Committee will liaise with the CE of S3I in preparation for the meetings, and the Director of Infrastructure Investment from the S3I team who will act as Secretary to the Advisory Committee, to support the work of the committee and ensure appropriate follow up.

- The Advisory Committee membership will initially be for the term of one-year renewable; after the first renewal, a subsequent term should be for two years to ensure continuity. No member should serve more than three full terms of two years.
- Committee members will receive compensation for their efforts; reasonable relevant costs incurred will be reimbursed.

S3I investment process and the role of the Advisory Committee

The investment process of S3I is guided by the strategy and policy framework set by UNOPS Executive Director (ED) and Senior Leadership Team (SLT). The S3I investment process is a staged process allowing for the necessary checks and balances. The role of the Advisory Committee is highlighted in the different steps below.

Step 1: S3I Office originates the investment opportunities and prepares an **investment opportunity assessment** for individual project proposals. All new project proposals shall undergo risk assessments at all stages of the investment review. All identified risks shall be recorded in the investment risk register and shall include an evaluation of the risk and a risk mitigation proposal.

Step 2: S3I Office presents an **Initial Review to the Advisory Committee** for endorsement. Any risks exceeding the S3I risk tolerance limits as well as any matters of great importance, as determined by the CE of S3I, must be recorded.

Step 3: Following **Advisory Committee endorsement of the Initial Review** (by simple majority), S3I will launch the final due diligence process.

Step 4: Subject to the positive results of the final due diligence, S3I prepares a **Final Review** to be presented to the Advisory Committee for final investment endorsement. The Advisory Committee will issue a recommendation by a simple majority vote, which will be submitted to the CE for the final decision making.

Step 5: The CE of S3I **has full delegated authority to approve all investment proposals** which:

- comply with policies and procedures
- are supported by the Advisory Committee
- do not exceed in the opinion of the S3I team any agreed S3I risk appetite limits
- do not include other matters of great importance, as determined by the CE of S3I, that should be brought in advance to the attention of the ED

Step 6: The S3I Investments team prepares an **Implementation Memorandum** detailing all the implementation milestones of **all approved investments**.

- The Advisory Committee will also be tasked to monitor the implementation of the approved investment projects. The CE of S3I will present any material deviation from the implementation plan detailed in the Implementation Memorandum for advice by the Advisory Committee. In addition, a quarterly implementation report will be presented to the Committee for review and advice.
- Any decision on exiting an investment will be presented to the Advisory Committee for advice.

Working methods and Advisory Committee meetings

- The Advisory Committee will periodically review the S3I investment portfolio and project pipeline and advise on implementation issues and management of the pipeline and priority setting within the investment operations.
- On an annual basis, the Advisory Committee will review the experience of project implementation, the contribution of the projects to social impact, the relationship with partners, the effectiveness of mobilising private sector finance, etc.
- The Committee will have at least one physical meeting per annum, where S3I team members may be requested to attend. Other interested parties may be invited to attend meetings, with the prior knowledge of the Chair, and in consultation with CE.
- A summary of the Advisory Committee findings on the “lessons learnt” will be presented to the S3I CE and the UNOPS ED.
- Given the nature of the S3I investment process, the work of the Advisory Committee is primarily driven by the investment opportunities, risks and implementation issues as and when they arise. This necessitates flexible and agile working methods with meetings of the committee organized at short notice and consultations on an ad hoc basis. Most of the Advisory Committee meetings will be by video conference.

Interested parties may send their CV and cover letter to natachas@unops.org before 31 January 2021