

CLIMATE INVESTMENT FUNDS

CTF/TFC.10/8
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Meeting of the CTF Trust Fund Committee
Istanbul, Turkey
November 3, 2012

Agenda Item 6

REVISED CTF RESULTS FRAMEWORK

PROPOSED DECISION

The CTF Trust Fund Committee, having review document CTF/TFC.10/8, *Revised CTF Results Framework*, approves the proposal and invites recipients of CTF funding and the MDBs to apply the revised results framework to develop monitoring and evaluation systems for CTF investment plans and related projects and programs, taking into account country circumstances and building on national monitoring systems and the MDBs approach and procedures for managing for results.

REVISED CTF RESULTS FRAMEWORK

BASIC PRINCIPLES

The revised CTF results framework serves as a basis for moving forward in developing M&E systems for CTF investment plans (IP) and related projects and programs. The application of the CTF results framework (in common with all the results frameworks under the Climate Investment Funds) is based on the following principles:

- a) **National monitoring and evaluations (M&E) systems** – The results framework is designed to operate: (i) within existing national monitoring and evaluation systems; and (ii) the MDBs' own managing for development results (MfDR) approach. The development of parallel structures or processes for CTF monitoring and evaluation will be avoided. National systems and capacities will be taken into account when applying the results framework.
- b) **Flexible and pragmatic approach** – The framework will be applied flexibly taking into account country circumstances. Country circumstances need to be taken into account in selecting relevant indicators and subsequent reporting. The proposed indicators need to be field tested. However, it is expected that countries include CTF program outcome indicators in their results frameworks for their investment plans. The results framework embraces the CIF principle of learning - a trial-and-error learning approach is explicitly encouraged. Existing investment plans will be revised as part of the on-going efforts to update or revise country investment plans. This will be the opportunity to bring existing investment plans in line with the revised results framework. The revised results framework will apply to all projects that have not yet been approved by an MDB. Approved projects will not be retrofitted, but it is noted that most projects have already taken on board the indicators proposed in the revised results framework already.
- c) **Data collection and reporting standards** – In order to be able to aggregate country-level results at the programmatic level, i.e. the level of the investment plan, a set of core indicators¹ will be measured using compatible methodologies. These core indicators have to be built into each project/program in order to be readily available for aggregated reporting at the level of the investment plan.

¹ The suggested indicators in table 1 are core indicators. Results frameworks of specific projects can comprise many other indicators but for the purpose of aggregation and comparison the proposed indicators are recommended for the national M&E systems and the project/program results frameworks.

I. INTRODUCTION

1. In its meeting in November 2010, the CTF Trust Fund Committee approved the results framework for the Clean Technology Fund (CTF) as a living document with the understanding that it would be revised after field testing. The fourteen CTF countries, one regional program, and the multilateral development banks (MDB) have attempted to apply the approved results framework in developing investment plans and project/program interventions, but significant difficulties have emerged. CTF countries and MDBs have expressed the view that the approved CTF results framework is too ambitious and complex and would benefit from simplification.

2. Key constraints are:

- a) The results chain is unclear; in consequence CTF countries have difficulties to develop their own results chains.
- b) Several investment plans were approved without a results framework in place. Hence, some indicators will need to be applied ex-post and alignment with approved projects proves difficult, if there are too many standard indicators.
- c) There are too many indicators across multiple levels, creating confusion over objectives and raising the transaction cost.
- d) Most of the indicators do not correspond to the data/statistics that countries/MDBs collect through existing processes, making it very difficult and costly to establish baselines.
- e) Many indicators do not allow uniform application and aggregation across all programs, hence making it impossible to report on overall results of CTF.

3. In line with the approved *Measures to Improve the Operations of the Climate Investment Funds*, the CIF Administrative Unit and the MDBs are proposing a revised CTF logic model and results framework to the CTF Trust Fund Committee for its review and approval.² This proposal is based on (a) an interpretation of the key CTF objectives; (b) an improved understanding of what is possible as part of the development and implementation of an investment plan; and (c) consultations with the MDBs and recipient country counterparts.

4. The main purpose of the proposed results framework is to establish a basis for future monitoring and evaluation of the impact, outcomes and outputs of CTF-funded activities. In addition, the proposed results framework is designed to guide CTF countries, regional programs and MDBs in further developing their own results frameworks to ensure that CTF-relevant results and indicators are integrated in their own monitoring and evaluation (M&E) systems at the country or the project/program level.

² See CIF. 2011. *Proposed Measures to Improve the Operations of the Climate Investment Funds*, paragraph 39.

5. Section 2 introduces the revised CTF logical model. Based on the logic model, section 3 outlines the proposed CTF results frameworks with result statements and indicators. The last section outlines briefly necessary changes in the project/program documentation to reflect the simplified M&E approach.

II. THE REVISED CTF LOGIC MODEL

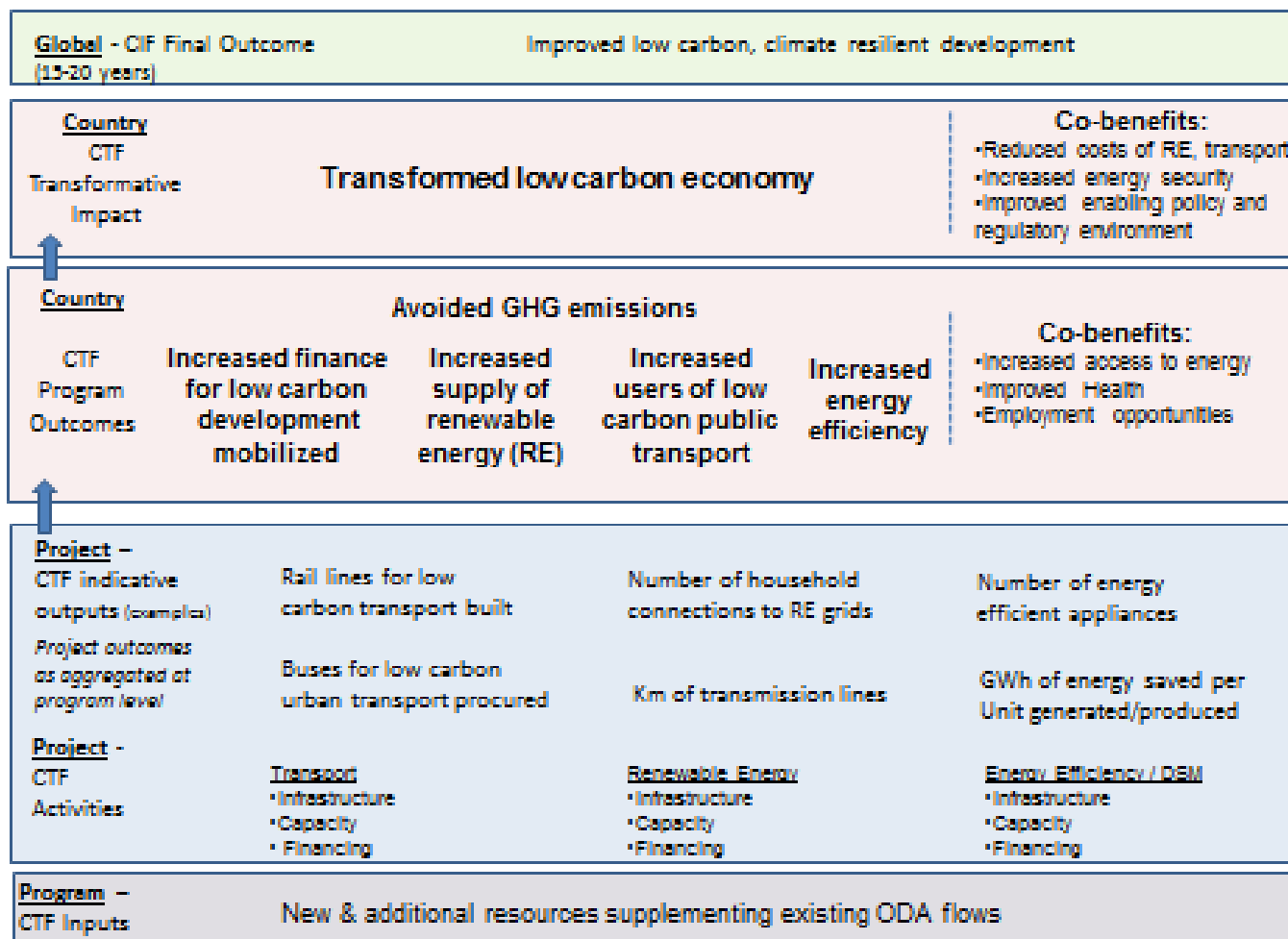
6. The logic model is a diagram intended to demonstrate the cause and effect chain of results from inputs and activities through to project outputs, program outcomes, and national/international impacts. The logic model broadly illustrates the results chain, but does not go into details on each indicator. One of the strengths of the logic model is the flexibility with which it can be applied to a variety of circumstances and contexts. As with all results frameworks these logic models should not be seen as a blueprint for implementation, but rather a framework that can be adjusted as progress is made and lessons are learnt, especially at the project and country levels of the results chain.

7. The revised logic model gives greater focus to key operational objectives of CTF than the one approved in November 2012.

8. The stated impact objective for CTF is: *Transformed low carbon economy*. The proposed outcome objectives for CTF are: (a) avoided greenhouse gas (GHG) emissions; (b) increased finance for low carbon development mobilized; (c) increased supply of renewable energy (RE); (d) increased access to public transport; and (e) increased energy efficiency.

9. CTF will contribute to these results through programs and projects that build infrastructure, develop capacity, and provide financing. These programs and projects will produce significant co-benefits. Investments in renewable energy will increase the energy capacity in general and diversify the energy provision mix, thereby reducing the costs of renewable energy and increasing energy security. It is also assumed that the activities under the CTF will result in a stronger consideration in national planning of the impact of decisions (especially in the energy and transport sector) on GHG emissions. Furthermore, the increase in renewable energy, low carbon transport and energy efficiency are expected to increase the access to energy and lead to improved health through reduced pollution and particle emissions. Finally, it is expected that CTF investments will have positive employment effects and thereby contribute directly to reduced poverty.

Figure 1: Logic model – CLEAN TECHNOLOGY FUND (CTF) – REVISED



III. CTF RESULTS FRAMEWORK

10. The results framework in table 1 shows the core elements of the performance measurement system. It combines the results statements with the indicators. The first two columns represent the results statements as stated in the logic model. The results framework outlines the CTF transformative impact and the CTF program outcomes. The transformative impact cannot be achieved only by CTF interventions. It requires a truly national effort to move into a low carbon development pathway by providing scaled-up financing to contribute to demonstration, deployment and transfer of low-carbon technologies with significant potential for GHG emissions savings. CTF is an important part and catalyzer for this bigger change agenda in the CTF countries.³ However, it is expected that CTF projects/programs contribute directly to the CTF outcomes: (a) avoided GHG emissions; (b) increased finance for low carbon development mobilized; (c) increased supply of renewable energy (RE); (d) increased access to public transport; and (e) increased energy efficiency.⁴

11. The framework does not include project/program outputs, activities, products and services, because these are specific to each project/program. The MDBs will, in conjunction with each recipient country, develop detailed results frameworks with indicators for each individual project/program financed by the MDBs. In most cases, these frameworks will utilize indicators that are more sector-specific than the indicators in this CTF framework. Such an approach emphasizes also the commitments to (a) a managing for development results (MfDR) approach with emphasis on impact and outcomes; and (b) the requirement to work within the MDBs' own project/program management approach.

12. The columns three to five of the CTF Results Framework represent the indicators for each result. The performance indicators (column three) together with the baselines (column four) and targets (column five) are what the program will use to measure expected results. The targets and baselines are currently available only for a limited number of indicators. The Results Framework was designed in such a way that it does not require baselines for most indicators. The CTF countries, regional programs and the MDBs have to cooperate closely to establish targets. The last column briefly outlines the means of verification or data source.

13. The responsibility for reporting on progress in achieving transformation rests with the CTF country focal point or the agency designated by the government. However, the progress of the proposed indicator for the impact level can be measured using data available in the public domain. Other analytical or evaluative approaches will be needed to help us gain better insights into how, why and what kind of transformation has been achieved or not.

³ CTF will also face the attribution gap challenge. The further up in the results chain, factors come into play that are not directly or indirectly under the influence of projects or programs. Changes towards low carbon development pathways will be influenced by many variables and therefore will be difficult to attribute "exclusively" to CTF interventions. However, projects and programs should make efforts to articulate a results chain from project and program interventions up to CTF outcomes and impact to allow future evaluations to assess the underlying assumptions at project and program design stage.

⁴ Not all countries will place the same emphasis on all three areas of intervention. Some countries might focus mainly on renewable energy and energy efficiency; others might prefer to focus on transport. Key is that the results frameworks of the investment plans provide a clear results-chain reflecting the transformation agenda.

14. The MDBs in consultations with government and/or private sector counterparts will report on the progress on core indicators and portfolio implementation annually. More detailed reporting will be provided biannually tied to the planned country stakeholder consultations.

15. Overview on reporting responsibilities

MDB and CTF focal point in country will be responsible for:

- a) establishing baselines and targets for CTF specific indicators:
 - i. for existing investment plans by April 20, 2013⁵: Those will be revised as part of the country investment plan update/revision process. The CTF focal point in country should inform the CTF Trust Fund Committee of any revisions that are made.
 - ii. for new investment plans: in pre-approval phase and to be validated before approval of individual projects (approved projects will not be retrofitted, but most projects have taken on board the indicators proposed in the revised results framework already.)
- b) reporting on program outcomes (implementation of each of the investment plans) by means of the outcome level indicators of the results framework. Reports will be submitted to the CIF Administrative Unit by **30 July** each year. The CIF Administrative Unit will transmit the reports to the CTF Trust Fund Committee.

The CIF Administrative Unit will be responsible for:

- a) undertaking a light touch quality review of all the investment plans implementation progress reports, checking them for completeness and consistency and submitting them to the CTF Trust Fund Committee prior to the second CTF Trust Fund Committee (i.e., in **mid-October**).
- b) preparing a **synthesis report** based on all investment plan implementation progress reports to be included in the CIF Annual report (by **30 January** the following year.)

⁵ Before next TFC meeting

Table 1: Results Framework – CLEAN TECHNOLOGY FUND (CTF) – REVISED

The CTF Program outcome indicators B1 and B2 are mandatory for all projects, outcome indicators B3, B4 and B5 will be chosen depending on the type of project

Results	Explanation of the result statement	Indicators	Baseline	Targets	Means of verification
TRANSFORMATIONAL IMPACT					
A. Transformed low carbon economy		INDICATOR: Country level ⁶ GHG/unit of GDP			Key World Energy Statistics (IEA)
CTF PROGRAM OUTCOMES⁷					
B ⁸ 1.Avoided GHG emissions		INDICATOR: Tons of GHG emissions reduced or avoided	Not applicable (NA), because indicator is an absolute figure.		National M&E system and M&E framework of the implementing agency

⁶ Measuring energy intensity per sector does make sense and we therefore strongly encourage MDBs and CTF countries to additionally capture sector and sub-sector level indicators.

⁷ Data for applicable core indicators will be collected at project/program level and aggregated at IP level.

⁸ Calculations for indicators B1 and B3-5 should be based on installed capacity.

Results	Explanation of the result statement	Indicators	Baseline	Targets	Means of verification
B2. Increased finance for low carbon development mobilized		INDICATOR: Volume of direct finance leveraged through CTF funding – disaggregated by public and private finance	NA		National M&E system and M&E framework of the implementing agency
B3. Increased supply of renewable energy (RE)		INDICATOR: Installed capacity (MW) as a result of CTF interventions	NA		National M&E system and M&E framework of the implementing agency
B4. Increased access to public transport		INDICATOR: Number of additional passengers (men-women) using low carbon public transport as a result of CIF intervention.	NA		National M&E system and M&E framework of the implementing agency
B5. Increased energy efficiency		INDICATOR: Annual energy savings as a result of CTF interventions (GWh)	NA		National M&E system and M&E framework of the implementing agency

16. As **project level output/intermediate indicators** are specific to each project/program, and the priorities of each country that this represents, it is proposed that they are not specified by the CTF results framework. However, project/program documentation will demonstrate how the output indicators that are selected will help achieve outcomes at the CTF program (country) level.

17. It is recommended that project/program documentation explains how the project/program will contribute to achieve **co-benefits at the transformative impact level** and documents those, in a gender responsive way, as appropriate. For example:

- a) **Reduced cost of low carbon technologies and practices:** It is expected that in CTF countries over time economies of scale will be in place, which will contribute to a reduction of costs of the low carbon technologies and practices.
- b) **Energy security:** Increased output from low carbon technologies and practices is expected to improve the overall provision and diversification of energy services at the country level compared to the current situation, thereby improving reliability and energy security.
- c) **Improved enabling policy and regulatory environment for low carbon technologies and practices:** Considerations of GHG emissions may be integrated into planning, policy and regulatory processes in national sectors or other institutional contexts. It is expected that CTF results in changes how GHG emissions are treated in planning documents.

18. Co-benefits are also expected at the **outcome level**. Their nature will depend on the respective investment plans and national strategies:

- a) **Access to energy** co-benefits: In some countries an increased and improved provision of energy results in a general increase of energy availability. Conscious efforts may be required to ensure that the increased availability results in an increase in access to energy, particularly for poor men and women.
- b) **Health** co-benefits: Improved health of women, men and children is also a likely co-benefit of investments in low carbon technologies and practices. Low-carbon transport enables reducing local pollution and accidents. RE is in general characterized by decreased local air pollution when compared to fossil fuels. Reductions in air pollution result in fewer respiratory health problems.
- c) **Employment** co-benefits: It is expected that investments in low carbon technologies and practices will also have some direct and indirect employment benefits, in terms of both temporary and long-term jobs for poor women and men.

19. Project/program documentation submitted for approval to the CTF Trust Fund Committee will outline and, where possible, quantify expected positive development co-benefits beyond the immediate project outputs. It is expected that key or underlying assumptions about co-benefits are clearly articulated in the project documents so that ex-post evaluations can assess the effectiveness of supported interventions. It is required that at least one indicator for a development co-benefit is identified and integrated for each project/program financed under the CTF.

20. Below is a sample of indicators that can be used to measure development co-benefits, which may result from low carbon technologies and practices as well as transport projects under the CTF. It is recommended that these indicators, where possible, capture disaggregated data, e.g. disaggregated by gender, poverty, urban/rural. Sample indicators include:

- a) Improved energy security
- b) Reduced imports of fuel
- c) Environmental co-benefits from reduced local pollution (tonnes NO_x, SO₂, PM /yr)
- d) Development of local industry
- e) Increased employment
- f) Reduced energy supply costs
- g) Increased reliability of power for industry and business
- h) Savings in travel time for public transit users
- i) Technology cost reduction
- j) Commercial losses reduction
- k) Reduced number of road accidents
- l) Improved facilities for pedestrians and NMT (non-motorized transport)

The links below take you to M&E sites of MDBs and show how MDBs monitor development impact.

MDB	Web link	Comment
African Development Bank	http://www.afdb.org/en/topics-and-sectors/topics/quality-assurance-results	Once on site, link to the doc “Bank Group Results Measurement Framework”
Asian Development Bank	http://www.adb.org/site/development-effectiveness/main http://www.adb.org/documents/development-indicators-reference-manual-concepts-and-definitions/ http://www.adb.org/key-indicators/2011/main	Main link Reference manual: A newer reference
European Bank for Reconstruction and Development	http://www.ebrd.com/pages/research/analysis/impact.shtml	
Inter American Development Bank	http://www.iadb.org/document.cfm?id=35804499	Table 3
International Finance Corporation	http://www1.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_Ext_ernal_Corporate_Site/IDG_Home/Result_Measurement_System/	

World Bank	http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:22453640~menuPK:5122355~pagePK:41367~piPK:51533~theSitePK:40941,00.html	
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IV. CONCLUSION

21. The revised results framework is based on the first-hand experiences of the CTF countries and the MDBs in implementing the original CTF results framework. A preliminary analysis across the program revealed that most countries have difficulties in establishing a complex M&E system, which would have been required under the original results framework. Hence, this proposal was developed with MDB and CTF country input to simplify the CTF results framework before countries get too advanced in project/program preparation.

22. The revised CTF results framework reduces the number of indicators from 31 to 6. These six indicators cover two M&E levels – transformative impact and CTF program outcomes. The indicators cover avoided GHG emissions, increased finance, increased supply of low carbon technologies and practices, increased access to public transport and increased energy efficiency in order to transform CTF countries into low carbon economies. Although there would be fewer indicators, it will still be necessary to test the practicality of the results framework, particularly linking projects/programs with higher level country objectives.