

CLIMATE INVESTMENT FUNDS

SREP/SC.7/3
April 17, 2012

Meeting of the SREP Sub-Committee
Washington, D.C.
May 1, 2012

Agenda Item 4

PROPOSAL FOR REVISED SREP RESULTS FRAMEWORK

Proposed Decision by SREP Sub-Committee

The Sub-Committee reviewed and endorses document SREP/SC.7/3, *Proposal for Revised SREP Results Framework*, and requests the CIF Administrative Unit to submit the revised framework to the SCF Trust Fund Committee for approval at its meeting on May 1, 2012.

INTRODUCTORY NOTE

At its March 2012 meeting, the SREP Sub-Committee reviewed document SREP/SC.IS.2/8, *Proposal for Revised SREP Results Framework*, and requested the CIF Administrative Unit to take the Sub-Committee's comments into account in proposing a revised SREP results framework to be circulated to the Sub-Committee for approval by mail before the end of March. This timeline was proposed in order to allow the newly revised document to be submitted for final approval to the SCF Trust Fund Committee during its meeting in May 2012.

The document was duly revised and circulated to the Sub-Committee on April 3, 2012, for review and endorsement. During the review period, however, Sub-Committee members from the Netherlands and Switzerland expressed reservations about the revisions and did not support its endorsement (comments from Sub-Committee members are annexed to this document).

Consequently, the SREP Sub-Committee is invited to discuss the proposal for a revised SREP results framework with a view to agreeing on a final text. If the SREP Sub-Committee endorses a revised framework at the meeting, it will be submitted to the SCF Trust Fund Committee at its meeting on May 1, 2012, with a request that the Trust Fund Committee approve it.

REVISED SREP RESULTS FRAMEWORK

BASIC PRINCIPLES

1. The application of the SREP results framework (in common with all the results frameworks under the Climate Investment Funds) is based on the following principles:
 - a) **Living document** – The revised SREP results framework is a living document to serve as a basis for moving forward in developing M&E systems for SREP investment plans and related projects and programs.
 - b) **Field testing** – The logic model and results framework comprise a set of assumptions which need to be further tested in light of on the ground experience in the pilot countries. MDBs will need to report progress in field testing to the CIF Administrative Unit on an annual basis. Further revisions of the logic model and the results framework might be needed in light of the experience gained.
 - c) **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 SREP monitoring and evaluation will be avoided. National systems and capacities will be taken into account when applying the results framework.
 - d) **Flexible and pragmatic approach** – The framework will be applied flexibly and pragmatically taking into account pilot country circumstances. As noted above, the proposed indicators need to be field tested. Country circumstances need to be taken into account in selecting relevant indicators and subsequent reporting. However, it is expected that pilot countries include at least 2 out of the 3 SREP program outcome indicators in their investment plan results frameworks. The results framework embraces the CIF principle of learning - a *trial-and-error learning approach* is explicitly encouraged.
 - e) **Data collection and reporting standards** – In order to be able to aggregate country-level results at the programmatic level (investment plan), a set of core indicators¹ will be measured using compatible methodologies. This is especially true for indicators for the core objectives of the SREP: Reduced energy poverty and increased energy security.

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

2. In its meeting in November 2010, the joint Meeting of the CTF-SCF Trust Fund Committees approved the logic model for the Scaling-Up Renewable Energy Program in Low Income Countries (SREP) as a living document with the understanding that it would be revised after field testing. The six pilot countries 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. Pilot countries and MDBs have expressed that the approved SREP results framework is too ambitious and complex and would benefit from major simplification.

The key constraints are:

- a) The results chain is unclear; in consequence pilot countries have difficulties to develop their own results chains.
- b) There are too many indicators across multiple levels, creating confusion over objectives and raising the transaction cost.
- c) 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.
- d) Many indicators do not allow uniform application and aggregation across all programs, hence making it impossible to report on overall results of SREP.

3. In line with document CTF-SCF/TFC.7/4 *Proposed Measures to Improve the Operations of the Climate Investment Funds* to enhance the performance of the CIF, the CIF Administrative Unit and the MDBs are proposing a revised SREP logic model and results framework to the SREP Sub-Committee.² This proposal is based on (a) an interpretation of the key SREP objectives; (b) an improved understanding of what is possible as part of the development and implementation of a SREP investment plan; (c) recently initiated work on improved energy indicators in support of the Sustainable Energy for All initiative; and (d) consultations with the MDBs and recipient country counterparts, including a discussion in the SREP pilot country meeting and SREP Sub-Committee in March 2012 in Kenya.

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 SREP-funded activities. In addition, the proposed results framework is designed to guide pilot countries and MDBs in further developing their own results frameworks to ensure that SREP-relevant results and indicators are integrated in their own monitoring and evaluation (M&E) systems at the country or the project/program level.

5. Section 2 introduces the revised SREP logical model. Based on the logic model, section 3 outlines the proposed SREP results frameworks with result statements and indicators. The last

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

section outlines briefly necessary changes in the project/program documentation to reflect the simplified M&E approach.

II. THE REVISED SREP 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 is not intended to show how these results will be measured through indicators. 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.

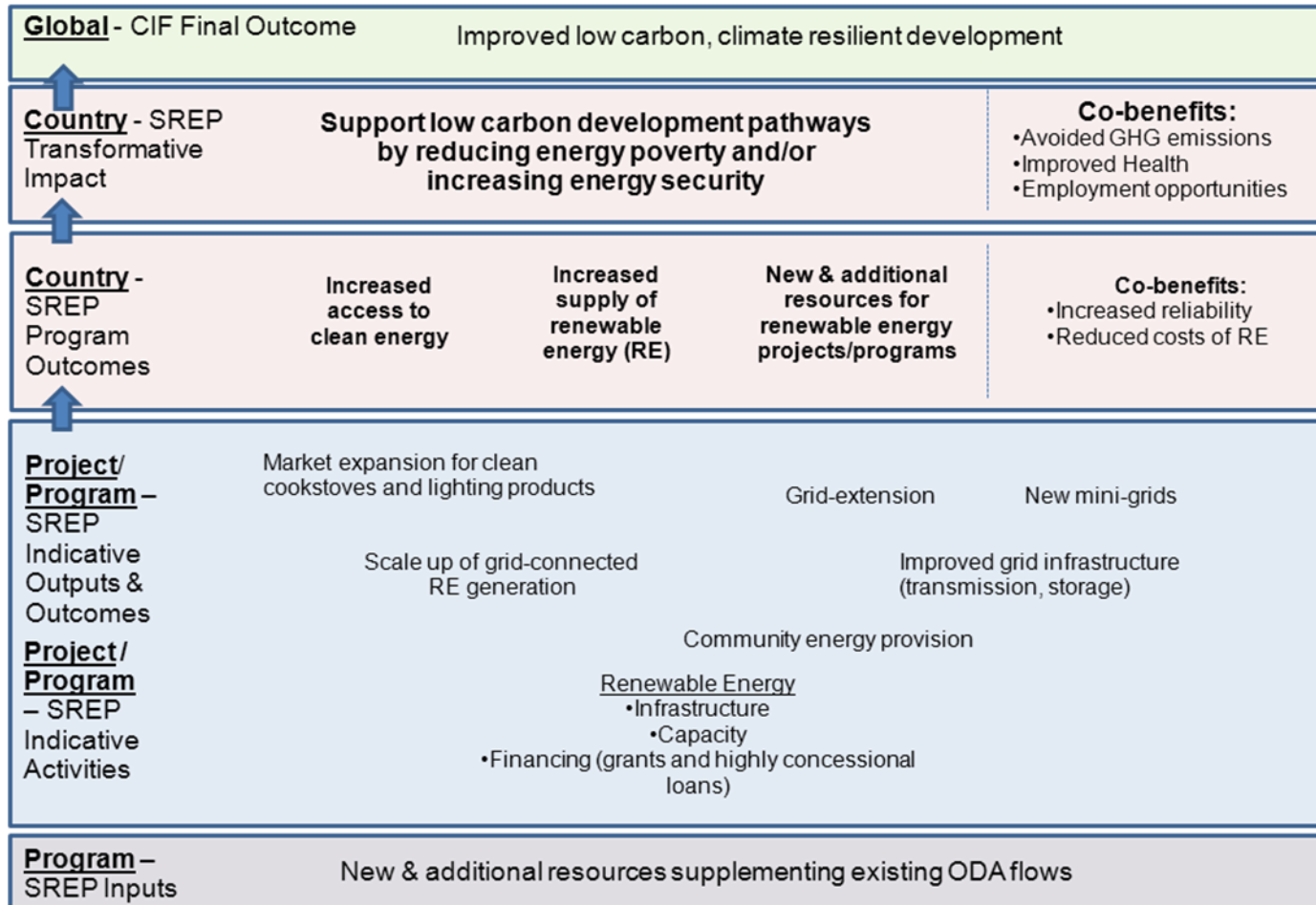
7. The original SREP logic model was approved by the Joint Meeting of the CTF-SCF Trust Fund Committees in November 2010. It is suggested to change the current logic model to give greater focus to the key operational objectives of SREP. Other objectives, if any and co-benefits are incorporated by explicitly stating the assumptions and proxies underlying them, and would be incorporated in any ex-post evaluation of SREP or individual country programs.

8. The stated impact objective for SREP is to *support low carbon development pathways by reducing energy poverty and/or increasing energy security*. The proposed outcome objectives for SREP are: i) increased access to clean energy; ii) increased supply of renewable energy; and iii) maximize leverage of new and additional resources for renewable energy projects/programs. Because funding to SREP is classified as ‘climate finance’ by many CIF contributors³, it is proposed that the SREP results framework also include a measure of the GHG emissions co-benefits associated with an increased supply of RE at the outcome level. Due to the complexity of this issue, and the link to other CIF programs, the Sub-Committee will allow further time for consideration of the metric(s) to be used.

9. SREP will contribute to these results through programs and projects that build infrastructure, develop capacity, and provide financing. Investments in renewable energy (RE) infrastructure will increase the supply of electricity and heat from low carbon sources, thereby supporting low carbon development and increased energy security. It is assumed that programs/projects will, over time, also help improve the reliability and economic viability of renewable energy provision at the country level when compared to conventional energy sources. The outputs in the project/program section are provided as examples of potential investment areas. Investment plans submitted by the SREP pilot countries will have to articulate explicitly the expected results chain for envisaged projects/programs. A key supporting factor will be the adoption and implementation of low carbon development plans and/or the enactment of policies, laws and regulations for the promotion of RE.

³ See CIF 2010. *SREP Programming Modalities and Operational Guidelines*, paragraphs 20-23.

Figure 1: Logic model – Scaling Up Renewable Energy Program in Low Income Countries (SREP) – REVISED



III. SREP RESULTS FRAMEWORK

10. The following tables contain the expected results flowing from the logic models and the indicators that are proposed to measure them.

11. The results framework in table 1 summarizes 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 SREP Transformative Impact and the SREP Program Outcomes. The transformative impact cannot be achieved only by SREP interventions. It requires a truly national effort to move into a low carbon development pathway by reducing energy poverty and/or increasing energy access. SREP is an important part of this bigger change agenda in the SREP pilot countries. However, it is expected that SREP projects/programs contribute directly to the SREP outcomes: (a) increasing access to clean energy; (b) increasing supply of renewable energy (RE); and mobilizing new & additional resources for renewable energy projects/programs. The framework does not include project/program outputs, activities, products and services because these are specific to each project/program. Such an approach emphasizes also the commitment to a managing for development results (MfDR) approach with emphasis on impact and outcomes and the requirement to work within the MDBs' own project/program management approach.

12. The columns three to six represent the indicators for each result. The performance indicators together with the baseline and target column are what the program will use to measure expected results. The targets and baseline are currently available only for a limited number of indicators. The pilot countries and the MDBs have to cooperate closely to fill the gaps. Some of these indicators have very different time frames. Baselines might only be established in the medium-term (1-2 years) and a true impact reporting is probably not possible for a significant time span (10-15 years). The sixth column summarizes some assumptions related to the reliability or validity of the indicators and the difficulties operations might face when addressing these. The last column briefly outlines the means of verification or data source.

Table 1: Results Framework – Scaling Up Renewable Energy Program in Low Income Countries (SREP) - REVISED

Results	Explanation of the result statement	Indicators	Baseline	Targets	Assumptions	Means of verification
SREP Transformative Impact (based on governments long term targets for the sector)						
Support low carbon development pathways by reducing energy poverty and/or increasing energy security	The highest result level desired by SREP is the transformation of the way energy is produced and distributed/ accessed. Increased production of renewable energy (RE) in low income countries is expected to improve energy security. Although there are different definitions of energy security, an increase in domestic supply of RE is generally accepted to increase a country's energy security.	National measure of 'energy poverty' such as the Multi-dimensional Energy Poverty Index (MEPI), or some equivalent mutually agreed measure	MEPI score where available; where this does not yet exist, work will be carried out to obtain a score.	Country defined according to high level energy/ development strategy within the SREP implementation timeframe	The Energy Sector Management Assistant Program (ESMAP) is working closely with the International Energy Agency (IEA) and UNIDO to improve the indicators used to measure energy poverty at the impact level. This will be an iterative process and the results will be incorporated into the SREP results framework as and when international consensus emerges.	Country-based reporting using household survey data – (pilot countries supported by the MDBs)
	Programs and projects will focus on providing access to energy to poor households.	Annual electricity output from RE in GWh	Current electricity output from RE in each pilot country	Country defined according to high level energy/ development strategy	Because this indicator does not take account of the current status of energy supply, it puts the emphasis on actions taken from the present onwards.	National statistics agency or energy ministry

Results	Explanation of the result statement	Indicators	Baseline	Targets	Assumptions	Means of verification
SREP Program Outcomes						
1. Increased supply of renewable energy	In order to achieve the transformation to increased energy supply and demand based on RE the economic viability of the RE sector will need to increase. This means that the sector will need to grow in size and provide the benefit of increased employment.	Annual electricity output from RE as a result of SREP interventions (GWh) ⁴	Current annual electricity output from RE (GWh)	Country-defined according to investment plan	It should be possible to undertake basic aggregation of GWh produced across pilot countries.	National M&E system and M&E framework of the implementing agency

⁴ It is assumed that there will be GHG emissions co-benefits from increased output from RE. This indicator is primarily focused on grid-connected RE systems. However, it can also include the electricity generation avoided by demand-side technologies such as solar water heaters. It can include as well mini-grid or off-grid electricity generation as long as data are readily available.

Results	Explanation of the result statement	Indicators	Baseline	Targets	Assumptions	Means of verification
2.Increased access to modern energy services	SREP aims to improve access to modern energy services in two ways: i) by providing improved access to lighting, clean cooking and other energy services; ii) by increasing the supply of renewable energy to communities that already have access, thereby improving the <i>quality</i> of access. ⁵	Number of women and men, community services and businesses benefiting from improved access to electricity and fuels as a result of SREP interventions	Zero	Country-defined according to investment plan	Specific energy access indicators will be developed building on the ongoing work by ESMAP, leading a collaborative effort to define and operationalize a set of improved energy access indicators at the outcome level that can be used for project/program reporting by governments and development agencies. Such indicators will seek to capture disaggregated data in terms of (i) electricity / fuels; and (ii) households / community services	National M&E system and M&E framework of the implementing agency

⁵ To be able to claim energy access benefits from increasing centralized RE supply (i.e. grid-supplied electricity) there would need to be a clear demonstration of causality.

Results	Explanation of the result statement	Indicators	Baseline	Targets	Assumptions	Means of verification
					<p>and businesses. They will also enable capturing information about the differentiated impact of energy access on men and women</p> <p>The organizations directly involved in this work include GIZ, Practical Action, UNDP and the World Bank.</p>	
3.New and additional resources for renewable energy projects	The SREP will involve the leveraging of new and additional resources for clean production and consumption technologies. This will occur in the context of projects where multiple sources of funding will be leveraged by SREP for particular investments.	Leverage factor: SREP funding compared to \$ financing from other sources (contributions from MDBs, governments, multilaterals and bilaterals, CSOs, private sector)	N/a	Country-defined according to investment plan	<p>Measurement of leveraged resources will be routinely undertaken and aggregated across projects and countries.</p> <p>Numbers will be disaggregated to indicate private/commercial financing.</p>	National M&E system and M&E framework of the implementing agency

IV. CONCLUSION

13. The revised results framework is submitted to the SREP Sub-Committee for endorsement with the understanding that the results framework needs to be flexible to allow for adjustments based on actual SREP program implementation experience. The revised results framework is based on the first-hand experiences of the pilot countries and the MDBs in implementing the original SREP results framework. The investment plan development process in Honduras, Kenya, Mali and Nepal generated a significant debate about the complexity of the approved SREP results framework. A preliminary analysis across the investment plans revealed that most pilot countries do not have the capacity to establish a complex M&E system, which would have been required under the original results framework. Hence, this proposal was developed with MDB and pilot country input to simplify the SREP results framework before countries get too advanced in project/program preparation.

14. The revised SREP results framework reduces the number of indicators from 22 to five. These five indicators cover two M&E levels – transformative impact (two indicators) and SREP program outcomes (three indicators). The indicators cover energy, environmental and development considerations to reflect the expected transformation process in SREP countries. 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.

15. 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 SREP results framework. However, project/program documentation will demonstrate how the output indicators that are selected will help achieve outcomes at the SREP program (country) level. Each program will be expected to contribute to at least two of the three SREP program outcomes. It will be either RE and/or access to energy and leveraging of new and additional resources..

16. It is recommended that project/program documentation explains how the project/program will contribute to achieving co-benefits at the transformative impact level. For example:

- a) **GHG emissions** co-benefits: GHG emissions are closely related to economic development and energy provision. It is expected that SREP investments will help developing countries to continue to grow but at the same time avoiding the GHG emissions typically associated with economic development– decoupling growth and fossil fuel use.
- b) **Health** co-benefits: Improved health of women, men and children is also a likely co-benefit of RE investments, particularly for projects/programs targeting household cooking access. RE is also generally characterized by decreased air pollution in the form of particulate emissions when compared to traditional biomass and fossil fuels, resulting in fewer respiratory health problems, especially for poor women, men and children.

- c) **Employment** co-benefits: It is expected that RE investments will also have some direct employment co-benefits, both temporary and long-term jobs.

17. Co-benefits are also expected at the outcome level:

- a) **Reliability** co-benefits: Increased output from renewable energy is expected to improve the overall provision and diversification of energy at the country level compared to the current situation, thereby improving reliability.
- b) **Economic viability** co-benefits: Economies of scale are expected over time in SREP countries which will contribute to RE cost reductions. However, for achieving economic viability, it is key to strengthen the enabling environment for renewable energy production and use. Transformed energy supply and demand to more RE will require an improved policy and regulatory framework. This will require reforms to be carried out promoting clean production and consumption technologies and creating a level playing field for local private sector and small scale renewable energy schemes.

18. It is suggested that project/programs outline in the project/program documentation how the project/program might trigger positive development 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 also expected that a gender impact indicator will be developed for each project/program.

19. Pilot countries and MDBs should report back in 12 months after the approval of the revised SREP results framework on: (a) how the results framework has been integrated in national M&E systems; and (b) how individual project/program interventions will be linked with SREP program outcomes at the country level.

20. For any investment plan that has been endorsed prior to approval of the revised results framework, the country and the MDBs are requested to review the results framework initially submitted with the investment plan and to make any revisions that are necessary to align the plan's results framework with the revised SREP results framework. The country should inform the SREP Sub-Committee of any revisions that are made.

21. Progress reports, including reporting against the proposed indicators, will be provided to the SREP Sub-Committee annually.

**ANNEX: COMMENTS RECEIVED FROM SUB-COMMITTEE MEMBERS ON THE PROPOSED
RESULTS FRAMEWORK**

April 5, 2012

Comments from Switzerland on the Approval by Mail: Revised SREP Results Framework

Dear Patricia,

Thank you for sending us the revised results framework for approval by e-mail.

Unfortunately we noticed that our comments, mentioned during the SREP subcommittee meeting in Nairobi and confirmed in writing as a feedback to Oliver (Knight), were not taken into consideration.

As a recollection, this was the message we sent in this respect:

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We would like to remind you however of the comments that we have expressed during the meeting in Nairobi, namely that the Outcome listed in the original Results Framework under 2 (Strengthened enabling environment for renewable energy production and use) and its 2 indicators:

- a) Adoption of and implementation of low carbon energy development plans and
 - b) Enactment of policies, laws and regulations for renewable energy
- should remain in a revised Results Framework at least in the form of conditions to be fulfilled, notably for recipient countries to be eligible for result based financing.

We do believe that these indicators are relevant on a programmatic level (i.e. they cannot be pushed down onto the individual projects).

We acknowledge that the indicators are difficult to “measure”, hence the idea of defining minimum conditions to be achieved and qualitatively appreciated.

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This objective was included as an outcome in the original SREP Result Framework which was thoroughly discussed and reflected. It was approved by the SREP and SCF Committees. We are not introducing anything new, but rather we are eager to prevent that an important aspect is dropped.

So, while we agree on the principle of a simplification of the results framework, notably (as stated during the Nairobi meeting) because most of the indicators can be pushed down onto the project level, this is not the case with the “Strengthened Enabling Environment” which is clearly at the policy level and thus can only be considered at the overall SREP program level.

Our concern is that the quantitative objectives which are measured by the 5 remaining indicators could be achieved through the commissioning (if successful) of a few large power stations which are among the priorities of the recipient countries' governments, but that the general conditions for the deployment of renewable energy in these countries are not improved, i.e. the "Enabling Environment" is not strengthened. That is particularly **important because of the transformation effect** we are aiming at with SREP.

Large projects will always get support from governments, MDBS and even the private sector. But the deployment of renewable energy in the long term will depend also (or even more) on the small or medium sized projects, where the private sector (and particularly the local private sector) has a key role to play. For that the conditions must be in place, and therefore the **"Enabling Environment" for Renewable Energy must be created and strengthened.**

We are very concerned that **this will not happen if it is not required, planned and measured** – that means included (or better said "kept") in the Results Framework. We already have indications, that in certain SREP pilot countries, the conditions for the deployment of RE (if not in the present priorities of the government) are sub-optimal. And as **SREP is not merely about the financing of a few key projects**, but rather about the **transformation of the energy sector towards RE**, the indicators we are referring to are needed to ensure that private sector initiative is fostered and not restrained.

Therefore we have to insist on maintaining these indicators, which may be done (as mentioned before) with a sort of minimum conditions to be achieved.

Please consider this as a reservation to approve the revised results framework.

Thank you for your understanding.

Best regards

Daniel Menebhi

Daniel Menebhi Program Manager
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Infrastructure Financing

April 11, 2012

Comments from The Netherlands on the Approval by Mail: Revised SREP Results Framework

Dear Patricia,

Thank you very much for the revised proposal for a simplified SREP results framework which we read with interest. Unfortunately, we observe that our comments, shared on Feb 29th 2012, have not sufficiently been taken up. Let me summarize our main concerns:

1. In particular, we have problems with the newly added statement in paragraph 11, that “transformative impact cannot be achieved only by SREP interventions”. Through this statement and by only looking at (1) measuring energy poverty, and (2) measuring RE generation capacity (GWh), the proposed results framework challenges the vision on transformational change that is clearly defined in SREP design document and program modalities (“overcome economic and non-economic barriers in order to scale up private sector investments”). We consider this very relevant and would like to insist that on transformative impact level the indicator “public and private sector investment“ be added. The simplicity of the results framework can be maintained by canceling the indicator “leverage factor”, which we consider in essence to be an input indicator.
2. In addition, we think the clarification of SREP program modalities that we discussed in Nairobi, in terms of SREP’s preference for productive use level (as agreed in Nairobi “without completely excluding household use”) has not been sufficiently taken into account. We think that the prominent reference to Cookstoves and lighting products should be removed from the logic model and from the explanation of the second result indicator.
3. Finally, we noticed a change from semi-annual to annual reporting. Can you please indicate the reasons for this changed frequency?

To conclude the Netherlands cannot yet support the proposal for a revised results framework as it has been shared now. I am more than willing to have a further discussion on the 1th of May when the next SREP-meeting will be held in Washington in order to reach consensus on this issue.

Looking forward to your reply,

Frank van der Vleuten

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