

# CLIMATE INVESTMENT FUNDS

January 14, 2013

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## **REVISED CTF RESULTS FRAMEWORK**

## I. INTRODUCTION

1. This revised, simplified CTF results framework was prepared pursuant to the approved *Measures to Improve the Operations of the Climate Investment Funds*.<sup>1</sup> The revised results framework is based on the first-hand experiences of the pilot countries and the MDBs in implementing the original CTF results framework. A preliminary analysis across the CTF revealed that most countries do not have the capacity to establish a complex monitoring and evaluation (M&E) system, which would have been required under the original results framework. The revised results framework thus takes into account key CTF objectives and an improved understanding of what is possible as part of the development and implementation of a CTF investment plan.

2. The results framework establishes a basis for future monitoring and evaluation of the impact, outcomes and outputs of CTF-funded activities. In addition, the 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 M&E systems at the country or the project/program level. The basic principles underlying the framework are included as Annex I of this document.

3. 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.

4. The revised CTF results framework reduces the number of indicators from 31 (in the original results framework) to six. The six indicators cover two M&E levels – transformational impact (one indicator: A) and CTF program outcomes (five indicators: B1-B5). The five program outcome indicators are core indicators. B1 and B2 are to be used by all projects, outcome indicators B3, B4 and B5 will be applied in the respective sectors. 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.

5. The five **core indicators** at the outcome level, which should be translated into the respective CTF project/program results framework and measured by all countries with reporting on an annual basis are:

- B1. Tonnes of GHG emissions reduced or avoided
- B2. Volume of direct finance leveraged through CTF funding – disaggregated by public and private finance
- B3. Installed capacity (MW) as a result of CTF interventions
- B4. Number of additional passengers (disaggregated by men and women if feasible) using low carbon public transport as a result of CTF interventions
- B5. Annual energy savings as a result of CTF interventions (GWh)

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<sup>1</sup> See *Measures to Improve the Operations of the Climate Investment Funds*, November 18, 2011, paragraph 38.

6. Monitoring progress in implementing CTF investment plans should take into account country circumstances and build, as appropriate, on national monitoring and evaluation systems as well as the MDBs approach and procedures for managing results and preferably use national data sets.

## **II. THE REVISED CTF LOGIC MODEL**

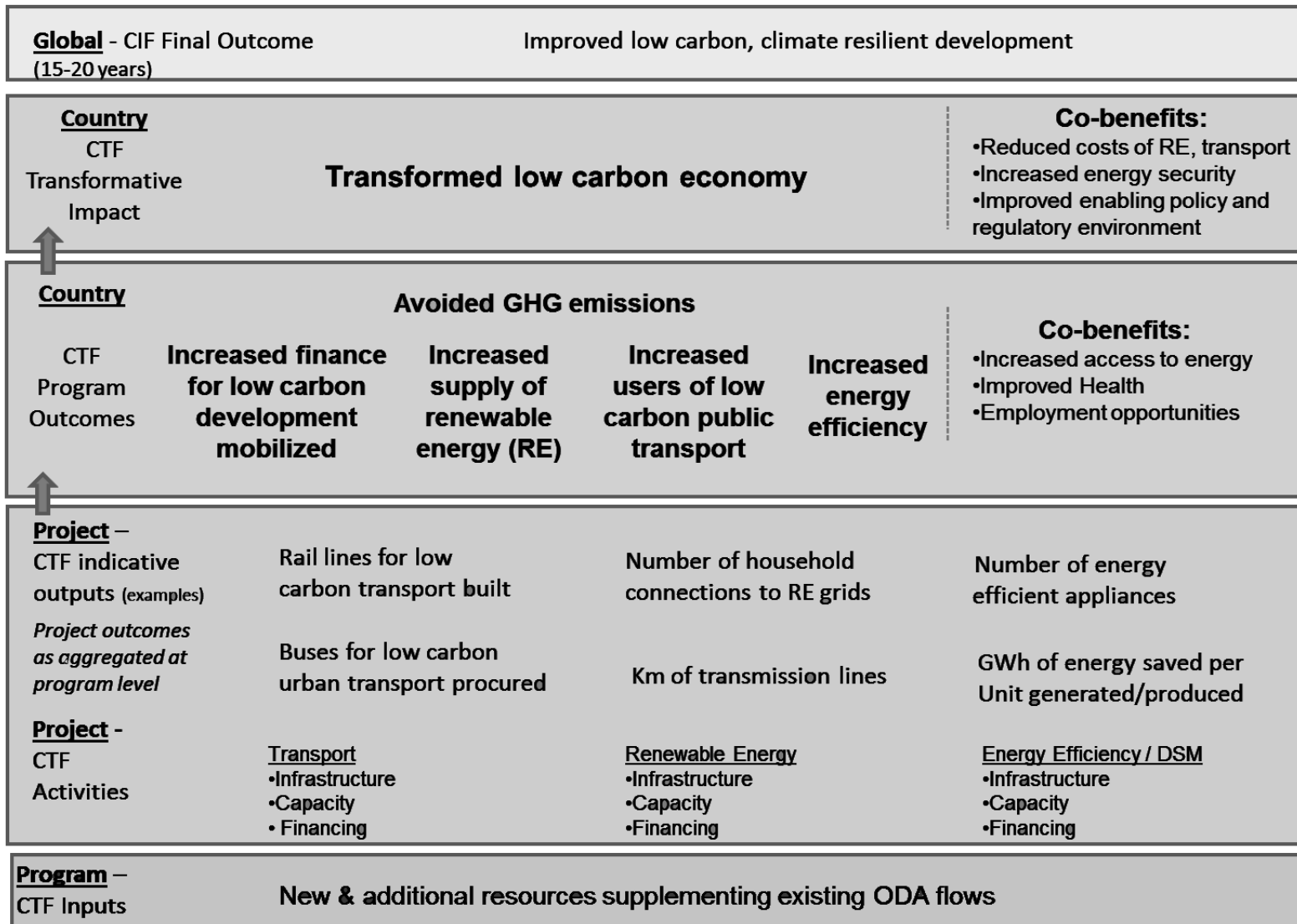
7. The logic model is a diagram intended to demonstrate the cause and effect chain of results from inputs and activities through to project outputs, program outcomes, and national/international impacts. The logic model broadly illustrates the results chain, but does not go into details on each indicator. 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.

8. The revised logic model gives greater focus to key operational objectives of CTF than the one in the previous version of the results framework from 2010.

9. 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.

10. 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

11. The results framework in table 1 shows the core elements of the performance measurement system, including both results statements and 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.<sup>2</sup> 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.<sup>3</sup>

12. 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 may 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.

13. 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.

14. The responsibility for reporting on progress in achieving transformation rests with the CTF country focal point or the agency designated by the government together with the MDBs. 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.

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

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<sup>2</sup> 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.

<sup>3</sup> 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.

## Overview of reporting responsibilities

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

- a) Establishing, and updating as appropriate, baselines and targets for the CTF core indicators in the investment plan.
  - i. For the endorsed investment plans, baselines and targets should be aligned with the revised results framework. When a country presents an update or a revised investment plan, it should include an updated/revised results framework with the CTF core indicators, baselines and targets. This includes updated or revised investment plans to be submitted to the Trust Fund Committee from now on.
  - ii. For new investment plans, they should establish baselines and targets for the core indicators in line with the revised results framework when the plans are submitted to the Trust Fund Committee for endorsement.
- b) Reporting on program and project outcomes. An annual monitoring and progress report for each program and project under implementation should be submitted to the CIF Administrative Unit by **end of July**.<sup>4</sup>
- c) Carrying out assessments of the transformational impact in an appropriate manner.

### 17. The CIF Administrative Unit will be responsible for:

- a) Providing clarification on how issues such as attribution, leverage and transformational impact should be understood and measured;
- b) In collaboration with the MDB Committee and the CTF countries, providing guidance on methodologies, tools and means for measuring results and monitoring progress, outcomes and impacts in the outcome areas of each core indicator;
- c) Compiling the annual monitoring and progress reports for each program and project submitted by the countries and MDBs and submitting them to the Trust Fund Committee at its second meeting each year; and
- d) Based on the individual monitoring and progress reports, preparing a synthesis report on the implementation progress of the CTF and submitting it to the Trust Fund Committee by the **end of January** the following year.

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<sup>4</sup> Further guidance will be provided on the structure and elements of the results monitoring report.

**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.

| <b>Results</b>   | <b>Indicators</b>   | <b>Baseline</b>                              | <b>Targets</b>                               | <b>Data source and means of verification</b>                                 |
|--|---|--|--|--|
| <b>TRANSFORMATIONAL IMPACT</b>                             |   |  |  |  |
| A. Transformed low carbon economy                          | Country level <sup>5</sup> GHG/unit of GDP  | To be established and updated as appropriate | To be established and updated as appropriate | National statistics and/or other appropriate sources                         |
| <b>CTF PROGRAM OUTCOMES<sup>6</sup></b>                    |   |  |  |  |
| B1.Avoided GHG emissions                                   | GHG emissions reduced or avoided measured in tonnes of CO <sub>2</sub> equivalent   | To be established and updated as appropriate | To be established and updated as appropriate | Project implementing agency, national statistics, and other relevant sources |
| B2. Increased finance for low carbon development mobilized | Volume of direct finance leveraged through CTF funding – disaggregated by public and private finance  |  |  |  |
| B3. Increased supply of renewable energy (RE)              | Installed capacity (MW) as a result of CTF interventions  |  |  |  |
| B4. Increased access to public transport                   | Number of additional passengers (disaggregated by men and women if feasible) using low carbon public transport as a result of CTF interventions |  |  |  |
| B5.Increased energy efficiency                             | Annual energy savings as a result of CTF interventions (GWh)  |  |  |  |

<sup>5</sup> The MDBs and countries are strongly encouraged to report on carbon intensity indicators at the sector and sub-sector levels.

<sup>6</sup> Data for applicable core indicators will be collected at project/program level and aggregated at the investment plan level.

18. As **project level output/intermediate indicators** are specific to each project/program and the priorities of each country that this represents, 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.

19. It is recommended that the project/program annual monitoring and progress report explain how it will contribute to achieve **co-benefits at the transformative impact level** and document them in a gender responsive way as appropriate, including:

- 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.

20. 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.

21. The annual monitoring and progress report for each project/program submitted for review 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.

22. 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 (e.g., tonnes/year of NOx, SO2, PM)
- 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 provide additional information about how each MDB assesses the developmental impacts of projects.

**Table 2: MDB Development Indicator Resources**

| <b>MDB</b>                                       | <b>Web link</b>   | <b>Comment</b>  |
|--|---|---|
| African Development Bank                         | <a href="http://www.afdb.org/en/topics-and-sectors/topics/quality-assurance-results">http://www.afdb.org/en/topics-and-sectors/topics/quality-assurance-results</a>   | Once on site, link to the document “Bank Group Results Measurement Framework” |
| Asian Development Bank                           | <a href="http://www.adb.org/site/development-effectiveness/main">http://www.adb.org/site/development-effectiveness/main</a><br><a href="http://www.adb.org/documents/development-indicators-reference-manual-concepts-and-definitions/">http://www.adb.org/documents/development-indicators-reference-manual-concepts-and-definitions/</a><br><a href="http://www.adb.org/key-indicators/2011/main">http://www.adb.org/key-indicators/2011/main</a> | Main link<br>Reference manual:<br>A newer reference                           |
| European Bank for Reconstruction and Development | <a href="http://www.ebrd.com/pages/research/analysis/impact.shtml">http://www.ebrd.com/pages/research/analysis/impact.shtml</a>   |   |
| Inter-American Development Bank                  | <a href="http://www.iadb.org/document.cfm?id=35804499">http://www.iadb.org/document.cfm?id=35804499</a>   | Table 3   |
| International Finance Corporation                | <a href="http://www1.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IDG_Home/Result_Measurement_System/">http://www1.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IDG_Home/Result_Measurement_System/</a>   |   |
| World Bank                                       | <a href="http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:22453640~menuPK:5122355~pagePK:41367~piPK:51533~theSitePK:40941,00.html">http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:22453640~menuPK:5122355~pagePK:41367~piPK:51533~theSitePK:40941,00.html</a>   |   |

## ANNEX I: CTF RESULTS FRAMEWORK: BASIC PRINCIPLES

### BASIC PRINCIPLES

The revised CTF results framework serves as a basis for moving forward in developing M&E systems for CTF investment plans 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 indicators 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.