

8th Meeting of the Green Climate Fund
14-17 October 2014
Bridgetown, Barbados

Event Paper

Initial Results Management Framework of the Fund

Review Note

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Published by IIED, October 2014

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Comments and Analysis:

Initial Results Management Framework of the Fund

Review Note for the 8th meeting of the Green Climate Fund (GCF)

Date: October 2014

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Introduction / Overview

This note analyses the GCF Paper on ‘Initial Results Management Framework’ based on lessons drawn from IIEDs experience in applying monitoring and evaluation approaches across five developing countries. In the backdrop of the upcoming meeting, the note emphasizes Board’s attention towards some key areas for consideration, which are particularly relevant to the adaptation logic model and the performance measurement framework. The note primarily emphasizes the following considerations:

- Better definition of high-level impact and paradigm shift objectives;
- Integration and incentives for learning from results;
- Reconsidering results based allocation for LDCs and SIDS;
- Emphasis on capacity enhancement and better clarity in M&E rather than oversimplification of indicators;
- Reflect indicators on co-benefits, sustainable development and gender equality.

The note further elaborates these key suggestions in section 1.2 and 2.2 and provides an update on key decisions made in the last Board meeting.

GCF/B.07/04 presents the decisions of the Board on Results Management Framework (RMF) and seeks to draw on the experience of the Climate Investment Funds (CIF), Global Environment Facility (GEF), Adaptation Fund, and other UNFCCC programmes. At the 5th Board meeting, there were fourteen results areas proposed¹, but there was no decision made at the 6th meeting in February, and it was not until the 7th Board meeting Songdo that a decision was actually taken.

The Board has requested further refinement of the RMF by the Secretariat for consideration at its first meeting following the completion of the initial resource mobilization process². As per the request of a number of developing country members, the Board may wish to consider more simple and flexible indicators that are capable of evolution over time³.

The Performance Measurement Framework (PMF) is also included that seeks to measure both mitigation and adaptation interventions. The PMF is an important tool for results-based or performance-based allocation. The decision in Songdo at the 7th Board meeting adopted the initial PMF for both mitigation and adaptation, but requested the Secretariat to further develop the mitigation and adaptation performance measurement frameworks for the Board to consider at its first meeting following the completion of the initial resource mobilization process.

This note

1. Mitigation & Adaptation Logic Models

1.1 Overview

A number of key decisions were taken at the 7th Board Meeting in Songdo that helped progress the decisions there were made at the 5th meeting in Paris. This was through adopting elements of the

¹ See Business Model Framework Results Management Framework, B.05/03, Paras.(a) – (n) – available at http://gcfund.net/fileadmin/00_customer/documents/MOB201406-7th/GCF_B07_04_Initial_Results_Management_Framework_fin_20140509.pdf

² Initial Results Management Framework of the Fund, GCF/B.07/04, 07 May 2014, Meeting of the Board, 18-21 May 2014, Songdo, Republic of Korea, Annex I: Draft decision of the Board, Para. (f)

³ Raman, M., TWN Info Service on Climate Change (May14/05), 27 May 2014, Third World Network, GCF adopts decision on initial results management framework – available at www.twinside.org.sg/title2/climate/info.service/2014/cc140505.htm

initial results management framework to complement decision B.05/03 taken in Paris; this included the initial result areas set out in that decision, as well as the performance indicators of the initial result areas⁴ (Discussed under section 2.)

The level of the logic models for both the mitigation and adaptation logic models at various levels were also adopted; these set out the causal pathways on how inputs and activities are converted to changes in the form of results achieved were adopted in Songdo. The table below sets out each level of logic model⁵:

Level	Description	Time Required
Input level	Fund grants/concessional loans and human effort	Start of intervention
Activity Level	Direct services provided through Fund investments	Short term
Project/programme output level	Changes achieved as a result of project/programme outputs	Short term
Project/programme outcome level (country level)	Aggregate changes identified in country policy/planning documents	Medium to long term
Impact level (strategic level)	Aggregate changes achieved in the Fund's key strategic result areas	Long term
Paradigm shift objective level	Changes achieved, i.e. all facets of society are demanding and integrating low-emission and climate-resilient approaches to sustainable development	Long term (15 years +)

The proposed RMF is designed to reflect a compromise between the complexity of projects/programmes, and the limited capacity of many countries to monitor and report on such interventions.

A learning dimension is also explicitly envisioned for the RMF, and the indicators that are contained therein are designed to be gender-sensitive, balancing quantitative with qualitative measures as appropriate.

Both logic models set out how inputs and activities lead to results achieved at the project/programme, country, strategic impact and paradigm shift levels. The tables below describe each level of the logic model for mitigation and adaptation⁶:

⁴ Decisions of the Board – Seventh Meeting of the Board, 18-21 May 2014, GCF/B.07/11, 19 June 2014, Meeting of the Board 18-21 May 2014, Songdo, Republic of Korea, Decision B.07/04, Para 10 (a)

⁵ Initial Results Management Framework of the Fund, GCF/B.07/04, 07 May 2014, Meeting of the Board, 18-21 May 2014, Songdo, Republic of Korea, page 5

⁶ Ibid Annex II: Initial mitigation logic model and Initial adaptation logic model, pages 11-12

Paradigm shift objective	Shift to low-emission sustainable development pathways			
↑	↑	↑	↑	↑
Impacts <i>(Strategic level)</i>	1.0 Increased low-emission energy access and power generation	2.0 Increased access to low-emission transport	3.0 Increased energy efficiency in buildings, cities and industries	4.0 Sustainable land use and forest management, including REDD+
↑	↑			
Project/pr ogramme outcomes <i>(Country-driven from NAMAs, climate change strategies, mitigation policies, etc.)</i>	5.0 Increased gender-sensitive low-emission development mainstreamed in government 6.0 More small, medium and large low-emission power suppliers 7.0 Lower country energy intensity trajectory 8.0 Increased use of low carbon transport 9.0 Stabilization of forest coverage			
↑	↑			
Programme / project outputs <i>(to be defined by executing entities)</i>	<u>Possible examples include:</u> <ul style="list-style-type: none"> • More small, medium and large low-emission power suppliers; • Increased use of incentives and technologies for low-carbon transport; • Improved management systems of entities responsible for forests and protected areas; • Increased energy efficiency of building, industry and appliances. 			
↑	↑			
Indicative activities <i>(to be defined by executing entities)</i>	<u>Possible examples include:</u> <ul style="list-style-type: none"> • Capacity-building to foster government support for policy reforms through training and knowledge-sharing; • Upgrading the legal and regulatory framework; • Increased investment in renewable energies; • Increased investment in energy efficiency; • Increased investment in low-emission transport; • Increased support for decreased deforestation and increased afforestation. 			
Inputs	Grants, concessional loans			

<i>Paradigm shift objective</i>	Increased climate-resilient sustainable development			
↑	↑	↑	↑	↑
<i>Impacts</i> (Strategic level)	1.0 Increased resilience and enhanced livelihoods of the most vulnerable people, communities, and regions	2.0 Increased resilience of health and well-being, and food and water security	3.0 Increased resilience of infrastructure and the built environment to climate change threats	4.0 Improved resilience of ecosystems
↑	↑			
<i>Project/programme outcomes</i> (Country-driven drawn from continuous planning as reflected in NAPs.)	5.0 Strengthened government institutional and regulatory systems for climate-responsive development planning 6.0 Increased generation and use of climate information in decision-making 7.0 Strengthened adaptive capacity and reduced exposure to climate risks 8.0 Strengthened awareness of climate threats and risk-reduction processes			
↑	↑			
<i>Programme/project outputs</i> (to be defined by executing entities)	<u>Possible examples include:</u> <ul style="list-style-type: none"> • Increased knowledge of climate threats and coping mechanisms; • Strengthened knowledge and awareness of climate-resilient options and technologies; • Improved sector planning and coordination and information-sharing; • Improved water and soil management; • Increased climate-proofing of infrastructure. 			
↑	↑			
<i>Indicative activities</i> (to be defined by executing entities)	<u>Possible examples include:</u> <ul style="list-style-type: none"> • Train, share experiences, revise/develop policy/standards; • Identify and promote flagship themes; • Transfer experience and technologies, with emphasis on "green" solutions; • Identify and scale-up effective community-based adaptation; • Establish knowledge hubs. 			
<i>Inputs</i>	Grants, concessional loans			

Strategic areas outlined for each theme include;

- **Mitigation** (drawn from mitigation interventions in the GEF and CIF programmes in which emission reductions resulted from investments in renewable energies, energy efficiency and forestry projects)
 - i. Increased low-emission energy access and power generation;
 - ii. Increased access to low-emission transport;
 - iii. Increased energy-efficiency in buildings, cities and industries; and

- iv. Sustainable land use and forest management, including REDD+.
- **Adaptation –**
 - i. Increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions;
 - ii. Increased resilience of health and well-being, and food and water security;
 - iii. Increased resilience of infrastructure and the built environment to climate change threats; and
 - iv. Improved resilience of ecosystems.

The Board has requested the Secretariat to develop a logic model and performance framework for ex-post REDD+ results-based payments, in accordance with the methodological guidance in the Warsaw framework for REDD+, for consideration at the upcoming Board meeting in October.

1.2 IIED inputs and Comments

- **Better definition of high-level impact and paradigm shift objectives** – for both the initial mitigation and the adaptation logic models the top-level objective is detailed as a ‘paradigm shift’, yet there is still further elaboration of the term required. Lessons can be drawn from the experience of the Climate Investment Funds (CIFs) which aims to have a ‘transformative impact’. However, the goal of transformation was not consistently pursued across CIF programming as there was not a specific interpretation of what was meant by transformation⁷. If the GCF is to have positive long-term impacts, it must first clearly define what those are from the outset. Although the shift envisaged may vary by country context, some indication on paradigm shift based on innovativeness, scalability, replicability could be defined. For example, paradigm shift could be indicated as;
 - Inclusion of private sector, or
 - Leveraging finance using innovative financing instruments, or
 - Multi stakeholder governance structures, or
 - Significant increase in scope and scale of action, or
 - Multi-level climate information system, or
 - Integrated adaptation planning systems, or
 - Level of gender integration, or
 - Community based adaptation.

It is also important to ensure that the particular country context is taken into account when defining a paradigm shift, as this will vary from country to country. Furthermore, a ‘paradigm shift’ can be construed as rather an ambitious objective, and will therefore require both adequate financing and ample time to ensure that activities achieve such an aspiring objective. Achieving a paradigm shift may prove challenging for the Least Developed Countries (LDCs) and Small Island Developing States (SIDSs), and the Board may wish to consider that the ‘paradigm shift’ objective and the allotted time of 15 years + indicated in the logic model may be difficult to achieve.

- **Better incentives for learning (using Theory of Change approach)⁸** – whilst it is encouraging to see that the importance of learning is acknowledged in GCF/B.07/04, this is not reflected in

⁷ See ICF International. 2014. Independent Evaluation of the Climate Investment Funds. Washington, DC: World Bank.

⁸ ANDERSON, S., KHAN, F., FIKREYESUS, D. & GOMES, M. 2014. Forwards and backwards evidence-based learning on climate adaptation. Available: <http://pubs.iied.org/pdfs/17257IIED.pdf>

the initial logic models (or indeed in the set of indicators for either mitigation or adaptation), which seems to suggest that learning would be more of a by-product of the RMF as opposed to being clearly defined mechanism. There is room for further elaboration and closer integration to ensure lessons are incorporated from monitoring and evaluation into decisions that can then improve Fund effectiveness. As the logic models currently stand, they are likely to lead to more of results based approach that has a relatively narrow focus on inputs and outputs, without the use of narratives, which is less useful for learning purposes. Using project activity and output targets to set M&E indicators also does not provide incentive structures for learning. There is still further opportunity for a full theory of change approach to be incorporated in the logic models, which is a better approach in assessing how and why interventions work. These relationships are important to determine attribution of activities, and their relative contribution towards achieved outcomes with GCF inputs.

- **Closer alignment of the Investment Framework, the approval criteria and the logic models** - project proposal approvals are to be agreed by the Board (or the Secretariat) based on the fulfilment of certain criteria. The future funding for these projects/programmes will be founded on the outcomes. As such, it follows that the evaluation of a project/programme should be on the same set criteria in order to determine that the intervention achieved the intended results. However, whilst reference to the 'Initial Proposal Approval Process, Including the Criteria for Programme and Project Funding' document does state that concept notes for projects must be aligned with the results framework, there is no express detail around the project/programme outcomes detailed at the country output or outcome levels in the logic models or indeed a 'paradigm shift'. There could be scope for more explicit alignment of these documents/processes. Similarly, the proposed indicators for investment sub-criteria contained in the Investment Framework (see GCF/ B.07/06) will need to be consistent with those set out by the RMF. Currently the 'paradigm shift' indicators contained in the Investment Framework and the RMF differ which may lead to confusion in eventual measurement of results.

2. Performance Measurement Framework

2.1 Overview

It is proposed that allocation decisions, where appropriate, would be made contingent on the achievement of results in programmes and projects. There are three major points in time for the collection of result information that could inform allocation decisions:

- Regular performance measurement exercises conducted in-house and by the executing agency using its PMF to generate timely feedback on project progress for reporting and to enhance management decision-making;
- An impact assessment at the end of a project or programme through which the results achievement over the life of an intervention is evaluated; and
- An evaluation that normally covers multiple project or programme results. Similar to regular performance monitoring, this evaluation assesses the level of results achievement, but usually in a less biased way, while also addressing broader contextual matters, such as relevance, coherence, country context and efficiency of implementation over a longer timeframe⁹.

It is proposed that all three forms of measurement be incorporated into ex-post allocation decisions.

⁹ Ibid, page 8

For mitigation there are three core indicators (M1 – M3), and further four that will be selected based on the scope of the intervention (3.1, 6.1, 8.1 & 9.1) – see the table below¹⁰. It is envisaged that the information gathered will contribute to the development of a global marginal abatement curve (MAC).

M1	Tonnes of greenhouse gas emissions produced (intention is to reduce these emissions)
M2	Cost per tonne of CO2-equivalent reduced (intention is to reduce costs of mitigation)
M3	Volume of public and private funds catalysed by the Fund
3.1	Annual energy savings (GWh) as a result of Fund interventions
6.1	MW of capacity from low-emission sources
8.1	Number of passengers (disaggregated by gender if feasible) using low-carbon transportation as a result of Fund funding
9.1	Rate of net deforestation and forest degradation

The proposed PMF for adaptation presents indicators that were developed following consultation with key performance measurement staff at Climate Investment Funds (CIFs), the Global Environment Facility (GEF), and the Adaptation Fund. Given both the expanded financial and geographical scale of the GCF, the indicators have been designed to accommodate a wider scope of intervention.

It is proposed that qualitative and quantitative adaptation indicators be included in the PMF. These will be indicators that have been successfully measured (e.g. the Pilot Program for Climate Resilience (PPCR) government policy and capacity indicators) or indicators that have been recently redesigned based on measurement experience (e.g. Adaptation Fund indicators and the GEF’s proposed changes awaiting imminent approval by its Board). It is proposed that the Fund also explore using the Independent Evaluation Unit (IEU) to do the same for the Fund investments. There are five indicators in the adaptation PMF that are proposed as core indicators¹¹:

5.1	Degree of integration/ mainstreaming of climate change in national and sector planning and coordination in information sharing and project implementation
6.1	Evidence that climate data is collected, analysed and applied to decision-making in climate-sensitive sectors at critical times by the government, private sector and men/women.
6.2	Perception of men, women, vulnerable populations, and emergency response agencies of the timeliness,

¹⁰ Supra Note 1, pages 5-6

¹¹ Ibid, Annex V, pages 21-22

	content and reach of early warning systems
7.1	Extent to which vulnerable households, communities, businesses, and public sector services use improved tools, instruments, strategies and activities (including those supported by the Fund) to respond to climate variability and climate change
8.1	Percent of target population aware of the potential impacts of climate change and range of possible responses

The performance measurement process will be the responsibility of the Secretariat, and the accredited IEs and intermediaries, and EEs. The Secretariat will develop, in consultation with the IEs and intermediaries, a performance-monitoring plan that clarifies the respective roles and responsibilities. But, acknowledging that there may be gaps in capacity for reporting, support for capacity-building on results measurement will be offered to ensure the reliability of performance measurement data. It is also proposed that knowledge sharing should take place that draws for on-the-ground success cases and experiences¹².

More work is still required at the 8th Board meeting, including development of indicators for mitigation and adaptation, as well as methodologies, baselines, data sources, frequency, and responsibilities for reporting. For each indicator, further guidance will need to be validated and attuned by the Secretariat once the Board has approved the initial RMF.

2.2 IIED inputs and comments

- **Results-based allocation should be reconsidered for LDCs & SIDs** – the PMF will be an important tool for the results-based or performance-based allocation. However, results should not necessarily be a prerequisite for funding adaptation, as this approach to allocating GCF funds for adaptation projects and programmes is often not appropriate for LDCs and SIDs; in many cases it will be difficult to demonstrate adaptation results and impacts over a short-term horizon. One possible alternative approach that could be considered by the Board is that core PMF adaptation indicators could be weighted according to a country's particular stage of development. This will more accurately take account of country context and development profile, as well as help incentivise countries to move up the readiness ladder over time. The Board should also be mindful that this results-based allocation might encourage a 'project-centric' approach, with a focus on relatively straightforward adaptation measures that are easy to measure. This may discourage a more transformative approach to adaptation.
- **Core indicators to include impacts and refrain from oversimplification**- experience from CIF monitoring and evaluation experience suggests that a large number and complex indicators will overtax the capacity of national monitoring and evaluation systems¹³. However, it is equally important that core indicators measure impact, and oversimplification does not reduce results measurement to monitoring (M+R) instead of evaluation (M+E) (as experienced in the case of PPCR). These core adaptation indicators should be accompanied with suggestive methodologies for measurement including indicative data sources, frequency and delineation of roles and

¹² Ibid, IV Performance measurement frameworks, pages 6-8

¹³ Supra Note 17, page XII

responsibilities for reporting. IIED's Tracking Adaptation and Measuring Development (TAMD) framework has been tracking changes in resilience at different scales and proposes monitoring climate-relevant development indicators such as loss and damage from particular hazards and changes in a composite resilience indicator (with country specific components).

- **Monitoring and evaluation support as an integral part of readiness** – The Board acknowledged that the indicators in the RMF are still relatively complicated, and their measurement may present a hurdle for developing countries that lack capacity in the complex area of Monitoring & Evaluation (M&E), particularly for adaptation activities. There is therefore the opportunity to expressly integrate monitoring and evaluations into the process of readiness support, or include monitoring and evaluation as an additional priority activity area. The Board should ensure that there is express provision linking readiness support and results management in the decisions when elaborating the Programme of Work on Readiness and Preparatory Support, and the RMF.
- **Using national indicators already being measured by countries-** it is acknowledged that outcomes should be country-driven, but there is need to leave scope for inclusion of specific vulnerability indicators that are already being measured within the national systems of some countries. This will allow for a more flexible and targeted approach to the monitoring and evaluating that is truly country-driven. For example, nationally collected data and indicators can be used to define proxies for resilience or vulnerability, as IIED is using to facilitate Cambodia's national M&E framework for climate change responses¹⁴. IIED's work on the TAMD initiative has analysed the M&E systems of five countries and has shown that much relevant data is already collected and collated within national ministries.
- **Sustainable development context and multiple benefits should be reflected in the mitigation indicators** – the suggested core indicators for mitigation, for which the GCF Secretariat retains the overall responsibility, are not reflective of a broader sustainable development context and the multiple benefits GCF funding should be supporting – including the promotion of environmental, social, economic and development co-benefits and taking a gender-sensitive approach as mandated by the Governing Instrument¹⁵. There is also limited scope for the inclusion of co-benefits in the indicators; there is the provision that mitigation interventions funded by the Fund report on at least one co-benefit, and it is assumed that all adaptation interventions will contribute to foster socioeconomic development, and as such there is no indicator to measure this. There is room to integrate social and environmental multiple benefits into the core mitigation and adaptation indicators. Gender equality is currently inadequately integrated into the core indicators for both mitigation and adaptation. Indeed, mainstreaming gender should go beyond simply ensuring data-segregation (such as in mitigation core indicator 8.1).
- **Further elaboration is needed of roles and responsibilities or measuring and evaluation activities** – roles and responsibilities will need to be clearly delineated, there is no practical direction on how the M&E processes at the different results level will be brought together to assess impacts at a higher level.

¹⁴ RAI, N., PONLOK, T., BARODA, N., BROOKS, N. & NASH, E. 2014. Developing a national framework to track adaptation and measure development in Cambodia.

¹⁵ Schalatek, L., Next Up: Resource Mobilization!, The 7th Board Meeting of the Green Climate Fund delivers key policies meant to signal that the Fund is ready for business in 2015 (2014), page XVII