

Number of jobs created as a result of ICF

KPI 5 Methodology Note

November 2018



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About Climate Change Compass

The UK government has committed to provide at least £5.8 billion of International Climate Finance between 2016 and 2020 to help developing countries respond to the challenges and opportunities of climate change.

Visit www.gov.uk/guidance/international-climate-finance to learn more about UK International Climate Finance, its results and read case studies. Visit www.climatechangecompass.org to learn more about how Climate Change Compass is supporting the UK Government to monitor, evaluate, and learn from the UK International Climate Finance portfolio.

Acronyms

CIFs	Climate Investment Funds
CP3	Climate Public Private Partnership Programme
DFID	Department for International Development
HMG	Her Majesty's Government
ICF	International Climate Finance
ILO	International Labour Organisation
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
UNEP	United Nations Environment Programme

Number of jobs created as a result of ICF

Rationale

One intended outcome of greater investment in low-carbon development, climate change adaptation, and the forestry sector is the increased prosperity of people in developing countries, and their increased resilience through alternative or additional livelihoods strategies.

Jobs and employment are a critical co-benefit of climate change projects/programmes and can be beneficial in building stronger localized economies, in creating a supportive political economy environment, and in encouraging low and middle-income countries to adopt low-carbon, climate-resilient development pathways.

Research by ILO and UNEP indicates that green investment can contribute positively to job creation. For example, jobs created through forest plantations, smallholder agricultural schemes, and outgrower schemes are also highly significant contributions to the broader rural economy.

This indicator will provide data on direct job creation through ICF projects/programmes.

Summary table

Table 1: KPI 5 summary table

Units	Number of individual direct jobs (headcount measure)
Disaggregation summary (click for full details)	<ul style="list-style-type: none"> • Skill level ('skilled'/ 'unskilled' jobs) • Contract status ('contracted'/ 'not contracted' jobs) • Disaggregation by sex, disability, geography and age is also required
Headline data to be reported	Absolute number of direct jobs created (#), with explanatory text justifying assessment of additionality and calculation of attribution.
Latest revision	<p>September 2018.</p> <p>The main revisions to this Methodology Note are:</p> <ul style="list-style-type: none"> • Removed directions around central calculation of share of green/environmental jobs created; • Improved format and updated worked examples.
Timing issues	<p><i>When to report:</i> ICF programmes will be required to report ICF results once each year in March. Please bear in mind how much time is needed to collect data required to report ICF results and plan accordingly.</p> <p><i>Reporting lags:</i> Your programme may have produced results estimates earlier in the year, for example during your programme's Annual Review. It is acceptable to provide these results as long as they were produced in the 12 months preceding the March results commission. In some cases, data required for producing results estimates will be available after the results were achieved – if, because of this, results estimates are only available more than a year away from when results are delivered this should be noted in the results return.</p>
Links across KPIs	People holding jobs reported under this 'headcount' indicator can in principle also be reported under other headcount indicators, such as: the number of people supported to cope with the effects of climate change (KPI 1); the number of people with improved access to energy (KPI 2); or the number of people with improved resilience to climate impacts (KPI 4). Individuals should only be included

	<p>under multiple headcount indicators if they qualify for inclusion in results data under each indicator.</p> <p>However, despite this co-reporting of KPI 5 alongside other indicators, this indicator does not have any direct links to other reporting systems within the KPI portfolio: KPI 5 is not used as an input to any other indicators or calculations for other KPIs.</p>
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Technical Definition

This indicator aims to measure jobs directly created by ICF projects and programmes.

‘Direct jobs’ are those created as an immediate result of a given programme’s delivery, for example, in the construction or operation of a renewable energy installation, or in delivery of a climate change microfinance or insurance scheme, or a climate risk management (adaptation) business practice.

This indicator excludes ‘indirect’ or ‘induced’ jobs and should not consider job ‘displacement’:

- Indirect jobs refer to further employment created upstream or downstream of the main project/programme, for example, new jobs in the supply chain of a supported company.
- Induced jobs are those created in the wider economy due to increased economic activity or increased availability of electricity (which can spur economic investment and job creation).
- Displacement refers to the fact that some new jobs created may be filled by people who already have jobs, and so do not represent a net gain to employment within the supported country’s or localized economy. This indicator measures gross jobs rather than attempting to measure net jobs created (which would be calculated by taking account of displacement).

Methodological Summary

To determine the number of jobs directly created because of ICF, reporters should follow the approach set out in the graphic below. These steps are explained further in the Methodology section.

Figure 1: KPI 5 methodological summary

KPI 5: Number of jobs created as a result of ICF
<ol style="list-style-type: none"> 1. Quantify the number of jobs created 2. Determine total additional jobs by subtracting ‘Business as Usual’ job creation from total created jobs 3. Attribute created jobs among all partners responsible for job creation 4. Report direct jobs creating, disaggregating across key dimensions

Alongside overall direct jobs created, this KPI should also measure the skill level of jobs, and whether employees have contracts:

- The creation of **skilled / unskilled jobs** will be used as a proxy for employment opportunities accessible to the poor, who, by definition, have less access to education and opportunities.
- The creation of **contracted / non-contracted jobs** will be applied as a measure of formal vs. informal employment creation. The inclusion of non-contracted jobs is also important to ensure that self-employment opportunities created by ICF programmes are captured, such as self-

employment by women in the solar industry sector and positions generated through family microenterprise activities.

Methodology

1. Quantify the number of direct jobs created

Direct jobs created by ICF-supported programmes should be reported in simple ‘headcount’ terms. That is, programmes should report the number of job positions created as a result of ICF support. Data should be reported as annual totals, and also summed to give a cumulative total over the life of the ICF-supported programme.

This headcount approach has a number of implications:

- Part-time and full-time jobs should be measured in the same way and with the same value, with no differentiation between the two. That is, programmes do not need to attempt to quantify jobs in ‘Full Time Equivalent’ terms, but only report the number of jobs created.
- Temporary jobs (e.g. construction jobs during a renewable energy investment project) and permanent jobs (e.g. new positions created at companies supported by ICF programmes) should be measured in the same way and with the same value, with no differentiation between the two.

In line with common international practice, programmes should not include training roles created by ICF programme implementation. For example, if a programme aims to train people to become renewable energy systems engineers, the programme should only report the number of people who go on to take up jobs following the targeted programme training, and not the number of people who receive the initial training.

As noted in the Technical Definition, reporters should only include direct jobs created, and should not consider indirect or induced jobs created, and do not need to account for ‘displacement’ in job creation under this KPI.

Programmes should not include jobs created in delivering the programme. That is, programmes should not count any jobs created among organisations contracted to implement ICF-supported programmes. For example, if an ICF programme supports investment in a new renewable energy installation or adaptation / climate risk reduction infrastructure, the programme can report the number of jobs created in construction and operation of the installation or infrastructure. However, it should not report jobs created within the ICF programme team or a contracted delivery agency in administering the programme and supporting the investment.

[See example](#)

2. Determine total additional jobs by subtracting ‘Business As Usual’ job creation from total created jobs

Programmes should only report created jobs where these jobs are ‘additional’ to what would have happened without ICF support, and where HMG can claim ‘causality’ in creating these jobs. Reporters should therefore assess the number of direct jobs (whether full or part-time, temporary or permanent) that would have been created under a ‘Business As Usual’ (BAU) baseline by assessing the additionality and causality of the ICF programme, and determine the number of total additional jobs created by subtracting BAU jobs from total jobs created.

In the context of job creation, additionality requires that jobs would not have been created in the absence of the ICF-supported programme. This is especially important where programmes support companies, as some of the jobs created may have been created even in the absence of ICF support (for example, if companies already had plans to expand their employee base before receiving additional support from an ICF programme).

The causality criteria requires that programmes only report jobs created where HMG claims responsibility for the jobs being created because of funding provided through the ICF, or from actions taken under an ICF-funded project/programme (or a portion of the causal responsibility if there are other responsible co-funders). This is important, as there may be cases where other actors claim some or all of the responsibility for job creation.

Assessments of additionality and causality require the judgement of the project/programme officer. Real world considerations for assessing these factors include:

- Is ICF funding supporting a new investment or a pre-existing company/investment? Where investments are into new organisations, jobs are more likely to be additional. This is less likely to be the case where ICF supports pre-existing organisations that may have already intended to increase employment regardless of ICF support.
- Where supported organisations pre-date ICF support, only new jobs created after ICF's support should be considered.
- HMG will be more likely to be able to claim to have played a causal role if it designed and led the project/programme.
- Where HMG has only provided technical assistance to a programme (potentially alongside other providing financing), it may be challenging to claim a causal contribution to job creation, or that any jobs created are truly additional and would not have been created in the absence of HMG support.

[See example](#)

3. Attribute created jobs among all partners responsible for job creation

If HMG is the **sole investor in a project or programme**, it should assume all responsibility for any results (where the results are assessed to be additional and where HMG has a causal role).

In many instances HMG may be acting alongside one or more other development partners or multilateral bodies that also provide funding or support for projects or programmes – and where each partner has played a role towards the results. In these cases, HMG should only claim responsibility for the portion of results that can be attributed to its support.

If HMG is **only funding part of a project/programme**, reporters should calculate results as a pro-rata attributable share based on the value of all public co-financing towards the project.

In instances where ICF programmes leverage (public or private) finance that helps to deliver programme results, please contact your central ICF teams on how to address attribution of results delivered. See methodology notes for KPI 11 and 12 for definitions (of public, private, and leveraged finance and co-finance).

If HMG is **contributing to a fund**:

'First best' approach: use project/programme level attribution (as above)

In this approach, reporters calculate results attributable to the UK for each project/programme implemented by the fund using the project/programme level attribution approach, and then sum results across all projects/programmes in the fund to reach total UK attributable results.

This approach allows for recognition of other co-finance contributions at the project/programme level. However, this approach may be complicated or not always possible in practice as it relies on (i) full information about project/programme level inputs, (ii) additional work to calculate results at the project/programme level.

'Second best' approach: use fund-level attribution

Reporters apply fund-level attribution (i.e. at point of UK investment) for reporting results. I.e. results should be shared across all donors that contribute to a fund. All results are attributable to the relevant fund (e.g. CIFs, CP3, GAP) regardless of whether these funds blend with other sources of finance in implementing projects at levels below the point of UK investment. This approach assumes that any further finance towards the project is counted as leveraged. Where this is known to not be the case, a more conservative approach to attribution may be appropriate, please contact your central ICF teams on further guidance.

While this is the less preferred approach as it does not recognise additional contributions at the project/programme level, it may be more practical to implement where full data on project/programme level inputs is not available.

Note: The distinction between attribution at the project/programme level and at the fund level (or at point of UK investment) is only an issue where the UK is investing in funds where there are multiple investment levels.

[See example](#)

4. Report direct jobs created, disaggregating across key dimensions

Report direct jobs created that are attributable to the ICF programme, disaggregating results in line with guidance in the Data disaggregation section below.

[See example](#)

Worked Example

Worked Example 1

An ICF-supported programme in a South Asian country supports a range of stakeholders in the sustainable forestry sector, including through increased private sector investment and the creation of jobs (alongside support to government and non-state actors, households and local forest management groups). The business case projects that jobs will mainly arise from the management, production and commercialisation of sustainable timber and non-timber forest products.

1. Quantify the number of direct jobs created

To report job creation, the programme gathers data from supported private sector companies and from supported active forest management projects. 200 private sector companies have been supported, with

each company individually reporting job creation data to the programme as part of the terms of their financial support.

Across all 200 companies, 7,000 jobs have been directly created. 10 district-level forest management projects are also supported by the programme, with project data providing figures for jobs created to deliver each project, amounting to 2,000 jobs across all 10 projects.

Therefore, across both job creation areas, a total of 9,000 direct jobs have been created as a result of ICF support.

2. Determine total additional jobs (subtract BAU job creation from total created jobs)

Each company is required to certify that the jobs created are additional and would not have been created in the absence of ICF support. The reporting officer reviews each business's self-certification and assesses that none of the employment activities would have proceeded without the support of the programme, so all jobs can be deemed additional.

3. Attribute created jobs among partners

ICF provided £50 million in funding for the project, alongside € 40 million from one co-investing development partner (equivalent to £35 million, as converted in the business case), and €35 million from a second co-investing development partner (equivalent to £30 million, as converted in the business case). Total funding amounts to £115 million, all of which is provided in grant terms, with HMG's contribution amounting to 43% of the total envelope. ICF can therefore attribute 43% of jobs created to its support, equivalent to 3,906 jobs.

4. Report direct jobs created

The reporting office disaggregates reported jobs by skill level and contract status, and also by sex, disability, geography (urban/rural) and age groups.

[Click to see Annex I for further worked examples](#)

Data Management

Data source

Some data will be available directly from programmes, for example from project-level M&E. Ideally, the duty to collect job creation data should be the responsibility of recipients of ICF funding, or a third party auditing entity. This information will need to be kept up to date by liaising with programme managers. Where ICF support has been provided through other funds or actors, data may be available from those programmes. For example, a number of private sector investment programmes under the Climate Investment Funds report data on jobs created. However, reporters should verify that the definitions applied and approaches taken to measure created jobs align with this ICF methodology before using this data for reporting purposes. If these methodologies do not align with ICF reporting standards, programmes should not report these job creation numbers under this KPI.

Most recent baseline

A counterfactual 'Business as Usual' (BAU) baseline should be used to calculate direct job creation, reflecting what would have happened in the absence of ICF funding or action. This BAU approach is needed to determine the additionality of any jobs created.

Calculating the baseline can be challenging and will likely involve some estimation and discussions with involved parties and stakeholders to determine other actors' decisions, and whether jobs would have been created regardless of ICF support.

If you are not able to estimate what the counterfactual is, it is suggested to use an 'adjustment factor', which should be high (e.g. 95%) if you are confident your results are additional, and your data quality is good. A lower 'adjustment factor' (e.g. 50%) should be used if you have a lot of uncertainty and there are other partners in the area undertaking similar activities.

Data issues / Risks and challenges

In most cases, the number of jobs created is likely to be the same as the number of people supported to find jobs from ICF support – though it is possible that the number of people supported may be smaller than the number of jobs created if some people take up multiple part-time jobs created by the programme. In these cases, programmes should report the number of jobs positions created (and filled), and not the number of people supported.

As noted above, this indicator measures only the creation of direct gross jobs, rather than considering whether jobs are displaced from other industries or indirect or induced job creation. These will be areas for further analysis during evaluations of ICF investments.

It may be challenging to assess the number of informal jobs of self-employed individuals supported by the ICF programme. However, these may be important components of job creation efforts, especially for programmes supporting agriculture, rural or forestry sectors. In assessing job formality, the disaggregation of jobs by the contracted status of work should be used as a measure of whether jobs are formal or informal, and hence as a proxy for "decent" employment. The extent to which work is "decent" could also be the subject of a more in-depth evaluation exercise, but should not be considered by programmes themselves under this KPI.

Quality assurance

All results estimates should be quality assured before they are submitted during the annual ICF results return, ideally at each stage data is received or manipulated. For example, if data is provided by partners, this data should be interrogated by the ICF programme team for accuracy, or at the very least data should be sense checked for plausibility. When converting any provided data into KPI results data, quality assurance should be undertaken by someone suitable and not directly involved in the reporting programme. Suitable persons vary by department; this could be an analyst, a results / statistics / climate and environment adviser / economist.

Central ICF analysts will quality assure results that are submitted, and this may lead to follow up requests during this stage.

To avoid inherent reporting biases, it is strongly recommended that, where possible, data collection is undertaken by a third party that is not directly involved with implementing the project. Where not possible, consider using independent evaluations or alternative means to periodically check the validity of results claims.

Any concerns about data quality or other concerns should be raised with your departmental ICF analysts and recorded in documentation related to your results return.

Data Disaggregation

Please include disaggregated data according to:

- **Skill level:** This should be distinguished by level of education of the employee. Jobs that do not require graduation from primary school should be classified as 'unskilled'. Jobs that require graduation from secondary school or some 'on the job' apprenticeships should be regarded as 'skilled'.
- **Contract status:** This should be distinguished by the presence or absence of a contract for created jobs. Jobs with a contract should be classified as 'Contracted'. Jobs that do not have a contract (for example, informal labour) should be classified as 'Not contracted'.

Programmes are required to disaggregate results in line with DFID's *Disaggregation Agenda*:

- Sex:
 - Number of jobs created held by females;
 - Number of jobs created held by males.
- Disability:
 - Number of jobs created held by people with disabilities;
 - Number of jobs created held by people without disabilities.
- Geography:
 - Number of jobs created held by rural beneficiaries;
 - Number of jobs created held by urban beneficiaries.
- Age:
 - Number of jobs created held by children (aged 0-14);¹
 - Number of jobs created held by youth's (aged 15-24);
 - Number of jobs created held by adult's (aged 25-64);
 - Number of jobs created held by older people (aged 65+).

¹ This category is included in line with common disaggregation categories across all ICF 'headcount' indicators. However, the expectation is that ICF programmes would not support increased child employment, and hence that programmes would report zero jobs created in this category.

Annex 1: Further worked examples

Worked Example 2

ICF provides £10 million in funding for a challenge fund, providing a mixture of loans and grants for small businesses that provide climate change mitigation and climate change adaptation goods and services in an East African country. No other actors are providing funding or support for this programme. The challenge fund provides support to 14 companies.

1. Quantify the number of direct jobs created

As a requirement for receiving funding, businesses are required to provide data on jobs created. The supported companies report a total of 400 jobs created,

2. Determine total additional jobs (subtract BAU job creation from total created jobs)

Through discussions with each business, the programme reporting officer determines that all jobs created would not have been generated without ICF support. Therefore, all jobs can be considered to have been additional, and created by ICF funding support. Note that the reporting officer needs to verify additionality for each individual business, and should not make overall assumptions about additionality at the overall programme level.

3. Attribute created jobs among partners

As no other partners are involved in supporting the project, all jobs created can be attributed to HMG.

4. Report direct jobs created

The reporting office disaggregates reported jobs by skill level and contract status, and also by sex, disability, geography (urban/rural) and age groups. Of the total of 400 jobs created, 280 (70%) are held by males and 120 (30%) are held by females.

Worked Example 3

An ICF co-funded programme provides support for renewable electricity developments in a West African country by offering premium payments to developers per kWh produced by renewable energy installations (results-based finance). ICF provides £50 million in programme funding, while three co-investing development partners provide a combined €50 million in programme funding (all in non-returnable grant financing).

1. Quantify the number of direct jobs created

Renewable energy installation developers supported by the programme self-report that 4,000 jobs are created across the portfolio of supported companies. Job estimates are reported only for projects that are operational or under construction, and are verified by one of the co-investing development partners during site visits.

2. Determine total additional jobs (subtract BAU job creation from total created jobs)

The reporting officer assesses through discussions with the programme manager and supported companies that investments would not have proceeded without the financial support from international partners, and therefore all jobs can be considered additional. Note that the reporting officer needs to verify additionality for each individual business supported, and should not make overall assumptions about additionality at the overall programme level.

3. Attribute created jobs among partners

All funding contributions are converted to GBP terms using OECD DAC annual exchange rates. The co-investing partners' shares are equivalent to £44 million, with total contributions amounting to £94 million.

ICF's share of total funding is therefore 53%, and ICF's attributable share of the total jobs generated is 2,133.

4. Report direct jobs created

The reporting officer disaggregates reported jobs by skill level and contract status, and also by sex, disability, geography (urban/rural) and age groups. The majority of jobs (90%) are held by males, reflecting that most jobs are for construction phases (and that males tend to hold the majority of heavy manual labour roles). 45% of jobs are 'skilled' positions, such as engineers, quantity surveyors, health and safety officers, carpenters, welders, excavator drivers and drillers, with the remainder 'not skilled'. All jobs are reported as 'contracted'.

Annex 2: Definitions of key methodological terms used across Methodology Notes

As different HMG departments may use the same terminology to refer to different concepts, this section sets out definitions for key terms used across Methodology Notes for ICF KPIs. The terms used in these notes refer to the concepts as defined below, rather than to alternative, department-specific usages of these terms.

Counterfactual: The situation one might expect to have prevailed at the point in time in which a programme is providing results, under different conditions. Commonly, this is used to refer to a 'business as usual' (BAU) counterfactual case that would have been observed if the ICF-supported intervention had not taken place.

Additionality: Impacts or results are additional if they are beyond the results that would have occurred in the absence of the ICF-supported intervention. That is, results are additional if they go beyond what would have been expected under a BAU counterfactual.

Causality: Causality refers to the assessment that one or more actors bear responsibility for additional results or impacts, because of funding provided through the ICF or actions taken under an ICF programme. Multiple development partners may be assessed to have played a causal role in delivering results.

Attribution: Attribution refers to allocating responsibility for impacts or results among all actors that have played a causal role in programmes that deliver additional results. Results are commonly attributed to causal actors based on their financial contributions to programmes (though there may be cases where greater nuance is needed, as with KPI 11 and KPI 12).

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