How to capture evidence that ICF intervention will lead to transformational change

Frequently Asked Questions following updates to ICF KPI 15 methodology

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Summary of KPI 15 methodology

KPI 15 seeks to report the extent to which International Climate Finance (ICF) interventions are likely to lead to Transformational Change (TC). This indicator recognises that "transformation" is multi-dimensional, and that the indicator will not be able to capture everything that, in time, may contribute to TC. Rather, the objective is to capture enough evidence to form a qualitative picture of ICF effectiveness toward transformational change.

This KPI is a qualitative process indicator. It will normally be assessed at the level of a significant ICF programme, or a country/ thematic portfolio, rather than for an individual project.

Many transformations the ICF seeks to bring about will only be evident after a period of time, and most are unlikely to materialise within the period of ICF support. This qualitative indicator therefore tracks early signs of transformation, or the extent to which ICF activities are being, or have a good likelihood of being, transformational. It does so by using proxies for drivers of transformation, to assess the extent to which ICF support can be linked, if not attributed, to likely TC. These proxies (or 'criteria') are based on the Theory of Change (ToC) for TC.

The ICF is likely to be more transformational if several of the following criteria prevail, and if at least one criterion exists for each level of the ToC.

- **Political will and local ownership**: Where the need for change is agreed locally, and the process is locally owned. Where high-level political buy-in and broad support from across societies, cultures, and interest groups enable widespread changes to patterns of development.

- **Capacity and capability can be increased:** Where a target country and target communities have the capacities and capabilities necessary to bring about the change.

- **Innovation:** Where wider and sustained change comes from innovative new technologies with the potential to demonstrate new ways of doing things.

- **Evidence of effectiveness is shared:** Where approaches which have proven successful in one location are disseminated widely, and lessons on their usefulness are credible.

- **Leverage/ create incentives for others to act:** Where the costs of climate action are reduced to the point that acting on climate change risks and challenges is a sensible decision for public agencies, commercial firms, and private individuals.

- **Replicable:** Where good ideas piloted by the ICF are replicated by others in the same country, and more widely.

- **At scale:** Where interventions (such as national, sectoral or regional programmes) have sufficient reach to achieve progressive institutional and policy reform, or drive down the costs of technology deployment.

- **Sustainable:** Where activities are likely to be sustained once ICF support ends.

Ultimately, many truly TCs will require a critical mass, to overcome political, market and other sources of inertia. Many of the points above relate to achieving this critical mass and the more of the above an intervention can promote, the greater the likelihood that it will lead to TC.

The ToC for TC below groups criteria at three different levels (drivers, mechanism and enablers).
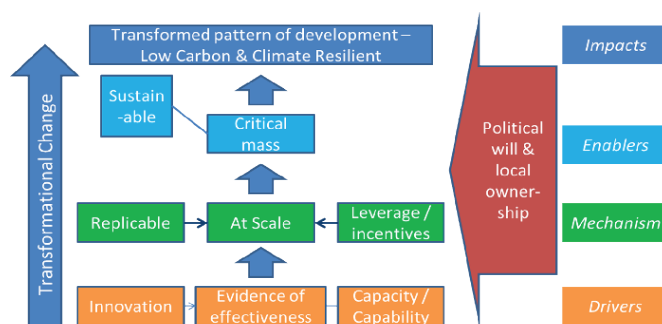
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Frequently Asked Questions

We need at least three criteria to establish TC. But how many indicators are necessary to evaluate each of the proxy criteria in the model? Are there examples where one indicator would be sufficient?

Yes, for example the 'Sustainable' criterion in the Methodology Note (see p.13) has only one indicator.

Normally, there are multiple indicators available from project documents. The challenge is to select the 2 or 3 most pertinent indicators. The reason to use 2 or more indicators is to spread the assessment and avoid the scenario where a single indicator does not show expected progress due to changing circumstances, even if the programme is effective overall.

What if KPI 15 was not thought of in the programme design phase? Can KPI 15 be applied retrospectively?

Yes. While KPI 15 may not have been explicitly incorporated in the design phase, each ICF programme should be designed to achieve transformational change.

To apply KPI 15 retrospectively, the same steps are to be followed, with the caveat that the baseline needs to be set retrospectively at the beginning of the programme. This may cause data availability challenges, but in most instances baseline data should have been established for project management needs, and/ or may be available from host governments.

How do we link the project ToCs to the TC ToC?

The idea is not to develop another ToC, but to use existing programme ToC(s), information and indicators.

Each project should have outcomes that target one or more of the TC ToC criteria (Drivers, Mechanisms or Enablers). Thus, a programme made up of several interventions should between them cover several criteria, for example: Project 1: innovation and capacity (Drivers); Project 2: leverage and at scale (Mechanism); and Project 3: critical mass (Enabler).

The TC ToC is then linked by taking the project outcomes as the steps in the TC ToC. There may be additional work to illustrate how the different projects are linked and show how they are nested within the overall TC ToC.

How do we set the weightings on the criteria?

Weightings should be set commensurately with the focus of the programme. For example, where the programme focuses more on Mechanisms in the ToC, that criterion (if only one assessed) will have a higher weighting.

Criteria will be weighted lower if more than one criterion assessed at each level of the ToC. However, the sum for that level in ToC may be higher.

It would be exceptional to have a weighting of more than 50% or less than 20% for each ToC level.

How do we determine the difference between the rankings and how much evidence is needed to jump from a rank 1 assessment to rank 2?

This can be difficult, and it is subjective. Rank 1 assessment (no evidence yet) will typically be used early in the programme cycle, when results are not yet expected to be achieved. This should be given when evidence is not yet available, but it is expected to be available in the future, within the timeframe of the programme.

Rank 2 assessment ('some early evidence') should be expected by mid-point in the programme – first results should be available, though they would not expect to show clear evidence, rather, results are in the right direction.

Rank 3 assessment ('tentative evidence of change') should include some achievement of targeted results. This level would not be expected until at least mid-point, and likely toward the end of a programme.

Rank 4 assessment ('clear evidence of change') is the desired end point, but this may not be achieved for each indicator within the reporting lifetime of the programme.

To illustrate, a programme seeking to enable local banks to lend money for solar installations, might have assessments such as:

- **Rank 1**: Programme set-up, local bank awareness raising.

- **Rank 2**: Several local banks are engaged and participating in programme.

- **Rank 3**: One or more local banks have designed and offered loan products for solar, with initial uptake.

- **Rank 4**: Several local banks have solar loan products, with uptake in local market.

What is the rationale for assigning a TC score for each metric after the data has been collected? Couldn't it be more objective to set the level at which change will be judged to be transformational for each metric before collecting actual results? In other words, could the step B.4 and B.5 be swapped?

Yes – ideally the approach would be: 'if we reach xxx target, we will assign yyy TC result'. This would be the best, most objective approach if enough information is available. In practice, TC is usually not only dependent on ICF interventions, and the actions of partners, governments and technology changes can be difficult to foresee, and therefore difficult to set targets in advance.

A programme may commence knowing the need to involve multiple stakeholders and other projects, with identified outcomes and impacts sought. There may be large changes on one metric (implying yyy TC result), but if other metrics do not perform due to external pressures (in same driver), TC might not be reached. It is difficult to know in advance the factors effecting each indicator, particularly where they involve step-changes, such as passage of legislation (or not).

Also note that the TC process is set out in a sequential order to ensure all steps are included – but it is a holistic process. Initial views (i.e. 'rough draft') on each of the steps should be made before undertaking them sequentially.

How do you measure political will and local ownership?

There are several ways to do this and this would depend on the programme context. Typically, this will involve capturing evidence of actions by ICF partners and local entities, for example:

* Evidence of government regulations or policies changed/ published, strategic plans released/ approved by parliament etc.

* Evidence of government (national or sub-national) or private sector finance as well as donor finance contributing to programme.

* Evidence of technology uptake or process beyond ICF programmes (e.g. in the case that ICF supports the first 1000 units to establish market, good indicators would capture that units 1001 to 5000 are implemented by local companies).