

Short title	ICF KPI 15: Extent to which ICF intervention is likely to have a transformational impact														
Type of indicator	Scorecard														
Key reporting requirements	<p>Below is a list of key reporting requirements to keep in mind when making your returns. Further details are available in the text below:</p> <table border="1"> <thead> <tr> <th>Requirement</th><th>Summary</th></tr> </thead> <tbody> <tr> <td>Is this a DRF indicator?</td><td>No</td></tr> <tr> <td>Available for reporting?</td><td>Yes</td></tr> <tr> <td>Methodology changes?</td><td>No</td></tr> <tr> <td>Units</td><td>Box marking i.e. 0, 1, 2, 3 or 4</td></tr> <tr> <td>Attribution</td><td>NA</td></tr> <tr> <td>Disaggregation to be reported in results templates</td><td>NA</td></tr> </tbody> </table>	Requirement	Summary	Is this a DRF indicator?	No	Available for reporting?	Yes	Methodology changes?	No	Units	Box marking i.e. 0, 1, 2, 3 or 4	Attribution	NA	Disaggregation to be reported in results templates	NA
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Technical Definition / Methodological summary	<p>Assessment of the extent to which ICF climate change activities are likely to have a transformational impact on developing countries</p> <p><u>Technical Definition</u></p> <p>Transformational change is complicated and multifaceted. At its core it is change which catalyses further changes, enabling either a shift from one state to another (e.g. from conventional to lower carbon or more climate-resilient patterns of development) or faster change (e.g. speeding progress on cutting the rate of deforestation). However, it entails a range of simultaneous transformations to political power, social relations, markets and technology.</p> <p>Many of the transformations the ICF is seeking to bring about will only be evident with a lag. Though it will be necessary to monitor these longer-term changes, most are unlikely to materialise within the period of the ICF. <u>This indicator therefore tracks early signs of transformation, or the extent to which key ICF activities either are being, or have a good likelihood of being, transformational.</u> 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 transformational change.</p> <p>These proxies (henceforth called the 'criteria', as set out in the 'Formula/data calculation' section) are based on a Theory of Change for transformation (set out in the 'Rationale' section).</p> <p><u>Summary of methodology</u></p> <p>This is a mainly qualitative process indicator. <u>The expectation is that it will normally be assessed at the level of a significant ICF programme, or country / thematic portfolio, rather than for individual projects.</u></p> <p>This KPI will be assessed through two approaches:</p> <p><i>a. <u>At programme or portfolio level</u></i></p> <p><u>Expected results</u></p> <p><u>A qualitative assessment of the type and nature of expected transformational change should be provided at the start of the programme (or portfolio of programmes).</u> This assessment should be guided by the criteria included in the 'formula / data calculation' section. It is not necessary to provide a box marking for the expected result at this stage, the assumption being that this would be '4 – transformation judged very likely', since all ICF programmes are designed to be transformational.</p>														

Actual results

ICF programme / portfolio managers should provide at each results reporting:

- An overall box marking giving an assessment of the likelihood that transformation linked to the ICF support will occur. Where there is more than one related ICF project in a country, regional or sector portfolio, the box marking should be presented at this more aggregate level, to reflect expected synergies (and reduce the risk of double-counting):

0	Transformation judged unlikely
1	No evidence yet available - too soon to revise assessment in business case
2	Some early evidence suggests Transformation likely
3	Tentative evidence of change – transformation judged likely
4	Clear evidence of change - transformation judged very likely

- A qualitative/narrative report against the relevant criteria of transformational change (see 'formula/data calculation' section below), with supporting evidence of change in those criteria, using programme (or portfolio)-specific sub-indicators. In many cases these will be drawn from the logframes of projects which comprise the portfolio. The box marking should flow from this review of the evidence.

This requires ICF programme managers to:

- (i) define for their intervention what successful transformation would look like, and which of the criteria are relevant to report against (see 'Worked Example section' below);
- (ii) identify programme-specific sub-indicators (e.g. drawing on logframes) related to each of the relevant criteria for transformational change, which can be used to monitor the transformational effects of the programme / portfolio. Some possible approaches are suggested in the 'formula/data calculation' section below;
- (iii) provide a narrative assessment against each of the relevant criteria, using progress against the sub-indicators and any other supporting evidence;
- (iv) assess transformational change against the KPI scorecard – it is suggested that each relevant criterion is scored, and builds to an overall assessment.

Consideration of contribution / attribution

While it may be possible to *attribute* change in some of the TC criteria to ICF activities, it is expected that in many cases it will only be possible to track *contribution* to a wider effort.

As far as possible, reporting should be at the level of a significant programme or country (or similar) portfolio, to help ensure that the links between different activities are understood, and an assessment made of the likelihood that a critical mass of support for change is emerging.

The indicator seeks to track the transformational impact of HMG climate change "activities". Though the bulk of these will involve bilateral funding through the ICF, it will be important to recognise the role of wider influencing and policy support provided by HMG staff in ICF countries. The contributions of others to the likely transformational change - notably national governments, but also other donors and organisations - should also be recorded as part of expected and actual results.

	<p>The methodology acknowledges that some ICF activities may inadvertently have an adverse effect on transformational change (pilots might go wrong and undermine the case/support for change; interventions may build capacity in one area by denuding it in another, etc.). It will be important that the evidence presented is balanced and also reported on any such negative influences.</p> <p>To the extent possible the evidence provided should draw on third party assessments and, ideally, be triangulated (i.e. come from multiple sources, viewpoints and types of data), to minimise the risk of self-assessment bias.</p> <p><i>b. <u>At level of the overall ICF</u></i></p> <p>The central ICF M&E team will:</p> <ul style="list-style-type: none"> • produce a report which draws on the project/programme box markings and supporting evidence to show what proportion of projects and spend are expecting to contribute to transformational change, and how likely this is judged to be; highlighting which parts of the overall ICF portfolio appear to be most likely to foster transformational change. • <u>formally evaluate</u> on an on-going basis a sample of the projects or programmes which expected at the time of approval to be associated with transformational change. This will be undertaken as part of the ICF fund level evaluation, which will utilise programme level monitoring and evaluation data. This formal evaluation will have two objectives: to allow a more in-depth assessment of the factors associated with the likelihood of transformational change; and to provide an independent check on the projects' and programmes' self-reporting, and so assess – and hopefully moderate – possible optimism bias in the qualitative self-reporting. <p>It is <u>not proposed</u> that transformational change evidence be aggregated at the overall ICF level in the same way as other ICF KPIs. Although the results will be synthesised, this will be to identify patterns and trends as a means of assessing overall progress (and to tease out lessons), rather than to form a view on the ICF's expected future global transformational impact. In aggregating the box markings, all programmes will be weighted equally. This KPI therefore adopts a qualitative approach to monitoring (<u>not</u> measuring) likelihood of transformation, relative to expected change.</p>
Rationale	<p><u>Background to this indicator</u></p> <p>ICF resources for climate change are but a very small part of the financing required to help developing countries build resilience and shift to lower carbon patterns of development. The ICF will have greater impact if it can be 'transformational' by, for example, encouraging others to replicate activities, and facilitating institutional and policy change. A challenge for this indicator is to capture these different, often country-specific, dimensions of transformational change, while remaining sufficiently simple so as to be unambiguous.</p> <p>The indicator recognises that transformation is multi-dimensional and that it will not be able to capture everything that, in time, may contribute to transformational change. Rather, the objective is to capture enough evidence to form a reasonable qualitative picture of ICF effectiveness in this area.</p> <p>The indicator is based on a number of premises and:</p> <ul style="list-style-type: none"> • uses proxies (criteria) to assess the extent to which ICF support is linked to changes which are pre-conditions for subsequent transformational change; • links these criteria to the likelihood of transformational change using a simple theory of change;

- accepts that it is neither possible nor necessarily desirable to try to attribute transformation to all ICF activities in all cases.

Theory of change

This note proposes that the ICF is likely to be more transformational in developing countries if several of the following criteria prevail (and at least one criterion for each different level of the theory of change – see diagram below for details):

- **Political will and local ownership:** *need for the change is agreed locally and the process is locally owned.* For widespread changes, notably changes to the patterns of development, this will require high level political buy-in and broader support from across society;
- **Capacity and capability can be increased:** *countries and communities have the capacities and capabilities necessary to bring the change about;*
- **Innovation:** *innovative technologies are piloted, with the potential to demonstrate new ways of doing things, which could lead to wider and sustained change;*
- **Evidence of effectiveness is shared:** *approaches which have proved successful in one location are made widely available and lessons on their usefulness are credible and shared widely;*
- **Leverage / create incentives for others to act:** *the costs of climate action are reduced to the point that acting on climate is a sensible decision for commercial firms and private individuals. These cost reductions may need to be steep enough to overcome behavioural inertia;*
- **Replicable:** *good ideas piloted by the ICF are replicated by others in the same country and more widely;*
- **At scale:** *interventions (such as national, sectoral or regional programmes) that have sufficient reach to achieve institutional and policy reform, or drive down costs of technology deployment;*
- **Sustainable:** *change is likely to be sustained once ICF support ends.*

Ultimately, many truly transformational changes 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 transformational change.

In time, it will be necessary to complement this process indicator with outcome and impact indicators which track the extent to which there has been national transformational change in public and private action on climate change. However, these changes are unlikely to materialise within the period of the ICF and it will only be possible in exceptional circumstances to attribute this wider change to HMG/ICF efforts.

The Theory of Change for Transformational Change is represented simply in the diagram below. This groups the TC criteria at three different levels (drivers, mechanism and enablers).

	<p>Theory of Change for Transformational Change:</p>
Country office / programme manager role	<p>The locally-specific conditions for transformational change mean there is a key role for country offices in leading, or at least contributing to, reporting against this indicator. Specifically, reporting at programme level is the responsibility of the programme manager. If the assessment is to be made at portfolio level, this should be undertaken by the country (or other) portfolio manager, and agreed between individual project leads where necessary.</p> <p>This indicator will rely in part on evidence and data collected in support of other KPIs and project / programme indicators (e.g. financial flows catalysed). However, because transformational change will be measured as impacts beyond individual projects, there is a need to go beyond routine project monitoring to understand, contextualise and interpret this information.</p>
Data sources	<p>There will be multiple in-country sources for the self-assessment:</p> <ul style="list-style-type: none"> • <u>personal contacts</u>, e.g. with government officials, other donors seeking to replicate ICF-supported activities and with private investors; • <u>partner Government policy statements and budget</u> to track changes in political will and capacity to act; • <u>analysis of others' reports</u> for example World Bank reports on government policy and on the business environment; • <u>project monitoring reports</u> may contain relevant information on capacity development, policy implementation etc. <p>Independent evaluation at programme and fund level will be able to cross-check these sources with other information and go into more detail to assess the evidence on e.g. whether or not the costs of acting on climate change are falling in a country and, if they are, the extent to which this is attributable to measures in that country or part of a wider regional or global trend.</p>
Reporting organisation	ICF Secretariat.
Data included	Qualitative self-assessment: box marking and supporting evidence.
Formula/ Data calculation	<p>This is primarily a qualitative indicator.</p> <p>It will be assessed against a number of criteria of the likelihood of transformational change, which are drawn from the ICF transformational Theory of Change set out above (and consistent with the criteria used in ICF bidding round guidance).</p>

Though the table also suggests the sorts of evidence which could be used to assess each criterion, programme managers should treat these as a guide and think carefully about what sorts of evidence are most relevant to their particular programme and local circumstances. This is important given that the barriers to systemic change are often local or specific to particular sectors.

What follows is intended both as a possible source to draw on, and as examples to stimulate programme managers to come up with better and programme / portfolio specific, locally-relevant measures. The categories are not intended to be of equal importance, and may not all be relevant in every case. However, an absence of some (notably 'political will' and 'capability and capacity') are likely to be major constraints on transformational change. 'Replication', though clearly important, is likely to be a later stage indicator. In turn, 'sustainability' is likely to rely on changes to many of the other criteria to be a truly transformational change.

Ideally, the sources of evidence by which the criteria will be assessed would be set out in the logframe in the initial Business Case. If not, then they should be formulated at the time a baseline is set for the intervention's expected transformational change.

Criteria	Approach and examples of indicators to assess by:
<i>Political will and local ownership</i> Fostering political will to act on climate change	Partner government is acting on climate change, as evidenced by: <ul style="list-style-type: none"> the tracking of influencing activities by HMG staff [see note on evaluating influence by DFID evaluation dept]; the quality of any national climate change strategy or similar, including whether this has been costed and included in the national budget, whether any proposals it contains for regulatory changes are being or likely to be implemented, whether the Ministry of Finance and key line ministries are actively tracking indicators of national change (via nationally formulated KPIs or similar), etc.; research provided through ICF activities informing debates on climate change in national parliament or similar; stakeholder engagement events organised by national government on climate change issues civil society efforts to foster informed debate on climate change [as measured by newspaper column inches, twitter tweets etc.] other [defined by programme or project]
<i>Capacity and capability increased</i> ICF-supported activities enhance local capacity to act on climate change	Evidence from HMG ICF country offices and spending units of one or more of the following: <ul style="list-style-type: none"> Number of Government Depts or agencies undertaking own analysis of climate action following HMG support; number of sector and national plans under implementation that mitigate risks and ensure adaptation to climate change by poor people; Institutions important for addressing the new challenges climate change will pose are supported by HMG either to evolve or emerge; HMG support makes developing country negotiators more influential in international negotiations;

		<ul style="list-style-type: none"> • Relevant capacities developed in the private sector [e.g. creation of/ support for effective trade associations supporting low carbon firms, building the capacity of financial intermediaries better to understand/assess the risk-reward profile of new technologies or energy efficiency, etc.]; • Increase in number of peer reviewed climate change publications by UK-supported local research bodies; • other [defined by programme or project]
	<i>Innovative</i> HMG-supported activities are encouraging innovation and testing new approaches.	<p>Could include:</p> <ul style="list-style-type: none"> • Number of domestic low carbon technologies supported <i>[where evidence can be taken from the low carbon KPI of this name]</i> • Number of domestic adaptation technologies supported; • Number & potential scope of new policy approaches tested; • Number & potential scope of new business models being tested and adopted; • Number of new market mechanisms for achieving emissions reductions piloted
	<i>Evidence of effectiveness</i> Ideas and lessons shared widely.	<ul style="list-style-type: none"> • Number of activities (e.g. workshops, key publications) delivered to disseminate programme experience, with evidence of take-up • other [defined by programme or project]
	<i>Leverage / create incentives for others to act</i> HMG-supported activities are creating the incentives for others to act on climate change.	<p>Could include:</p> <ul style="list-style-type: none"> • Policy and regulatory reforms initiated through HMG-supported activities cut costs for private investors (e.g. where we've supported the removal of regulations that hindered investment (could be support to allow independent power providers to operate & sell to grid)); • Development and introduction of policies and regulations supported which provide positive incentives for new approaches (e.g. where we've supported the development and implementation of a FiT); • Evidence that public goods provision supported by UK ODA encourages investment by others (e.g. new investments behind strengthened flood defences, private investment decisions informed by publicly available UK-supported climate projections, etc.) • other [defined by programme or project]
	<i>Replicable</i> HMG-supported activities are being replicated by others.	<ul style="list-style-type: none"> • Number & value of UK-developed approaches being copied by others [tracked in initiating country or region?] • Value of co-financing attracted into UK-initiated interventions • Volume of public finance leveraged <i>[public finance leveraged indicator]*</i>

		<ul style="list-style-type: none"> • Volume of private finance leveraged [<i>use private finance leveraged indicator</i>]* • other [defined by programme or project] <p>* These measures could equally fit under the 'leverage/ incentives for others to act' criterion. Which one the programme manager chooses to put them under will depend on what elements of the generic theory of change are most relevant to the portfolio in question</p>
	<i>At Scale</i>	<p>Ideally this will be a quantitative assessment of resources mobilised relative to the magnitude assessed as necessary to effect the desired change. It will be location and context-specific.</p> <p>Such measures may well draw on other criteria and could include:</p> <ul style="list-style-type: none"> • Proportion of population at risk who resilience is judged to have been markedly improved [drawing on other relevant KPIs] • X% of infrastructure at risk built to higher standard [eg X% of roads constructed or up-graded to cope with a 1 in X years rain storm] • A particular renewable technology accounts for X% of market share • X% of potential farmers are able to access a particular improved seed variety, or Y% of farmers have been trained in new adaptive or lower carbon practices
	<i>Sustainable Activities are likely to be sustained once HMG funding ends.</i>	<p>A view on the likely sustainability of ICF-funded activities could comprise a synthesis of the evidence presented on each of the indicators listed above (and should certainly draw on the other criteria).</p> <p>Where relevant other evidence should be included in this assessment [defined by programme or project].</p>
Worked example	<p>It is suggested that the format for this qualitative report be as follows:</p> <p><i>Expected Results</i></p> <p><u>At the start of the programme</u>, define what successful transformation looks like for the programme / portfolio (including its Theory of Change) and the key stakeholders involved; which of the TC criteria are relevant to report against; and the programme /portfolio-specific sub-indicators (steps 1-5):</p> <ol style="list-style-type: none"> 1. What interventions comprise the programme or country / thematic portfolio? <i>[This step should list and very briefly describe – at impact and outcome levels and noting £values – the projects or programmes comprising the portfolio. This may be wider than just ICF programmes and include other influencing activities.]</i> 2. What is the baseline that transformational change is being assessed from? <i>[This should not really require any extra analysis further to the Strategic Cases of the main interventions comprising the portfolio, but may need amending if new projects are added to the portfolio, which address new issues.]</i> 3. What is the theory of change that links the programme / portfolio activities and the expected transformational change? 	

	<p><i>[Though this step will clearly draw heavily on the theories of change of the main interventions that make up the portfolio, it may require additional work given it should sit above those interventions. But if done right, the project ToCs should be nested within this overall one.]</i></p> <p>4. Who else is crucial for ensuring this transformational change?</p> <p><i>[This step contextualises the UK support and allows a political economy analysis of the change to be summarised. Other stakeholders could be considered in terms of a) those whose engagement is a necessary pre-condition for change; b) those who have been (or need to be) engaged during implementation; c) those who are not essential but whose engagement presents opportunities which can / have been made use of. This may need amending as additional key players are identified during programme / portfolio implementation.]</i></p> <p>5. What will successful transformational change look like; when is it expected to occur; and how will it be assessed?</p> <p><i>[This step has two purposes: (i) to set out what eventual impact is expected and when (drawing on impact statements of the interventions comprising the portfolio); (ii) to set out the criteria and sub-indicators to be used to assess the likelihood of TC, drawing on relevant indicators and KPIs from project / programme logframes.]</i></p> <p>Actual Results</p> <p>At each reporting round, provide a narrative and scorecard assessment of progress towards transformation (steps 6-7):</p> <p>6. Narrative assessment of likelihood that the programme / portfolio will lead to the intended transformational change.</p> <p><i>[This should report against the definition, criteria and sub-indicators of expected transformational change set out in steps 1-5. The evidence and sub-indicators should be grouped under the categories set out in the ToC diagram presented earlier. It may be helpful to score each individual criterion, to build up to the overall assessment. All assessments need to be evidenced and carefully referenced.]</i></p> <p>7. Overall assessment of likelihood that programme / portfolio is transformational.</p> <table border="1"> <tr> <td>0</td><td>Transformation judged unlikely</td></tr> <tr> <td>1</td><td>No evidence yet available - too soon to revise assessment in business case</td></tr> <tr> <td>2</td><td>Some early evidence suggests Transformation judged likely</td></tr> <tr> <td>3</td><td>Tentative evidence of change – transformation judged likely</td></tr> <tr> <td>4</td><td>Clear evidence of change - transformation judged very likely</td></tr> </table> <p><i>[The score should be based on an assessment of evidence assembled against relevant criteria of transformational change. Where there is evidence against criteria at more than one level of the TC theory of change (see 'Rationale' section), it will be possible to justify a rating of greater certainty. It is important that the likelihood of an ICF activity's potential negative impact on transformational change is also considered. If judged sufficiently large to offset any positive influences, this could justify the 'transformation judged unlikely' score. The quality/credibility of evidence should be taken into account when weighing up information from different, and possibly conflicting, sources.]</i></p>	0	Transformation judged unlikely	1	No evidence yet available - too soon to revise assessment in business case	2	Some early evidence suggests Transformation judged likely	3	Tentative evidence of change – transformation judged likely	4	Clear evidence of change - transformation judged very likely
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Most recent baseline	<p>The baseline should reflect the situation before the ICF project activities start. An assessment against the relevant criteria should ideally be included in the Business Case or, if not, one should be made at the start of the project. It is acceptable to produce retrospective baseline scores if there is documentation to support these.</p>										

Good performance	<p>Where definitive, triangulated evidence is presented on more than one criterion, and against criteria at more than one level of the TC theory of change, it will be possible to justify a rating of greater certainty.</p> <p>Where there is credible evidence of change that is more directly attributable to ICF activities then this will also tend to strengthen the performance assessment. However, some of the impacts to be tracked will be in response to multiple stimuli; there will, therefore, be limits to the extent of change that any HMG-funded initiative could reasonably attribute to itself.</p>
Return format	The self-assessment box marking (for each relevant criteria and an overall marking) with explanatory text presenting evidence of transformation against relevant criteria, both to justify the assessment and assess the reliability of the evidence.
Data disaggregation	<p>Self-assessment box markings should be completed for each major stand-alone climate programme in a country/portfolio (i.e. for all projects comprising an adaptation or low carbon portfolio). Where all projects/programmes are considered as synergistic and contributing to a single form of transformation (i.e. where the intended transformational change is towards patterns of development which are simultaneously low carbon <u>and</u> climate resilient) then only one self-assessment should be completed.</p> <p>In either case, the explanatory text should present evidence on specific individual projects which have caused or contributed to the specific transformation(s).</p>
Data availability	<p>The self-assessment and qualitative reporting will rely on in-country HMG staff being well connected (with other donors and, ideally, private investors) and knowledgeable about how climate change policy is made in that country. This knowledge should routinely be held between HMG in-country climate advisers and FCO staff.</p> <p>This indicator will rely in part on evidence and data collected in support of other indicators in the logframe.</p>
Time period/lag	<p>We can anticipate a lag between the start DFID-funded activities and evidence of transformation effects. This lag will differ by type of country and nature of the HMG activity.</p> <p>The qualitative criteria have been designed to capture changes which could be expected to start in the life of the ICF. Indeed, too short a lag may question the extent to which change can be attributed to HMG activities.</p>
Quality assurance measures	<p><u>Risks and Challenges</u> (see also Data issues section below)</p> <p>Care will be needed to minimise the risk of undue subjectivity. Use of consistent criteria (though flexibility in the means of verifying these) and overall scoring is intended to help achieve this.</p> <p>The central ICF M&E team will review the KPI self-assessments received from country offices for comparability in the rankings, for example, to ensure consistency in the weight given to similar types of examples.</p> <p>Independent evaluation at programme and overall fund level will allow a more in-depth assessment of the factors associated with the likelihood of transformational change and related outcomes. It will also provide independent verification of project/programme self-reporting and help moderate possible optimism bias in the qualitative reporting.</p> <p>If reporting officers have any concerns about the quality of data or any points that they think CED should be made aware of, then please note this in the ICF (and</p>

	DRF) results templates. Any comments can usually be added into the free text columns on the far right of each template. Further guidance should be available in the commissioning note.
Data issues	To minimise the risk of subjectivity in programmes' self-assessments, more weight should be given to examples of transformation where there are multiple sources of evidence to support the ranking and where the evidence for this is as far as possible factual rather than based on the opinions of a few people or on speculation.
Additional comments	<p>The indicators of likely transformational change will draw on other indicators and KPIs, notably the public and private finance leveraged indicators. Though there may be cases where there are examples of progress towards transformational change, despite poor progress on these other indicators in an individual country, the reasons would need to be explained carefully.</p> <p>Care will also need to be taken not to attribute influence to HMG for the replication of activities which we in turn copied from other organisations.</p>
Leads	Statistical advisor: Alex Feuchtwanger (DFID) a-feuchtwanger@dfid.gsx.gov.uk
Latest revision	July 2014