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NAMA Facility – 2nd Interim Evaluation and Learning

**Learning Report: Optimising theories of
change for promoting and enabling
transformational change**

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Background to this Learning Report

Theory of Change (ToC) is a highly effective tool for organisational strategy development, programme design, consensus-building and impact reporting. It can help organisations to critically assess what they are doing and where they want to go. It encourages them to think beyond their organisation and their programme, to assess the context in which it operates and how it can catalyse others to change. In this way, ToCs can actively promote transformational change, both as a tool enabling change design and as a tool for communicating organisational goals, encouraging others to buy into and support these.

The 2nd Interim Evaluation of the NAMA Facility¹ found that ToC is promoted within the organisation and reviewed regularly, but that more could be done to optimise how the ToC supports the Facility in achieving transformational change.

Building upon the findings from the evaluation, and upon observations of how other international climate funds utilise and present ToCs, this Learning Report highlights pathways (best practices) that funds – including smaller funds like the NAMA Facility – can use to promote and enable transformational change.

The target audience for this learning report includes the NAMA Facility and other climate funds, governments of developing countries and emerging economies, NAMA² developers and direct implementers, as well as the wider climate finance community.

Key lessons

This Report recommends four pathways for optimising ToCs:

1. Go beyond high-level theories about how transformational change occurs (e.g. “through innovation”, “by leveraging private sector finance”) to reflect the unique value and strengths of the fund and how these specifically support transformational change.
2. Make the ToC a ‘manifesto’ for change by including a narrative alongside the graphic.
3. Regularly review and update the ToC as the fund evolves in scope, ambition and capability.
4. Critically review progress towards transformational change, not only at the project, but also the programme level – i.e. review fund performance in ‘transformational’ activities, such as cross-donor coordination, wider public communication, knowledge-sharing and project selection.

How theories of change can promote transformational change

Why a ToC

A ToC is “a comprehensive description and illustration of how and why the desired change is expected to happen in a particular context”. The benefits that ToCs can bring to funders, include:

- Strengthening the clarity, effectiveness and focus of programmes.

¹ Founded in 2012, the NAMA Facility provides support to developing countries and emerging economies for the implementation of transformational, country-led NAMA Support Projects (NSPs). NAMAs (Nationally Appropriate Mitigation Actions) can be considered building blocks for the implementation of Nationally Determined Contributions (NDCs). NSPs contribute to the reduction of greenhouse gas emissions by providing demonstration examples for the implementation of NAMAs. Successful NSPs are expected to (1) encourage countries to prepare and implement further NAMAs, and to (2) mobilise additional finance for the implementation of climate change mitigation action.

² NAMAs is a term used for convenience. In this report, it also includes NDC implementation activities promoting transformational change that are conceptually similar, but may not be using NAMA terminology per se.

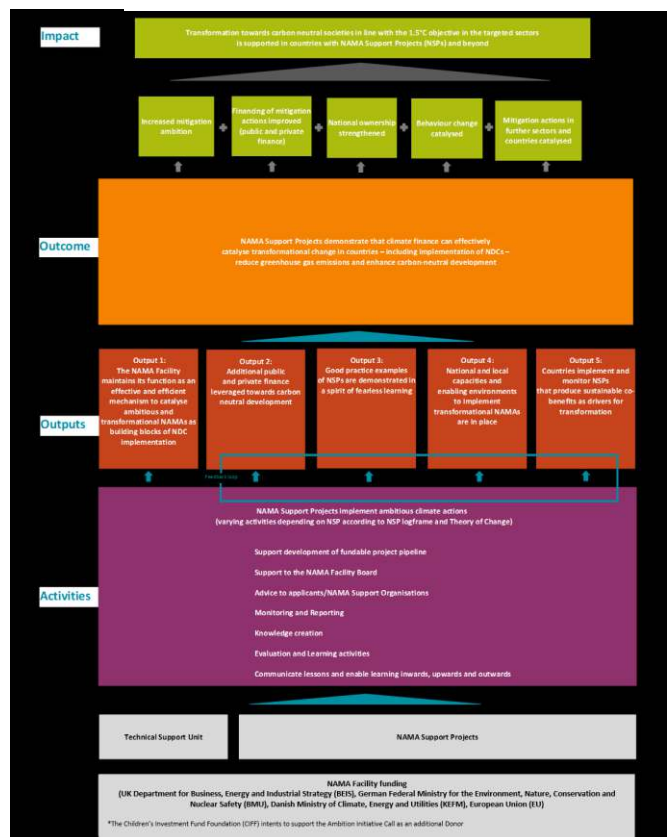
- Providing a framework from which to improve monitoring, evaluation, and learning.
- Providing a unifying framework for strategic decision-making, communicating and reporting.
- A clearer conceptualisation of ‘impact’ and the intermediate changes that have significance for programmes and stakeholders, to enable strategies to be optimised.
- Strengthening adaptive management, responsiveness to changes in the context.

How ToC is used within the NAMA Facility

The NAMA Facility ToC sets out the NAMA Facility’s strategy for achieving transformational change. It complements other key strategy documents of the NAMA Facility, including the ‘Potential for Transformational Change’ factsheet, the Knowledge Creation Strategy, the Communications Strategy and the NAMA Facility Risk Appetite Statement. In this way, it provides a ‘unifying framework’ and ‘conceptualises impact’ for the purposes of MEL and strategy development.

In its present format, it is focused on setting out the Facility’s anticipated inputs, outputs, outcomes and impacts and the causal pathways between these. It exists in graphic form (as illustrated in Figure 1; full visual available on the NAMA Facility [website](#)) without an accompanying narrative, and in this visual form is highly accessible, though it leaves open to interpretation many of the causal assumptions behind its impact pathways.

Figure 1 NAMA Facility Theory of Change



How ToCs promote transformational change within climate finance funds

Amongst the larger climate mitigation funds (GEF, GCF and the CIF CTF),³ Theories of Change variously have a stated purpose to: define a vision for transformation, identify barriers and contextual dynamics to ensure that activities address these, create a shared definition of transformational change, and of indicators of transformational change. They usually identify high level ‘catalysts’ (usually a combination of capacity-building, knowledge generation, innovation and enabling environment) and indicators of transformation (replication, scaling up, sustainability, etc.). Some systematically categorise the change which the fund can control and the change which can only occur with outside support /contributions from other stakeholders. Other useful practices include specifying where change is behavioural, institutional, market-focused, etc., and indicating anticipated timelines for change. However, in almost all cases, the ToCs focus on the action of the funded projects, reflecting the primary purpose of

³ We systematically reviewed publicly available information on how ToCs have been used within the Green Climate Fund (GCF), CIF: Clean Technology Fund (CIF CTF), Global Environment Facility (GEF), Nordic Climate Facility (NCF), Climate Change Fund (ADB) and the NDC Invest : NDC Pipeline Accelerator. These represent the six international climate mitigation funds against which key characteristics of the NAMA Facility were benchmarked as part of the Second Interim Evaluation of the NAMA Facility. As this information has been gathered through web-searching, it is possible that it does not represent the full scope of ToC use within these programmes.

the programme to ‘fund’. This ignores the other activities that the funds are doing,⁴ which can often play a critical or decisive role in whether transformation occurs at the local level and which – more importantly – play a role in the transformation of the wider system.

Recommended pathways for optimising ToCs within the NAMA Facility and other climate finance funds

Pathway 1: Ensure the ToC highlights the strengths of the organisation

Taking the NAMA Facility as an example, its unique value lies in the nimbleness with which the Board makes decisions, the project development guidance and feedback offered by the TSU which improve proposal quality, the on-site visits and DPP support which support local ownership, and the openness of the Facility (to a range of sectors, economies, countries and delivery partners) which increases the breadth of transformational opportunity. These were recognised by all stakeholders consulted for the 2nd Interim Evaluation of the NAMA Facility as facilitating transformational change.⁵ Describing these mechanisms clearly and in detail of how they contribute to transformational change can help organisations to better communicate the practical steps and actions through which they expect to catalyse and support change. By being clear on this, funds can better communicate their unique value and perceived strengths, potentially attracting project developers with transformational projects, who can build upon such support. Such transparency also provides an excellent basis for programme performance and results measurement (i.e. monitoring and evaluation) which can also support change.

Pathway 2: Provide a narrative / storyline around the illustration

ToCs, such as those of the NAMA Facility, the GEF, GCF and CIFs are frequently neat, accessible and visually impactful, but they omit a lot of the detail that could be used to tell the fund/facility’s story and engage others in a shared goal. One good example of such a ToC, is the UK’s Climate Outreach ToC, which sets out a manifesto for change and the people and steps that this should involve. Whilst ‘manifesto-setting’ may not be appropriate for multi-country, multi-sectoral programmes, climate finance funds should still aim to set out a narrative for their ambitions, drawing particular attention to how the programme’s activities (as well as those of the projects funded) will contribute to transformational change. Taking the NAMA Facility as an example, this would include a description of its ambitions to act as a knowledge hub and how this hub will influence both NAMA Facility and non-NAMA Facility projects.

Pathway 3: Ensure that the ToC is a living document / tool

ToCs should be living documents. For them to work as statements of ambition and strategy, they should be updated as frequently as changes to the ambitions, scope, activities and capabilities of the fund evolve. The recently launched NAMA Facility Ambition Initiative demonstrates a significant change within a fund that is likely to increase the programme’s capacity to influence transformational change. This new mechanism should be represented in the ToC.

Pathway 4: Ensure that change mechanisms are sufficiently reflected and regularly monitored

It is good practice in ToCs to be explicit about change mechanisms (see also Pathway 1 above). ToCs are more effective when they recognise, and account for, not only the change that projects directly affect, but also change which the programme-level activities support and contribute to. Such activities may

⁴ As discussed further under pathway 4, these may include *inter alia*: knowledge-sharing, technical advisory support to projects / project developers, cross-donor coordination / promotion of projects, fund-raising, stakeholder engagement, and quality assurance and project refinement.

⁵ Though this has not yet been ‘proven’ given that the 2nd Interim Evaluation did not assess project outcomes and impacts (this will be covered in separate project-level evaluations being conducted by the Evaluation and Learning Exercise team). Nonetheless, the evaluation did find that projects reviewed as part of five country case studies were showing indications of potential transformational change, such as signs of future replication, sustainability, private and public sector investment and local ownership.

include cross-donor coordination, communication, quality assurance, advice and support to projects, knowledge sharing, and the decision and strategy making activities of the Board. Actively recognising and transparently stating how such actions support transformational change encourages critical thinking, better monitoring of what works well / less well for transformational change, and accountability for the non-financial inputs that funds contribute.

References and Resources

Publicly available examples and discussions of international climate fund ToCs are available through the following online links. As these have not been sourced directly through the funds, some may not be the latest nor in all cases the official ToC.

NAMA Facility Theory of Change: <https://www.nama-facility.org/concept-and-approach/theory-of-change/>

CIF Clean Technology Fund: ODI (2019) 'Transformational change in the Climate Investment' Funds: <https://www.odi.org/sites/odi.org.uk/files/resource-documents/12587.pdf>

Climate Outreach: <https://climateoutreach.org/about-us/theory-of-change/>

EBA (2019) 'Joint Nordic Organisational Assessment of the Nordic Development Fund (NDF): https://eba.se/wp-content/uploads/2019/10/FINAL_NDF1-1.pdf

Foundations of Success (2007) 'Final Report on a Proposed Approach to GEF Impact Evaluation': <http://www.gefio.org/sites/default/files/ieo/ieo-documents/ie-porposed-approach.pdf>

IADB (2019) Designing for Transformation toolkit: https://publications.iadb.org/publications/english/document/Designing_for_Transformation_A_Practice-Oriented_Toolkit_for_Mainstreaming_Transformational_Change_in_Program_and_Project_Preparation_Processes.pdf

Zazueta, Aaron & Negi, Neeraj. (2017). Methodological Approach of the GEF IEO's Climate Change Mitigation Impact Evaluation: Assessing Progress in Market Change for Reduction of CO2 Emissions: https://www.researchgate.net/figure/General-framework-for-GEF-theory-of-change-Source-GEF-IEO-2014_fig1_312326246

['Potential for Transformational Change' factsheet](#), [the Knowledge Creation Strategy](#), the Communications Strategy and the NAMA Facility Risk Appetite Statement

For more information on ToCs, see:

<https://www.theoryofchange.org/>

<https://www.thinknpc.org/wp-content/uploads/2019/10/Theory-of-Change-10-Steps-Updated.pdf>

<https://isabelvogel.co.uk/about-me/>

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