Monitoring and Evaluation Framework

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Mitigation Action Facility

On behalf of

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Federal Ministry for Economic Affairs and Climate Action

IKI INTERNATIONAL CLIMATE INITIATIVE

UK Government

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List of abbreviations

Abbreviation	Meaning
CDM	Clean Development Mechanism
CIFF	Children's Investment Fund Foundation
COP27	27th Conference of Parties
DAC	Development Assistance Committee
DESNZ	The UK Department for Energy Security and Net Zero
DPP	Detailed Preparation Phase
ELE	Evaluation and Learning Exercise
EU	European Union
FC	Financial Cooperation (project component)
GAP	Gender Action Plan
GCF	Green Climate Fund
GESI	Gender Equality and Social Inclusion
GHG	Greenhouse gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)
IGS	Indicator Guidance Sheet
IKI	Internationale Klimaschutzinitiative (International Climate Initiative)
IPCC	Intergovernmental Panel on Climate Change
M&E	Monitoring and Evaluation
MRV	Monitoring, Reporting, and Verification
MW	Megawatt
MWh	Megawatt hours
MWp	Megawatt peak
NAMA	Nationally Appropriate Mitigation Action
NDC	Nationally Determined Contribution
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	Organisation for Economic Co-operation and Development's Development Assistance Committee
PFC	Perfluorocarbon
TC	Technical Cooperation (project component)
ToC	Theory of Change
ToR	Terms of Reference
TSU	Technical Support Unit
UK	United Kingdom

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Introduction and purpose

1 Introduction and purpose

Monitoring and evaluation (M&E), along with a focus on learning, greatly enhances the effectiveness and accountability of an institution by establishing clear links between its interventions and the expected and achieved results. M&E allows institutions to define, track, and learn from their work while enabling informed decision-making based on systematically collected data and evidence of actual results. It further allows for course corrections and adjustments when necessary.

The following description in *Box 1* defines the principles of Monitoring, Evaluation and Reporting.

Box 1: Monitoring, Evaluation and Reporting

Monitoring is a continuous or periodic function that involves systematically collecting qualitative and quantitative data to ensure activities stay on track. It serves as a fundamental management instrument.

The key question monitoring seeks to answer is: 'Are we on track?'
Evaluation is a systematic and impartial assessment of an activity, project, programme, strategy, policy, sector, or focal area. Its pu**rpose is to d**etermine the relevance, impact, effectiveness, efficiency, and sustainability of interventions and contributions made by the partners involved. Evaluations should provide credible, reliable, and useful evidence-based information to incorporate timely findings, recommendations, and lessons into decision-making processes.

The key question evaluation seeks to answer is: 'Are we on the right track?'
Reporting is an integral part of monitoring and evaluation. It involves the systematic and timely provision of essential information at regular intervals.

The M&E Framework serves as a foundational tool for the Mitigation Action Facility (*see Box 2*), defining its strategic approach through the Theory of Change and Logframe. It provides clear and systematic guidance on how the Mitigation Action Facility's work is measured, monitored, and evaluated across its portfolio of projects. This framework ensures consistency in monitoring, evaluation, and learning processes, capturing sufficient data and information to review the progress and impact of the Mitigation Action Facility.

Box 2: The Mitigation Action Facility

The Mitigation Action Facility evolved from the NAMA Facility in 2023 as a go-to platform for providing technical support and climate finance for ambitious mitigation projects aimed at decarbonising key sectors of the economy and society.

In 2012, the German and United Kingdom (UK) governments jointly established the NAMA Facility. Denmark and the European Union (EU) joined the programme as new Board members in 2015, along with the Children's Investment Fund Foundation (CIFF) in 2021.

At the 27th Conference of Parties (COP27) in Egypt, while celebrating the 10th anniversary of the NAMA Facility, the Board announced a name change to the Mitigation Action Facility effective from 2023 and a new spotlight on decarbonising priority sectors.

The M&E Framework operates at **two levels**:

- Project level: At this level, the responsibility for managing M&E lies with the implementation organisation(s) overseeing the financial cooperation (FC) and technical cooperation (TC) components.
- Mitigation Action Facility level (or portfolio level): Here, the responsibility for managing M&E falls to the Technical Support Unit (TSU), which oversees the overall monitoring, evaluation, and learning processes of the Mitigation Action Facility.

The overarching objectives of the Mitigation Action Facility's M&E can be summarised as:

- Foster accountability by assessing project results to ensure the achievement of Mitigation Action Facility objectives.
- Promote knowledge sharing, feedback and learning based on the results and experiences gained from projects and the Mitigation Action Facility. These processes serve as the foundation for decision-making on policies, strategies, and project/ programme management, ultimately enhancing performance and facilitating continuous learning.

In this context, the M&E Framework outlines clear instructions and guidance to implementation organisations on how to establish their project-specific M&E system. Furthermore, the framework illustrates the structure and components of the M&E system of the Mitigation Action Facility. The following introduction summarises the content of each chapter:

2. The Mitigation Action Facility's Theory of Change
A summary of Mitigation Action Facility's Theory of Change.

3. Monitoring, Evaluation and Reporting at the project level
Outlines the detailed requirements for Mitigation Action Facility's projects regarding M&E and reporting and provides guidance on processes that need to be applied throughout the project lifetime.

4. Monitoring, Evaluation and Reporting at the Mitigation Action Facility level
Outlines all requirements regarding M&E and reporting at Mitigation Action Facility level.

5. Responsibilities and Resources
Summary on responsibilities and resources required for M&E related activities.

6. Knowledge management related to M&E
Summary on knowledge management and learning processes regarding M&E at Mitigation Action Facility level.

Additionally, the *annexes* provide relevant templates, presentation tools and detailed guidance on how to define and collect data for monitoring and reporting on the different indicators of the Mitigation Action Facility.

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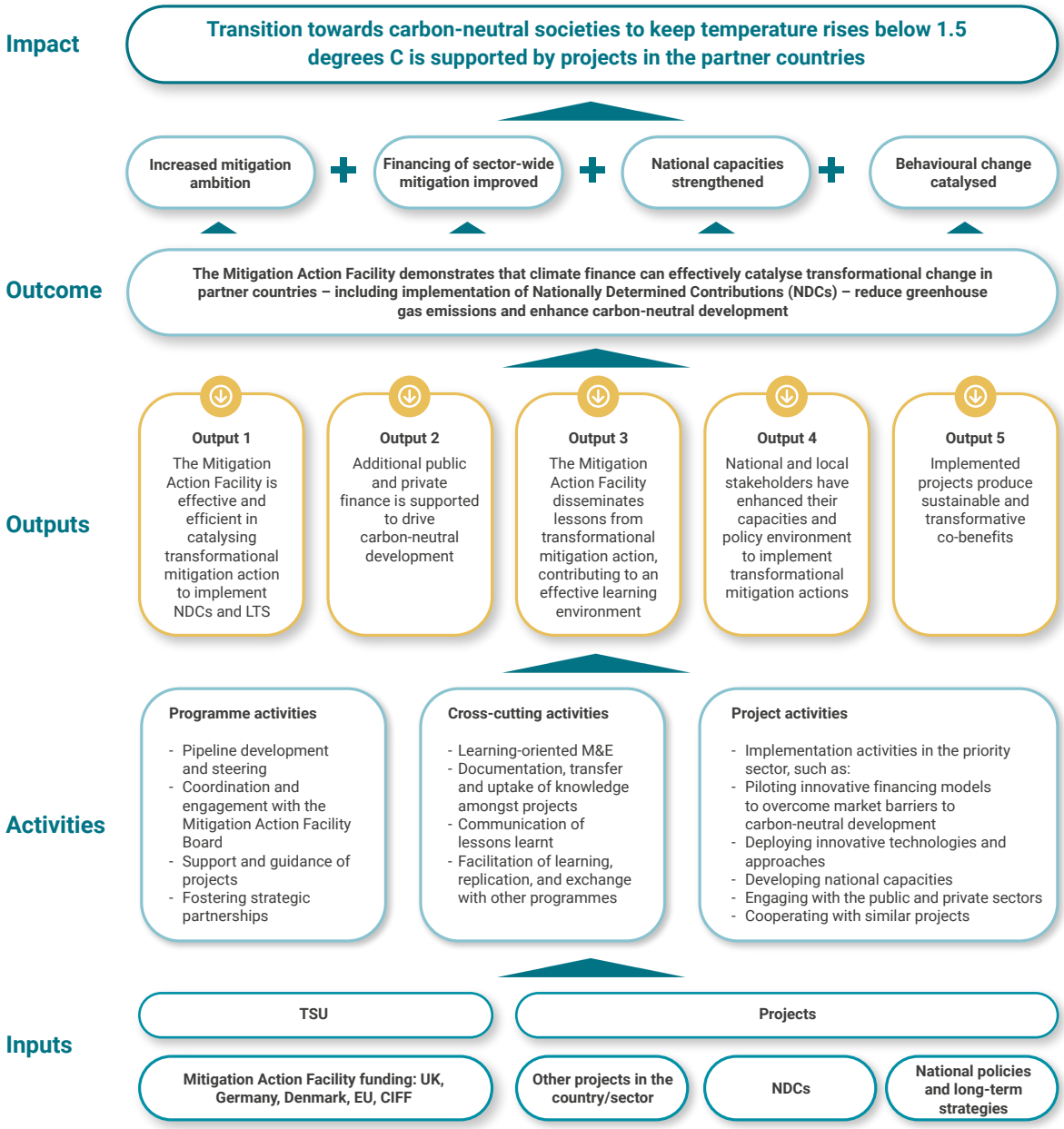
A summary of Mitigation Action Facility's Theory of Change

2 The Mitigation Action Facility's Theory of Change

The Theory of Change (ToC) of the Mitigation Action Facility explains the causal pathways by which the Facility's activities create a chain of results leading to the outputs that contribute to achieving the intended programme outcome and impact. The intended target audience of the ToC includes project implementers, potential applicants, partner governments, and the broader climate finance community.

The supporting narrative document discusses the key assumptions and causal pathways behind the ToC.

Figure 1: Mitigation Action Facility's Theory of Change (ToC)



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Monitoring, Evaluation and Reporting at the project level

3 Monitoring, Evaluation and Reporting at the project level

At the project level, the M&E Framework guides the implementation of projects supported by the Mitigation Action Facility. This guidance includes the following components:

- Project's logical framework or Logframe (*see section 3.1*)
- Project's M&E plan, including performance indicators (*see section 3.2*)
- Assumptions and risks monitoring for projects (*see section 3.3*)
- Project evaluation (*see section 3.4*)
- Cross-cutting topics for project planning, implementation, and reporting, including gender-sensitive monitoring and co-benefits of projects (*see section 3.5*)
- Reporting deliverables at the project level (*see section 3.6*)

Standardising the M&E systems of all projects is crucial as they contribute to the overall objectives of the Mitigation Action Facility. During the Project Implementation Phase, projects must demonstrate progress on the core objectives of the Mitigation Action Facility, including greenhouse gas (GHG) emissions reduction and sustainable development co-benefits, in a systematic and verifiable manner. To achieve this, projects must establish sound and systematic data collection, monitoring, and reporting systems that are harmonised with each other.

It is important to note that this form of monitoring is specific to projects and the Mitigation Action Facility, distinct from a national-level monitoring, reporting, and verification (MRV) framework. However, project monitoring can contribute to and enhance national MRV systems, and a considerable number of projects include specific MRV support components in their project design. Therefore, the information collected for MRV frameworks can feed into the Mitigation Action Facility's M&E framework and vice versa.

3.1 A Project's Logframe

As part of the Mitigation Action Facility portfolio, all projects contribute to and align with the overall Logframe of the Facility and, as such, contribute to the expected impacts of the Mitigation Action Facility. The main impact is:

Transition towards carbon-neutral societies to keep temperature rises below 1.5 degrees C is supported by projects in the partner countries

In addition, projects contribute to expected secondary impacts, most notably increasing mitigation ambition, improving mitigation action financing, strengthening national ownership, and catalysing behavioural change (*see the Theory of Change*). How projects contribute to these overarching impacts will be detailed in their project-specific Logframe.

3.1.1 What is a Logframe?

The Logframe (submitted with the Project Proposal), is a crucial instrument for designing effective monitoring and evaluation systems. It is a matrix that presents a project's overall design and scope, providing a framework for monitoring project implementation. The Logframe is based on the causal relationships between impact, outcome, output, and activities. It serves the following purposes:

- Summarising the project's intended impact and approach;
- Describing the key outputs and outcomes to be monitored and evaluated;
- Clarifying the key assumptions underlying the project's design and how it is intended to work.

3.1.2 Logframe components

The Logframe consists of a 4 × 4 matrix (*see Table 1*) with the following components:

1. Hierarchy of the Logframe: impact, outcome, output level and activities
2. Verifiable and measurable performance indicators
3. Means of verification
4. Important assumptions and risks

1. Hierarchy of the Logframe: impact, outcome, output level and activities
Impact represents the overall goal that the project aims to achieve. The project's Logframe aligns with the project's impact statement.

Outcomes describe a project's purpose and articulate the expected change in beneficiary behaviour, socio-economic or political system, or institutional performance.

Outputs are the tangible results and services delivered to beneficiaries. Outputs are generated by using and transforming inputs through project activities. The project team can then be held accountable for the achievement of these output.

Project activities outline the main activity clusters necessary to achieve the output. Activities define how projects will be implemented – the actions that will be conducted to accomplish the outputs and the inputs needed to resource these.

The project's activities, overall outcome and outputs, as well as the particular outcome and outputs of the FC and TC components, are project-specific and depend on the project's design, the sector it addresses, its scope, and other factors.

2. Verifiable and measurable performance indicators
The Logframe includes performance indicators with baselines and targets to measure progress towards the desired outputs, outcomes, and impact. These indicators and the means of verification should be practical, cost-effective and provide a basis for project monitoring and evaluation. For more information on performance indicators, please refer to *Section 3.2.1*

3. Means of verification
The means of verification specify the sources of information that demonstrate the project's accomplishments. They are the types of data that need to be collected to verify the indicators' achievement. Verification may require special activities, e.g. surveys, to ensure accurate results.

4. Important assumptions and risks
Assumptions in the Logframe refer to the necessary conditions or events beyond the project's control. Each project should carefully assess the assumptions included in its Logframe and, if there is a low or medium likelihood of them materialising, enter them into a risk register for monitoring. Risk and uncertainty affect the project's design, while a lower degree of risk strengthens the project's design.

Table 1 provides an overview of the internal logic of each component of the Logframe, outlining the indicators, means of verification, assumptions and risks associated with each hierarchy level.

Table 1: Overview of Logframe components

Logframe hierarchy	Performance indicators	Means of verification	Assumptions and risks
Impact			
The overall goal that the project aims to achieve.	Performance indicator with baselines and targets to measure progress towards the desired impact.	Specification of the sources of information that provide evidence of the achieved impact.	No assumptions
Outcome			
The immediate main outcome, or objective that the project is expected to achieve. It represents the changes in beneficiary behaviour, systems, or institutional performance resulting from the combined output strategy and key assumptions.	Performance indicators with baselines and targets to measure progress towards the desired outcome.	Specification of the sources of information that provide evidence of the achieved outcome.	• Assumptions for realizing the overall impact: significant events, circumstances, or external decisions that are essential for achieving the desired impact but are outside the project's control. • Risks regarding project-level impact.
Outputs			
The actual deliverables that the project is accountable for. Outputs are the results that the project management should guarantee to specified target groups to achieve the anticipated outcome.	Performance indicators with baselines and targets to measure progress towards the desired output.	Specification of the sources of information that provide evidence of the achieved outputs.	• Assumptions for realizing the project outcome: significant events, circumstances, or external decisions that are essential for achieving the desired outcome but are outside the project's control. • Risks regarding design effectiveness.
Activities	**Inputs/ Resources**		
The main activity clusters that the project implementers must undertake to accomplish the outputs.	These include budget allocations for each activity and physical and human resources required to produce the outputs.		• Assumptions for realizing the project outputs: significant events, circumstances, or external decisions that are essential for achieving the desired outputs but are outside the project's control. • Risks regarding implementation and efficiency.

3.2 Project's Monitoring and Evaluation (M&E) plan

The M&E plan is a vital operational document that connects the indicators outlined in the Logframe with the process of collecting and managing data for those indicators. The M&E plan specifies the sources of data collection, determines the data collection methods, establishes schedules for collecting required data, and defines the responsibilities for data collection.

According to the Mitigation Action Facility regulations, all projects must have an M&E plan.

Box 3: M&E plan presents what an effective M&E plan should cover

An M&E plan should cover the following:

Indicators (WHAT?): Specify the data to be collected to monitor project progress, including baseline and target values.

Methods and tools (HOW?): Determine the data collection methods and tools to be used.

Frequency (WHEN?): Establish the schedule for collecting each required data set.

Responsibility (WHO?): Identify the individuals or roles responsible for collecting and analysing the data.

It is crucial to recognise that monitoring systems are project-specific and should be tailored to the unique circumstances of each project. Therefore, projects' M&E plans need to address both a project's management requirements as well as the information needs for monitoring the performance of the overall Mitigation Action Facility.

To ensure a robust M&E plan, precise and well-defined indicators are essential. Detailed instructions for identifying and articulating indicators are provided in the next section (*3.2.1*). In addition to tracking project progress, the monitoring system should consider critical assumptions and the evolving risks associated with the project (*refer to section 3.3*).

3.2.1 Performance indicators

Both the Logframe and M&E plan contribute to the transparency and accountability of projects, outlining their intended achievements and methods. Within the Mitigation Action Facility, supported projects are encouraged to develop and monitor four types of performance indicators (*see Box 4)*.

Box 4: Overview of performance indicators

Sector indicators
These assess changes in sector characteristics
(e.g., a reduction in the average commuting time) at the outcome level.

Project-specific indicators
These assess the quality, quantity, and delivery time frame of project-specific deliverables/ outputs (e.g., the number of government officials trained in MRV data collection).

Mandatory core indicators
These indicators are aggregated to measure the progress, achievements, and success of the Mitigation Action Facility at the outcome level.

Mitigation Action Facility indicators
These indicators are aggregated to measure the progress, achievements, and success of the Mitigation Action Facility at the output level.

The Logframe and M&E plan should contain relevant indicators, baseline values, and target values expressed in absolute figures. Whenever possible, gender-disaggregated data and beyond (e.g., age, socially excluded or discriminated groups) should be in place, particularly for headcount indicators.

The final validation of indicators, including defining realistic target values based on baseline data, can be done after the project has begun but no later than three months after the start of Project Implementation Phase 1.

Sector indicators
Project implementers are encouraged to develop one to two sector indicators that align with their goals and contribute to the partner country's relevant policy and sector context.

Project-specific indicators
In addition to the sector indicators, project implementers should monitor performance and progress through project-specific indicators. Reporting on all indicators included in their Logframe is necessary to provide sufficient information for overall Mitigation Action Facility progress reporting. Therefore, indicators should be carefully designed to measure progress meaningfully and provide relevant information for project steering. The chosen indicators should accurately represent the project's priorities and ambition at different levels, depicting a hierarchy of expected changes, including both numerical (i.e., quantitative) and narrative (i.e., qualitative) expressions. The description of outputs and their indicators should go beyond the quality and quantity of products and services. It should also capture the extent of initial uptake by project target groups.

All indicators at the output and outcome levels should meet the SMART criteria defined in *Box 5: Criteria for SMART indicators* below.

Box 5: Criteria for SMART indicators

Indicators for outcomes and outputs should meet the following criteria:

Specific: Clearly articulated, well-defined, and focused indicators

Measurable: Countable, observable, analysable, or testable indicators that determine the degree of completion or attainment

Achievable: Targets that can be reached with available resources and under prevailing conditions

Relevant: Indicators providing information relevant to the outcomes and outputs, reflecting the specific situation they represent

Time-bound: Attached to a timeframe with measurement dates

To ensure less bias and improve data quality, it is recommended to use various sources of verification (e.g., key informant interviews, case studies, tracer studies) that incorporate the perspectives of different stakeholders (i.e., triangulation).

The M&E plan should include the methodology for measuring project- and sector indicators and provide baseline data for each indicator. The establishment of baselines may require comprehensive analysis or assessment.

Mandatory core indicators

For the Mitigation Action Facility, projects must include five mandatory core indicators in their Logframe to measure progress, achievements, and success of the Mitigation Action Facility. These indicators are as follows (*see Box 6*).

Box 6: Mandatory core indicators

M1 Reduced GHG emissions
M2 Number of people directly benefiting from projects
M3 Degree to which the supported activities are likely to catalyse impacts beyond the projects
M4 Volume of public finance mobilised for carbon-neutral investment and development
M5 Volume of private finance mobilised for carbon-neutral investment and development

The baseline for all mandatory core indicators is zero since it is only possible to aggregate absolute figures at the overall Mitigation Action Facility level. However, projects should specify the baseline scenario used to calculate the target value. For the five mandatory core indicators, annual targets need to be defined for each year of project implementation and for a ten-year period after the end of project implementation. The responsibility for M&E on the five indicators can be shared between the TC and FC components of the overall project.

To ensure a consistent understanding of the five mandatory core indicators, indicator guidance sheets M1 to M5 (*see Annex 8.1* to *Annex 8.5*) provide detailed instructions on defining baselines, collecting data, and measuring progress with the mandatory core indicators.

Mitigation Action Facility indicators
Besides mandatory core indicators, project implementers are requested to include other Mitigation Action Facility indicators to measure the progress, achievements, and success of the Facility at the portfolio level in the project's M&E plan.

3.3 Assumptions and risk monitoring for projects

Projects are built upon critical assumptions. These assumptions, indicated in the Logframe, are external conditions that impact a project's success. To achieve its objectives, a project relies on these assumptions, even though they are beyond its control. The higher the risk of these assumptions not holding true, the greater the risk of project failure.

Project implementers must assess the assumptions and risks presented in the Project Logframe and Proposal, giving particular attention to medium- and high-level risks. A risk register listing important assumptions and risks, and outlining risk mitigation and management actions, must be submitted with the M&E plan for regular monitoring, and reporting on the evolving risks should be included in the annual and semi-annual reports. *Annex 8.7* provides more information on project-specific risk assessment, including a risk register template.

Additionally, project implementers are expected to report on strategic Mitigation Action Facility risks using five Key Risk Indicators across the portfolio (*see Box 7*).

Box 7: Key Risk Indicators

Key Risk Indicator 1 - Implementation Risk
The project's estimation of the likelihood of implementation delay.

Key Risk Indicator 2 - In-Country Risk

Key Risk Indicator 2.1 - Political In-Country Risk
The project's estimation of the extent to which political conditions/events within the country may influence implementation.

Key Risk Indicator 2.2 - Socio-Economic In-Country Risk
The project's estimation of the extent to which socio-economic conditions/events (e.g., interest rate changes, inflation due to internal factors) may influence implementation.

Key Risk Indicator 3 - External Risk

Key Risk Indicator 3.1 - External Events Risk
The project's estimation of the extent to which external events (e.g., natural disasters, diseases – including Covid-19) may adversely affect implementation.

Key Risk Indicator 3.2 - Foreign Political, Socio-Economic Factors Risk
The project's estimation of the extent to which foreign political, and socio-economic factors (e.g., global market developments, opposing global trends, inflation due to external factors) may adversely affect project implementation.

Annex 8.7 provides more information on the Key Risk Indicators at Facility level, as well as their classification.

3.4 Project Evaluation – Evaluation and Learning Exercises

Project-level evaluations are performed as Evaluation and Learning Exercises (ELEs) at the Mitigation Action Facility. The overall purpose of ELEs is to promote learning, identify potential improvements and enhance project accountability to the Mitigation Action Facility. ELEs aim to improve efficiency and enhance the impacts of the projects and the Mitigation Action Facility. They complement monitoring efforts by enabling a more in-depth analysis of strategic issues and assessing the effects and impacts of supported actions. ELEs follow the five standard evaluation criteria defined by the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD DAC):

Relevance: The extent to which an intervention aligns with the priorities, policies and needs of the target group, recipients, and donors;

Effectiveness: The degree to which an intervention achieves its objectives and outcomes;

Efficiency: A measure of the relationship between inputs and outputs assessing the extent to which an intervention delivers or intends to deliver results in a timely and economical way;

Impact: An assessment of the positive and negative changes produced by an intervention. It involves the main impacts and effects of the activity on the local social, economic, environmental, and other development indicators. The examination is concerned with both intended and unintended results and includes the positive and negative impact of external factors;

Sustainability: The likelihood of continuing intervention outcomes beyond donor funding, including social, environmental, and economic sustainability.

ELEs combine elements of three different types of evaluations as follows:

Process evaluation: The analysis of monitoring data collected by a project team to evaluate progress against the expected project activities, outputs, and outcomes. Qualitative data is collected, explaining whether and how the outcomes and outputs were achieved;

Impact evaluation: Investigate the achievement of the results, the causal pathways to the outcomes, the impact and the transformational change achieved based on the contribution made by a project;

Formative evaluation: Identify key lessons that can be incorporated into the design and delivery of the project to improve its ambition and performance, as well as improve the corresponding sector policies, the Mitigation Action Facility, and the international community, too.

ELEs utilise a theory-based approach to accommodate the diverse range of project designs and the complex political, social, and institutional environments within which the projects

operate. These theory-based approaches are designed to use a project's ToC to assess its effectiveness. Evaluating the individual project ToCs is a crucial initial step in the ELE process, as it allows for a revision and strengthening of the ToCs specifically for ELE purposes.

All projects with a total lifetime exceeding three years are subject to mid-term and final ELEs, typically evaluating the FC and TC together. Apart from their overall objectives, mid-term ELEs function as a management tool extracting lessons learnt and providing recommendations to improve implementation in the future.

The ELE requirements align with national and international standards and are based on the principles of impartiality, independence, credibility, partner involvement, usefulness, and transparency. Independent external evaluation experts conduct ELEs, which include interviewing project teams, partners, and relevant stakeholders. TSU introduces the ELE process and requirements to a project team once the respective ELE timing is confirmed. Complete ELE reports or executive summaries are published on the Mitigation Action Facility website to promote transparency, enhance learning, and maximise the utility of the evaluations.

If requested by the Board or the TSU, projects may undergo evaluations examining broader strategic issues at any time, known as meta-evaluations. The Board can contribute to the evaluation study's design by defining the terms of reference and participating in the steering committee overseeing the evaluation contract.

Additionally, as projects are part of the Mitigation Action Facility's overall project portfolio, they may be included in evaluations conducted at the facility level, such as the Mitigation Action Facility interim and ex-post evaluations.

The following *table* provides a summary of the various types of evaluations as discussed above:

Table 2: Evaluations in the context of the Mitigation Action Facility

Type of evaluation	Main focus	Timing	Management and budget
Mid-term ELE	Formative evaluation management tool for drawing lessons learnt and determining the orientation (and, possibly, reorientation) of future implementations. Quality improvement. Ensuring a strong focus on efficiency. Focus on the first half of the project's lifetime.	At the midpoint of the project lifetime and a minimum of two years after commencement. Not applicable for projects with a project lifespan under three years	Joint evaluation of FC and TC components and/or overall project. Projects must allocate 1% of their overall budget for evaluations
Final ELE	Summative evaluation to draw lessons learnt, review accountability, and make recommendations for phasing out and scaling up. Strong focus on overall relevance, effectiveness, expected sustainability and expected impact. Focus on the project's entire lifetime.	Close to the end of the project's lifetime (3-6 months before completion).	Joint evaluation of FC and TC components and/or overall project. Projects must allocate 1% of their overall budget for evaluations
Evaluations specifically requested by the Board	These evaluations can address any strategic or thematic question of special interest. They can focus on individual projects, a set of projects, or the TSU.	At any point in the lifetime of the Mitigation Action Facility.	This forms part of the TSU budget.

3.5 Cross-cutting topics for project planning, implementation, and reporting

The Mitigation Action Facility aims to support the implementation of sustainable development co-benefits associated with projects and extend beyond GHG emissions reduction. These co-benefits include contributions to socio-economic, ecological, and institutional development (see Sustainable Development Co-benefits of Mitigation Actions at Mitigation Action Facility). Gender equality and social inclusion are widely considered important co-benefits. Due to the Facility's particular focus on these topics, gender equality and social inclusion are followed up separately with more specific requirements and activities (see Gender Vision and Gender Action Plan of the Mitigation Action Facility for more information).

3.5.1 Co-benefits of climate actions

Co-benefits are defined differently by various international bodies and scientific organisations. Here are some examples of co-benefit definitions from different sources:

The 4th Assessment Report (2007) of the Intergovernmental Panel on Climate Change (IPCC): "Co-benefits" are the benefits from policy actions implemented for various reasons at the same time, acknowledging that most policies resulting in GHG mitigation also have other, often at least equally important rationales;

A study titled "Co-benefits of Climate Change Mitigation Policies" (2009) by the Organisation for Economic Co-operation and Development (OECD): A potentially large and diverse range of collateral benefits that can be associated with climate change mitigation policies, in addition to the direct, avoided climate impact benefits;

The World Bank's analytical background paper "Assessing the Environmental Co-benefits of limate Change Action" (2010): Co-benefits are defined here as benefits for the local environment due to (mitigation/adaptation) actions that are targeted at addressing global climate change;

International Climate Initiative – IKI (2022): Co-benefits refer here to positive social, environmental, and economic effects for citizens of recipient countries

These definitions share the notion that a policy, action, or measure can yield multiple positive effects that extend beyond its primary objective, which in the case of Mitigation Action Facility projects is climate change mitigation. Consequently, from the Mitigation Action Facility's perspective, any positive environmental, economic, social, political or institutional outcomes can be categorised as co-benefits.

The Mitigation Action Facility acknowledges and monitors four broad categories of co-benefits that flow from the implementation of its climate action projects: Environmental, Economic, Political/Institutional and Social. In doing so, it also focuses on Gender Equality and Social Inclusion (GESI). To quantify these co-benefits, the Mitigation Action Facility offers a list of exemplary co-benefits (*see Table 3*). Each project team reports on, but not limited to those listed co-benefits that are most relevant to their specific context and that they aim to achieve or contribute to through their project-related interventions.

Table 3: Categories of co-benefits

Category of co-benefits	Sub-category of co-benefits	Examples
Environmental	Increased resource quality	Decreased indoor/outdoor air pollution Improved water or soil quality
	Resource conservation	Soil or water conservation
	Ecosystem preservation and biodiversity protection	Supporting ecosystem services
Economic	Economic growth	Raised incomes or reduced costs; decreased electricity consumption; increased value of goods and services produced in the sector; increased competitiveness of sector products
	Increased resource security	Enhancing food/water/energy security
	Improved resource use efficiency	Decreased consumption of water and/or other resources
	Greening the economy	Making economic activity within the project's boundary more environmentally sustainable
	Promoting a circular economy	Fostering better reuse and recycling of resources
Social	Improved public health	Reducing respiratory diseases by decreasing outdoor/indoor air pollution; reducing road accident injuries
	Job creation for the sector	Generating new jobs
	Labour development	Improved skills of sector professionals and technicians; enhanced working conditions
	Comfort and living conditions	Less exposure to noise; lower traffic congestion; higher living standards
	Gender equality and social inclusion (GESI)	See *section 3.5.2* and the Gender Action Plan of the Mitigation Action Facility
	Awareness and behaviour change	Shift to more sustainable living behaviours
	Access and affordability of sustainable resources	Access to sustainable energy services Improved access to public transport Affordability of public transport
Political/ Institutional	Contribute to political stability	Increased citizens' belief about their current Government/authority
	Contribute to interregional or transborder cooperation	Sustainable and peaceful interregional water management

The Mitigation Action Facility actively encourages projects to identify and harness co-benefits as crucial drivers for transformational change, fostering increased country ownership and ensuring long-term sustainability.

3.5.2 Gender-sensitive monitoring

In 2023, the Mitigation Action Facility introduced a Gender Vision to advance gender justice and social inclusion in climate action and beyond. The Facility's approach extends beyond merely acknowledging gender and social inequalities. It aims to address these identified inequalities through concrete measures and activities during project implementation. As specified in the Gender Vision and the Gender Action Plan (GAP), the main objectives are to ensure equal rights, opportunities, access, decision-making power, and treatment of the interests, needs and priorities of persons of all genders and those facing social exclusion and discrimination within all processes and interventions of the Facility. To this end, the Mitigation Action Facility commits to adopting a gender-responsive approach at the programme and project level. In line with the IKI Gender Strategy (2023), the Mitigation Action Facility understands gender-responsiveness to refer:

"to the consideration of gender norms, roles and relations in order to actively tackle the associated gender-based disadvantages, inequalities and discrimination, as well as potentials. Gender-responsive approaches identify and highlight existing gender related needs, priorities, power dynamics, problems and potential and integrate the findings into the design, implementation and evaluation of strategies and measures. The goal is to ensure that these strategies and measures have no unintended negative impacts, and that people participate in and benefit from these measures irrespective of their gender."

As such, it is strongly oriented to the OECD-DAC gender equality policy marker and strives to achieve a gender equality marker score of 1. Furthermore, the Mitigation Action Facility aligns its monitoring and reporting processes to track progress systematically and progressively in fulfilling its commitments under the Gender Vision. At the programme level, two aggregate indicators measure the Facility´s overall progress towards gender-responsive and, where possible, gender-transformative implementation (*see below*).

Box 8: Key Gender Indicators on Programme Level

5.2a:
Percentage of projects that fulfil MAF minimum requirements to plan and implement project activities in a gender-responsive manner (in line with Milestone 4 of the Facility´s Gender Action Plan).

5.2b:
Percentage of projects piloting an activity that promotes greater gender- transformation and/or greater social inclusion (in line with Milestone 8 of the Facility´s Gender Action Plan)

By mainstreaming gender throughout their projects, Implementation Organisations contribute to achieving the first gender indicator (5.2a) at the programme level. To implement in a gender-responsive manner at the project level, it is important to plan for gender-sensitive monitoring, considering the impact, logic, and progress of gender equality and social inclusion. From the beginning of the project cycle, gender equality and social inclusion aspects should be incorporated into the project design. This involves conducting a Gender Analysis and setting up a "Gender Equality and Social Inclusion (GESI) Action Plan", considering the different needs of groups affected by, and benefitting from, the project intervention when planning various activities and measures.

From their inception, projects should integrate the aim of gender equality and social inclusion into their Logframes and monitoring processes through the following strategies:

Integrating gender into at least one objective;

- When using gender-responsive indicators, the project must support the gender-specific objective with at least one gender-specific indicator. The indicator should be at least at the output level; however, the outcome level is preferable. (*Annexes 8.5.6* and *8.5.7* provide guidance on setting up gender indicators at the project level);
- A project's gender-specific objective and indicator(s) must be relevant to its rationale and context;
- Collecting gender-disaggregated data and, where safely possible, relevant data disaggregated by socially excluded groups (e.g., public transport projects should consider the needs of persons with disabilities);
- Enabling broader participation of women and socially excluded groups in project planning, implementation, monitoring, and evaluation. Projects will monitor and report on the implementation of gender-responsive climate policies, plans, strategies, and action, as appropriate;
- Including gender-responsive means of data collection, such as qualitative and participatory methods.
- The Mitigation Action Facility will report annually on the progress and implementation of the Gender Vision and the Gender Action Plan:
- By incorporating two specific gender indicators, 5.2.a and 5.2b, into its monitoring framework and by following up on the implementation and achievements of the Gender Action Plan and its Milestones;
- By conducting future ELEs with a gender lens in their analysis;
- By enhancing the availability of gender-disaggregated data, while considering intersectional factors, to inform gender-responsive climate policies, plans, strategies, and action.

3.6 Reporting deliverables at the project level

Timely, transparent and accurate reporting forms the basis for accountability between the projects and the Mitigation Action Facility. Projects are to report their progression regularly, both successes and setbacks. To this end, the Facility provides templates for the following mandatory reporting deliverables:

3.6.1 M&E Plan

Each project is required to develop the draft M&E plan during the Detailed Preparation Phase and submit it as an Annex together with the Project Proposal and finalise it within three months of project implementation, i.e., Implementation Phase 1. Detailed instructions on M&E plan development can be found in *Section 3.2*.

3.6.2 Project progress reports

Annual project report
The organisations responsible for the implementation of the project's FC and TC components must submit an annual end-of-year report on the component they are delivering by the end of each January. This report covers the previous 12 months and the status of the project component as of 31 December. The report provides an assessment of the project's results, performance, and annual work plan. It uses the indicators defined in the Project Logframe and the annual targets/milestones specified in the M&E plan for target-performance comparison. It should also include information on the actual status of the indicators and commentary on risks. Additionally, a report on the disbursement schedule versus actual expenditures for the reporting year must be submitted. The TSU provides the annual report template for projects each November so that the implementation organisation has sufficient time to prepare and submit it to the TSU at the end of each January.

Semi-Annual project report
The implementation organisation responsible for the project's FC and TC components must submit a semi-annual progress report by the end of July on the component they are delivering. This report presents the interim results of the first six months of the year and provides a brief overview of the project's progress, describes the progress of implemented activities, and reports on the resources mobilised during the reporting period. It should also identify any potential adjustments required regarding approach or timing. A financial statement on disbursements and expenditures is also required. If more rigorous monitoring is deemed necessary, the TSU reserves the right to require a project implementation organisation to report against its Logframe not only in the annual report but also as part of its semi-annual report. The TSU provides the semi-annual report template for projects by 1 July so that the implementation organisation has sufficient time to prepare and submit it to the TSU at the end of each July.

Final project report
The implementation organisation must submit a final project report no later than six months after the closure of the project. This report provides an assessment of the project's overall results and can include important findings from the end-of-project evaluation (*see section 3.4)*. It should provide an overview of (i) what the project intended to do at the outset; (ii) how it progressed and what it achieved; and (iii) which lessons were learnt. It should also outline how the achievements of the overall project can be further developed or exploited. Besides, the final project report should be more analytical, drawing lessons on how transformational change has been initiated and supported. The TSU provides the final project report template well before a project's closure.

3.6.3 Schedule of the main monitoring and reporting deliverables

The *table below* presents the schedule of the main monitoring and reporting deliverables and the distribution of responsibilities among stakeholders.

Table 4: Schedule of the main monitoring and reporting deliverables as well as responsibilities

Monitoring and reporting activity at the project level	Responsibility	Reporting period	Delivery date
Initial project M&E plan	Implementation organisations		A preliminary plan is submitted along with the Project Proposal, and the final version is submitted no later than three months after project commissioning.
Annual project report (with M&E plan)	Implementation organisations	1 January to 31 December each year	31 January each year
Semi-annual project report	Implementation organisations	1 January to 30 June each year	31 July each year
Final project report	Implementation organisations	Project implementation period	Six months after project completion

4

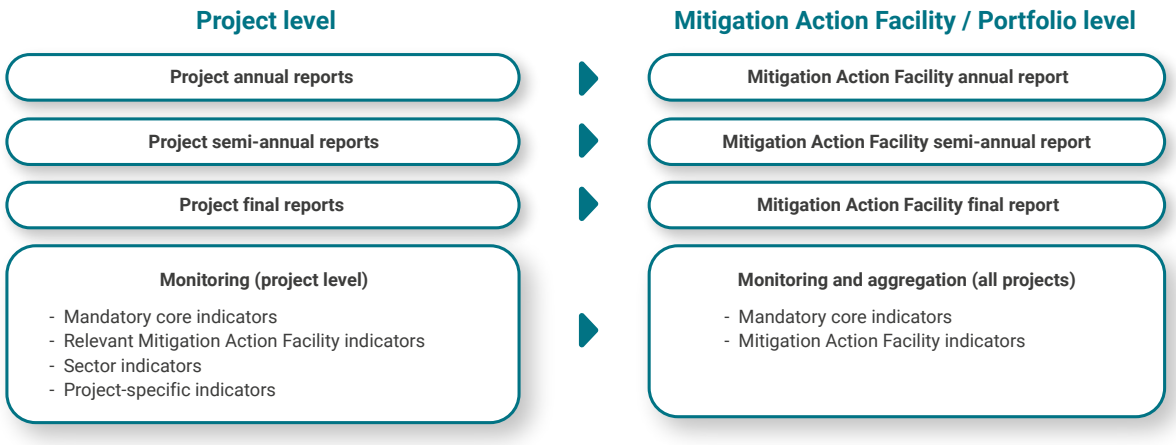
Monitoring, Evaluation and Reporting at the MitigationAction Facility level

4 Monitoring, Evaluation and Reporting at the Mitigation Action Facility level

4.1 Data aggregating at the portfolio level

The aggregation of reports, mandatory core indicators, and Mitigation Action Facility indicators is a crucial process that combines the data from multiple projects under the Mitigation Action Facility. By tracking the performance of each project over time, the Mitigation Action Facility can measure overall progress. *Figure 2* provides an overview of the aggregation process at the Mitigation Action Facility. For more details on the reporting requirements outlined below, please refer to *sections 3.6* and *4.4*.

Figure 2: Reporting deliverables and aggregation processes



4.2 Risk monitoring at the portfolio level and Mitigation Action Facility risks

The Mitigation Action Facility Risk Appetite Statement articulates the types and levels of risk the Facility is willing to take and serves as a reference point against which risk exposure assessments should be appraised. Risk exposure refers to the level of risk an organisation is facing. With these in mind, it is not worthwhile to apply a single aggregate Risk Appetite Statement but rather to focus on establishing a clear view of the level of acceptable risk for each risk type. Appetite or tolerance for a given risk may be classified as either low (which includes risks for which there is no appetite/zero tolerance), medium, or high.

4.2.1 Portfolio risks

To evaluate the impact of project risks on its portfolio, the Mitigation Action Facility conducts a bi-annual project risk survey. This survey serves as a tool to collect data and aggregate generic project risks at the portfolio level. Five Key Risk Indicators (*see section 3.3*), derived from the Mitigation Action Facility Risk Appetite Statement, are used to monitor the potential impact of these risks on project implementation within the next six months. For each Key Risk Indicator, the projects indicate the level of likelihood and severity to derive at a certain risk level (*see Annex 8.7* for more information). The aggregated results of the survey are presented in each annual and semi-annual report of the Mitigation Action Facility.

4.2.2 Mitigation Action Facility Risks

The TSU directly monitors the risks related to achieving the Mitigation Action Facility's overall outcome and impact, as well as Outputs 1 and 3. Indirectly, the TSU monitors the risks relating to Outputs 2, 4 and 5 by analysing the aggregated data from project reports. The Mitigation Action Facility Risk Register provides an overview of the risks at the portfolio level (*see Table 5*).

Table 5: Mitigation Action Facility Risk Register (overall Mitigation Action Facility level) Part 1 and 2

1. Assumptions and risks influencing the achievement of the expected impacts		
The probability that the Green Climate Fund (GCF) builds on lessons learnt from the Mitigation Action Facility: medium Risk level: **medium** **Mitigated by** communicating the Mitigation Action Facility's experiences and lessons learnt; integrating communication strategies into the Mitigation Action Facility and its project	The probability that financing mechanisms with the potential for scaling up are developed and in place: low Risk level: **high** **Mitigated by** close monitoring of finance mechanisms for the early identification of good practices; sharing and communicating good practices; providing advisory activities from the outset; assessing Outlines and Proposals.	The probability that additional domestic and/or international finance is made available to implement the mitigation action: high Risk level: **low** **Mitigated by** carefully selecting projects based on domestic and/or international contributions and on their potential for scaling up.

2. Assumptions/risks influencing the achievement of the Mitigation Action Facility Outcome	
The probability that perceived/actual investment barriers and risks for carbon-neutral investment are reduced: medium Risk level: **medium** **Mitigated by** in-depth, ex-ante evaluation of project design and strategy; close monitoring, in particular during DPP.	The probability that projects are implemented as intended and planned: medium Risk level: **medium** **Mitigated by** in-depth, ex-ante evaluation of project design and strategy, particularly regarding readiness and feasibility (organisational set-up Project Partners); mid-term evaluations and monitoring.

Table 5: Mitigation Action Facility Risk Register (overall Mitigation Action Facility level) Part 3

3. Assumptions/risks influencing the achievement of the Mitigation Action Facility Output			
Assumptions/risks related to Output 1 & 3			**Assumptions/risks related to Output 2, 4 & 5**
The probability that the Board provides sufficient funding to finance at least one competitive Call for Project Outlines annually: high Risk level: **low** **Mitigated by** strengthening the international profile of the Mitigation Action Facility and its Board; enhancing the Mitigation Action Facility's image as an instrument to trigger transformational change and to pilot innovative approaches, especially innovative climate finance mechanisms.	The probability that partner countries looking for mitigation finance find the Mitigation Action Facility and its procedures and mechanisms sufficiently attractive to prepare projects: high Risk level: **low** **Mitigated by** applying "lean" procedures; funding the appraisal and preparation of detailed project documents; encouraging innovation.	The probability that Proposal submitters recognise the guidance, feedback and lessons provided by the Mitigation Action Facility as useful for preparing high-quality Proposals: high Risk level: **low** **Mitigated by** the Mitigation Action Facility's implementation of a communication strategy; good-quality TSU support and feedback provided to those submitting Proposals.	The probability that projects report honestly and critically to the TSU: high Risk level: **low** **Mitigated by** the provision of reporting guidance to projects; project ELEs.

4.3 Evaluation at the Mitigation Action Facility

The Mitigation Action Facility conducts two types of evaluations: interim and ex-post evaluations.

Interim evaluations, carried out by independent external consultants every four years, serve as formative evaluations for the overall Mitigation Action Facility. Their purpose is to extract lessons learnt, provide orientation and realignment of strategies for the Mitigation Action Facility, and validate the selection of projects for funding. Two interim evaluations have been conducted to date: the first Interim Evaluation in 2016 and the second Interim Evaluation in 2020 (under the former NAMA Facility). These evaluations also contribute to external visibility and the dissemination of lessons learnt. While they have a general purpose, interim evaluations can also have specific foci. For example, the first Interim Evaluation focused on the Mitigation Action Facility's governance strategy and the TSU's work, assessing efficiency, effectiveness, and the likelihood of achieving agreed outcomes and impacts. On the other hand, the second Interim Evaluation focused on external perspectives on the Mitigation Action Facility, including its role within the wider climate finance architecture, the effectiveness of its strategy and branding, and its role as a learning hub. The TSU defines the ToRs for interim evaluations with input from the Board.

Ex-post evaluation of the Mitigation Action Facility will take place after its closure, emphasising outcomes and impacts. This evaluation aims to provide comprehensive evidence on the effects of the supported actions and deliver a final assessment of the overall performance of the Mitigation Action Facility.

Additional evaluations may be conducted during the lifetime of the Mitigation Action Facility if deemed useful by the Board for improving implementation, scale, gender-responsiveness or overall focus.

4.4 Reporting deliverables at the Mitigation Action Facility level

At the portfolio level, the TSU is responsible for regularly reporting to the Facility's Board. These reports are comprehensive and draw from the TSU's internal monitoring findings and individual project reports from the Implementation Organisations.

Annual report of the Mitigation Action Facility
The Facility's annual report, due in March, covers the previous 12-month period and provides an overview of the Mitigation Action Facility's overall performance as of 31 December. It includes reporting on the TSU's specific Outputs (Outputs 1, 2 and part of 3, as well as Gender) and the progress and results achieved at the project level (Outputs 4, 5 and part of 3). The Facility's annual report presents information on the current status of aggregated mandatory core indicators and the indicators outlined in the Mitigation Action Facility Logframe.

This narrative report combines TSU's internal monitoring findings with the annual reports submitted by the projects. The Facility's annual report offers an assessment and analysis of the Mitigation Action Facility's performance, identifies challenges and risks, and highlights lessons learnt. Additionally, it includes a detailed report on financial expenditure. Annexe A offers an overview of the portfolio of projects in DPP and implementation as of 31 December and summarises the year's main developments by project.

After approval of the Annual Report by the Donors, a condensed version of it is published for the general public on the Mitigation Action Facility website.

Semi-annual report of the Mitigation Action Facility
The semi-annual Mitigation Action Facility report, submitted to the Board during the first week of October, summarises the progress and results achieved at the TSU level during the first six months of the year. This report is based on information gathered from the projects' semi-annual reports. It draws conclusions and outlines actions to be taken in the following implementation phase. In addition, the report includes a financial statement detailing scheduled disbursements and actual expenditures at both the Mitigation Action Facility and project levels.

Final report of the Mitigation Action Facility

A final report will be prepared upon the conclusion of the Mitigation Action Facility's operations. This report will summarise the Mitigation Action Facility's accomplishments and contributions to broader impacts, assess project-level and Mitigation Action Facility performance, and extract lessons to guide future activities.

Schedule of the main reporting deliverables

The *table below* presents the schedule of the main reporting deliverables and the distribution of responsibilities among stakeholders.

Table 6: Schedule of the main reporting deliverables

Reporting activity at the Mitigation Action Facility level	Responsibility	Reporting period	Delivery date
Mitigation Action Facility annual report	TSU	1 January to 31 December each year	By the end of each March
Mitigation Action Facility semi-annual report	TSU	1 January to 30 June each year	The first week of each October
Mitigation Action Facility final report	TSU	The whole implementation period of the Mitigation Action Facility	Six months after the official closure of the Mitigation Action Facility

5

Responsibilities and resources

5 Responsibilities and resources

In the following section, some Mitigation Action Facility stakeholders and their M&E-related responsibilities are listed.

Technical Support Unit (TSU)
The TSU's role related to M&E includes the following:

- **Guidance:** The TSU provides guidance on monitoring and evaluation activities to the Implementation Organisations – e.g., by delivering M&E workshops for projects. The M&E Framework, Theory of Change and list of mandatory core indicators, and Mitigation Action Facility indicators comprise the core material from which projects can develop their own M&E plans.
- **Quality management:** The TSU expects high-quality project reports that encompass the measurement and assessment of mandatory core indicators and all Mitigation Action Facility indicators for plausibility and completeness. The TSU reviews the project reports to ensure adequate design, consistency with the Mitigation Action Facility Theory of Change and Logframe, utilisation of required indicators and methodologies, and overall credibility, deliverability, verifiability, and quality. The TSU will only include plausible data in its reporting.
- **Strategy support:** Based on the information gathered from regular reports, the TSU updates the Mitigation Action Facility Board on progress and challenges, providing recommendations for adjustments, refinements, and improvements to the overall implementation, scale and focus of the Mitigation Action Facility.
- **Learning:** As a Knowledge and Learning Hub, the Mitigation Action Facility focuses on learning-oriented M&E to embed learning across all its activities and to enable projects to be scaled up and replicated. The TSU, therefore, identifies good practices based on evidence from M&E and facilitates Mitigation Action Facility internal and external sharing of those learnings.
- **Stakeholder consultation process:** The TSU is responsible for promoting and conducting stakeholders' engagement in M&E activities to ensure that all necessary stakeholders, ranging from Donors to Implementation Organisations and partners, understand the objectives and purpose of the M&E process. Through an effective stakeholder consultation process, relevant partners can contribute direct input on the M&E process by providing feedback on the design, implementation and results of the M&E activities.
- **Contractual arrangements for and management of evaluations:** The TSU is responsible for procuring the mid-term and end-of-project evaluations for the Mitigation Action Facility and individual projects.

Board
The Board's role related to M&E includes:

- **Evaluations:** The Board will contribute to the terms of reference and the dissemination of findings from the evaluations of the Mitigation Action Facility and organise an ex-post evaluation once the operations of the Mitigation Action Facility have been completed. It will also assess the need for additional project and/or overall Mitigation Action Facility evaluations and request them.
- **Thematic input:** The Board will provide inputs to the revision of the Theory of Change or the Mitigation Action Facility Logframe and other thematic topics, if any.
- **Steering:** The Board participates in the steering committee and reference group for the evaluation of the Mitigation Action Facility.
- **Strategic guidance:** The Board will provide inputs and approve the M&E deliverables submitted by TSU.

Implementation Organisations
Implementation Organisations are responsible for the following:

- Ensuring appropriate, high-quality, and timely monitoring, reporting, and measurement of project activities and results, including the mandatory core indicators and Mitigation Action Facility indicators;
- Implementing and managing a project-level monitoring system;
- Developing and regularly updating a comprehensive M&E plan and ensuring the timely submission of M&E deliverables as specified in the M&E Framework.

6

Knowledge management related to monitoring and evaluation

6 Knowledge management related to monitoring and evaluation

To foster learning within the Mitigation Action Facility, the TSU conducts regular internal reflections on lessons learnt, contributing to the improvement of internal processes and procedures. Lessons learnt workshops and consultations are organised with external consultants involved in Facility activities such as assessing Project Outlines or piloting ELE approaches. Feedback calls with Applicants are held to collect input and insights. The findings from these activities help, amongst others, to improve and further develop the Mitigation Action Facility's M&E framework, M&E plan, reports, and processes. Topics such as overall governance, feedback from projects and Implementation Organisations, bidding processes and other questions are also considered during these activities. The findings are then factored into the Mitigation Action Facility's strategic and operational processes and are shared publicly.

The M&E process plays a crucial role in documenting and communicating lessons learnt from project interventions. For an entity focusing on mitigation, such as the Mitigation Action Facility, it is particularly important to learn from its mitigation projects to continuously improve the implementation of transformative mitigation actions. M&E delivers data for analysing and understanding how the processes, approaches and strategies helped implement project activities and realise project objectives. This involves a process of reflecting on actions undertaken, identifying lessons with potential for replication, utilising documented lessons and informing good practices through the replication of proven lessons and reviewing this process.

Knowledge sharing, public relations and the communication of lessons learnt, best practices, case studies, and others (including the executive summaries of annual reports and evaluations) are achieved through publishing relevant material on the Mitigation Action Facility website and presenting them at international events related to mitigation actions and climate negotiations. The British, Danish, and German embassies and the EU delegations in various countries are involved in communicating the Mitigation Action Facility's findings. The TSU reports regularly on lessons learnt and on adaptations made to enhance implementation in the future.

7

List of reference documents

7 List of reference documents

Asian Development Bank (2020), Guidelines for preparing and using a design and monitoring framework.

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OECD (2020), DAC methodologies for measuring the amounts mobilised from the private sector by official development finance interventions

OECD (2004), Glossary of Key Terms in Evaluation and Results-Based Management.

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UK International Climate Finance – ICF (2018), KPI 12 Methodology Note – Volume of private finance mobilised for climate change purposes as a result of ICF.

United Nations Development Group (2017), Monitoring and evaluation – United Nations Development Assistance Framework (UNDAF) companion guidance.

World Bank Group's Global Environment Facility (1998), Guidelines for Monitoring and Evaluation for Biodiversity Projects.

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Wuppertal Institute (2014), Shifting Paradigms – Unpacking Transformation for Climate Action: A Guidebook for Climate Finance & Development Practitioners.

8

Annexes

8 Annexes

Annex 8.1: Indicator guidance sheet (IGS): M1 – Reduced GHG emissions

Mandatory Core Indicator: M1 – Reduced Greenhouse Gas Emissions

Rationale:
Implementation Organisations promote low-carbon sustainable development pathways by supporting the efforts of developing countries and emerging economies to reduce their GHG emissions. Monitoring the net change in GHG emissions engendered by a project's activities is critical as it is a key indicator of progress. The net change in GHG emissions, measured in metric tonnes of carbon dioxide equivalent (tCO_2e), will be estimated relative to the assumed business-as-usual (BAU) emissions trajectory and will reflect any abatement results directly attributable to project mitigation over the lifetime of the project (the baseline at the start of project implementation is zero). Detailed guidance on how to quantify direct and indirect emissions reductions is provided in the Mitigation Action Facility's Mitigation Guideline for the Project Outline and Proposal Phases. Note that some of a project's activities may not result in measurable GHG reductions or may do so well after the project has been concluded. Where possible, try to include an estimation of these GHG reduction impacts in the accompanying text, but do not include it in your calculations for this indicator as the indicator focuses on GHG emissions reduction achieved during the project's lifetime and for ten years after the end of project implementation.

Projects are to achieve real emissions reduction, meaning that their achievement should not be undone by emissions elsewhere. Since 2023, the Mitigation Action Facility allows the generation and sale of credits from Mitigation Action Facility-funded projects to the extent that they generate mitigation outcomes that are additional to those funded by the Mitigation Action Facility. Thus, Carbon crediting would only be allowed for mitigation outcomes that go beyond the direct and indirect mitigation achieved by the funding of the Mitigation Action Facility. Furthermore, when estimating the achieved emissions reduction, please reflect and report on any rebound effects or carbon leakage (and take action to reduce both). For the same reason, please also make sure to carefully analyse whether the project's action has caused the reduction of a particular metric tonne of CO_2 and take steps to avoid double counting.

1. Indicator
Reduced GHG emissions (direct and indirect emissions)

2. Results level
Outcome

3. Definitions and scope
The indicator covers the mitigation of GHG emissions reduction that result from projects. The mitigation value is the net change in GHG emissions relative to the assumed business-as-usual (BAU) emissions trajectory. It will reflect any abatement results directly attributable to project mitigation during the project's lifetime and until ten years after its completion.

Definition of GHG emissions
GHG emissions are the cumulative amount of all the 'Kyoto basket' greenhouse gases, which include all emissions of the following gases:

- carbon dioxide (CO_2)
- hydrofluorocarbons (HFCs)
- methane (CH_4)
- nitrous oxide (N_2O)
- perfluorocarbons (PFCs)
- sulphur hexafluoride (SF_6)

Definition of carbon dioxide equivalents (CO_2e)
Carbon dioxide equivalent is a measure used to compare the impact of various GHG emissions on global warming based on their **global warming potential** (GWP). In other words, it is the relative measure of how much global warming a given type and amount of GHG may cause over a specific time interval (for our purposes, this interval is set at 100 years) compared to the functionally equivalent amount of CO_2 (whose GWP is set to 1). When calculating carbon dioxide equivalents, the GWPs included in the Intergovernmental Panel on Climate Change's Fifth Assessment Report should be used. The value for a particular gas is derived by multiplying the amount (metric tonnes) of the gas by its associated GWP. Once the values of all involved gases have been converted into CO_2 equivalents, they can be added up to give the overall reductions of GHG emissions in CO_2 equivalents.

Definition of direct GHG emissions reduction
Direct GHG emissions reduction is achieved by project investments and discrete investments financed or leveraged during the project's implementation period (throughout the project's entire lifetime). Hence, direct emissions reduction is defined **as mitigation achieved by units or measures (partially) financed or leveraged by the financial cooperation (FC) component of the project** funding during the project period. The requirements are as follows:

- Units must be installed, and/or measures must be implemented during the project period;
- Timing of mitigation effect: occurs during the project period, ten years after the project ends and over the technology lifetime (but only for those units installed during the project period).

Definition of indirect GHG emissions reduction
Indirect GHG emissions reduction achieved by the project captures emissions reduction beyond those related to direct investments, e.g., resulting from technical assistance. Hence, potential emissions reductions that fall into the following categories are considered indirect emissions:

- Results of technical cooperation (TC) component during and after the project period;
- Results of financial cooperation (FC) component for units installed and/or measures implemented after project completion as a result of the continuation of the financial mechanism.

Definition of the baseline scenario
Baselines are also referred to as business-as-usual (BAU) scenarios. They determine what would be expected to occur (i.e., the most likely scenario) in the absence of the project. Baseline trajectories are typically dynamic (i.e., not static) as emissions in a specific sector, sub-sector, geographical area, etc., are expected to shift over time in the absence of any intervention.

Definition of mitigation/project scenario
A mitigation scenario represents future GHG emissions with the assumption of the introduction of certain policies and measures reducing GHG emissions as a result of the project with respect to some baseline (or reference) scenarios.

Definition of emission intensity factors
Values that attempt to represent the quantity of GHGs released into the atmosphere by an activity associated with the release of those gases. These factors are generally expressed as the weight of GHGs per unit weight (or volume) of consumed fossil fuel or as the weight of GHGs per unit of activity (e.g., per square metre of rice cultivation).

Definition of leakage
Any increase in GHG emissions outside the boundaries of a project mitigation action that results from implementing that mitigation action.

Definition of rebound effect
Reverberations caused by actions taken to cut greenhouse-gas emissions. For example, emission reductions could lower demand for oil and thus international oil prices, leading to more use of oil and greater emissions in other areas, partially offsetting the original cuts.

4. Unit of measurement

This indicator is quantitative in nature and measured in metric tonnes of carbon dioxide equivalent (tCO_2e).

5. Target setting

Methodology for the setting of targets
Although it might vary by project type, the basic calculation to determine GHG emissions reduction is generally based on comparing emissions between the baseline and project scenarios. Where relevant, projects must further account for any leakage emissions.

This calculation must also be applied when setting ex-ante targets for M1.

The target will then be defined as the anticipated reduction in GHG emissions, compared to the baseline, achieved throughout the project's duration, encompassing activities within the project's scope and those directly attributable to it.

a. **Determination of baseline emissions (=emissionsref)**
   Projects should calculate or elaborate on baseline emissions by selecting a baseline scenario according to established international standards, such as the GHG Protocol Policy and Action Standard[1] (*see section number 7* on data sources for alternatives). Project teams should select a baseline emissions scenario that they deem most realistic. When in doubt, they should opt for the more conservative scenario.

   When defining the baseline, project teams should consider what other factors (e.g., GDP, prices, other policies) might influence the baseline scenario and how, and then include these assumptions in the Mitigation Annex.
b. **Determination of the net change in activity level or fuel consumption resulting from the project activity [unit, e.g., TJ] --> [a]**
c. **Determination of the specific emission factor related to the project activity [unit, e.g., t CO_2eq./TJ] -->[b]**
d. **Calculation of the expected GHG emissions by multiplying [a] and [b] [unit t CO_2 eq) (=emissionsproj)**
e. **Determination of any relevant leakage emissions/rebound effect resulting from the project (=emissionsleak)**
f. **Calculation of GHG emissions reduction = emissionsref - emissionsproj – emissionsleak**

Several agreed and tested methodologies and data are now available to capture the effects of mitigation activities. While it is up to the project team to choose a suitable methodology, calculations to determine the emissions reduction (in particular, regarding baseline assumptions, initial situations, BAU and/or emissions factors) should be based on internationally recognised standards and **expressed transparently in the accompanying** text. Ensure to include the project boundaries, the assumed lifetime of the technology or investment, the type of GHGs involved, and the emissions conversion factors used.

When there is any doubt about the various emissions intensity factors, project teams should opt for the more conservative one (i.e., the lower one) to avoid overestimating the emissions reduction achieved by the project. It is also important to consider whether actions targeting the same emissions reduction overlap and/or reinforce each other. Project teams should justify their assumptions in this regard, name any GHG effects in the causal chain that have been left out of the equation, and explain why.

Targets for direct GHG emissions reduction must be defined for the following periods:

- project period
- ten years after project completion
- over the lifetime of the technology (but only for those units installed during the project period)

[1] *See: https://one.oecd.org/document/DCD/DAC/STAT(2020)44/FINAL/en/pdf*

Targets for indirect GHG emissions reduction must be defined for the following periods:

- technical cooperation, project period
- technical cooperation, ten years after project completion
- technical cooperation, over technology lifetime (optional)
- financial cooperation, ten years after project completion
- financial cooperation, over technology lifetime (optional)

Initial ex-ante targets must be defined as part of Outline *Annex 8.5*: GHG Mitigation Potential, Proposal *Annex 8.6*: GHG Mitigation Potential, and Proposal *Annex 8.5*: M&E Plan. Progress will be assessed based on these targets.

6. Monitoring and reporting

Methodology for monitoring and reporting

Project teams are required to report their annual progress against the defined targets. To accurately calculate the realised mitigation outcomes, they must adhere to the same calculation procedures outlined in *Section 5* above.

Disaggregation

When reporting, project teams are expected to provide the following information:

- Annual totals for the previous calendar year for direct and indirect mitigation
- A cumulative total for the entire duration of the project for direct and indirect mitigation
- Please note: The direct and indirect mitigation results are not aggregated

Reporting requirements

Project reporting requirements are defined in *Section 3.6* of this M&E Framework. When monitoring and reporting this indicator, please also adhere to the guidance provided in the M&E Plan templates.

7. Data sources, data collection

Data sources

In general, project-specific data are used. However, additional external data sources (e.g., publicly available data from government sources) are sometimes used depending on the specific methodologies employed for each sector.

To ensure high accuracy, the Implementation Organisation should use the following hierarchy of data sources. It should, in the first place, seek to employ the data sources highest up the hierarchy (i.e., project-specific measurements). If the Implementation Organisation then opts for data sources lower down the hierarchy, it should state its reasons for doing so, highlighting why other sources were inappropriate.

Hierarchy of data sources

a. Project-specific measurements (activity data, such as the number of kWh produced, the number and capacities of energy-efficient cooling systems installed, and the amount of methane captured in waste disposal)
b. Project-specific calculations (e.g., the energy saved using newly installed energy-efficient appliances)
c. Local, regional, and national statistics (e.g., a city's statistics on the amount and type of fuel sold and on the city's modal split, population statistics)
d. National inventories (e.g., for country-specific emissions factors)
e. International data sources (e.g., International Energy Agency data sets)
f. The standard values provided by methodologies

Methodologies that may be used for emissions calculations:

- 2006 IPCC Guidelines for National Greenhouse Gas Inventories: http://www.ipcc-nggip.iges.or.jp/public/2006gl/index.html and the 2019 Refinement to the 2006 Guidelines for National Greenhouse Gas Inventories: https://www.ipcc.ch/report/2019-refinement-to-the-2006-ipcc-guidelines-for-national-greenhouse-gas-inventories/
- Greenhouse Gas Protocol – Policies and Actions Standard: http://www.ghgprotocol.org
- CDM methodologies: http://cdm.unfccc.int/methodologies/index.html
- Manual for Calculating Greenhouse Gas (GHG) Benefits of GEF Transportation Projects: https://www.thegef.org/sites/default/files/publications/GEF_CalculatingGHGbenefits_webCD.pdf

8. Quality assurance

To provide an accurate portrayal of results across the portfolio, project-level reporting on indicators must align with the indicator guidance sheet. Furthermore, project teams must ensure the quality of the data reported on the indicators. The project's monitoring and evaluation officer, external consultants or operational staff can assume a quality-assurance function. If possible and necessary, consider cross-checking (i.e., triangulating) the evidence for accuracy and reliability.

It is advisable to validate or expand on the project's progress assessment by seeking input from other project implementation stakeholders and the partner government. In the report, highlight any discrepancies that arise during the assessment process.

It is recommended to work with the recipient country's climate experts to quality-check your data and assumptions. Check which emissions factors are used in the country's inventory or in other mitigation or CDM projects implemented in the country.

9. Examples

An example of renewable electricity generation

This project encompasses the installation of 1,000 MW of photovoltaic panels to generate electricity and partly displace fossil fuel-based electricity generation. For every megawatt peak (MWp) of solar power installed, it yields an annual production of 1,500 megawatt hours (MWh), assuming a capacity factor of 17.1 %. Consequently, the photovoltaic panels generate 1,500,000 MWh annually.

It is assumed that of this generated electricity, 40 % (600,000 MWh) will replace fossil-fuel-based electricity, while 60 % (900,000 MWh) will fulfil the growing demand for electricity. Furthermore, the 600,000 MWh that replaces fossil-fuel-based electricity is presumed to displace energy from the region's most expensive power source, an oil-fired power station emitting 0.6 tCO_2 per MWh. Based on this data, one can calculate the yearly emissions reduction achieved by this portion of photovoltaic electricity generation:

600,000 MWh x 0.6 tCO_2/MWh = **360,000 tCO_2 reduction per year**

Additionally, if the project were absent, it is estimated that 200,000 MWh of the 900,000 MWh of additional electricity demand would have been met by photovoltaic panels, resulting in no net emissions reduction. The remaining 700,000 MWh would have been supplied by a new coal-fired power station emitting 0.75 tCO_2 per MWh. By using this data, one can calculate the annual emissions reduction attributed to this portion of photovoltaic electricity generation:

700,000 MWh x 0.75 tCO_2/MWh = **525,000 tCO_2 reduction per year**

Summing these contributions (360,000 + 525,000), one can see that installing 1,000 MW of photovoltaic panels leads to an overall reduction of 885,000 tCO_2 annually, equivalent to 0.885 megatonnes of CO_2 annually.

If the installation of solar panels occurs at different intervals within the first operating year, adjustments can be made to account for the operational duration of each panel.

For further examples related to the **industry and transport sector, please refer to the appendix of the Mitigation Guideline for the Project Outline and Proposal Phases.**

Annex 8.2: Indicator guidance sheet (IGS): M2 – People (m/f/x) directly benefiting from projects

Mandatory Core Indicator: M2 – Number of people (m/f/x) directly benefiting from projects

Rationale:
With indicator M2, the Mitigation Action Facility focuses on the number of people who are measurably and directly impacted by a project's activities during its lifetime and for ten years after its completion. The indicator assesses how many targeted people directly benefit from a project's implementation and does so, where possible, in a gender-disaggregated (i.e., male (m), female (f), and diverse (x)) manner. Moreover, where safely possible and relevant, projects should collect data on socially excluded stakeholder groups. For example, public transport projects should collect data regarding users with disabilities. Depending on project design, context and target group, the number of people impacted and the types of economic, social and environmental benefits they receive will vary significantly.

Therefore, the total number of people benefiting from different types of benefits will not be aggregated for comparison. The Mitigation Action Facility explicitly refrains from comparing projects based on this indicator. For instance, 100 people benefiting from significantly increased income should not be deemed more important than 100 people benefiting from a reduced risk of losing their home due to landslides or 300 residents experiencing reduced exposure to traffic noise on their street. People directly benefiting from activities conducted under a project's Gender Equality and Social Inclusion (GESI) Action Plan are part of the total sum of benefited people. The goals are to recognise the diversity of benefits each project brings and to encourage a focus on increasing the number of people getting each specific type of benefit that flows from a project.

When reporting on this indicator, it is essential to consider and acknowledge any unintended negative side effects the project may have had. A project should not shift an environmental or social burden elsewhere. For example, a dam with a hydropower plant that provides electricity to part of the population should not cut off drinking water or electricity supplies to those downstream. Please report any unavoidable negative impacts of your project's measures and justify why the activity should be conducted despite the negative impact.

1. Indicator
Number of people (m/f/x) directly benefiting from the projects

2. Results level
Outcome

3. Definitions and scope

With indicator M2, the Mitigation Action Facility focuses on the **number of individuals who were measurably and directly supported by the project's activities and/or directly benefited** from its sustainable development co-benefits during the project's lifetime and until ten years after its completion. It assesses how many **targeted people** directly **benefit** from the project's implementation and, where possible, does so in a gender-disaggregated (male/female/diverse) manner.

Definitions

- **People** refers to any individual in the recipient country, including individual representatives of institutions/bodies relevant to the project (e.g., representatives of government ministries, domestic banks, chambers of commerce).
- **Direct beneficiaries** are individuals or organisations directly benefiting from a project's technical assistance (TA) or financial assistance (FA) or who benefit from activities conducted as part of a project's GESI Action Plan. The term encompasses, for instance, individuals participating in training sessions, companies receiving specialised expertise, and individuals attending climate action-related conferences.
- **Targeted beneficiaries** are those individuals or organisations representing the specific recipients of TA and/or FA and/or GESI support. They are precisely earmarked by a project to receive assistance in pursuing climate action within the given country. These beneficiaries are explicitly stipulated in the Project Proposal.
- **Benefit** refers to a material or immaterial advantage delivered to a targeted individual by a project's activities. A clear causal linkage must be established between the project activity and the benefit. The kind of benefit depends on the project design and can range from (but is not limited to):
  - » economic benefits (e.g., new jobs, lower costs, higher incomes, access to funding);
  - » quality of life (e.g., better health, time savings, access to clean energy);
  - » capacities (e.g., capacity development and training);
  - » social benefits (e.g., increased socio-political representation of socially excluded groups, better access to financing for women).

4. Unit of measurement

This indicator is quantitative in nature and involves counting the absolute number of individual beneficiaries in the recipient country per year.

5. Target setting

Methodology for target setting

A project must define ex-ante annual targets for the number of people it intends to benefit through its activities.

- The Implementation Organisation should first explain what the current situation is and, in particular, what challenges, risks, and barriers its target group faces and **quantify its target group** as precisely as possible.
  Example: A project supports a city's transport department in implementing a new, nationwide low-emissions transport strategy by providing it with relevant capacity development activities. Currently, 0 of 50 department staff members have received training in low-emissions transport.

- For more complex activities encompassing larger target groups, such as establishing a reliable public transport network with electric buses in a city, the anticipated target groups should be based on realistic estimates (For further details on **realistic estimates,** *see section 6. below*).
- Please note: If an activity relates to Gender Equality and Social Inclusion (GESI) in particular, it is sufficient to briefly summarise the most important points of a project's Gender Analysis and GESI Action Plan.
- Based on the potential **improvements and benefits** the project aims to achieve and the defined target groups, it is possible to **estimate the number of people benefiting** (targeted beneficiaries). Establishing a target should be easy for certain activities, such as training sessions or in-kind support. Therefore, such targets are expected to be assessed as precisely as possible. Example: A project plans capacity-building activities for a city's transport department. Hence, ideally during the DPP or at the beginning of Implementation Phase I, the project teams should confer with the government ministry on how many of its staff members (e.g. 30 out of 50) should be trained and what the training should consist of. Realistic estimates must be provided for more complex activities and target settings. In this case, project teams are requested to thoroughly describe the methodological strengths and boundaries of their estimated target and, ideally, provide comparable real-life examples. Example: The project plans to decrease emissions in the public transport sector by replacing diesel-fuelled buses with electric buses. An important health-related co-benefit is the improved air quality for inhabitants living along the main bus routes. The project can base its estimated target number of people benefiting from improved air quality on the city's population data.
- In cases where a project's descriptions of improvements and benefits would overlap with the indicator specifically measuring co-benefits (Indicator 5.1), projects should keep descriptions brief and focused on the number of people benefiting. More detailed elaboration of the co-benefits themselves should be covered under Indicator 5.1.

Targets (per benefit) must be defined for the following periods:

a. project period
b. ten years after project completion

6. Monitoring and reporting

Methodology for monitoring and reporting

- Projects should only count persons who benefited **directly** and were **intentionally targeted** by the project's interventions in the partner country. For each reported beneficiary, a plausible causal linkage to the project activities must be established.

Counting is easy for certain activities, such as training sessions or in-kind support, and is expected to be precisely assessed, recorded (e.g., through participant lists, attendance sheets), and reported.

Realistic estimates must be provided for more complex activities encompassing larger target groups where counting is not applicable, such as establishing a reliable public transport network with electric buses in a city. An estimate is deemed realistic if the project teams can thoroughly describe the methodological strengths and boundaries of its estimate, including a

justification of why the individuals counted are deemed direct and targeted beneficiaries and a justification of the causal link between project activity and benefit generated for an individual. Any calculations employed to produce the data (e.g., extrapolation from a representative sample) should be reported and sufficiently explained. Realistic estimates should be based on reliable data sourced, for example, from the country's statistics bureau or recent data from a relevant government ministry. However, if data on individuals is not available, households could, for example, be reported and converted into individuals based on the average number of people per household in the country or the most precise and context-sensitive average available – recognising, for instance, that average family sizes in rural areas are often larger than in urban areas.

The quantification of beneficiaries involves combining precise beneficiary counts with solid estimates. For instance, if, as a result of the project, there are 20 newly trained female and 45 newly trained male electric bus drivers, you would add these figures to the number of inhabitants (e.g., 49,000) who will gain access to clean public transport due to the project.

If different project activities yield the same benefit, summing up all relevant numbers is necessary while avoiding overlaps, as explained below ("Avoid double counting").

When reporting on this indicator, it is essential to consider and acknowledge any negative side effects the project may have had. If these negative impacts are unavoidable, it is essential to quantify the affected individuals and relate this figure to the overall number of beneficiaries. For instance, if a project initiative has led to 200 newly trained and equipped electric bus drivers putting 30 diesel-fuelled bus drivers out of work, it is crucial to report this. Project teams should clearly outline why an activity should be conducted despite a negative impact and elucidate any mitigatory or compensatory measures they intend to implement. For instance, the project could proactively engage with the affected diesel-fuelled bus drivers, offering them opportunities to participate in the training program to transition to electric bus driving.

To ensure accurate reporting and prevent redundancy:

- **Avoid double counting over time:** Each individual should only be counted once under M2, even if they continue to benefit from the project's initiatives over its lifespan. Hence, individuals already counted in previous years should not be counted again.
- **Avoid double counting across different activities**: Even if a beneficiary directly benefits from multiple project activities, they should only be counted once under M2.
  For example, if someone benefits from both a training program and a concessional loan initiative, they should be counted as a single beneficiary.
- **Avoid double counting across different kinds of benefits:** Individuals should only be counted once under M2, even if they experience multiple benefits. For instance, if a solar energy project leads to both economic benefits (cost savings) and health benefits (reduced air pollution), the individual should still be counted only as one.

Furthermore, beneficiaries of GESI activities and/or gender-specific goals should be reported under their respective gender-specific indicator. However, as they are part of the total number of people benefiting from the project, they should also be included in the project's total beneficiary number and, consequently, under M2.

Disaggregation

- Disaggregation by gender (f/m/x):
  - Number of people benefiting who identify as female (f)
  - Number of people benefiting who identify as male (m)
  - Number of people benefiting who identify as other (x), including but not limited to non-binary, transgender, gender-fluid, and agender.
  - If gender disaggregation is not possible, please explain why
- Disaggregation by socially excluded group where safely possible (e.g., those excluded due to disability, ethnicity or age).
- Disaggregation by recipient stakeholder organisation to which support has been provided (e.g., public sector, private sector, NGO/CSO, academia).

Reporting requirements

For reporting purposes, project teams should provide values for each benefit for the previous calendar year, as well as the cumulative total value for each benefit since the project began to date.

Project reporting requirements are defined in *Section 3.6* of this M&E Framework.
When monitoring and reporting this indicator, please adhere to the guidance provided in *Section 3.5.2* and the M&E Plan templates.

7. Data sources, data collection

As described above, data collection and the quality of data available depends on the kind of activity. Project teams should monitor the number of individuals based on project records (e.g., beneficiary lists, attendance sheets) where possible.

For more complex project activities, reliable external data sources or self-conducted data gathering must be employed to produce a realistic estimate of beneficiaries. Depending on the availability of data sources, realistic estimates could be based on:

- data from the country's statistics bureau (if available and reliable);
- scientific data collected by national and international actors (e.g., the ILO, the UN, national banks, government ministries, environmental agencies, and universities that conduct reliable large-scale data gathering);
- surveys of studies conducted by other actors, such as NGOs, could be used for approximation.

Additionally, projects are always encouraged to set up their own means of data collection to strengthen the reliability and validity of their progress and target achievement.

8. Quality assurance

To provide an accurate portrayal of results across the portfolio, all project-level reporting on the M indicators must align with the indicator guidance sheet. Furthermore, project teams must ensure the quality of the data reported on the M indicators. The project's monitoring and evaluation officer, external consultants or operational staff can assume a quality-assurance function. If possible and necessary, consider cross-checking (i.e., triangulating) the evidence for accuracy and reliability.

It is advisable to validate or expand on the project's progress assessment by seeking input from other project implementation stakeholders and the partner government. In the report, highlight any discrepancies that arise during the assessment process.

9. Examples

Examples of people benefiting from project activities are:

- individuals experiencing economic benefits directly from adopting the new business models introduced and/or supported by the project's activities. For instance, utilising renewable energy or energy-efficient technologies leads to increased savings or applying a new technology leads to higher earnings;
- all members of households benefiting from reduced energy costs due to the implementation of project measures that enhance the energy efficiency of their housing;
- additional individuals who opt for using an improved or newly installed public transport system instead of motorised individual transport, resulting in various benefits, such as time savings, cost savings, improved comfort, reliability, enhanced security, and better respiratory health due to reduced air-borne toxins;
- people gaining access to electricity as a direct outcome of the project's activities, leading to improved quality of life, increased business opportunities, and better access to healthcare options;
- individuals participating in capacity-building measures provided by the project, thereby increasing, for example, their knowledge/employability/ income/harvest.

Annex 8.3: Indicator guidance sheet (IGS): M3 – Potential for transformational change

Mandatory Core Indicator: M3 – Degree to which the supported activities are likely to catalyse impacts beyond the projects (potential for scaling-up, replication and transformation)

Rationale:
The Mitigation Action Facility defines transformational change as a catalytic change in systems and behaviours resulting from disruptive climate actions that enable actors to shift to carbon-neutral pathways. It supports transformational change that features strong national ownership and aligns with the partner countries' Nationally Determined Contributions (NDCs) and long-term strategies (LTS) that are central to meeting their Paris Agreement goals.

In the context of the Mitigation Action Facility, projects are considered conducive to sector-wide transformational change if they:

- promote a demonstration effect through manifesting the feasibility of implemented mitigation solutions, thus ensuring embeddedness in sectoral and national climate policy contexts while showing evidence of securing 'buy-in' by key stakeholders and ensuring a systematic learning approach;
- have a catalytic effect and include mechanisms for:
  - » broader systemic change, thus ensuring the sustainability of impacts, local ownership and political will, private sector involvement, and the use of innovative technologies and approaches;
  - » enabling a significant evolution in scope through either scaling up or replication. Replicating and/or significantly scaling up the project's demonstrated solution can occur on a national or regional level and in other sectors or locations;
- aim to deliver large-scale and sustained GHG savings.

Transformational change and its goals must contribute to long-term sectoral decarbonisation. The process must identify and address the agents of change, the innovation itself and how it fits into the framework conditions (i.e., economic, societal, and environmental). It is important that all components of the projects be geared towards delivering transformational change.

The working methods and approaches applied in and promoted by a project should be sustainable, which means they should, among other things, involve:

- the application of high ethical standards (that are, for example, democratic, non-discriminatory, non-corrupt, and transparent);
- the negotiation of any trade-offs between different aspects of carbon-neutral development with relevant stakeholders;
- transparent, fact-based decision-making processes;
- the entire system (i.e., take a holistic approach);
- not harming the environment and not compromising social standards and human rights.

Overall, transformational change is considered to be change that is far-reaching, structural, and fundamental in nature. The project design will determine how such change can be achieved.

To evaluate the project's potential for transformational change, the Mitigation Action Facility has identified several possible project outcomes or 'results categories' (for details, *see section 3. in the list below)* that are considered to deliver these changes. During the project selection process, the Mitigation Action Facility evaluates whether project-specific objectives of this kind have been chosen and, if so, how many. During project implementation, progress towards achieving this set of objectives will determine whether the interventions are likely to catalyse impacts beyond the project.

1. Indicator

The degree to which the supported activities are likely to catalyse impacts beyond the projects (potential for transformational change).

2. Results level

Outcome

3. Definitions and scope

The Mitigation Action Facility defines transformational change as a catalytic change in systems and behaviours resulting from disruptive climate actions that enable actors to shift to carbon-neutral pathways. The project is transformational if it targets and achieves outcomes that enable this shift. The targeted outcomes shall fall into one or more of the following results categories:

a. Decision-makers or decision-making entities in the implementing country (e.g., parliament, business associations) making landmark decisions aimed at moving the country towards a carbon-neutral development pathway. Supported by the project's activities, these decisions alter the behaviour of or incentives for more individuals or institutions.
b. Lock-in effects or path dependencies that incentivise or firmly establish carbon-intensive, non-sustainable patterns of behaviour over a long period are broken up or avoided due to the project's activities. Alternatively, new path dependencies that incentivise or firmly establish carbon-neutral and sustainable patterns of behaviour are established due to the project's activities.
c. Replicable, scalable and/or long-lasting financial instruments for a carbon-neutral development pathway (e.g., technologies, business models) have been established due to the project's activities.
d. As a result of the project's activities, climate change mitigation aspects are integrated and mainstreamed into one or more of the following: major policies, plans, strategies, or curricula of different educational institutions.
e. Carbon-neutral, sustainable approaches or instruments (e.g., business models, market mechanisms, financing solutions) that have been tested or piloted within or independent of the project are scaled up or replicated due to the project.
f. As a result of the project, an organisation, institution, or committee (e.g., a climate change authority) committed to a carbon-neutral development pathway is established or significantly strengthened and is lobbying for the changes needed to deliver this kind of development.

While there is no requirement for project teams to select a minimum number of results categories, choosing at least two results categories for their M3 target definition and subsequent monitoring and reporting is recommended.

Further information on transformational change at the Mitigation Action Facility is provided in the supporting concept document.

4. Unit of measurement

Transformational change is evaluated using a qualitative approach where a value from the specified matrix on a scale of 0 to 4 is selected for project targets and reporting.

5. Target setting

Methodology for target setting

To establish the baseline for transformational change results, the Implementation Organisation should first summarise the current context within which the project will operate. Subsequently, the potential transformational change to which the project aims to contribute should be described. These descriptions will provide the project with a qualitative baseline (current context) and a qualitative target (potential transformational change) against which progress can be achieved and evaluated.

Projects are required to define ex-ante annual targets for the achievement of the transformational change according to the following principles:

- If more than one results category is selected, sub-indicators for M3 shall be introduced, and the targets shall be defined separately for the selected results categories (refer to a. Methodology for defining sub-indicator targets).
- Aggregate M3 indicator targets shall be defined based on the projected achievements of the sub-indicators (refer to b. Methodology for defining aggregate M3 targets).
- The target values for the sub-indicators and the aggregate M3 indicator shall be clearly defined for each year of the project period and for ten years after the project ends.

The M3 targets are defined as part of the M&E Plan submitted with the Project Proposals and further specified in the M&E Plan within the first three months of implementation.

a. Methodology for defining sub-indicator targets

Project teams must define annual targets for each sub-indicator according to the standard ranking levels ranging from 0 to 4 (*see Figure 3 below*). To determine the applicable standard ranking level, project teams must define annual, context-specific milestones that would qualify the expected percentage achievement of the overall qualitative sub-indicator target. The achieved percentage of the overall target is then translated to the applicable standard ranking level (0-4) and the corresponding evaluation of the likelihood of the transformational change. The higher the achieved percentage of the targeted milestone, the higher the ranking level and overall likelihood of the transformational change.

Figure 3: Standard ranking levels and likelihood interpretation

Standard ranking levels		Perceived likelihood of transformational change
Achievement of target judged unlikely	0	Transformation judged unlikely
Very little or no progress achieved so far (< 20 %)	1	No evidence yet available
Some progress achieved so far (20-40 %)	2	Some early evidence suggests transformation likely
Substantial progress achieved so far (41-70 %)	3	Tentative evidence of change – transformation judged likely
Target has been (almost or fully) achieved (> 70 %)	4	Clear evidence of change – transformation judged very likely

When defining a milestone, the different levels of importance and complexity, as well as the time needed to reach the milestone, should be considered. Project teams should always explain why a particular ranking has been selected, as it is essential to establish a direct causal relationship between the expected results and the project's interventions.

The expected degree of achievement of the sub-indicator shall be defined for each year. Ideally, the maximum value of 4 is achieved by the end of the project period and maintained for ten years after the project ends (*see an example in Figure 4*).

Figure 4: Example of achievement forecast

	Y1	Y2	Y3	Y4	Y5	...	Y10
Sub-indicator	Target (according to standard ranking levels)						
1. Intervention A (corresponding to Results Category 1)	1	2	2	3	4	4	4
1. Intervention B (corresponding to Results Category 2)	1	2	2	3	4	4	4

b. Methodology for defining aggregate M3 targets

The overarching target shall be determined by assigning a project-specific weight to the various sub-indicators. Project teams shall determine the weight of each sub-indicator relative to the overall targeted transformational change. Please note that the percentage weight values must add up to 100 %. If none of the sub-indicators are preferred or prioritised, an equal weight can be applied to each. An example of the target setting for Year 3, which focuses on the aggregate M3 indicator, is presented in *Figure 5*.

Figure 5: Illustrative instance of target establishment

Y3			
Sub-indicator	**Expected achievement per sub-indicator**	**Weight**	**Aggregate target of M3 for Y3**
1. Intervention A (corresponding to Results Category 1)	2 (20 %)	60 %	2 Expected early evidence Suggests transformation is likely in Y3 (Corresponds to 32 % (=20%*60%+50%*40%) and standard ranking level 2 in Figure 3)
2. Intervention B (corresponding to Results Category 2)	3 (50 %)	40 %	

For the example in *Figure 5*, the overall target for the transformational change potential in Y3 would thus be "2".

6. Monitoring and reporting

Methodology for monitoring and reporting

During the project period, project teams are required to report their annual progress against the defined targets. The following aspects should be considered when doing so:

- Projects shall report on the standard ranking level achieved for the sub-indicators according to the accomplished milestones as defined when setting the targets.
- The sub-indicator achievement shall be aggregated following a similar approach as described above. The overall reported M3 value is determined by aggregating the results of the corresponding sub-indicators, considering the respective weighing, as illustrated in *Figure 6*.

Figure 6: Reporting of indicator achievements

Indicator	Weight	Reporting of achievements in year 3
Sub-indicator 1 Intervention A (corresponding to Results Category 1)	60%	2 (According to the achievement of the specified milestones, 20 % of the overall sub-indicator target is met, as expected. This corresponds to standard ranking level 2.)
Sub-indicator 2 Intervention B (corresponding to Results Category 2)	40%	2 (According to the achievement of the specified milestones, only 30 % of the overall sub-indicator target is met, contrary to the expectations of achieving 50 % when setting the targets. This corresponds to standard ranking level 2, in contrast to 3, as planned.)
Overall M3 result	100%	Some early evidence suggests transformation is likely (Corresponding to overall 24 % (=20%*60%+30%*40%) achievement as per the standard ranking level of sub-indicators)

- Project teams must provide a justification of the ranking they selected to indicate the level of progress made towards achieving the target (i.e., how they concluded that the specified milestones were met and the target was achieved by the chosen percentage).

Assessing transformational change is a learning process. Therefore, the project teams should not only record evidence of transformational change but also explain why such transformation has occurred or has yet to occur and how the project is contributing or has contributed to this change. Project teams must provide an overall update on whether the project and all its components are still moving towards a carbon-neutral development pathway and whether the foreseen change is sustainable and long-term.

Reporting requirements
Project reporting requirements are defined in *Section 3.6* of this M&E Framework.

When monitoring and reporting this indicator, please adhere to the guidance provided in the M&E Plan templates.

7. Data sources, data collection
The primary data sources used in results monitoring and reporting must include documentation of the achievement of the relevant project milestones. Such documentation can include but is not limited to reports, meeting minutes, and documentation of relevant political decisions. Project teams must explain why certain data has been used to justify meeting the specified target for the corresponding sub-indicators and the overall M3 indicator.

8. Quality assurance
To provide an accurate portrayal of results across the portfolio, project teams must align all project-level reporting on the M-indicators with the indicator guidance sheet. Furthermore, projects must ensure the quality of the data reported on the M-indicators. The project's monitoring and evaluation officer, external consultants or operational staff can assume a quality-assurance function. If possible and necessary, consider cross-checking (i.e., triangulating) the evidence for accuracy and reliability.

It is advisable to validate or expand on the project's progress assessment by seeking input from other project implementation stakeholders and the partner government. In the report, highlight any discrepancies that arise during the assessment process. The mid-term and final ELEs present an excellent opportunity to cross-check the evaluation of transformational change.

9. Examples
The project involves piloting corporate GHG reporting schemes. Several methodologies are tested in companies of different sizes, and the most appropriate methodologies are then compiled in a guidebook on the subject. The project's objective is to secure a political decision on moving towards compulsory corporate GHG reporting. This objective comes under Results Category 5, as it constitutes an approach that was tested within the project and then scaled up to the entire country. Furthermore, the project aims to establish a fund that provides concessional loans to private companies for investments that seek to reduce their GHG emissions below an industry-specific benchmark. The project helps to set up a revolving fund with the partner government providing the required monetary resources. This objective falls

under Results Category 3. The project sets up two sub-indicators to measure these two results categories, defining the corresponding milestones for each.

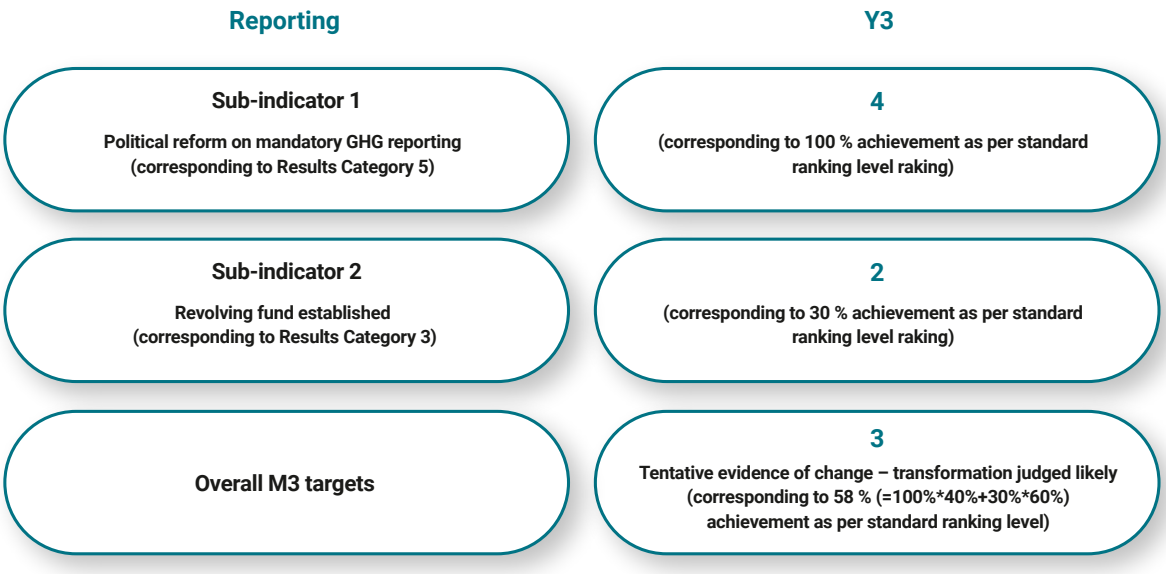
By Y3, the project expects to achieve the standard ranking level 4 for both outcomes. It is expected that the relevant policy reform on compulsory GHG reporting will have occurred, and the revolving fund will be set up. The value of 4 is recorded as a target for Y3 for both sub-indicators. This implies that by Y3 clear evidence of change shall be observed, and transformation shall be judged very likely for the overall M3 (*see Figure 7*).

Figure 7: Example for target setting

Targets	Weight	Y1	Y2	Y3	Y4	Y5
Sub-indicator 1 Political reform on mandatory GHG reporting (corresponding to Results Category 5)	40%	1	3	4	4	4
Sub-indicator 2 Revolving fund established (corresponding to Results Category 3)	60%	1	2	4	4	4
Overall M3 targets	100%	1	2	4	4	4

In Y3 of reporting, the project reports that the target for the first results category has been achieved, as the parliament's decision to make corporate GHG reporting compulsory has been recorded. It will become compulsory for a pre-defined set of industries and businesses to report on their GHG emissions for two years. However, the progress towards the second target concerning the establishment of the revolving fund is considered to be 30 %. Some bureaucratic hurdles remain to be resolved that cause uncertainty for the operationalisation of the fund and the public co-financing contributions. Nevertheless, the project team is optimistic that it will achieve the second outcome by the end of the project.

Figure 8: Example for reporting indicator achievements



As one sub-indicator has not reached its foreseen target for Y3, the overall M3 score is 3, which indicates tentative evidence of transformational change (*see Figure 8*). The progress with the revolving fund shall remain monitored closely in Y4 and Y5. If further bottlenecks occur and the revolving fund is not set up, the broader impact of the GHG reporting regulation might be limited, and the project's ability to reach the intended M3 target becomes unclear. In its annual report for Y3, the project shall elaborate on this risk and discuss relevant strategies for addressing it.

Annex 8.4: Indicator guidance sheet (IGS): M4 – public finance mobilised and M5 - private finance mobilised

Mandatory Core Indicator: M4 – Volume of public finance (domestic and/or international) mobilised for carbon-neutral investment and development

Mandatory Core Indicator: M5 – Volume of private finance (domestic and/or international) mobilised for carbon-neutral investments and development

Rationale:
The Mitigation Action Facility places great importance on using its funds effectively and efficiently. It aims to make the most of each euro it spends by leveraging additional funds for the project's objectives. To measure this, indicators M4 and M5 track the money invested in environmentally friendly solutions by **public organisations** and **private entities**, respectively. This investment must be a **direct result of the project's interventions**. Aggregated results from Mitigation Action Facility projects on the amount of private finance mobilised (M5) will be used for European and international official reporting purposes.

1. Indicator

M4: Volume of public finance (domestic and/or international) mobilised for carbon-neutral investment and development

M5: Volume of private finance (domestic and/or international) mobilised for carbon-neutral investments and development

2. Results level

Output

3. Definitions and scope

Definition of public/private finance
The primary criterion for distinguishing between public and private flows should hinge on whether the entity facilitating the mobilised finance is a public or private actor.

As the OECD DAC outlines, **public finance** refers to "transactions […] undertaken by central, state, or local government agencies at their own risk and responsibility, regardless of whether these agencies have raised funds through taxation or through borrowing from the private sector. This includes transactions by public corporations (i.e., corporations over which the government secures control by owning more than half of the voting equity securities or otherwise controlling more than half of the equity holders' voting power) or through special legislation empowering the government to determine corporate policy or to appoint directors"[2].

According to the OECD DAC, **private transactions** are those undertaken by firms and individual residents in the reporting country from their own private funds." This encompasses a broad spectrum of endeavours, including, but not restricted to, transactions carried out by banks, enterprises, pension funds, NGOs, charitable trusts, foundations, and various other private entities.

[2] *See: https://one.oecd.org/document/DCD/DAC/STAT(2020)44/FINAL/en/pdf*

The categorisation of finance as public or private depends on the legal entity providing the funds. Generally, organisations are considered public if they are government agencies or if governments possess over 50 % ownership or shares in an organisation with multiple shareholders. However, this ownership-based approach might not accurately capture the nature of financial transactions undertaken by publicly owned entities that operate based on market-oriented commercial or private principles. In such cases, reporting may be structured based on the entity exercising investment control or the principles guiding investment decisions. For instance, predominantly state-owned financial institutions might invest following commercial strategies without public-sector influence – a scenario frequently observed in countries with more centralised planning systems, such as China, Cuba, Vietnam, Bhutan, or former USSR[3] states.

For example, finance mobilised from a bank majority-owned by a national government (i.e., with over 50 % of total shares) would be categorised as public finance under standard OECD DAC guidelines, even if, in practice, it invests according to commercial principles.

Definition of mobilised finance

Mobilised finance pertains to additional funds **directly** leveraged by the Mitigation Action Facility project **through the utilisation of financial mechanisms /financial contributions**. Mobilisation is synonymous with the leveraging of finance.

This definition necessitates:

- funds being **additional** or supplementary, indicating they would not have been allocated to a climate-related objective or activity otherwise. This could involve instances where the activity and extra funding would not have occurred without a project's intervention or where funding would not have been provided to the same extent without the project's involvement, and
- the Mitigation Action Facility can establish a **causal link** between a project's actions/funding and the mobilised finance. Only finance associated with activities featuring a distinct causal connection between the project's intervention and the mobilised public finance, and where the activity would not have progressed or would not have advanced on a larger scale without the project's intervention, is counted.

- Differentiating between financing that would have materialised irrespective of the Mitigation Action Facility's involvement and mobilised financing that's both supplementary and causally linked is crucial. To claim the mobilisation of climate finance, supported projects must satisfy **both additionality** and **causality criteria,** as instances exist where external actors' support or efforts prompt additional funding.

Mobilised finance might encompass upfront financing (resources committed to projects by other donors or partner governments upon project approval) and subsequent financing (resources mobilised after project operations commence, often influenced by early successes).

Please note that public and/or private investments in replication projects or initiatives not developed or executed within the project, even if promoted by the project or modelled after it, should not be considered to be mobilised finance due to its remote connection.

[3] *The Soviet Union, officially the Union of Soviet Socialist Republics (USSR)*

Mobilised or leveraged finance vs. catalysed finance
Distinguishing mobilised or leveraged finance from catalysed finance should be based on the original actor's actions. While catalysation of finance denotes other funds indirectly leveraged by the Mitigation Action Facility's project through technical assistance and/or capacity development measures, **mobilisation of finance** refers to other funds directly leveraged by the Mitigation Action Facility's project via **financial mechanisms** and/or **financial contributions.**

For these mandatory core indicators, i.e., M4 and M5, projects should only count **mobilised finance** resulting **directly** from financial mechanisms and/or financial contributions.

According to the OECD methodology[4], the mobilisation of private and/or public finance can be measured for mechanisms, such as guarantees, syndicated loans, shares in collective investment vehicles, direct investment in companies, credit lines, and simple co-financing arrangements.

Definition of carbon-neutral investment and development
Any investment that actively contributes to reducing GHG emissions, avoiding future GHG emissions, or enhancing the mitigative capacity of the target group (their ability to induce GHG reductions).

4. Unit of measurement
These indicators are quantitative in nature and measured in euros (EUR).

5. Target setting
Methodology for target setting
Please note that target values of M4 and M5 should not be aggregated. To establish individual yearly targets for these indicators, these steps should be followed:

a. For both indicators, identify anticipated instances of public (M4) and/or private (M5) investments mobilised throughout the project's implementation.
b. Convert all monetary amounts into EUR for consistency.
c. Deduct investments that fall under the following categories:
   I. For M4: Originating from non-public entities.
      For M5: Originating from non-private entities.
   II. Lacking alignment with climate change mitigation objectives (e.g., not intended for carbon-neutral investment and development)
   III. Previously allocated for the same purpose before the project's initiation or that would have been allocated for the same purpose even without the project (addressing additionality).
   IV. Unable to be linked back to financial mechanisms employed by the project, thereby not quantifying financial contributions by others that can be causally attributed.
d. Ascertain the degree of attribution using these steps:
   I. Quantify the amount contributed to a mobilisation mechanism by the Mitigation Action Facility project.

[4] *See: https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-Methodologies-on-Mobilisation.pdf*

II. Quantify all other monetary contributions from entities involved in mobilising funds for M4 public and M5 private.
III. Compute the Mitigation Action Facility's portion for public (M4) or private (M5) investments contributing to mobilisation and calculate the proportionate share of the mobilised investment that can be attributed to the Mitigation Action Facility. Typically, the level of attribution for mobilised finance corresponds to the ratio between (i) and (ii). For instance, if the Mitigation Action Facility project's contribution accounts for 20 % of total financial contributions, only 20 % of the mobilised funding can be attributed to the Mitigation Action Facility. To prevent double-counting, projects should solely include the mobilised finance amount attributable to them in their targets.

e. Sum the entirety of the quantified amounts.

The OECD has published comprehensive methodologies[5] for measuring mobilised finance concerning specific financial mechanisms. While defining targets and/or evaluating causal links and attribution, the Mitigation Action Facility requests that the Implementation Organisation consult the latest version of the OECD methodologies and compute their figures accordingly.

Note for M4
It is worth noting that in-kind and **monetised contributions** from host national partners (e.g., subregional, municipal, village-level entities, and foundations) often constitute a substantial portion of the overall resource pool for the targeted project and typically serve as prerequisites for donor support. As such, these contributions can play a pivotal role in effectively leveraging donor aid. However, quantifying these contributions can pose challenges due to the absence of an internationally recognised methodology for quantitative accounting. Nevertheless, in cases where in-kind resources substantially contribute to the project's overall resource base, it is recommended to provide a concise description of their strategic significance and role in mobilising additional resources.

Targets for M4 and M5 must be defined for the following periods:

a. Project period
b. Ten years after the project ends

The initial definition and setting of targets should be part of the monitoring and evaluation (M&E) plan submitted with Project Proposals. Further specification will be required within the first three months of project implementation.

[5] *See: https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/DAC-Methodologies-on-Mobilisation.pdf*

6. Monitoring and reporting

Methodology for monitoring and reporting

Project teams gather data concerning the level of individual investments facilitated through the specified financial mechanisms (*refer to 3. Definitions and Scope*).

When reporting, finance should only be considered to be 'mobilised' once firm commitments (e.g., budget approval or contractual arrangements) have been made or funds have been disbursed/invested. Projects should focus on investments that have been realised rather than those that have merely been announced.

To understand how much public (M4) and private (M5) finance has been mobilised for climate change mitigation due to support from the Mitigation Action Facility, project teams should follow the following guiding questions:

I. Is the finance sourced from a **public (M4) /private (M5) entity?**
Implementation Organisations should employ a public/private ownership-based approach to ascertain whether the mobilised finance is of public or private origin (*see section 3 above*).

II. Is the finance directed towards **'carbon neutral investment and development'?**
Mobilised finance is considered if the project's purpose contributes to reducing GHG emissions, avoiding future GHG emissions, or enhancing the target group's mitigation capacity. If the finance also supports non-climate objectives, only the portion allocated to carbon-neutral pathways should be considered within this indicator. Unless connected to carbon capture and storage/use, finance mobilised for fossil fuel-related investments should be excluded.

III. Has the finance been mobilised by the Mitigation Action Facility, signifying it is **additional** and **causally linked** to Mitigation Action Facility funding or financial support?
Projects seeking to claim that they have mobilised climate finance must meet both the additionality and causality criteria (*see section 3 above*).

Converting finance to a common currency (EUR)

Currency conversion can be performed using annual exchange rates, ideally referencing the OECD DAC's exchange rate list. Each investment's respective currency must be converted into EUR, with the conversion date set as the commitment date (when a firm obligation is established). It is recommended to convert to EUR before segregating the amount attributed to the project, ensuring attribution calculations are based on EUR-converted figures.

Disaggregation

When reporting on this indicator, projects shall disaggregate the data by

- Sources of public (M4)/private(M5) finance
- By type of financial mechanism

Reporting requirements
When reporting on this indicator, projects shall provide the following information:

- The amount of public (M4) /private (M5) finance mobilised in the reporting year
- The cumulative amount of public (M4) /private (M5) finance mobilised since the project's beginning
- The name and type of public investors who provided the finance contribution
- The name, volume (EUR) and year of contribution of other funders contributing to the financial mechanism (if applicable)
- Information on the financial mechanism to which the finance mobilised is related (applicable to projects that have more than one financial mechanism)

Project reporting requirements are defined in *Section 3.6* of this M&E Framework. When monitoring and reporting this indicator, please also adhere to the guidance provided in the M&E plan templates.

7. Data sources and data collection

Evaluation of additionality must be tailored to each case and necessitates the thoughtful judgment and reasoning of the project team.

Data concerning partner country expenditure can be derived from governmental systems like the Ministry of Finance or the Ministry of Environment. In financial programs, pertinent information can be extracted from application documents and recipient reports. It's important to incorporate reporting obligations into contracts where relevant, particularly if loans are redistributed.

8. Quality assurance

To provide an accurate portrayal of results across the portfolio, project-level reporting on indicators must be aligned with the indicator guidance sheet. Furthermore, project teams must ensure the quality of the data reported on the indicators. The project's monitoring and evaluation officer, external consultants or operational staff can assume a quality-assurance function. If possible and necessary, consider cross-checking (i.e., triangulating) the evidence for accuracy and reliability.

It is advisable to validate or expand on the project's progress assessment by seeking input from other project implementation stakeholders and the partner government. In the report, highlight any discrepancies that arise during the assessment process.

9. Examples

Example 1 (M4): As part of its initiative, a project implements a national support programme to assist local governments in applying for grants aimed at co-financing climate change mitigation endeavours within their communities. These initiatives may involve activities such as hiring climate change officers, elaborating climate change strategies or action plans, and similar undertakings. Recipient local governments are required to contribute a portion of the expenditure themselves.

In the first year of implementation, local governments obtain EUR 1.5 million from the programme without contributions from other donors. Additionally, they allocate an extra EUR 1 million for executing their activities. In this scenario, the reported mobilised public finance amounts to EUR 1 million during the initial year.

Example 2 (M4): A project's endeavour encompasses the implementation of a revolving loan fund designated for disbursing loans to promote energy-efficient cooling systems in public buildings. Government entities, particularly local governments, are eligible to apply for concessional loans, necessitating them to contribute one-third of the investment independently. In Year 1, these loans stimulate local government investments in energy-efficient cooling systems, accumulating to EUR 3 million. Out of this, EUR 2 million is sourced from the fund, while the local government allocates 1 million EUR. Consequently, a project should report EUR 1 million during the initial year, followed by any repayments of the EUR 2 million (including interest and fees) paid by the local government in subsequent years.

Example 3 (M5): The project creates and executes a nationwide challenge fund tailored for small businesses to compete for grant funding aimed at facilitating energy efficiency enhancements within their business operations. These businesses are required to contribute matching funds alongside the grant. If these companies would not have allocated their own funds to energy-efficient appliances without the project's influence, the entire investment amount can be reported, encompassing the grant portion.

Conversely, in instances where a portion of the funds – 5 %, for example – would have been allocated for the same purpose even without the project's existence, the reporting can encompass only 95 % of the investment.

Annex 8.5: Indicator guidance sheet (IGS) for Output indicators

While mandatory core indicators are to be developed within the M&E plan as outlined in *Annex 8.5* of the project proposal, additional Mitigation Action Facility output indicators only become relevant once a project transitions into the implementation phase. These indicators are expected to be actively tracked and reported by the respective Implementation Organisations in their annual progress reports prepared and submitted by all projects in the Implementation Phase.

These results are then aggregated on the Mitigation Action Facility level, forming the basis for the annual reporting to the Donors. To ensure the accuracy and reliability of the data, the TSU staff will diligently review the information reported by each project for its plausibility. In cases where further clarification is needed, projects may be requested to furnish additional supporting documentation for the reported data.

To facilitate the accurate reporting of these indicators, *Annex 8.5* provides comprehensive indicator guidance sheets, which serve as valuable resources outlining key information and instructions for project Implementation Organisations.

Annex 8.5.1. Output 3.2b - Number of individuals attending knowledge-sharing events

1. Indicator
Number of individuals attending knowledge-sharing events

2. Indicator
Output

3. Definitions and scope
The indicator measures the engagement levels in terms of the number of participants attending knowledge-sharing events (co-)funded by the projects within the current reporting year. Its purpose is to assess event engagement from Mitigation Action Facility audiences. Events play a crucial role in managing knowledge and communicating information within the Mitigation Action Facility and a key approach to capturing and/or disseminating lessons learnt and raising the profile of the projects, its activities, and the Mitigation Action Facility, in general.

Definitions of knowledge-sharing event
A knowledge-sharing event is a gathering where individuals exchange information, ideas, and expertise on a specific topic to promote learning and collaboration. Knowledge-sharing events can take various forms, such as conferences, workshops, seminars, webinars, panel discussions, training sessions, or informal networking gatherings. These events can take place in-person or virtual.

4. Unit of measurement
This indicator is quantitative in nature and measured in terms of the 'number of participants.

5. Target setting
Methodology for target setting
A fundamental aspect of target setting involves envisioning the events a project will organise throughout its course. By considering the nature and scope of these events, a project can estimate the number of participants likely to join based on factors such as event type, topic, relevance, and outreach strategies.

Targets must be defined for each year of project implementation.

6. Monitoring and reporting
Methodology for monitoring and reporting
The count of attendees at events (co-)funded by the project is gathered on a per-event basis and then averaged at the end of the calendar year. To achieve this, the total number of participants across all events is divided by the overall count of events held.

It's important to emphasise that the reported figures should exclude project participants. Moreover, only knowledge-sharing events that are either fully or partially funded by the project should be included in the count.

Disaggregation
Reported numbers should be provided disaggregated by gender (m/f/x).

Reporting requirements
Project reporting requirements are defined in *Section 3.6* of this M&E Framework.

When monitoring and reporting this indicator, please adhere to the guidance provided in the M&E Plan templates.

7. Data sources, data collection
Projects collect data on attendance during each knowledge-sharing event (i.e., using a list of participants registration forms, or digital tracking systems or anything related)

8. Quality assurancen
If possible, please cross-reference participant lists with registration forms to provide the actual number of participants.

Annex 8.5.2. Output 4.1 – The number of policies, regulations, and standards promoting carbon-neutral development that have been adopted or amended due to project support

1. Indicator

The number of policies, regulations and standards promoting carbon-neutral development that have been adopted or amended due to project support

2. Results level

Output

3. Definitions and scope

This output indicator assesses the impact of the project's intervention in partner countries and relevant sectors by measuring the number of newly adopted or amended policies, regulations, or standards that promote carbon-neutral development during the reporting period.

It focuses on the following three levels:

1. **Voluntary pledges and emissions reduction targets at the national level.** This refers to the commitments made by partner countries to voluntarily reduce GHG emissions and work towards carbon neutrality. These pledges are at the national level and represent a significant step towards climate action.
2. **Sector-wide policy actions on climate change mitigation.** This involves interventions at the national or sub-national level aimed at reducing GHG emissions through technology and fiscal policies in specific sectors, including, for example, energy, transport, building, industry, agriculture, and waste management.
3. **Key enabling policy instruments.** These are essential tools that facilitate the transition to a carbon-neutral economy. They can be classified as either "demand-pull" or "supply-push" measures:
   - Demand-pull measures are instruments used to create and enhance the demand for alternative technologies that promote carbon-neutral development. Examples include feed-in tariffs, renewable energy certificates, standards, and regulations.
   - Supply-push measures correct market failures and reduce the costs associated with producing low-carbon technologies. Examples include renewable energy portfolio standards, investment subsidies, tax incentives, and public financing for research and development.

Definition of direct beneficiaries and targeted beneficiaries

- **Direct beneficiaries** are individuals or organisations that receive technical assistance (TA) support directly from a project. This includes people undergoing training, companies receiving specialist expertise, and individuals attending conferences related to climate action.
- **Targeted beneficiaries** are individuals or organisations that are the intended recipients of TA support, i.e., those beneficiaries who are explicitly targeted by a project to support climate action in a country and were explicitly named in the Project Proposal.

4. Unit of measurement

This output indicator is quantitative in nature and involves counting the number of newly adopted or amended policies, regulations, or standards relevant to project targets and reporting.

5. Target setting

Methodology for target setting

To establish ex-ante targets, a project should estimate the potential number of policies, regulations, or standards that may be adopted or amended due to its support. Ex-ante annual targets for this indicator should be defined for every year within the project implementation period. Progress will be assessed based on these targets.

The initial target setting should be part of the monitoring and evaluation (M&E) plan submitted with Project Proposals. Further specification will be required within the first three months of project implementation.

6. Monitoring and reporting

Methodology for monitoring and reporting

The methodology for monitoring and reporting this indicator is based on the total count of newly adopted or amended low-carbon policies, regulations, or standards since the inception of project implementation as a direct result of the project's intervention in the partner country.

Projects should **only count policies, regulations, or standards** if the institution/government agencies or others responsible for its development have been classified as **direct** and **targeted beneficiaries** of the project's intervention (*see section 3 above*).

Both new policies and updates to existing policies can be included in the count, but an updated policy should be included only if it includes significant changes from the previous version. Double counting should be avoided by counting each policy, regulation, or standard **only once**.

Disaggregation

- By newly adopted or amended policies, regulations, or standards
- By the level at which they were published (national or sub-national)

Reporting requirements

When reporting, projects should provide the following information:

- The total number of all newly adopted or amended policies, regulations, or standards resulting from the project's interventions to the culmination of the reporting year
- The title of the policies, regulations, or standards, the targeted sector, and the year of issuance/amendment
- For amended policies, regulations, or standards; a concise explanation of the key changes

Project reporting requirements are defined in *Section 3.6* of this M&E Framework.

When monitoring and reporting this indicator, project teams should adhere to the guidance provided in this IGS and the M&E plan templates.

7. Data sources, data collection

Primary data sources for this indicator include documentation related to the development of specific policies, regulations, or standards. This can include reports, meeting minutes, documentation of relevant political decisions, and other relevant materials. Projects must justify their choice of data sources as a means of meeting their specified targets.

8. Quality assurance

To provide an accurate portrayal of results across the portfolio, project-level reporting on indicators must be aligned with the indicator guidance sheet. Furthermore, project teams must ensure the quality of the data reported on the indicators. The project's monitoring and evaluation officer, external consultants or operational staff can assume a quality-assurance function. If possible and necessary, consider cross-checking (i.e., triangulating) the evidence for accuracy and reliability.

It is advisable to validate or expand on the project's progress assessment by seeking input from other project implementation stakeholders and the partner government. In the report, highlight any discrepancies that arise during the assessment process.

Annex 8.5.3. Output 4.2 – The number of national and sub-national institutions that have received technical assistance to implement transformational mitigation action

1. Indicator

The number of national and sub-national institutions that have received technical assistance to implement transformational mitigation action

2. Indicator

Output

3. Definitions and scope

The indicator measures the number of institutions/organisations at a national or sub-national level receiving technical assistance from projects as direct and targeted beneficiaries to implement transformational mitigation actions in relevant sectors.

Definition of **direct beneficiaries** and **targeted beneficiaries:**

- **Direct beneficiaries** are individuals or organisations directly benefiting from the technical assistance (TA) provided by the project. This encompasses, e.g., individuals participating in training sessions, companies receiving specialised expertise, and individuals attending conferences related to climate action.
- **Targeted beneficiaries** are the individuals or organisations that represent the specific recipients of TA support. They are precisely earmarked by the project to receive assistance for climate action within a country. These beneficiaries are explicitly mentioned in the Project Proposal.

Definition of Technical Assistance (TA):

- **BEIS** (UK Department for Business, Energy and Industrial Strategy) defines TA as "a form of non-financial developmental assistance provided by specialists, which may be either local or international and from the public sector, private sector, non-governmental organisations (NGOs), or academia". The assistance can be provided in many forms, including sharing information and expertise, providing training, sharing technical data, or providing access to data platforms, and consulting services".
- **USAID** defines TA as "the provision of goods or services to developing countries and other USAID recipients in direct support of a development objective — as opposed to the internal management of the foreign assistance program."
- The **OECD** states that TA is the "provision of resources aimed at the transfer of technical and managerial skills or of technology" for the purpose of building up general national capacity (i.e., free-standing technical cooperation, also known as FTC) or for the purpose of implementing specific investment projects (i.e., investment-related technical cooperation, also known as IRTC)".
- The **World Bank** highlights that TA is "a key instrument for improving policies and project design, enhancing skills, and strengthening implementation capacity, and for institutional development in general."

TA can be provided in many ways and can serve multiple purposes. Typical TA services and offerings include:

- **Building knowledge and skills:** Supporting individuals in expanding their knowledge and capabilities through various means, such as training, workshops, and conferences.
- **Information dissemination:** Sharing valuable information and advice through knowledge products, support for project planning, policy development, and providing critical data or climate-related information.
- **Experience sharing:** Facilitating the exchange of experience through knowledge sharing, expert guidance, secondments, and study tours.

4. Unit of measurement

This output indicator is quantitative in nature and involves counting the number of institutions/ organisations/agencies receiving TA.

5. Target setting

Methodology for target setting

To establish ex-ante targets, the projects should estimate the potential number of national and sub-national institutions that shall receive TA throughout project implementation. Ex-ante annual targets for this indicator should be defined for every year within the project implementation period. Progress will be assessed based on these targets.

The initial target setting should be part of the monitoring and evaluation (M&E) plan submitted with Project Proposals. Further specification will be required within the first three months of project implementation.

6. Monitoring and reporting

Methodology for monitoring and reporting

The methodology for monitoring and reporting this indicator hinges on the comprehensive count of institutions, organisations and agencies operating at both national and/or sub-national levels that have directly received TA as beneficiaries of the project's intervention within partner countries **since the inception of project implementation**. Projects should only include cases where beneficiaries are both **direct** and **targeted beneficiaries** of the project's intervention (*see section 3*).

To prevent double counting or undue inflation of figures, it is important to note that each institution is to be counted only o**nce, even if** it receives multiple instances of TA support.

Disaggregation

- By the level of operation, i.e., national or sub-national.
- By gender (for the number of staff receiving TA support)

Reporting requirements
When reporting, projects must furnish the following information:

- The total count of institutions, organisations, or agencies that have received TA in support of transformational mitigation actions from the project's inception to the culmination of the reporting year
- A gender-disaggregated breakdown of the number of individuals affiliated with the aforementioned institutions, organisations, or agencies that have directly benefited from TA support. This emphasis on gender disaggregation aims to enrich the quality of reported outcomes
- Indication of recipient categories, i.e., public sector, private sector, NGO/CSO, academia
- Indication of the year in which the specific national and sub-national institution started receiving the TA

Project reporting requirements are defined in *Section 3.6* of this M&E Framework.

When monitoring and reporting this indicator, project teams should adhere to the guidance provided in this indicator guidance sheet and the M&E plan templates.

7. Data sources, data collection
The data sources for this indicator are the attendance records and other records of those Implementation Organisations providing TA.

8. Quality assurance
To provide an accurate portrayal of results across the portfolio, the project-level reporting on indicators must be aligned with the indicator guidance sheet. Furthermore, project teams must ensure the quality of the data reported on the indicators. The project's monitoring and evaluation officer, external consultants or operational staff can assume a quality-assurance function. If possible and necessary, consider cross-checking (i.e., triangulating) the evidence for accuracy and reliability.

It is advisable to validate or expand on the project's progress assessment by seeking input from other project implementation stakeholders and the partner government. In the report, highlight any discrepancies that arise during the assessment process.

Annex 8.5.4. Output 4.3 – Percentage of projects achieving successful scaling activities

1. Indicator
Percentage of projects achieving successful scaling activities

2. Indicator
Output

3. Definitions and scope
The Mitigation Action Facility has identified **three distinct pathways for achieving successful scaling, each characterised by specific dimensions:**

1. **Geographical expansion dimension:**
   The scope of this scaling pathway pertains to expanding the geographical scope of activities by including new regions, districts, provinces, or states within the country.

2. **Target group extension dimension:**
   This scaling extension targets a wider beneficiary group, encompassing an enlarged segment of the project's intended recipients.

3. **Financial mobilisation dimension:**
   This scaling dimension targets the additional allocation or mobilisation of funds towards measures associated with the project's intervention outcomes, including carbon finance stemming from the sale of carbon credits issued for the 'scaled up mitigation'.

Each of these dimensions necessitates the fulfilment of the following conditions:

- **Causal link identification:** The Mitigation Action Facility can identify a causal link between project activities and measures leading to scaling impact and the desired results related to the scaling impact.
- **Additionality justification:** The scaling impact desired should be supplementary to the initial Proposal. For instance, where a project aims for augmented allocation or mobilisation of public/private funds, the new funding mobilisation or allocation must be distinct from, or supplementary to, the planned private/public leverage indications in the project proposal.
- **Tangible means of verification (MoV):** The project must offer tangible means of verification (MoV) that substantiate attaining the desired scaling impact, such as new/ revised operational plans, fresh Memorandums of Understanding (MoUs), or novel agreements; to demonstrate the scaling-up or replication of measures connected to the project's interventions. Moreover, well-defined milestones, such as the conclusion of new agreements, the formulation of fresh operational plans, or the establishment of novel budget lines, should be discernible.

For further instructions on this indicator, please refer to the Scaling indicator: Guidance to projects.

4. Unit of measurement

Assessing the extent of scaled impact employs a qualitative methodology, wherein the established annual project milestones are evaluated based on the degree of accomplishment. This evaluation encompasses a spectrum of achievement levels categorised as follows: less than 25 %, 25-50 %, 51-75 %, and 76-100 %

5. Target setting

Methodology for target setting

For target setting, projects are encouraged to engage with relevant stakeholders and partners to determine the most favourable, pertinent, and feasible dimension(s) of scaling potential within the three aforementioned categories, guided by the three specified conditions (*see Section 3 above*). It is advisable to select at least one dimension that best reflects the intended scaling impact of project interventions.

While scaling and replication often unfold after a project's lifespan, it remains well within the scope of project implementation to manifest activities that actively foster scaling efforts and convey an unwavering commitment to aspire to broader impact.

For each selected scaling dimension, annual milestones are to be defined that serve as tangible markers of progress toward achieving scaling within the chosen dimension(s).

Key aspects of setting milestones:

- **Frequency and dimension:** A singular milestone is designated for each chosen dimension annually, persisting throughout the project's duration.
- **Progressive nature:** Milestones are expected to exhibit a gradual and cumulative progression, with a clear endeavour to attain scaling within the selected dimension by the culmination of project implementation.
- **Comprehensive descriptors:** Milestones possess the flexibility to incorporate both quantitative and qualitative descriptors to communicate their significance effectively.
- **M&E plan integration:** Within the M&E plan template (MAF Indicator 4.3), milestones corresponding to each selected dimension should be entered. An annual milestone is required for each remaining year of implementation.

The initial target setting should be part of the monitoring and evaluation (M&E) plan submitted with Project Proposals. Further specification will be required within the first three months of project implementation.

6. Monitoring and reporting

Methodology for monitoring and reporting

Projects will diligently track and document their established milestones within every Annual Report. Collaboratively, in conjunction with the relevant desk officer, a decision will be reached regarding the attainment or non-attainment of the annual milestone and the degree of achievement (ranging from <25 %, 25-50 %, 51-75 %, 76-100 %) for each year. During reporting years featuring mid-term and final ELEs, the assessment of milestone achievements will be influenced by the outcomes of these evaluations.

Reporting requirements
When compiling reports, project teams are expected to furnish the following details:

- Yearly scaling efforts that consist of presenting a comprehensive overview of the scaling endeavours undertaken to reach the predefined annual milestone;
- A level of achievement suggestion, i.e., a proposed level of accomplishment for each milestone, expressed according to these categories: <25 %, 25-50 %, 51-75 %, and 76-100 %.

Project reporting requirements are defined in *Section 3.6* of this M&E Framework.

When monitoring and reporting this indicator, please also adhere to the guidance provided in the M&E plan templates.

7. Data sources, data collection
Major data sources for this indicator include documentation related to scaling and replication activities. This can include meeting minutes, signed MoUs, reports, studies, statistics, and other relevant materials. Project teams must justify their choice of data sources to meet the specified targets.

8. Quality assurance
To provide an accurate portrayal of results across the portfolio, the project-level reporting on indicators must be aligned with the indicator guidance sheet. Furthermore, project teams must ensure the quality of the data reported on the indicators. A project's monitoring and evaluation officer, external consultants or operational staff can assume a quality-assurance function. If possible and necessary, consider cross-checking (i.e., triangulating) the evidence for accuracy and reliability.

It is advisable to validate or expand on the project's progress assessment by seeking input from other project implementation stakeholders and the partner government. In the report, highlight any discrepancies that arise during the assessment process.

Annex 8.5.5. Output 5.1 – The number of co-benefits achieved through project support

1. Indicator
Number of co-benefits achieved through project support

2. Results level
Output

3. Definitions and scope
The indicator measures the number of co-benefits for the local context regarding environmental, social, economic, and political/institutional aspects due to a project's support in implementing transformational mitigation actions in relevant sectors.

Definition of co-benefits by the Mitigation Action Facility
Co-benefits are defined differently by various international bodies and scientific organisations (*see section 3.5.1* of this document). However, all these approaches share the notion that a policy, action, or measure can yield multiple positive effects that extend beyond its primary objective, which in the case of Mitigation Action Facility projects is climate change mitigation. Consequently, any positive outcomes related to the environment, the economy, society and/or government policy-making process and institutions can be categorised as development co-benefits from the Mitigation Action Facility's perspective.

4. Definitions and scope
This output indicator is qualitative in nature and involves counting the absolute and cumulative number of co-benefits created by a project.

5. Target setting
The Mitigation Action Facility acknowledges and monitors the co-benefits of climate actions implemented by projects within four broad categories: Environmental, Economic, Political/Institutional, and Social.

To establish ex-ante targets, the projects should estimate the potential number of co-benefits that may be created due to the project's support. Ex-ante annual for this indicator should be defined for the entire project implementation period. Progress will be assessed based on these targets.

The initial definition and setting of targets should be part of the monitoring and evaluation (M&E) plan submitted with Project Proposals. Further specification will be required within the first three months of project implementation.

6. Monitoring and reporting
Methodology for monitoring and reporting
The methodology for monitoring and reporting of this indicator is based on the total number of co-benefits created by the project's technical component and financial interventions in the partner country since the beginning of project implementation.

To quantify the co-benefits, the Mitigation Action Facility offers a list of exemplary co-benefits (*see Section 3.5* of this M&E Framework). Each project reports on the co-benefits in this list

that are most relevant to their specific context and that the project aims to achieve or contribute to through its interventions.

To prevent double counting, each co-benefit should be counted only once. Given the Facility's particular emphasis on gender equality and social inclusion, projects must ensure that achievements related to these topics are not duplicated in the reporting process. In practice, this means that accomplishments in gender equality and social inclusion should only be counted under Indicator 5.1 if they have not already been reported under a dedicated indicator specifically focused on these aspects.

Disaggregation

- By type of co-benefit (i.e., environmental, social, economic, and political/institutional)

Reporting requirement

When reporting, project teams should provide the following information:

- A cumulative number of all co-benefits achieved by the project since the beginning of project implementation until the end of the reporting year;
- Any causal links between project intervention and reported co-benefits;
- The year in which the co-benefit was achieved for the first time;
- The means of verification (if possible);
- Any potential negative impacts/co-impacts, whether environmental, social, economic, and/or political/institutional, resulting from the mitigation actions (if possible).

Project reporting requirements are defined in *Section 3.6* of this M&E Framework.

When monitoring and reporting this indicator, project teams should adhere to the guidance provided in this indicator guidance sheet and the M&E plan templates.

7. Data sources, data collection

Key data sources for this indicator encompass an array of documents pertaining to the generation of co-benefits. These include reports, studies, statistical records, and pertinent materials that shed light on the co-benefits created by project activities. Project teams must substantiate their selection of data sources, providing a rationale for their choice in relation to achieving the stipulated targets.

8. Data sources, data collection

To provide an accurate portrayal of results across the portfolio, project-level reporting on indicators must be aligned with the indicator guidance sheet. Furthermore, project teams must ensure the quality of the data reported on the indicators. A project's monitoring and evaluation officer, external consultants or operational staff can assume a quality-assurance function. If possible and necessary, consider cross-checking (i.e., triangulating) the evidence for accuracy and reliability.

It is advisable to validate or expand on the project's progress assessment by seeking input from other project implementation stakeholders and the partner government. In the report, highlight any discrepancies that arise during the assessment process.

Annex 8.5.6. Output 5.2a – Percentage of project's achievement of the Mitigation Action Facility's minimum requirements to implement in a gender-responsive manner

To support the TSU in measuring the gender-related indicator on programme level ("Percentage of projects that fulfil the Mitigation Action Facility´s minimum requirements to plan and implement project activities in a gender-responsive manner", *see Section 3.5.2*), projects must collect and share data as outlined in this annex.

1. Indicator

Expressed as a percentage, the project's degree of achievement of the Mitigation Action Facility's minimum requirements to plan and implement project activities in a gender-responsive manner (aligned with Milestone 4 of the Facility's Gender Action Plan).

2. Results level

Output

3. Definitions and scope

The indicator measures the degree (expressed as a percentage) to which a project reaches the minimum requirements of gender-responsive project planning and implementation (set out *below in Section 5*). The guidepost for projects is a score of 1 ('Significant') under the 'OECD DAC gender equality policy marker' as detailed under Milestone 4 of the Facility's Gender Action Plan.

Definition of gender responsiveness

In line with the IKI Gender Strategy (2023), the Mitigation Action Facility understands **gender responsiveness** as "the consideration of gender norms, roles, and relations to actively tackle the associated gender-based disadvantages, inequalities and discrimination, as well as potentials. Gender-responsive approaches identify and highlight existing gender related needs, priorities, power dynamics, problems and potential and integrate the findings into the design, implementation and evaluation of strategies and measures. The goal is to ensure that these strategies and measures have no unintended negative impacts and that people participate in and benefit from these measures irrespective of their gender."

Definition of project planning

Project planning refers to the **Detailed Preparation Phase (DPP),** in which projects conduct their gender analysis, ensure that the project design is informed by the gender analysis and set out a Gender Equality and Social Inclusion (GESI) Action Plan. The GESI Action Plan lays out in greater depth than is possible in the proposal and M&E plan templates how gender and social inclusion activities will be implemented and monitored and how these activities contribute to the project's overall objectives, particularly its gender-specific goal.

Definition of OECD DAC gender equality policy marker

The **OECD DAC gender equality policy marker** is a key monitoring and accountability tool in the context of the 2030 Agenda and features a three-point scoring system (from 0 to 2 points). Under this system, the Mitigation Action Facility strives to achieve a 1-point score by **significantly contributing to gender equality** throughout the projects it funds. In line with

OECD DAC guidance, gender equality must be an important and deliberate objective of projects funded by the Mitigation Action Facility, whereas their principal reason for undertaking a project is GHG emissions reduction.

Table 7: OECD DAC gender equality policy marker scoring system

NOT TARGETED (Score of 0):	SIGNIFICANT (Score of 1):	PRINCIPAL (Score of 2)
The project/programme has been screened against the marker but has not been found to target gender equality.	Gender Equality is an important and deliberate objective but not the principal reason for undertaking the project/programme.	Gender Equality is the main objective of the project/programme and is fundamental in its design and expected results. The project/programme would not have been undertaken without its gender equality objective.

Source: Handbook on the OECD-DAC Gender Equality Policy Marker (2016)[6]

4. Definitions and scope

This indicator is quantitative in nature. A project's degree of achievement of the following requirements to reach a gender-responsive project implementation is indicated as a percentage.

5. Target setting

Methodology for target setting

Projects are (i) to strive to fulfil the requirements outlined in this guidance sheet, (ii) to be deemed gender-responsive, and (iii) to contribute to achieving the Facility's overarching goals as outlined in its Gender Vision and Gender Action Plan. There are three requirement categories (i.e., formal, operational, and MEL-related) that every project must pursue and fulfil throughout its DPP, its direct funding period (between 3 and 5.5 years), and its final report and ELE.

I. Formal requirements
   A project's advancement towards meeting the Mitigation Action Facility's minimum requirements hinges on consistently fulfilling these formal prerequisites during the DPP:
   - Gender analysis to be conducted during the DPP (10 %);
   - Project design (i.e., proposal text, M&E plan, and budget) to be informed by a gender analysis (10 %);
   - Project design (i.e., proposal text and M&E framework) to contain a gender-specific objective and corresponding gender-specific indicator (10 %);
   - Gender Equality and Social Inclusion (GESI) Action Plan to be established, detailing which relevant GESI milestones are to be achieved and how (10 %).

A project that adheres to these formal requirements demonstrates its commitment to gender responsiveness and inclusivity, thereby attaining 40 % of its target progress.

[6] *See: Handbook-OECD-DAC-Gender-Equality-Policy-Marker.pdf*

II. Operational requirements
A project can achieve a further 40 % of its target by meeting relevant **operational requirements** throughout its direct funding period.
» Per the GESI Action Plan, milestones are to be conducted successfully and contribute to achieving the gender-specific project objective. (30 %)
» Overall project activities (e.g., events, training, publications, participation in and contribution to the milestones under the Facility's Gender Action Plan) to be conducted in cooperation and consultation with the project's Gender Focal Person and in a manner that is gender-responsive, timely, efficient and tailored to the target group. (10 %)

III. Monitoring, Evaluation and Learning (MEL) requirements
A project can achieve a further 20 % of the target by meeting relevant **monitoring, evaluation and learning (MEL) requirements**:
» Regular annual reporting on GESI achievements to be conducted throughout the funding period (10 %);
» Achievements to be (at least partially) confirmed by ELEs, starting in 2024 (5 %);
» Where possible, data has been disaggregated by gender and, where safely possible, also disaggregated by socially excluded group (5 %).

Overall, it is expected that:
» **new projects** from the 2023 Call onwards will reach **a minimum of 80 %** of their gender target across the three categories of requirements over the course of their implementation;
» **projects underway** as of September 2023 will reach **a minimum of 40 %** of their gender target across the three categories of requirements over the course of their remaining implementation.

To establish ex-ante targets, the projects should estimate their achievement (expressed as a percentage) as defined above. Ex-ante annual targets for this indicator should be defined for the entire project implementation period. Progress will be assessed based on these targets.

The initial definition and setting of targets should be part of the monitoring and evaluation (M&E) plan submitted with Project Proposals. Further specification will be required within the first three months of project implementation.

6. Monitoring and reporting

Methodology for monitoring and reporting

The monitoring and reporting of this indicator differ across project phases (see the GID for more detailed information):

- Throughout the **DPP**, project teams are not required to report on gender-related targets. However, they are requested to submit a gender analysis and GESI action plan as part of their Project Proposal documents at the end of their DPP.
- In **Implementation Phase 1**, project teams must set up their M&E plan and, therein, should anchor their gender-related indicator(s).

- Throughout i**mplementation** (Phases 1 and 2), project teams are requested to report on their activities conducted under their GESI Action Plan and their progress towards achieving the gender-related objective. Project teams are responsible for collecting the relevant data to measure progress towards their project-specific gender objective and to inform their corresponding gender indicator(s). GESI-related reporting is to be included in regular annual and semi-annual reports. (For more information on how to set up gender indicators at the project level, see the guidance on project-specific gender indicators below (*Annex 8.6*).

Reporting requirements
Project reporting requirements are defined in *Section 3.6* of this M&E Framework.
When monitoring and reporting this indicator, project teams should adhere to the guidance provided in this indicator guidance sheet and the M&E plan templates.

Note to project teams: To measure the Facility's overall progress towards achieving a gender-responsive implementation, the TSU will aggregate the percentages of all the projects' gender target achievement. The TSU will do this based on key means of verification, such as the projects' gender analyses, GESI Action Plans, project design (including goals and indicators specific to gender equality), and contribution to the gender chapter in the Annual Report (starting with SAR2024).

7. Data sources/means of verification

In line with Milestone 4 of the Mitigation Action Facility and the requirements of this indicator guidance sheet, project teams must submit the following data sources or means of verification:

- Gender analysis
- GESI Action Plan
- Project design (i.e., Proposal, M&E plan, and budget)
- Reporting on GESI achievements in annual and semi-annual reports (starting with SAR2024)
- Reporting on project-specific objective as well as corresponding gender indicator(s) per M&E plan in the annual and semi-annual reports
- Participation in ELE

Additionally, a project's own gender-related knowledge products (e.g., reports, studies, survey results, human-interest stories) should be shared.

8. Quality assurance

Projects must ensure the quality of relevant documents (Gender Analysis, GESI Action Plan, project design, knowledge products) and the data of their gender-specific indicator (as reported in the M&E plan and semi-annual and annual reports). The project's gender focal person (GFP), monitoring and evaluation officer, external consultants or operational staff can assume a quality-assurance function. It is advisable to validate or expand on the project's progress assessment by seeking input from other project implementation stakeholders and the partner government. In the report, highlight any discrepancies that arise during the assessment process. For GESI-related activities, it is an established best practice to consult and include women, youth, and representatives of socially excluded groups from project inception throughout implementation, including monitoring and evaluation.

Annex 8.5.7. Output 5.2b – Percentage of project's implementation of a gender-transformative pilot activity

To support the TSU in measuring the gender-related indicator on programme level ("Percentage of projects piloting an activity that promotes greater gender- transformation and/or greater social inclusion", *see Section 3.5.2*), projects must collect and share data as outlined in this annex.

1. Indicator

A project's progress (expressed as percentage) in conducting a gender-transformative pilot activity (aligned with Milestone 8 of the Facility's Gender Action Plan)

2. Results level

Output

3. Definitions and scope

The indicator measures a project's progress in conducting a gender-transformative pilot activity. Since gender-transformative activities are very ambitious and highly context-sensitive, project teams are deliberately given a high degree of autonomy in identifying and selecting an ambitious but feasible pilot activity.

Definition of pilot activity

The **pilot activity** is an initial small-scale implementation selected and undertaken by the project team itself. It shall serve as a challenging learning experience on how to conduct a gender-transformative activity. (Teams of projects already underway should at least steer/reorient an existing activity in a more ambitious, gender-responsive direction.) Consequently, the pilot activity is small-scale, explorative, and innovative to the project. The pilot activity should be linked to the project's gender analysis and GESI Action Plan and/or contribute to the project country's gender equality and social inclusion strategies. Ideas for fields of implementation can be found under Milestone 8 of the MAF Gender Action Plan.

Definition of gender-transformative

In line with the IKI Gender Strategy (2023), the Facility defines **gender-transformative** as aiming to "… transform the gender roles, imbalances in power relations and structures, social norms and rules which lead to inequality, discrimination and exclusion." Depending on the context and type of project, gender-transformative implementation can encompass:

- empowering socially excluded/discriminated groups, promoting their positions, and supporting their collective action, e.g., via collaboration with and support of advocacy groups;
- tackling discriminatory stereotypes (e.g., "Women are bad at maths; hence, they cannot perform well-paying STEM jobs.") and societal practices that foster discrimination and have disadvantaging social/economic/political effects;
- enabling participants' critical reflection, analysis of social, political, and household-level power structures, and capacity to challenge discriminatory beliefs, norms, and practices;
- engaging men in understanding and questioning concepts of masculinity and femininity, thereby fostering allyship and men's support for gender equality;

- addressing gender injustice in policies, laws, and institutions;
- contributing to closing gender-data gaps through the research-based exposure of disadvantaging structures and their effects.

4. Unit of measurement

The indicator is qualitative and assesses whether and to what degree (expressed as a percentage) a project has conducted a gender-transformative pilot activity.

5. Target setting

Methodology for target setting

A project's advancement towards the target of conducting a gender-transformative pilot activity hinges on its consistent fulfilment of the following key steps and minimum criteria at least once during its implementation:

Table 8: Core requirements for pilot activity

Approx. duration	Key step and its percentage share of progress measurement	%
1-2 months	The project team conducts a **brief analysis** of new/ongoing activities to identify one that is suitable for expansion towards greater gender transformation. (Based on their remaining duration and funds, ongoing projects can also opt to conduct a pilot activity that strives for more ambitious gender responsiveness and/or greater social inclusion).	10 %
	The project team includes a **brief description** of the pilot activity in its GESI Action Plan and shares it with the TSU. To meet the quality-related criteria for such pilot activities, this description should: • detail how the pilot is linked to the project's logic and design and/or contributes to the project country's gender equality and social inclusion strategies; • detail how the pilot activity addresses the challenge, change in context, or other factors described in the initial brief analysis; • detail how the pilot activity is novel or innovative to the project – e.g., new beneficiary groups/actors/stakeholders, new implementation methods, collaboration with new actors, investigation/research of a potential gender data gap; • name and describe at least two anticipated criteria for success, i.e., which conditions must be met and/or which changes must be achieved for the pilot activity to be considered successful.	20 %
8-12 months	The project team kicks off and runs a pilot activity for approx. 8-12 months.	40 %
	The project team monitors the results of the pilot activity and records lessons learnt.	10 %
2-3 months	The project team publishes at least a mid-term and a final knowledge/PR product that identifies and shares lessons learnt.	20 %

Overall, it is expected that:

- project teams choose the level of ambition feasible and the field of implementation relevant to their project and context;
- the teams of upcoming projects (i.e., those from the 2023 Call onwards) budget and plan for the pilot activity from their project's inception.

Furthermore, ongoing projects as of 2023 can choose to kick off a new activity or reorient a suitable existing activity towards greater gender responsiveness, gender transformation, and/or greater social inclusion.

To establish their ex-ante targets, the teams should estimate their respective project's achievement (expressed as a percentage) as defined above. Ex-ante annual targets for this indicator should be defined for the entire project implementation period. Progress will be assessed based on these targets.

The initial definition and setting of targets should be part of the monitoring and evaluation (M&E) plan submitted with Project Proposals. Further specification will be required within the first three months of project implementation.

6. Monitoring and reporting

Methodology for monitoring and reporting

All project teams are requested to monitor the implementation of their respective pilot activity and ensure that they draw lessons from it.

- Project teams are responsible for collecting the relevant data to assess whether their projects meet their self-ascribed success criteria (minimum of two criteria).
- Project teams are requested to publish at least two knowledge/PR products (one mid-term and one final). These products should be suitable for publishing on the Implementing Organisation's homepage, as well as that of the Facility. Moreover, they should be suitable for sharing among the projects funded by the Mitigation Action Facility, e.g., in joint webinars, working groups, and other knowledge-sharing formats. Ideally, they should also be shared with a wider audience.
- Project teams are requested to report on the progress of their respective pilot activities as part of their regular annual and semi-annual reports.

Reporting requirements

Project reporting requirements are defined in *Section 3.6* of this M&E Framework.
When monitoring and reporting this indicator, project teams should adhere to the guidance provided in this indicator guidance sheet.

Note to project teams: To measure the Facility's overall progress towards achieving a gender-responsive implementation, the TSU will aggregate the percentages of all the projects' gender target achievement. The TSU will do this based on key means of verification, such as the projects' analysis of a suitable activity, the updated GESI Action Plan, mid-term and final knowledge products, and reporting.

7. Data sources/means of verification

In line with Milestone 8 of the Mitigation Action Facility and the requirements of this indicator guidance sheet, project teams must submit the following data sources or means of verification:

- An analysis of new/ongoing activities to identify one suitable activity
- A description of the planned pilot activity in the GESI Action Plan
- Reporting on the pilot activity and its progress in the annual and semi-annual reports (starting SAR2024)
- Mid-term and final knowledge products

8. Data sources/means of verification

Project teams must ensure the quality of the relevant documents (pilot analysis, GESI Action Plan) and data to assess whether they meet their chosen success criteria. The project's gender focal person (GFP), monitoring and evaluation officer, external consultants or operational staff can assume a quality-assurance function. It is advisable to validate or expand on the project's progress assessment by seeking input from other project implementation stakeholders and the partner government. For GESI-related activities, it is an established best practice to consult and include women, youth, and representatives of socially excluded groups during the entire process – from project inception and implementation to completion, including monitoring and evaluation.

Annex 8.6 Guidance on project-specific gender indicators

The Mitigation Action Facility is committed to advancing gender justice in climate action and beyond. The main objective of its Gender Vision and Gender Action Plan (GAP) is to ensure the equality of persons of all genders and those facing social exclusion and discrimination in terms of their rights, opportunities, access, decision-making power, and treatment of their interests, needs and priorities within the context of all the Facility's processes and interventions. To this end, the Mitigation Action Facility commits to adopting a gender-responsive approach at programme and project levels.

For project teams, this means – as detailed in the Gender Action Plan, Milestone 4 and Milestone 11 – that they must strive to achieve a score of 1 in the OECD DAC gender equality policy marker and consequently consider gender equality – and, where possible and relevant, social inclusion – throughout their project design, implementation and monitoring. The gender-related goals of projects should contribute to the overarching objective of the Mitigation Action Facility as detailed in the Gender Vision and Action Plan.

Project teams should note that the quality criteria and monitoring approaches explained in **the M&E framework, in particular the SMART criteria** (*Box 5*), **equally apply to gender indicators**. Like other indicators, gender indicators must be detailed and anchored in the project's individual M&E plan; the methodology for measuring the gender indicator, as well as baseline data, should be provided. This chapter provides Implementing Organisations with additional guidance on setting up and measuring gender indicators and, hence, their project's progress towards achieving their gender-related goals.

The Mitigation Action Facility encourages projects to set up **gender-responsive** and, where possible, even gender-transformative **goals, indicators, and corresponding data collection.** However, it is acknowledged that, similar to the Gender Integration Continuum (see GAP, p.4), the transitions between gender-sensitive, -responsive, -transformative indicators are often fluid, as they depend on the project's approaches and objectives. Moreover, what is feasible or even ambitious depends on the country and/or sector context. Certain topics, such as the status of women with respect to inheritance laws and land ownership or a person's sexual orientation, could be highly contentious in a given country. Consequently, they are difficult to address, and safe collection and storage of data is not easily ensured. Moreover, in certain sectors, disaggregation by sex has not yet been conducted (e.g., data on the connection to the electricity grid is only available at the household level), or there are considerable gender-related data gaps.

Depending on the context, it can be well acceptable to focus on gender-sensitive indicators and data collection, e.g., it could be ambitious to aim at contributing to a quantitative gender data gap in a given country/sector. Hence, projects should discuss indicators and suitable levels of ambition with their responsible DEOs and the TSU gender focal person.

What are gender indicators?
Gender indicators measure a project's or activity's progress towards achieving its gender goal(s) over time. On a broader societal level, gender indicators measure changes on gender-related issues in a given society, including its norms, values and understanding concerning relations between genders over time and as a result of a particular programme, policy or activity. The following types of indicators are frequently used to assess gender-related societal changes and results, roughly grouped either according to their method of data collection and/or kind of data collected or to their object of analysis, i.e., person-related or non-person-related:

Quantitative indicators refer to the numbers and percentages of women and men or organisations involved in or affected by a project. Most often, they draw on sex-disaggregated (male/female) data that has usually been examined or set up during project planning processes (e.g., 100 participants, of which 50 % were female and 50 % were male, successfully completed a given training). In line with the Mitigation Action Facility's ambition to benefit persons of all genders and those facing social exclusion, data should be further disaggregated. Hence, where safe and feasible, additional data on social characteristics, such as age, ethnic group, socio-economic status, and (dis)ability, should be collected to target the needs, barriers and opportunities of beneficiaries with certain characteristics more effectively.

Qualitative indicators capture people's norms and values, experiences, perceptions, and opinions, e.g., women's experiences of having to combine child-care duties with work duties. Qualitative indicators are vital to measuring the transformation of gender relations and the empowerment of women and/or socially excluded groups. Often, participatory methodologies, such as key informant interviews, focus group discussions, and social mapping tools, are utilised to collect gender-related qualitative data. Qualitative data can also be collected through surveys measuring perceptions and opinions.

Person-related indicators usually measure an intended change in a person's (i) access to or control over resources, (ii) perceptions and opinions, or (iii) knowledge and skills. *Table 9* provides indicator examples for each kind of intended change.

Table 9: Examples of person-related indicators

change measured of	example indicator
i) access to/control over resources	60 % of the target population benefits from improved access to clean energy, with 50 % of the beneficiaries being women.
ii) perceptions and opinions	60 of the 90 women who participated in developing the local water supply plans state that they were involved on an equal basis.
iii) knowledge and skills	70 % of the 300 responsible civil servants at the Ministry of Energy have the necessary knowledge to implement measures for gender-equitable planning of energy supply.

Source: adapted from GIZ-internal document

Non-person-related indicators usually measure how gender equality and empowerment can be achieved through capacity development, legislation, and policies. For non-person-related indicators, it is critically important to define the gender-related terms and expected results well. E.g. "20 % of the partner ministry's planning documents are gender-responsive" are not yet particularly significant. Projects would have to elaborate why they consider a certain policy/strategy/planning document as "gender-responsive" and as having integrated gender considerations sufficiently in a given context. As guidance, the Mitigation Action Facility refers to the quality criteria set out by IUCN (*see Table 10*) in their regular assessments of "Gender and national climate planning: gender integration in the revised Nationally Determined Contributions" (IUCN, 2021).

Table 10: Quality criteria for gender-responsive policies/strategies/planning documents of government bodies and institutions

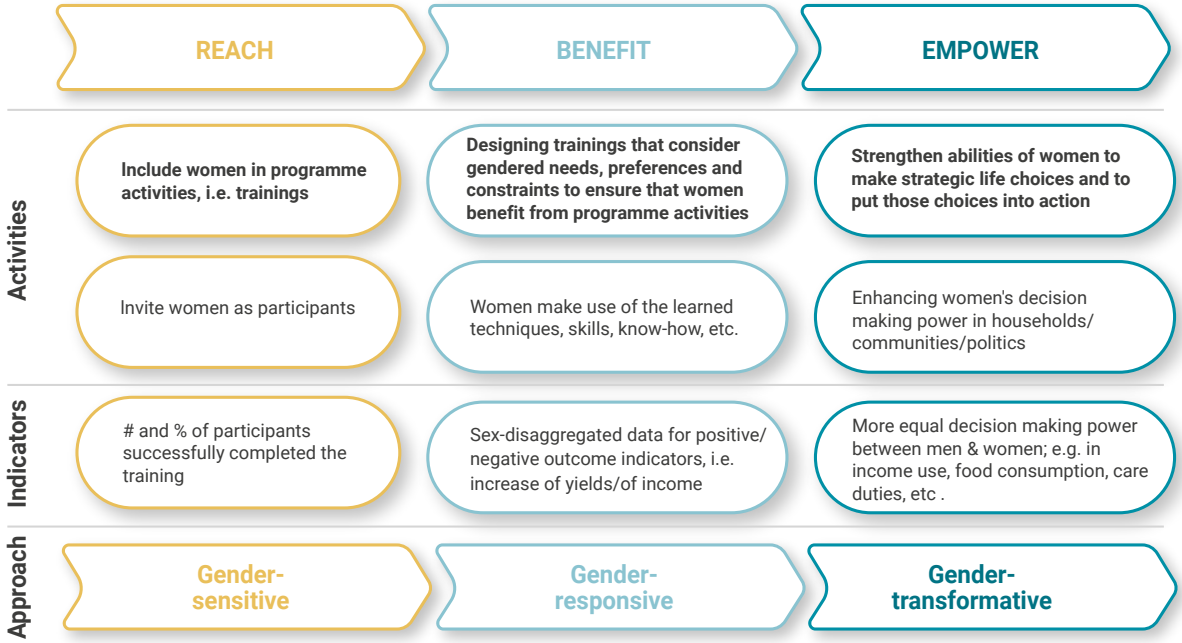
Quality Criteria	The criterium is met if
Gender analysis	the policy/strategy/planning document was informed by a gender analysis. At minimum, a gender analysis is conducted as part of project implementation.
Gender-disaggregated data	data disaggregated by gender concerning the stakeholders/ participants and country demographics, among other variables, is available.
Gender stakeholders involved in policy/strategy development	the policy/strategy/planning document clearly communicates that women, women's groups, organisations, institutions, agencies or comparable organisations representing the interests of socially excluded stakeholder groups were involved in its development.
Gender objectives	the strategy/policy/planning document lists at least one specific objective/priority/goal that explicitly relates to gender/women or at least one objective/goal/priority that includes gender (even if not explicitly and solely).
Gender actions and activities	the strategy/policy/planning document describes plans involving activities for gender mainstreaming for or by women or women's organisations.
Gender stakeholders as **Implementing agencies**	the strategy/policy/planning document identifies women's organisations or national mechanisms as key participants in implementing a specific activity.
Gender-responsive budgeting	a budget is provided, and funds are specifically allocated to women/gender activities.
Sex-disaggregated and gender-related indicators to monitor and track progress	there are indicators specifically about women and/or socially excluded groups that require sex-disaggregation or are used to track progress towards reducing gender gaps and/or promoting gender equality.

Source: table adapted from IUCN, 2021

The Reach-Benefit-Empower matrix

A wide variety of great, helpful tools and guidance documents on gender-related monitoring is available. The Mitigation Action Facility relies on the so-called **Reach-Benefit-Empower matrix** (RBE matrix; see *Figure 9 below*), initially developed by the International Food Policy Research Institute (IFPRI). It has since been widely used and adapted and can easily be extended to encompass socially excluded groups. The RBE matrix corresponds well to the Gender Integration Continuum (see GAP, p.4) and, hence, is a useful tool to assess to what extent gender has been considered in the set-up of a given indicator.

Figure 9: The Reach-Benefit-Empower matrix (RBE-matrix)



Source: GIZ adaptation of IFPRI's RBE matrix

REACH:

For this first dimension, quantifiable and, most commonly, person-related indicators are relied upon. These indicate how many men and women (or persons of other genders or from groups facing social exclusion) are reached by an activity (e.g., the number and percentage of men and women participating in training sessions, serving as experts on a panel, or receiving financial loans). Depending on the project design, non-person-related indicators can also be used to assess how many organisations or institutions have been reached by GESI-related activities.

Examples of REACH indicators:

xy women farmers participated successfully in training sessions on sustainable farming practices.

xy municipal transport departments received training sessions on disability-inclusive transport systems.

Such person-related indicators are referred to as gender-sensitive as they allow for differentiation between genders (m/f/x). Nevertheless, simply the presence of women and/or socially excluded groups on a committee or in a training session does not necessarily guarantee that their interests, needs and concerns are equally considered and influence decision-making. Hence, the indicator does not capture the quality of participation of women and/or socially excluded groups. The same applies to non-person-related indicators: Simply because a ministry/department/municipality has received training does not mean the training will translate into action or new legislation. Moreover, quantitative indicators alone do not disclose anything about the benefits that women/socially excluded groups derive from training or similar activities.

BENEFIT:

Person-related, gender-responsive indicators assess whether a training programme or similar activity has beneficially responded to the needs of women and/or socially excluded groups. Both quantitative and qualitative indicators can be used to assess gender-responsive results. Quantifiable outcomes could be, for instance, increases in women's crop yields, incomes or received financing. Qualitative outcomes could be measured, for example, in a survey that assessed whether an intervention increased women's self-confidence and/or active participation. Similarly, non-person-related indicators should be used to follow up on whether the project's inputs (e.g., disability inclusion training) led to real action, such as additional budgetary spending, improved legislation, and introduced due diligence.

Examples of BENEFIT indicators:
Women farmers trained in sustainable farming practices increased their monetary income by xy % compared to the year prior to training.

At least 50 % of women participating in water committees report being actively involved in management and decision-making by the end of Year 2 (from a baseline of 10 % at the start of the project).

xy municipal transport departments allocated 20 % of their budget to disability-inclusive transport projects.

Gender-responsive indicators contribute to our understanding of the degree to which benefits have accrued to women/socially excluded groups and whether they meaningfully participated in an activity/decision-making body thanks to the project.

EMPOWER:

Indicators for gender-transformative goals/approaches usually measure changes in structures/practices understood as root causes of gender-based inequality and socially exclusionary practices and norms. The focus is not on the symptoms of gender inequality but on the extent to which underlying causes are changed/transformed. Measuring the transformation of social norms, values, and the respective attitudes of women and men towards gender equality issues, changing gender relations resulting in more equal decision-making processes, and other such transformations frequently requires a combination of qualitative, quantitative, person-related and non-person-related indicators that must be well-founded and context-sensitive.

Example of EMPOWER indicators:
xy % of the proposals accepted by the water committee were submitted by female members. This is an increase of xy % compared to the baseline.

The proportion of persons with disabilities in decision-making positions in the transport departments has increased by xy %.

Often, gender transformation-related indicators measure an increase in the decision-making power of female/socially excluded individuals; e.g., the women farmers of the previous example not only earn more but are free to decide how they spend their money. This indicates a change towards greater autonomy for women and socially excluded groups and more bargaining power and impact within the power structures of their households, communities, institutions, and government. Gender-transformative indicators can also be used to measure any decreases in disempowering and discriminatory factors, e.g., a reduction of gender-based violence and increasingly widespread disapproval amongst community members of the use of violence against women.

Sample indicators
As mentioned at the beginning of this chapter, the distinction between the gender-sensitive, gender-responsive and gender-transformative approaches and the corresponding Reach-Benefit-Empower dimensions is not clear-cut and depends on the country-based context and project design. Nevertheless, this section attempts to provide concrete and easy-to-understand examples of how gender indicators can be set up per sector. Each line of the table attempts to show what an indicator aiming for the Reach, Benefit or Empower dimension of the **same project** could look like. The table also attempts to provide both person-related and non-person-related indicators.

Table 11: Examples of indicators for the different sectors along the Reach-Benefit-Empower dimensions

Sector	Reach	Benefit	Empower
Agriculture	The number of participants (m/f/x) per district participating in training sessions on conservation agriculture over time. And: The percentage change in crop yield per hectare and year due to conservation agriculture with figures disaggregated into female-headed households and male-headed households	Women farmers trained in conservation agriculture practices increased their income by xx % compared to the year before their training.	xy % of participating women confirm equitable household negotiation processes re. the use and control of quality land.
Energy	The number and percentage of participants (m/f/x) who switch to solar-powered heating and lighting from fuelwood	Changes in the labour burden of participants (m/f/x) (e.g., number of persons reporting a significant reduction in the time spent collecting wood) The percentage of participating women who confirm they have more time to spend on income-generating activities due to spending less time collecting fuelwood	xy % of participating women confirm equitable household negotiation processes re. the purchase and consumption of solar energy
Governance	The number of provincial governments who receive training in gender-responsive budgeting	The number of provincial governments that allocate xy % of their budget to gender-responsive projects (baseline: 0 % two years ago)	The proportion and number of women in decision-making positions in provincial governments has increased by xy %.
Industry	The number and percentage of participants (m/f/x) who receive training in surveillance or site management from the project	Companies and customers have in place rigorous gender-responsive due diligence processes for their supply chains.	The proportion of women-led businesses in the supply chain has increased by xy %.
Transport	The number or percentage of persons with disabilities (m/f/x) who use low-emissions or 'clean' public transport	The percentage of persons with disabilities (m/f/x) using public transport increases. And: The percentage of persons with disabilities (m/f/x) stating that public transport has become more accessible increased in the year following the project intervention	The number and proportion of persons with disabilities (m/f/x) represented on tender boards, in road prioritisation and decision-making related to the planning, implementing, monitoring, and evaluation of projects has increased by xy %.

Source: adapted from guidance documents by IKI, UNDP and GIZ

Annex 8.7 Risk assessment tools for projects

Project-specific and Mitigation Action Facility risks are reported bi-annually as part of the risk monitoring template. All projects in implementation are requested to conduct a risk assessment and submit the risk monitoring template with every semi-annual and annual report. The risk monitoring template consists of two parts: project risk monitoring and Mitigation Action Facility risk monitoring. Projects should always refer to the latest risk monitoring template provided by the TSU.

Project-specific risk assessment

Project-specific risks are first identified in the Project Proposal and later monitored and reported throughout project implementation. Project teams must describe each risk and its baseline, specifying its features, probability, and potential impact on the project. They must also describe their anticipated risk mitigation measures. The baseline information is updated as part of every semi-annual and annual report. If additional risks are identified, or changes to specified risks occur during implementation, the teams must reflect this in the risk monitoring template. *Figure 10* presents an example of the project risk definition used for subsequent monitoring and reporting throughout implementation.

Figure 10: Example of the project risk definition

Description			Baseline			
Risk	Component (TC/FC/both	Outcome/ Output	The probability	Impact	Risk assessment	Mitigation Action in Project Proposal
Project Risk 1: Commercial banks have no interest in participating in a financial mechanism	FC	Output	Unlikely	Moderate	Low	Risk Mitigation Action 1: Banks have provided written confirmation of their interest in participating and their capacity to do so. Regular engagement shall be ensured.

Key risk indicators for strategic Mitigation Action Facility risk assessment

Project teams are expected to report on strategic Mitigation Action Facility risks using five key risk indicators employed across the Facility's portfolio. The results are to be aggregated, analysed, and presented in the semi-annual and annual reports. The level of risk to which the Mitigation Action Facility and its projects are exposed is determined based on combining:

1. the estimated **likelihood/probability** (or frequency with which) the risk is expected to be realised; and
2. the estimated impact **severity** of the risk if it is realised.

Risk likelihood is expressed in terms of the probabilities illustrated in *Figure 11*. A conservative approach should be adopted when estimating the likelihood of risks.

Figure 11: Risk likelihood

The severity of risks is typically expressed as a percentage of the total received funding that would be affected if the risk was to materialise, as illustrated in *Figure 12*. In other words, it is the expected harm or the severity of the adverse effect that may occur due to the exposure to the risk.

Figure 12: Risk severity

Risk exposures, and the appetites for these exposures, are classified according to this risk assessment matrix:

Figure 13: Risk assessment

Severity \ Likelihood	unlikely	possible	likely
minimal	low	low	medium
moderate	low	medium	high
severe	medium	high	high

Project teams are required to provide bi-annual assessments for the likelihood and severity of the five key risk indicators according to their particular context. A summary of the requested information is provided in *Figure 14*.

Figure 14: Summary of requested information for risk assessment

Risk	Key risk indicator	Likelihood (unlikely/possible/likely)	Severity (minimal/moderate/severe)
1. Implementation risk The risk that a project is not implemented in a timely manner	1. Implementation risk	Estimation of the likelihood of project implementation being delayed	The level of potential impact the delay will have on overall project implementation
2. Country risks The Mitigation Action Facility targets beneficiaries that are in (or are domiciled in) developing countries, some of which possess characteristics (e.g., political and economic instability, lack of local capacity and expertise, or above-average exposure to events such as military conflict) that heighten the level of implementation risk associated with the projects.	2.1. Political country risk	Estimation of the extent to which political country risks will influence project implementation	The level of potential impact on the overall project implementation
	2.2. Socio-economic country risk	Estimation of the extent to which socio-economic country risks (e.g., interest rate developments, inflation caused by internal factors) will influence project implementation	The level of potential impact on overall project implementation
3. External risks External events risks are those that external events, including foreign political and socio-economic factors, will adversely affect project implementation and/or success. The Mitigation Action Facility targets beneficiaries that are in (or are domiciled in) developing countries, some of which are in unstable regions or regions highly susceptible to the impacts of external events.	3.1. External events risk	Estimation of the extent to which external events (e.g., natural disasters, disease, including COVID-19) will adversely affect project implementation and/or success	The level of potential impact on overall project implementation
	3.2. Foreign political socio-economic factors risk	Estimation of the extent to which foreign political and/or socio-economic factors (e.g., global market developments, adverse global trends, inflation caused by external factors) will adversely affect project implementation and/or success	The level of potential impact on overall project implementation

Annex 8.8 Glossary

Activities: The actions taken or the work performed as part of an intervention

Causal linkage: The connection between two things, where one thing causes the other. In other words, a causal link is a cause-and-effect relationship.

Deliverables: The products of the successful execution of an activity or a set of activities. They can take the form of goods, products, reports, or services to be created, developed, produced or provided by Implementation Organisations.

Detailed Preparation Phase (DPP): The stage of the Project Proposal development lasting either 10 or 15 months that follows the Project Outline Phase and precedes the submission of the Project Proposal. To learn more about what is required to craft a detailed Project Proposal, visit the Knowledge & Learning Hub.

Evaluation: A systematic and impartial assessment of an activity, project, programme, strategy, policy, sector, or focal area. Its purpose is to determine the relevance, impact, effectiveness, efficiency, and sustainability of interventions and contributions made by the partners involved. Evaluations should provide credible, reliable, and useful evidence-based information to incorporate timely findings, recommendations, and lessons into decision-making processes.

Financial mechanism: One of the key interventions of Mitigation Action Facility projects and a crucial part of their financial cooperation (FC) components. Financial mechanisms aim to address and overcome financial barriers that hinder investments in carbon-neutral technologies and/or practices. The following instruments employed through financial mechanisms are notable: risk mitigation instruments that address high (perceived) risk (e.g., guarantees); financing and refinancing instruments that supply additional long-term capital (e.g., loans); and grant instruments that address gaps in financial viability.

Gantt chart: An illustration of the project schedule. It displays the outcome, the timeframe for outputs and milestones, and related activities along the project timeline.

Gender: The roles, behaviours, activities, and attributes that a given society at a given time considers appropriate for its individuals, including women, men, non-binary, inter and trans people, as well as the relationships between them. It is a social construct acquired through socialisation processes and is distinct from the biological sex of an individual. (For an overview of terms related to gender equality and social inclusion, see the glossary of the Mitigation Action Facility's Gender Action Plan).

Gender-sensitive: The term refers to the acknowledgement of gender norms, roles and relations, as well as related unequal power distributions, discriminations, disadvantages and privileges. While gender-sensitive approaches indicate gender awareness, no remedial action to counter unequal power distributions or discrimination is taken.

Gender-responsive: This refers to actively addressing gender norms, roles, and relationships to tackle the disadvantages of gender-based inequalities and discrimination and foster potentials for equality and tolerance. Gender-responsive approaches aim to recognise and emphasise existing gender-related needs, priorities, power dynamics, challenges, and potential solutions. These findings are integrated into the design, implementation, and evaluation of strategies and measures. The goal is to ensure that these approaches have no unintended negative impacts and that individuals, regardless of their gender, can participate in and benefit from these measures.

Gender-transformative: The term refers to going beyond the impacts of gender-based inequalities to transform gender roles, imbalances in power relations and structures, social norms and rules that lead to inequality, discrimination, and exclusion. To attain gender justice, it is essential to analyse the root causes that reinforce and proliferate gender-based inequalities and discrimination and change them accordingly.

General Information Document (GID): A document that provides general information on the Mitigation Action Facility, its objectives and functions, as well as specific information on the selection process of projects for funding under the Calls for Projects of the Mitigation Action Facility. The document aims to assist the national governments of partner countries and other potential Applicants in preparing Project Concepts and Project Outlines for submission to the Mitigation Action Facility.

Impacts (long-term results): A project's long-term direct and indirect effects that reflect the following ambition criteria: potential for transformational change, including sustainable development co-benefits, financial ambition, and mitigation ambition.

Implementation: The stage at which a project's design, institutional set-up, measures, and activities are sufficiently developed and prepared for the project to get started on the ground.

Implementation Organisation: Formerly known under the NAMA Facility as Delivery Organisations and later as NAMA Support Organisations (NSOs), Implementation Organisations are responsible and accountable for the proper delivery of funds and/or services, the financial and administrative management of projects, as well as monitoring and reporting to the Technical Support Unit (TSU) and the Board. A suitable Implementation Organisation can be nominated no later than during the first three months of the Detailed Preparation Phase (DPP) to be in charge of the Project Proposal submission. The architecture of the Mitigation Action Facility does not allow for direct transfers of funds to government ministries in partner countries. Ministries, therefore, cannot serve as Implementation Organisations but are widely represented as Project Partners.

Indicators: Quantitative or qualitative indicators provide evidence of the achievement of results. They help measure progress towards achieving results at different points in time or provide evidence that a result has been achieved using a particular unit of measurement.

Inputs: Mitigation Action Facility funding, human effort, expertise, technology, materials and information.

Logframe: A results matrix drawn from the results model or Theory of Change. The logframe shows the linear causal relationship between the impact, the outcome(s) and related outputs and activities of a project. Indicators are quantitative and qualitative variables for measuring changes and results, and sources of verification are needed to substantiate these elements. Central assumptions and risks for achieving the defined targets must also be described in the logframe as it is the basis for the project's monitoring and evaluation (M&E) plan.

Mitigation action: A broad range of concrete instruments and activities developed and implemented to meet the objectives of Nationally Determined Contributions (NDCs) to achieve the goals of the Paris Agreement. Under the Mitigation Action Facility, mitigation actions are focused on driving decarbonisation in priority sectors, including energy, transport, and industry.

Mitigation ambition/potential: One of the ambition criteria of the Mitigation Action Facility, mitigation ambition or mitigation potential refers to the direct and indirect reduction of greenhouse gas (GHG) emissions achieved by the project. Mitigation potential is also reflected in one of the mandatory core indicators of the Mitigation Action Facility.

Monitoring: A continuous or periodic function that involves the systematic collection of qualitative and quantitative data to ensure activities stay on track. It serves as a fundamental management instrument.

Outcome: The overarching direct project goal and direct effects that can be causally attributed to the interventions of a project funded by the Mitigation Action Facility. Outcome also reflects the utilisation of the outputs by the target group.

Output: Products, goods, services, and regulations/standards that have arisen due to the activities of a project funded by the Mitigation Action Facility.

Reporting: An integral part of monitoring and evaluation, reporting involves the systematic and timely provision of essential information at regular intervals.

Results: Changes over which an intervention has some influence. The Mitigation Action Facility classifies results into three levels: impacts, outcomes, and outputs.

Social Inclusion: The removal of institutional barriers and exclusionary practices while, instead, creating a situation in which all members and segments of society enjoy equal rights, benefits, and participation in the political, economic, and social spheres without discrimination. Social inclusion improves the ability, opportunity, and dignity of people who are disadvantaged due to their social characteristics to take part in society. (For an overview of terms related to gender equality and social inclusion, see the glossary of the Mitigation Action Facility's Gender Action Plan.)

Sustainable development co-benefits: Contributions to sustainable socio-economic, ecological, and institutional development associated with a project that go beyond reducing greenhouse gas (GHG) emissions. Co-benefits are mostly reflected in the respective sector policy and can be obtained at a regional or local level (e.g., increased income, social security, reduction of airborne pollutants). Sustainable development co-benefits are considered a key element to creating country ownership and a driver of transformational change. They thus can have an important impact on the long-term sustainability of a project.

Technical Support Unit (TSU): This unit is tasked with managing the Mitigation Action Facility on behalf of the Board. It serves as the secretariat of the Mitigation Action Facility and as the focal point for national governments, project partners, as well as for Implementation Organisations and other stakeholders. The TSU is responsible for organising Calls for Projects, steering the assessment of Project Concepts, Outlines and Proposals; advising Applicants / ASPs during DPP, including the provision of support through external experts; monitoring and evaluating the overall Mitigation Action Facility; reporting to the Board; communicating within the Mitigation Action Facility and with external stakeholders; and facilitating the dissemination of lessons learnt.

Transformational change: Change is considered transformational if it is significant, abrupt (i.e., quicker than 'business-as-usual') and permanent/irreversible in setting the country on a carbon-neutral development trajectory aligned with the 1.5-degree objective. Projects can support transformational change by enabling a significant evolution in scope (e.g., scaling-up or replication), a faster change or a significant shift from one state to another. They do so by influencing policies, regulations, and enforcement, and by providing adequate financing mechanisms that manage to incentivise consumer/investor decisions to sustainably redirect the flow of funds in the sector towards a carbon-neutral pathway.

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