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Further development of a concept for monitoring and reporting of the International Climate Initiative (ICI)

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Further development of a concept for monitoring and reporting of the International Climate Initiative (ICI)

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Kurzbeschreibung

Dieser Endbericht fasst die wesentlichen Aktivitäten und Ergebnisse des Forschungsprojektes zur Fortentwicklung eines Konzepts für Monitoring and Berichterstattung für die Internationale Klimaschutzinitiative (IKI) zusammen. Innerhalb von zwei Jahren zielte das Projekt auf die Entwicklung eines Konzepts zum Monitoring und zur Berichterstattung ab, das gleichzeitig wissenschaftlich fundiert und praktisch umsetzbar sein soll – ausgehend von einer eingänglichen Analyse des Status Quo in der IKI und den Ansätzen in anderen Klimafinanzierungsinstrumenten. Ein wichtiges Element in diesem Forschungsprojekt war ein umfangreicher Prozess des Einbezugs von verschiedenen Stakeholdern und Peer-Reviewern, und der Umsetzung einer Testanwendung an konkreten Projekten. Hauptprodukte des Projektes sind ein exemplarisches Handbuch für die Projektebene bestehend aus mehreren thematischen Dokumenten, ein Set aus Formularen, Elementen eines Verfahrenshandbuchs für die Programmebene, ein Vorschlag für einen jährlichen Bericht und zwei Hintergrundpapiere. Die Entwicklung des Konzeptes musste wissenschaftliche Aspekte des Monitorings von klimarelevanten und anderen Wirkungen einbeziehen, die Umsetzbarkeit der Vorschläge, die Konsistenz zwischen verschiedenen Dokumenten und Formularen, prozedurale Aspekte auf Projekt- und Programmebene, und die Ziele und Prioritäten für die Berichterstattung an die Öffentlichkeit. Eine besondere Herausforderung stellte die Entwicklung von sogenannten Standardindikatoren für Kapazitätsverbesserung dar. Ebenso wurden verbleibende Herausforderungen (zum Beispiel das Messen langfristiger Wirkungen, die oft über den Projektzeitrahmen hinaus gehen (*impact*)) und weitere Forschungsfragen identifiziert.

Abstract

Based on a description of the starting position and the aim of the research project "Further development of a concept for monitoring and reporting of the International Climate Initiative (ICI)", this final report summarises the results generated in this endeavour.. It also describes the key activities which were conducted to work out the results. In two years time, the project aimed to develop a scientifically sound and at the same time practical monitoring and reporting concept which should deliver information about the *impacts* of the ICI. It started from an initial analysis of the current ICI approach and of the monitoring and reporting approaches applied in other climate finance instruments. An important element in the research process was a comprehensive process of engaging stakeholders and peer-reviewers, and conducting a test application of the concept developed. Main outputs were an exemplary manual „Project Guidance“ for project proponents consisting of several thematic guidance documents, a set of templates, exemplary procedural guidance for the programme level, a proposal for an annual report and two specific background papers on monitoring, reporting and verification and lessons learned. The development of the monitoring and reporting concept had to take into account scientific aspects of monitoring climate-related and other results to be achieved in projects implemented in developing countries, the practicality of the approach, the consistency among a variety of documents and templates, procedural aspects relevant for the implementation of the concept on the project as well as on the programme level, and objectives and priorities

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for an annual reporting to the public. One challenge was the development of so called standard indicators for capacity improvement. The research project also identified remaining challenges (i.e. measuring long term *impact* beyond the project duration) and potential future research tasks.

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Abbreviations (Abkürzungen)

BfN	Bundesamt für Naturschutz / German Federal Agency for Nature Conservation
BMU	Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit / German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
CDM	Clean Development Mechanism
COP	Conference of the Parties
FAO	Food and Agriculture Organization of the United Nations
FIP	Forest Investment Program
FPIC	Free Prior Informed Consent
GEF	Global Environment Facility
GHG	Greenhouse Gas
IGS	Indicator Guidance Sheet
IKI/ICI	Internationale Klimaschutzinitiative / International Climate Initiative
IPCC	Intergovernmental Panel on Climate Change
LDCF	Least Developed Countries Fund
M&R	Monitoring and Reporting
MRV	Monitoring, Reporting and Verification
NAMAs	Nationally Appropriate Mitigation Actions
NAPs	National Adaptation Plans
NGOs	Non-governmental organizations
ODA	Official Development Assistance
REDDplus	Reducing Emissions from Deforestation and Forest Degradation "plus" conservation, the sustainable management of forests and enhancement of forest carbon stocks
SCCF	Special Climate Change Fund
THG	Treibhausgasminderung / Reduction of Greenhouse Gas
UBA	Umweltbundesamt / German Federal Environment Agency
UNDP	United Nations Development Programme
UNEP-WCMC	United Nations Environment Programme World Conservation Monitoring Centre
UNFCCC	UN-Klimarahmenkonvention / United Nations Framework Convention on Climate Change
V	Verifizierung / Verification

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VCS	Verified Carbon Standard
WRI	World Resources Institute

1 German summary (Deutsche Zusammenfassung)

1.1 Einleitung

Ziel des Forschungsprojektes war die Erarbeitung eines Vorschlags zur Fortentwicklung des Monitoring- und Berichtskonzepts (M&R) der Internationale Klimaschutzinitiative (IKI). Das Projekt wurde von einem Konsortium, bestehend aus Germanwatch, Ecofys und dem Wuppertal Institut für Klima, Umwelt, Energie durchgeführt. Das Projekt hatte vier inhaltlich aufeinander abgestimmte Hauptergebnisse: ein Vorschlag für ein M&R-Handbuch für die IKI, ein Vorschlag für ein Verfahrenshandbuch für die Programmebene, ein Vorschlag für einen Jahresbericht sowie zwei Papiere zu Monitoring, Reporting und Verifizierung. Über die Form der zukünftigen Umsetzung der Vorschläge ist zum Zeitpunkt der Beendigung des Forschungsprojektes noch nicht entschieden worden. Hintergrund dafür ist, dass eine Kalkulation des Aufwandes für ein M&R Konzept sowie die Einbettung in Prozesse und die Prüfung einzelner Inhalte gegenüber den Projekten der IKI derzeit erfolgt.

Gründe für das Ministerium für Umwelt, Naturschutz und Reaktorsicherheit (BMU), dieses Forschungsprojekt durchzuführen, waren unter anderem, die Ergebnisse der IKI besser und aggregiert darstellen zu wollen und um sicherzustellen, dass die Projekte zu den Zielen der IKI beitragen. Ebenso soll ein verbessertes M&R-Konzept die Basis für die externen Berichterstattungsverpflichtungen legen.

Das Projekt startete mit gewissen Einschränkungen. So war der neue, vierte thematische Bereich (Biodiversität) nicht Teil der Leistungsbeschreibung des Forschungsprojekts. Daher wurde dies nicht in das Handbuch „Project Guidance“ aufgenommen, es wurden jedoch Platzhalter eingebaut. Ebenso bestanden zwar einige Verbindungen mit dem zeitgleichen Projekt zu einer ersten Evaluierung der IKI (siehe unten), jedoch war die Entwicklung eines Evaluationssystem nicht in der Leistungsbeschreibung dieses Projekts enthalten. Evaluierung und M&R sollen aber in Zukunft enger miteinander verknüpft werden. Während die Verifizierung zwar auch Teil der Leistungsbeschreibung war, rückte das M&R im Laufe des Projektes immer weiter in den Fokus.

Die Entscheidung darüber, ob und wenn ja wie, das Ergebnis dieses Forschungsprojekts (dieser Vorschlag für ein M&R Konzept) schlussendlich für die IKI eingeführt werden wird oder nicht, liegt beim BMU. Bei dieser Entscheidung sind unter anderem auch die damit zusammenhängenden Kosten und Nutzen zu berücksichtigen.

Aus Sicht des Konsortiums können viele der Erfahrungen aus diesem Prozess auch für andere Förderinstrumente und Fonds sowie für die allgemeine Diskussion unter der UN-Klimarahmenkonvention (UNFCCC) zu „Monitoring, Reporting and Verification (MRV)“ hilfreich sein. Daher werden hier die wichtigsten Resultate zusammengefasst.

Kurzüberblick über die IKI

Das BMU hat seit dem Beginn der IKI (2008) bis Ende 2012 326 Projekte begonnen, die ein Gesamtfördervolumen von 818 Mio. Euro haben. Durch zusätzliche Co-Finanzierung öffentlicher Quellen und weiterer privater Quellen konnte die gesamte Förderung auf 2,4 Mrd. EUR erhöht werden. Die IKI bekommt ihre Finanzierung über das BMU; die Mittel selber kommen jedoch aus Teilen der Versteigerungserlöse des europäischen Emissionshandels.

Bisheriges Vorgehen der IKI

Zunächst betrachtete das Konsortium zu Beginn des Forschungsprojektes das bisherige Vorgehen der IKI. Nachfolgend werden die wichtigsten Aspekte nach dem damaligen Stand zusammengefasst. Diese haben nach Kenntnis des Konsortiums zum Abschluss des Forschungsprojektes weitestgehend weiterhin Gültigkeit.

Die IKI verwendet bisher eine allgemeine Wirkungskette, die auf dem Konzept der OECD aufbaut und die Ebenen "*Impact*" (langfristige Wirkungen) und "*Outcome*" (übergreifendes Projektziel) verwendet. Die drei thematischen Bereiche (Minderung, Anpassung, REDDplus) sind in 13 weitere Themenbereiche unterteilt.

Verpflichtungen zur Berichterstattung auf Projektebene

Indikatoren werden nicht vorgeschrieben, sondern Antragssteller¹ sollen diese selber entwickeln. Ebenso sollen Antragssteller über mögliche Zusatznutzen ("Co-benefits") berichten. Der Projektantrag wird in zwei Schritten gestellt: Zunächst wird eine Projektskizze eingereicht und sofern dieser zugestimmt wird, wird ein ausführlicher Projektantrag erstellt. Erst zum Zeitpunkt des Projektantrags wird dem Antragssteller das Dokument „Erläuterungen 1“ als wesentliche Hilfestellung und Orientierung (sowie das M&R-Formular) bereitgestellt. Auf Projektebene unterliegt die IKI dem Zuwendungsrecht und es finden verschiedene rechtliche Regelungen, wie beispielsweise die Bundeshaushaltsordnung, das Verwaltungsverfahrensgesetz und Allgemeine Nebenbestimmungen für Zuwendungen zur Projektförderung auf die IKI Anwendung und müssen bei der Entwicklung eines M&R Konzepts berücksichtigt werden. Projektdurchführer sind verpflichtet, jedes Jahr einen Zwischenbericht sowie zum Projektende einen Endbericht einzureichen.

M&R Verpflichtungen für einzelne thematische Bereiche

Die „Erläuterungen 1“ beinhalten – in unterschiedlichem Detailgrad – weitere Anleitungen für die einzelnen thematischen Bereiche. Für Minderung gibt es zwei *Zieldimensionen* („Treibhausgas-Minderung“ und „Minderungskapazität“), auf die sich die Erläuterungen fokussierten; es wurden keine weiteren Anforderungen auf Ebene der "*Outputs*" (spezifische Projektziele) oder der "*Impact*"-Ebene gestellt. „Treibhausgas (THG)-Minderung“ soll anhand eines quantitativen Indikators – in Bezug auf t CO_{2eq} – gemessen werden. Für vier Projekttypen werden genauere

¹ Wir verwenden hier nur den Begriff Antragssteller, wenngleich es – bei Annahme des Antrags – dann entsprechend für die Projektdurchführer gilt.

Informationen zur Erstellung eines Ausgangswerts und Projektemissionen bereitgestellt. Die Beschreibung des Konzeptes "Minderungskapazität" ist nicht abschließend und macht es notwendig, dass Antragsteller eigene detaillierte Einschätzungen vornehmen. Für Anpassung werden die *Zieldimensionen* "Anpassungsstrategien" und "Anpassungskapazität" benannt; es werden jedoch keine weiteren Anleitungen bezüglich "*Outputs*", "*Outcomes*" oder möglichen Indikatoren gegeben. Vielmehr wird hervorgehoben, dass insbesondere die Berechnung des Ausgangswerts ("Baseline"), der Zusätzlichkeit sowie der Darstellung von mittel- und langfristigen Wirkungen besonders schwierig ist. Für den Bereich REDDplus werden die Hauptziele "THG-Minderung" und "Minderungskapazität" benannt. Projekte, die ersteres zum Ziel haben, müssen Zusätzlichkeit, Wirkung und die Vermeidung von Ausweichverlusten ("Leakage") und Nicht-Dauerhaftigkeit nachweisen und ein Monitoring-Konzept erstellen. Hierfür wird – jedoch nicht verpflichtend – auf verschiedene Methodiken verwiesen. Für Projekte, die sich auf Minderungskapazität fokussieren, werden Hinweise gegeben, welche Punkte sie berücksichtigen können. Alle REDDplus-Projekte sollen mögliche "Co-benefits" messen.

Verpflichtungen zur Berichterstattung auf Programmebene

Über die Projekte der IKI muss bisher sowohl im deutschen Bericht zur Official Development Assistance (ODA) an die OECD, in den Nationalberichten an die UNFCCC und im Rahmen der Schnellstartfinanzierung berichtet werden. Darüber hinaus ist auch der Deutsche Bundestag ein wichtiger Adressat für regelmäßige Berichte. Die Anforderungen an die jeweilige Berichterstattung sollen daher im M&R-Konzept Berücksichtigung finden. Ebenso soll das M&R-Konzept zu einer verbesserten internen Berichterstattung dienen, zum Beispiel um "best practice" Beispiele zu identifizieren oder die IKI als Gesamtprogramm (inklusive Evaluierungen) besser leiten zu können. Ebenso können die generierten Daten für Publikationen, die IKI Webseite und ad-hoc Anfragen z.B. von Seiten des BMU verwendet werden. Um diese Berichterstattung durchführen zu können, muss die Qualität des M&R von Projekten sichergestellt sein, müssen gut handhabbare Datenmanagementsysteme entwickelt und verwendet werden und muss eine konsistente Berichterstattung auf Programmebene erfolgen. Hier kommt der Programmleitung eine wichtige Rolle zu.

Verbindung zum IKI-Evaluierungsprojekt und zum Projekt zur Entwicklung von Biodiversitätskriterien

Parallel zu diesem Forschungsprojekt gab es zwei weitere Projekte, die sich intensiv mit der IKI beschäftigen und mit denen ein enger Austausch – unter anderem durch die Teilnahme in den jeweils anderen Projektbegleitkreisen – bestand, um relevante Ergebnisse auszutauschen. Zum einen wurde die erste unabhängige Evaluierung von 115 Projekten und dem Programm von der GFA Consulting Group durchgeführt. Eine große Schwierigkeit hierbei waren die teilweise fehlenden Daten, da es vorher bei der IKI kein ausgearbeitetes M&R-System gab. Dies erhöhte aus Sicht des Konsortiums die Notwendigkeit für klare Anleitungen für Standardindikatoren. Zum anderen gibt es ein vom Bundesamt für Naturschutz in Auftrag gegebenes Projekt, das sich intensiv mit Optionen für eine Integration von Biodiversitätskriterien in IKI Projekte, die sich auf Wälder

und Feuchtgebieten fokussieren, beschäftigt und zum Zeitpunkt dieser Berichtserstellung noch andauert. Das Projekt wird von UNEP-WCMC und BirdLife International durchgeführt. Auch hier kam es zu einem intensiven Austausch, dessen Ergebnis unter anderem war, dass die Biodiversitätsaspekte in den Kapiteln zu Safeguards und Co-benefits und Co-costs verstärkt wurden.

1.2 Handbuch für Monitoring und Berichterstattung

Im Folgenden werden die Vorschläge und Ergebnisse des Forschungsprojekts dargestellt. Die Entscheidung darüber, ob und wenn ja wie, das Ergebnis dieses Forschungsprojekts schlussendlich für die IKI eingeführt werden wird oder nicht, liegt beim BMU. Bei dieser Entscheidung sind unter anderem auch die damit zusammenhängenden Kosten und Nutzen zu berücksichtigen.

1.2.1 Inhalt des vorgeschlagenen M&R-Konzepts

Dieses Kapitel beschreibt zunächst den Prozess zur Entwicklung eines Handbuchs zur Umsetzung des M&R-Konzeptes und darauf folgend die Struktur und den Inhalt der Anleitung für Antragssteller.

Relativ früh im Projekt wurde entschieden, dass zwei verschiedene Handbücher entwickelt werden sollen: Das Handbuch auf Projektebene (manual „Project Guidance“), das Antragstellern und Projektdurchführern Anleitung geben soll, und ein Verfahrenshandbuch auf Programmebene (manual of procedures).

Prozess zur Entwicklung des Handbuchs auf Projektebene

Nach der Zusammenstellung der wichtigsten Elemente eines M&R-Konzeptes, intensiven Diskussionen über die Wirkungskette der IKI und weiterer Literaturrecherche wurde eine ausführlichen Analyse der M&R-Konzepte anderer Förderinstrumente² durchgeführt. Die anderen Förderinstrumente wurden bezüglich der Verwendung eines Handbuchs, Wirkungskette, Kategorien, Indikatoren, Co-benefits und der Häufigkeit der Berichterstattung analysiert. Aus dieser Analyse zog das Konsortium folgende Lehren:

- Eine detailliertere Wirkungskette pro thematischen Bereich ist hilfreich um die Verbindung zwischen dem Projekt und den Zielen der IKI zu identifizieren.
- Die Gruppierung von Projekten in verschiedene „Cluster“ oder Kategorien wird häufig durchgeführt. Dies war für das Konsortium für die Erstellung von *Outcome-Kategorien* wichtig.
- Alle Finanzierungsinstrumente geben entweder eine kleine Anzahl an Standardindikatoren oder eine größere Anzahl an Indikatoren, von denen eine bestimmte Anzahl verwendet werden muss, vor. Dies war für das

² Hierbei wurden insgesamt 19 andere Förderinstrumente oder Standards und ihr allgemeiner M&R Ansatz, Aggregation und Gruppierung betrachtet. Die Ergebnisse der Analyse sind in Annex 4 und im Zwischenbericht B2, S 46-104 zu finden.

Konsortium für die Mischung von Standardindikatoren und eigenen Indikatoren relevant.

- Stakeholder-Einbezug ist in allen untersuchten Förderinstrumenten wichtig.

Aufbauend auf diesen Recherchen wurde ein Rahmenvorschlag für ein zukünftiges M&R-Konzept auf Projektebene entwickelt. Nachdem dieser an ein breites Spektrum von Peer-Reviewern versandt wurde, wurde darauf und auf den Kommentaren der Peer-Reviewer sowie des Projektbegleitkreises aufbauend ein erster Entwurf des M&R-Handbuchs für die Projektebene entwickelt. Dieser wurde im Rahmen eines ersten Experten-Workshops im Mai 2012 ausführlich diskutiert. Daraufhin erstellte das Konsortium eine weitere, überarbeitete Version, die in einer Testanwendung auf Projektebene (7 Projekte, die verschiedene Themenbereiche, Regionen und Durchführungsorganisationen reflektieren) auf ihre Handhabbarkeit hin geprüft wurde. Während aus der Testanwendung hilfreiche Informationen bezüglich der Handhabbarkeit des Handbuchs gezogen werden konnten, lieferten diese aufgrund der geringen Anzahl von Projekten leider nicht ausreichend Daten um eine Aggregation gut simulieren zu können, was zu weiteren Schwierigkeiten bei der Testanwendung auf Programmebene (siehe unten) führte. Ebenso stellte es sich als schwierig heraus, das M&R-Konzept mit laufenden Projekten zu testen. Dies zeigte auch, dass bei einer möglichen späteren Einführung des Konzeptes nach Übergangslösungen für laufende Projekte gesucht werden muss.

Auf Basis der Rückmeldungen aus den Testanwendungen wurde das Handbuch erneut überarbeitet und in einem zweiten Workshop (Juni 2013) einer Vielzahl von Experten vorgestellt. Ebenso wurden in diesem Workshop Vorschläge für Elemente eines Jahresberichts der IKI präsentiert und weiterhin bestehende Schwierigkeiten diskutiert. Als letzter Schritt wurde das Handbuch finalisiert. Dieser breit angelegte Entwicklungsprozess stellte zum einen die Qualität des Handbuchs sicher und machte zudem deutlich, dass einige der angetroffenen Schwierigkeiten auch in anderen Förderinstrumenten bestehen.

Struktur der Anleitungen

Es wurden zwei Handbücher entwickelt: Eines, das Antragsstellern zur Anleitung für ihr M&R dienen soll, und ein Verfahrenshandbuch für die Programmleitung.

Das vorgeschlagene Handbuch für die Projektebene besteht aus verschiedenen Komponenten:

- Allgemeine Dokumente, die für alle thematischen Bereiche relevant sind,
- Dokumente für einzelne thematischen Bereiche (Minderung, Anpassung, REDDplus),
- Dokumente zu bestimmten Aspekten von nachhaltiger Entwicklung (Co-benefits/Co-costs, Stakeholder-Einbezug, Risikomanagement und "Safeguards"), die für alle thematischen Bereiche relevant sind,
- Anleitungen zur Indikatoren-Bildung (so genannte "Indicator Guidance Sheets", für Kapazitätsverbesserung für alle thematischen Bereiche gemeinsam und weitere für Minderung, Anpassung und REDDplus)

Hauptelemente des bisherigen IKI-Ansatzes und des vorgeschlagenen M&R-Konzeptes

Tabelle 1 gibt einen Kurzüberblick über die Hauptelemente des bisherigen IKI-Ansatzes und des Vorschlags des Konsortiums.

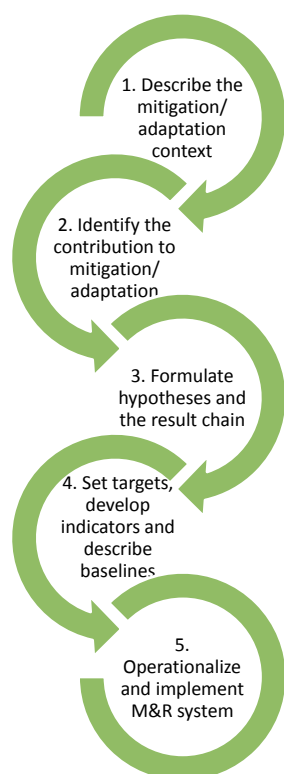
Tabelle 1: Kurzüberblick über die Hauptelemente des derzeitigen IKI-Ansatzes und des Vorschlags des Konsortium für ein M&R-Konzept

Derzeitiger IKI Ansatz	Vorschlag des Konsortiums
OECD Wirkungskette (<i>impact, outcome, output</i>)	Wird angewendet, ergänzt durch vordefinierte <i>Outcome-Kategorien</i>
Anforderung, je einen Indikator pro <i>Output</i> und <i>Outcome</i> zu verwenden	Wird angewendet, für <i>Outcome</i> allerdings einen Standardindikator und einen projektspezifischen
Jährliche Berichterstattung zu Projektfortschritten, inkl. Monitoring der Indikatoren	Wird angewendet
Keine Anleitung zur Verwendung spezieller Indikatoren	Definition einer Anzahl von Standardindikatoren, Abweichungen sind möglich, wo diese Standardindikatoren nicht passend sind; "Indicator Guidance Sheets" als Hilfestellung
Standardisierte Berichterstattungsvorlagen	Wird angewendet, aber weiter ausgearbeitet
Aggregation von Mittelbereitstellung nach Aktivitäten und Regionen	Aggregation nach Mittelbereitstellung pro <i>Outcome-Kategorie</i> , Ergebnissen und Regionen
Aspekte der Nachhaltigen Entwicklung (Co-benefits, Safeguards, Risikomanagement, Stakeholder Einbezug) werden kaum berücksichtigt	Detailliertere Berichterstattung, umfassende Anleitung in separatem Teil des Handbuchs „Project Guidance“ bereitgestellt. Stärkere Integrierung von Biodiversitätsaspekten

Theorie des Wandels

Ziel der IKI ist es, durch ihre Projekte langfristigen Wandel hin zu einer klimaverträglicheren und -resilienteren Entwicklung in den Empfängerländern anzustoßen. Daher soll jedes Projekt seine „Theorie des Wandels“ darstellen, in dem es sein Projekt im Kontext des Landes einordnet. Ein wichtiges Element hierfür ist der so genannte 5-Schritt Ansatz (siehe Abbildung 1), der aufbauend auf verschiedensten Diskussionen, Literaturrecherchen und Elementen des IKI M&R entwickelt wurde. Dieser soll im Rahmen des Projektantrags durchgeführt werden. Hierdurch soll er Antragssteller bei der Konzeptionierung ihres Projektes, der Entwicklung ihrer Wirkungskette, projekt-spezifischen *Outcomes*, der Zuordnung zu *Outcome-Kategorien* sowie der Entwicklung von Indikatoren unterstützen und gleichzeitig zur Standardisierung der Prozesse beitragen. Hierdurch besteht auch das Potential, dass Projektanträge bereits verbessert werden, da verschiedenste Aspekte wie der nationale Kontext, Baselines und Indikatoren bereits systematisch berücksichtigt werden müssen.

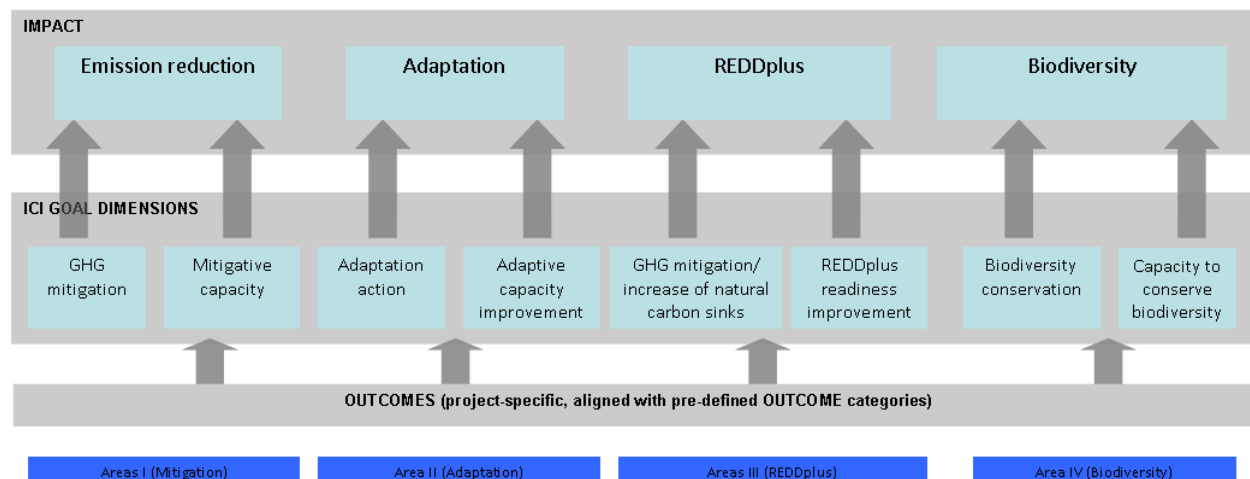
Abbildung 1: Der 5-Schritt Ansatz im Rahmen des Projektantrags



Wirkungskette

Ein wichtiger Bestandteil des vorgeschlagenen M&R-Konzeptes sind die im Handbuch beschriebenen Wirkungsketten. Diese bauen auf der vorher verwendeten IKI-Wirkungskette auf. Das Konsortium analysierte diese in Bezug auf mögliche Probleme und Verbesserungsmöglichkeiten. Für das Handbuch für Projektanwender wurde die allgemeine Wirkungskette um spezifische Wirkungsketten pro thematischen Bereich ergänzt, in denen auch *Outcome-Kategorien* und Beispiele für mögliche *Outputs* benannt werden. Antragsteller sollen ihre eigenen projekt-spezifischen Wirkungsketten entwickeln, wobei sie zeigen müssen, dass diese zu den durch die IKI vorgegebenen Elementen logisch passen und zu ihrer Umsetzung beitragen. Dies hilft den Antragstellern auch dabei, ihre *Outputs* mit den erwünschten *Outcomes* in Beziehung zu stellen. Im Mittelpunkt stehen daher die *Outcomes*, die die Antragsteller selbst entwickeln, diese aber einer oder mehreren *Outcome-Kategorie(n)* zuordnen. Die *Outcome-Kategorie(n)* dienen auch dazu, langfristige Projektergebnisse, die im Rahmen des Projektes erreicht werden können, zu messen. Durch die *Outcome-Kategorien* können die Projekte nach verschiedenen Unterzielen gruppiert werden, was wiederum für die Aggregation und die Berichterstattung auf Programmebene hilfreich und ein wichtiger Bestandteil des Konsortium-Konzeptes ist. Hierdurch kann die IKI in ihrer Berichterstattung über die reine Berichterstattung zu Finanzflüssen hinaus gehen.

Abbildung 2: Allgemeine Elemente der IKI-Wirkungskette



Outcome-Kategorien

Für jeden thematischen Bereich wurde eine Anzahl von *Outcome-Kategorien* eingeführt, denen Antragssteller ihre Projekte zuordnen sollen. Da sich Aktivitäten im Bereich der Kapazitätsverbesserung über die thematischen Bereiche hinweg ähneln, wurden hierfür vier *Outcome-Kategorien* eingeführt, die für alle thematischen Bereiche gelten (siehe Tabelle 2 für einen Überblick der *Outcome-Kategorien*). Diese dienen einerseits dem Zweck der Orientierung für die Antragsteller und sollen andererseits das Berichten auf der Programmebene erleichtern. Die Standardisierung unterstützt dabei beide Ziele.

Indikatoren

Das vorgeschlagene M&R-Konzept benennt pro *Outcome-Kategorie* Standardindikatoren, die von den Antragsstellern verwendet werden sollen, sofern diese für ihr Projekt passend sind. Sind sie nicht passend, sollen Antragssteller eigene Indikatoren erstellen. Pro projekt-spezifisches *Outcome* soll mindestens ein Standardindikator und ein weiterer projekt-spezifischer Indikator verwendet werden. Hierdurch soll neben der Standardisierung auch Flexibilität für Projekte gewahrt werden (siehe Tabelle 2 für einen Überblick der *Outcome-Kategorien* und der entsprechenden Indikatoren). Die Verwendung von Standardindikatoren dient unter anderem dazu, Ergebnisse von verschiedenen Projekten in einer *Outcome-Kategorie* aggregieren und um Vergleichbarkeit zwischen Projekten ermöglichen zu können. Um Antragsstellern möglichst viel Anleitung zu geben, wurde pro Standardindikator bzw. im Falle von Kapazitätsverbesserungsprojekten pro *Outcome-Kategorie* ein "Indicator Guidance Sheet" erstellt, das detaillierte Informationen zur Erstellung und Messung des Indikators beinhaltet. Die vorgeschlagenen Standardindikatoren sollten regelmäßig überprüft werden um ggf. selten verwendete Standardindikatoren zu entfernen oder andere, häufig verwendete Indikatoren als Standardindikatoren hinzuzufügen.

Wichtige Kriterien für die Auswahl aller Standardindikatoren waren, dass sie für die entsprechende *Outcome-Kategorie* relevant sind, sie gut verständlich sind, sie aggregiert werden können, sie positive Entwicklungen gut abbilden können und dass sie von Praktikern und Experten bereits verwendet werden.

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Ebenso soll weiterhin pro *Output* mindestens ein Indikator verwendet werden. Hierfür werden jedoch keine Vorgaben gemacht, sondern nur Beispiele angegeben, da diese normalerweise sehr projekt-spezifisch sind.

Die vorgeschlagenen Indikatoren wurden aufgrund von intensiver Literaturrecherche, den in anderen Förderinstrumenten verwendeten Indikatoren und Diskussionen mit Peer-Reviewern, innerhalb des Konsortiums und mit der projektbegleitenden Arbeitsgruppe ausgewählt. Insbesondere im Bereich der Kapazitätsverbesserung wurden die Indikatoren im Laufe des Projektes immer wieder angepasst und verändert.

Für jeden Indikator (bzw. im Bereich Kapazitätsentwicklung für jede *Outcome-Kategorie*) wurde ein „Indicator Guidance Sheet“ erstellt, das detailliertere Anleitungen zu den Indikatoren und ein ausformuliertes Beispiel hierfür enthält.

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Tabelle 2: Überblick der *Outcome-Kategorien* und der Standardindikatoren

IKI- Zieldimension	IKI- Outcome-Kategorie	Standard-Indikator Outcome
Mitigation: Emission reduction	Emission reduction	GHG emission reduced in t CO ₂ eq
Adaptation: Adaptation Action	Increased resilience of people and assets from specific climate risks	No. of resilience-relevant physical assets improved to withstand climate change and variability-induced stress
	Enhanced contribution of ecosystems to climate adaptation of human systems	No. of beneficiaries whose resilience has been increased
		Area (ha) of restored natural habitat
		km of coastline protected
REDDplus: GHG mitigation and enhanced natural carbon sinks	All	Reduction of drivers XY in project area during project period
	Reduced emissions from deforestation	Change in area deforested in project area
		Emissions reduced in project period in project area
	Enhanced (forest) carbon stocks	CO ₂ eq sequestered in project area through natural regeneration, rehabilitation and/or restoration activities relative to forest reference level
	Reduced emissions from forest degradation	Area of forest degradation avoided in project area
	Promoted conservation of (forest) carbon stocks	Establishment of new protected forest area during project period
	Sustainable management of forests/ sustainable forest management	Positive changes in carbon stocks in forests under management
Mitigative/A daptive Capacity/RED D Readiness improvement	Behavioural changes through improved capacity to understand and address climate change	<ul style="list-style-type: none"> - No. of people which have undertaken behavioural changes on the basis of the improved capacity - No. of cases where the improved capacity has resulted in behavioural changes of the target group - No. of cases where the targeted behavioural change has been achieved to at least a moderate extent
	Improved decision-making through enhanced information management	<ul style="list-style-type: none"> - No. of new or improved emission monitoring systems applied for decision-making - No. of methodological tools applied for decision-making to address climate

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	and guidance	change impacts - No. of areal management plans taking into account climate change aspects (mitigation and/or adaptation) applied for decision-making - No. of cases where the improved information management or guidance is applied for decision-making
	Improved coordinated decision-making and knowledge exchange through enhanced institutional structures	- No. of new or improved networks which have led to more coordinated decision-making processes - No. of new or improved inter-ministerial coordination structures which have led to more coordinated decision-making processes - No. of new or improved knowledge exchange platforms which have led to more coordinated decision-making processes - No. of other cases where the improved structures have led to improved knowledge exchange
	Increased action on climate change through improved policy and finance frameworks	- No. of new policy frameworks accepted or implemented which aim to address climate change - No. of new finance frameworks accepted or implemented which aim to address climate change - No. of existing policy frameworks improved in order to address climate change - No. of existing finance frameworks improved in order to address climate change

Aggregation

Ein wichtiges Ziel des vorgeschlagenen M&R-Konzeptes ist es, eine Aggregation der Wirkungen der einzelnen Projekte auf Programmebene zu ermöglichen. Dies sollte zum einen eine statistische Analyse der Daten für interne und externe Berichterstattung und zum anderen eine Analyse der Ergebnisse der Projekte erleichtern. Ein Weg dies zu erreichen, ist die Einführung der *Outcome-Kategorien*. Ein weiterer Weg ist die Einführung von Standardindikatoren, die von Projekten verwendet werden sollen, sofern diese für sie passend erscheinen. Wie bereits erwähnt, war die Anzahl der Projekte der Testanwendung zu gering, um die Möglichkeit der Aggregation ausreichend testen zu können. Bei einer Aggregation muss bedacht werden, dass auf der einen Seite hierdurch verschiedene Ergebnisse zusammengefasst werden können, auf der anderen Seite aber auch ein gewisser Detailgrad verloren geht.

Durch die "Indicator Guidance Sheets" soll sichergestellt werden, dass verschiedene Projekte die Indikatoren in ähnlicher Weise verwenden und so die Ergebnisse vergleichbar gemacht und aggregiert werden können.

Genauere Anleitungen zur Aggregation sind im Verfahrenshandbuch für die Programmebene enthalten.

1.2.2 Auftretende Schwierigkeiten

Kapazitätsverbesserung

Die Entwicklung von *Outcome-Kategorien* und insbesondere Standardindikatoren in diesem Bereich, stellte sich als sehr komplex dar, unter anderem da es hierzu insgesamt weitaus weniger Erfahrung gibt als zu Aktivitäten, die direkt zu THG-Minderung oder Anpassung führen. Allerdings erweitert ihr strukturierterer Einbezug den Anwendungskreis des M&R-Konzeptes. Darüber hinaus können Kapazitätsverbesserungen einen transformativen Wandel anstoßen.

Schwierigkeiten, die sich hierbei ergaben, waren unter anderem, dass:

- Kapazitätsverbesserung ganzheitlich betrachtet werden muss, da die einzelnen Aspekte eines Systems sich stark beeinflussen können. Projekte in diesem Bereich sollten daher darlegen, welche möglichen Verbindungen und Interaktionen mit anderen Teilen des Systems bestehen.
- Eine Balance zwischen dem Wunsch der Standardisierung und der Berücksichtigung von nationalen und projektspezifischen Besonderheiten getroffen werden muss.
- Kapazitätsverbesserung meist nicht direkt zu THG-Minderung oder Anpassung führt und auch durch externe Faktoren an ihrer ultimativen Zielerreichung gehindert werden kann.
- Unterschiede zwischen Projekten, die national bzw. international ausgerichtet sind, berücksichtigt werden müssen. So müssen beispielsweise Projekte, die es zum Ziel haben, UNFCCC-Prozesse zu unterstützen, sich an den Entwicklungen im Rahmen der UNFCCC und nicht – oder nur sekundär – an nationalen Kontexten orientieren.

Die *Outcome-Kategorien* und Indikatoren wurden im Laufe des Projektes immer wieder verändert und basieren nun auf Analysen des früheren Verfahrens in der IKI, anderen Förderinstrumenten, Literaturrecherche und intensiven Diskussionen mit Peer-Reviewern, Testanwendern und Experten.

Da Maßnahmen im Bereich der Kapazitätsentwicklung über die thematischen Bereiche hinweg oft ähnlich sind, schlägt das Konsortium vier *Outcome-Kategorien* vor, die für alle drei thematischen Bereiche gelten. Pro *Outcome-Kategorie* schlägt es zudem mehrere Standardindikatoren vor (siehe Tabelle 2) und gibt in den "Indicator Guidance Sheet" eine 3-stufige Anleitung, dazu wie der erreichte Wandel (z.B. Verhaltensänderung) gemessen werden kann.

Minderung

Im Laufe des Projektes gab es die Überlegung, ob eine bestimmte Methodik für das Messen von CO₂-Reduktionen vorgeschlagen werden sollte. Da dies jedoch die Flexibilität für Antragssteller und die Offenheit für die Entwicklung neuer Methodiken stark verringern würde, hat sich das Konsortium dagegen entschieden, eine bestimmte Methodik vorzuschreiben.

Es gibt bereits eine große Fülle an bewährten Ansätzen für das Monitoring von THG-Minderungen, die im Rahmen eines IKI-Monitoring-Systems angewendet werden können. Anders sieht dies bei Ansätzen zum Monitoren der Kapazitätsverbesserung im Minderungsbereich aus. Hier gibt es erst seit kurzem Bemühungen neue Ansätze zu entwickeln, welche allerdings noch nicht ausgereift und allgemein akzeptiert sind. Eine der größten Herausforderungen ist hierbei die systemische Natur von Transformationsvorgängen. Erst durch ein Zusammenspiel von unterschiedlichsten Akteuren und Institutionen aus dem öffentlichen und privaten Sektor entstehen Dynamiken, die mittel- bis langfristig zu Veränderungen führen. Eine Einbindung des Projektes in den jeweiligen Kontext ist daher unumgänglich.

Anpassung

Mit der Verabschiedung des "Cancún Adaptation Framework" haben die Vertragsstaaten der UNFCCC im Jahr 2010 einen wichtigen Rahmen für Anpassung gesetzt, der auch die Stärkung von Monitoringaspekten zum Ziel hat. Daraus ergeben sich zwar keine direkten Monitoring-relevanten Vorgaben für die IKI, allerdings z.B. die Berücksichtigung bestimmter Prinzipien. Im Bereich Anpassung sorgt das Fehlen einer eindeutigen Maßeinheit (wie CO₂-Emissionen) für besondere Herausforderung in der Erfassung und Aggregation von Ergebnissen. Hinzu kommt der Aspekt der Unsicherheit bezüglich des tatsächlichen Eintretens zukünftiger Auswirkungen von Klimaveränderungen, das genau genommen erst "beweisen" kann, ob eine Anpassungsmaßnahme erfolgreich war oder nicht. Die identifizierten *Outcome-Kategorien* tragen dem Umstand Rechnung, dass zum einen ökosystembasierte Anpassung in der IKI ein besonderes Gewicht hat, zum anderen aber auch viele Projekte im Bereich der Kapazitätsverbesserung gefördert werden.

Gerade in der Diskussion um Anpassung ist im Projektverlauf häufig hervorgehoben worden, wie vielfältig und kontextspezifisch

Anpassungsmaßnahmen sein können, und aus diesem Grunde die Verwendung von Standardindikatoren mit gewisser Vorsicht zu sehen ist, um eine Fehlsteuerung der Projekte aufgrund der Orientierung an den Standardindikatoren zu vermeiden.

Die *Outcome-Kategorie* „Enhanced contribution of ecosystems to overall climate change adaptation of human systems“ wurde im Laufe des Projekts spezifiziert. Sie zielt auf den Beitrag der Ökosysteme zur Anpassung menschlicher Systeme ab, und nicht auf isolierte Ökosystem-Aktivitäten. Die zweite *Outcome-Kategorie* beinhaltet eine breite Spannbreite von Projekten und steht damit auch Projekten offen, von denen bisher nur wenige durch die IKI gefördert wurden.

REDDplus

Die fünf *Outcome-Kategorien* der *Zieldimension* “GHG mitigation and enhanced natural carbon sinks“ für REDDplus basieren auf den sogenannten “eligible activities“, auf die sich die Vertragsstaatenkonferenz der UNFCCC geeinigt hatte. Für diese *Zieldimension* bereits unter der IKI bestehende Anforderungen (Zusätzlichkeit, Emissionsreduktion und Vermeidung von Leakage und Nicht-Permanenz) wurden beibehalten. Unter anderem aufgrund der erhöhten Anzahl von *Outcome-Kategorien* gibt es auch automatisch mehr Standardindikatoren als bei den anderen thematischen Bereichen. Diese Standardindikatoren sollten nach einigen Jahren auf ihre tatsächliche Verwendung hin überprüft werden. Für verschiedene REDDplus relevante Begriffe existieren unterschiedliche Definitionen. Um internationalen Diskussionen nicht vorwegzugreifen, wurde entschieden, dass nur dann Definitionen vorgegeben werden, wenn diese entweder bereits im IKI-Glossar enthalten waren oder es hierzu eine Definition auf UNFCCC-Ebene gab. Für weitere Begriffe sollen Antragsteller, um Vergleichbarkeit zu gewährleisten, die von ihnen verwendeten Definition benennen.

Da man sich auf Ebene der UNFCCC auf bestimmte Safeguards und Co-benefits im Bereich REDDplus geeinigt hat, sollen Antragsteller auch zu diesen berichten.

Aspekte der nachhaltigen Entwicklung

Die Betrachtung des Beitrages der IKI-Projekte zur nachhaltigen Entwicklung wurde zwar bereits vorher bedacht, jedoch gab es hierfür keine detaillierteren Anleitungen. Im Projektverlauf hat dieses Thema stark an Bedeutung gewonnen und das BMU entschied sich, dass diese Aspekte (insbesondere Co-benefits und Umwelt- und Sozialstandards, Risikoabschätzungen und Stakeholder-Beteiligung) größere Relevanz in der IKI bekommen sollten wenngleich Klimaaspekte weiterhin der Hauptfokus bleiben. Diese Prioritätenänderung hatte eine Anpassung der Leistungsbeschreibung des Forschungsprojekts in diesem Punkt zur Folge. Es wurde der Vorschlag entwickelt, IKI Projektanträge intern in der IKI-Programmleitung in einem schrittweisen Prozess in drei Risikokategorien einzuteilen. Je nach Risikokategorie müssen die Projekte dann unterschiedliche Anforderungen an ihr Monitoring und ihre Berichterstattung erfüllen. Die Elemente und Instrumente zur Einschätzung des Projektbeitrages zur nachhaltigen Entwicklung reichen von einer vorgeschalteten “Scoping phase“ bis

hin zu verschiedenen Stufen eines Stakeholder-Einbezugs und einem “Safeguard assessment“.

Anwendbarkeit

In Bezug auf das Handbuch für Antragssteller wurde die Schwierigkeit deutlich, auf der einen Seite Antragsstellern ausreichend Informationen und Anleitung bereitzustellen sowie ausreichend Informationen zur Aggregation auf Programmebene zu erlangen, und auf der anderen Seite die Handhabbarkeit des Handbuchs sicherzustellen sowie eine gewisse Flexibilität für Projekte zu wahren. Daher wurde in vielen Fällen keine bestimmte Methodik zum Beispiel zur Messung von Indikatoren oder Erstellung von Referenzszenarien vorgeschrieben, sondern dies Antragsstellern freigestellt, sofern sie klar darlegen, welche Methodik und Definitionen sie verwenden. Ebenso musste berücksichtigt werden, dass die Erfahrungen der Antragssteller stark variieren können und daher ein unterschiedliches Maß an Anleitung benötigt wird.

1.2.3 Prozesse

Formulare

Die bisherigen IKI-Berichterstattungsrythmen (jährlicher Zwischenbericht, Endbericht) als auch das Konzept der unterschiedlichen Formulare bleiben bestehen. Frühere Formulare wurden in dem Vorschlag des Konsortiums an die neuen M&R-Anforderungen ergänzt. Hauptdokument für das M&R wird Formular 3 sein (Tabelle zum Projekt-Monitoring). Um die Nutzerfreundlichkeit zu erhöhen, wurden Querverweise (in beide Richtungen zwischen Handbuch und Formularen) eingebaut, die die Konsistenz und Handhabbarkeit der verschiedenen Dokumente sicherstellen. Ebenso wurde im Handbuch die “key guidance“ grau hervorgehoben. Es bestehen jedoch weiterhin Überschneidungen zwischen den Formularen, sodass bei einer Umsetzung des M&R-Konzeptes zu überlegen ist, die Dokumentformate (derzeit Word und Excel) zu ändern bzw. zu vereinheitlichen. Eine abschließende Entscheidung hierzu war nicht Teil des Forschungsprojekts. Unabhängig vom Format sollte sichergestellt werden, dass die Daten einfach in eine mögliche zukünftige Datenbank der Programmleitung übertragen werden können.

Personelle und technische Anforderungen

Aus den vorgeschlagenen erweiterten M&R-Anforderungen ergeben sich zusätzliche Anforderungen an die IKI-Programmleitung hinsichtlich des zeitlichen Bearbeitungsaufwands pro Projekt und der infrastrukturellen Voraussetzungen. Diese resultieren aus dem erhöhten Prüfaufwand der erhöhten Anforderungen des Monitorings der direkten Projektergebnisse als auch aus der Feststellung und Prüfung der zusätzlichen M&R-Elemente, die sich aus der Umsetzung der Safeguard Strategie der IKI ergeben. Aus den Anforderungen der Programmsteuerung (Daten-, Qualitätsmanagement und Programmberichterstattung) ergeben sich ebenfalls neue Aufgaben, Funktionen und Verantwortlichkeiten.

Auf der Seite der IKI-Projekte könnte der erhöhte Aufwand der Projekte für M&R durch eine M&R Pauschale z.B. in Höhe eines bestimmten prozentualen

Aufschlags in Höhe auf die Personalkosten (ohne Projektmanagement) berücksichtigt werden. Welcher Wert hierfür vorgeschlagen wird, sollte auch auf Erfahrungen anderer Fonds beruhen. Der „International Fund for Agricultural Development“ schlägt zum Beispiel 3-5% des Projektbudgets als Pauschale für M&R vor.

1.2.4 Platzierung der IKI in der internationalen Diskussion zu MRV

Erstellung von zwei Kurzpapieren zu Monitoring und Berichterstattung

Ein wichtiges Ziel der IKI ist es, einen Beitrag zu den internationalen Diskussionen zu MRV zu leisten. Daher wurden im Rahmen des Forschungsprojektes zwei Kurzstudien verfasst. Die erste („MRV of NAMAs and MRV of support: An overview of the Durban outcomes“) wurde in der Mitte des Projektes als ein internes Arbeitspapier erstellt. Es beschrieb die Entscheidungen und Diskussionen, die es während der Konferenz der Vertragsstaaten der UNFCCC in Durban gab, und enthielt insbesondere einen Überblick über die Diskussion zu MRV von Nationally Appropriate Mitigation Actions (NAMAs). Das zweite Papier („Monitoring climate change action – Experience from a research project“) wurde zum Projektende erstellt und fasst Erfahrungen zusammen, die das Konsortium bei der Entwicklung des Handbuchs gemacht hat und die für die internationale Diskussion relevant sein können. Letzteres ist separat veröffentlicht (s. Hagemann et al., 2013).

Das Forschungsprojekt und sein Verhältnis zu internationalen Diskussionen zu MRV

Die internationale Diskussion zu MRV kann in drei Teile unterteilt werden. Ein erster Teil beschäftigt sich mit den internationalen Finanzströmen von Industrie- an Entwicklungsländer. Ein weiterer beschäftigt sich mit dem MRV von historischen sowohl als auch projektierten Emissionspfaden der Länder. Ein letzter Teil mit dem MRV von Transformativen Wandel, insbesondere im Kontext der stark diskutierten NAMAs. Dabei sind die einzelnen Diskussionen sehr unterschiedlich fortgeschritten und dementsprechend fällt der Beitrag, den die IKI zu diesen Diskussionen leisten kann, je nach Thema unterschiedlich aus.

Die Diskussion zu Finanzströmen kann von dem hier vorgeschlagenen Konzept unterstützt werden, da das Konzept die Transparenz erhöht und ermöglicht weitergehend über differenzierte Finanzströme zu berichten. Die Diskussion zu Emissionspfaden ist schon sehr weit fortgeschritten und der Beitrag, den die IKI hier für die konzeptionelle Debatte leisten kann erscheint daher eher gering. Einen nennenswerten Beitrag kann das Projekt zur Debatte um transformativen Wandel leisten. Hier sind insbesondere die hier beschriebene Herangehensweise zu Minderungs- und Anpassungskapazitäten hervorzuheben. Die erwähnten Indikatoren und die Unterteilung in *Outcome-Kategorien*, sowie der 5-Schritt-Ansatz zur Einbindung des Projektes in den nationalen Kontext können einen Beitrag zur Standardisierung leisten.

1.3 Verfahrenshandbuch für die Programmebene

Das Verfahrenshandbuch für die Programmebene zum Vorschlag für ein neues M&R-Konzept war zunächst als vollständiges Handbuch konzipiert, dass sowohl die Elemente der Prozess- als auch Programmsteuerung behandelt. Neben einer

Aufgaben-, Funktions- und Rollenbetrachtung wurden die interne Ablaufplanung und die Elemente eines Qualitäts- und Datenmanagements sowie der Berichterstattung betrachtet.

Das Verfahrenshandbuch wurde im Austausch mit der Programmleitung erarbeitet, ausgehend von Interviews zu den bestehenden internen Abläufen. Auf dieser Grundlage wurde ein Verfahrenshandbuch entwickelt, dass auf die interne Umsetzung des Vorschlags für ein weiterentwickeltes M&R-Konzept für die IKI abzielte. Dieses wurde mit der Programmleitung der IKI und BMU diskutiert und im Licht der Diskussionen angepasst.

Das Verfahrenshandbuch wurde in einer Testanwendung auf Programmebene getestet. Hierbei sollte die Programmleitung mit Hilfe des Verfahrenshandbuchs die Daten, die sich aus der Testanwendung auf Projektebene ergaben, aufbereiten und daraufhin prüfen, ob diese die erforderlichen Informationen für die internen Prozesse generieren. Aufgrund der geringen Anzahl von Testprojekten ließ sich die Aggregierbarkeit der Daten leider nur schwer testen.

Im Verlauf des Projektes wurde auch in Bezug auf das Verfahrenshandbuch deutlich, dass die Herausforderung in der Abwägung zwischen Detailliertheit und Präzision der Prozesse und Handhabbarkeit und Aufwand liegt.

Zudem fand, strukturbedingt parallel zum Projekt eine interne Weiterentwicklung der Verfahren und Strukturen der Programmleitung statt. Umweltbundesamt (UBA) und BMU entschieden, dass der Entwurf des Verfahrenshandbuches als zusätzliches, ergänzendes Hintergrundmaterial für diese internen Anpassungsprozesse genutzt werden sollte. Es wurde weiterhin entschieden, dass einige Teile des Entwurfs weiterentwickelt werden, so etwa die Elemente des Prüfstandards für den Review der Projektanträge und der Projektberichterstattung der IKI Projekte an die IKI Programmleitung, sowie die Vorschläge zur Programmberichterstattung (IKI Jahresbericht s.u.) und die sich darauf beziehenden Methoden der Aggregation von Daten. In den Prüfstandard wurden insbesondere auch die Verfahren der Risikokategorisierung der IKI Projekte integriert.

Im Laufe des Projektes wurden Richtlinien und Kriterien entwickelt, nach denen Projekte entsprechend ihrer Risikostruktur kategorisiert werden können. Diese Kategorisierung ist dafür notwendig um gegebenenfalls weitergehende M&R-Verpflichtungen von den Projekten zu verlangen. Darüber hinaus wurden Checklisten entwickelt, um festzustellen, ob die Projektanträge vollständig sind und um sicherzustellen, dass die bereitgestellten Informationen plausibel sind. Sollte dies nicht der Fall sein, wurde auch hierfür ein Verfahren vorgeschlagen. Ebenso wurden Anleitungen für die Bewertung von Zwischen- und Endberichten entwickelt. Zudem wurden Kriterien entwickelt, die als Grundlage dienen können, um festzustellen, ob eine externe Verifizierung und Evaluation notwendig erscheint. Ebenso beinhaltet das Verfahrenshandbuch Anleitungen für die interne Be- und Weiterverarbeitung (z.B. Aggregation) von den erhobenen Projektdaten und für die Auswahl möglicher Best-practice Beispiele.

1.4 Jahresbericht

Bisher hat die IKI keinen regelmäßigen Jahresbericht über ihre Aktivitäten veröffentlicht. Dies könnte für die IKI hilfreich sein, um regelmäßig über die Aktivitäten zu berichten und um den Bekanntheitsgrad noch mehr zu erweitern. Darüber hinaus ist dies bei anderen Finanzierungsinstrumenten im Klimabereich bereits Standard. Ebenso wird empfohlen, dass das BMU nicht nur über Finanzierungsflüsse berichtet, sondern auch über die Wirkungen und Ergebnisse. Hierfür spielen die *Outcome-Kategorien*, *Zieldimensionen* und die Standardindikatoren eine wichtige Rolle. Der Adressatenkreis für einen Jahresbericht kann sehr breit sein, von nationalen Stakeholdern und Parlamentariern hin zu internationalen Experten der internationalen Klimafinanzierung. Für die Darstellung der IKI-Aktivitäten im Jahresbericht ist oben beschriebene Aggregation hilfreich.

Verfahren

Um einen Vorschlag für einen Jahresbericht zu erstellen, wurden zunächst die Jahresberichte von fünf anderen Finanzierungsinstrumenten³ in Bezug auf Inhalt und Layout analysiert. Diese fünf Finanzierungsinstrumente erschienen besonders passend, da sie – wie die IKI – projektbasierte Finanzierungsinstrumente sind. Ebenso wurden Kriterien aus der Umwelt- und Nachhaltigkeitsberichterstattung (Wahrheit, Wesentlichkeit, Klarheit und Verständlichkeit, Stetigkeit und Vergleichbarkeit, Öffentlicher Zugang zu Informationen) berücksichtigt. Darauf aufbauend wurde ein Vorschlag mit BMU, UBA und der Programmleitung diskutiert, der auch berücksichtigte, welche Daten die IKI ohnehin für (internationale) Berichterstattungspflichten erstellen muss, die daher leicht für den Jahresbericht zusammen zu tragen wären. Dieser Vorschlag wurde u.a. mit den Ergebnissen der Testanwendung auf Projektebene gefüllt und erneut mit BMU, UBA und der Programmleitung diskutiert. Ebenso wurde der Vorschlag mit Stakeholdern, wie Vertretern von Nichtregierungsorganisationen, diskutiert und auch beim zweiten Workshop zur Diskussion gestellt.

Struktur

Der Jahresbericht sollte aus Sicht des Konsortiums zunächst einen Überblick über die gesamten Aktivitäten der IKI enthalten (inkl. Aktivitäten nach Region, *Zieldimension* und pro UNFCCC Sektor). Im Idealfall würde hier zwischen bereits laufenden und neuen Projekten differenziert und das Finanzvolumen des entsprechenden Jahres mit angegeben werden. Als zweites Kapitel wird ein jährlich wechselnder Themenfokus vorgeschlagen. Hier kann dann detaillierter über IKI-Aktivitäten zu einem bestimmten Thema (z.B. Energieeffizienz) berichtet werden. Der Abschnitt zu anvisierten Zielen und erreichten Ergebnissen würde zum einen über Aktivitäten zu Kapazitätsverbesserung (über alle thematischen Bereiche hinweg) und zum anderen über die einzelnen thematischen Bereiche

³ Adaptation Fund, Climate Investment Funds, Congo Basin Forest Fund, UN REDD Programme, LDCF/SCCF.

berichten. Für jeden thematischen Bereich könnte über die Anzahl von Projekten pro UNFCCC-Sektor, pro *Outcome-Kategorie* und pro Region – unterschieden nach laufenden und neuen Projekten – berichtet werden. Zudem sollten ebenso aggregierte Ergebnisse der Projekte dargestellt werden, was durch die Etablierung der *Outcome-Kategorien* und der Standardindikatoren erleichtert wird. Darüber hinaus sollten Erfahrungen zur Wissensvermittlung und –verbreitung berichtet werden, um die Replizierbarkeit von Projekten zu ermöglichen. Allgemeine Erfahrungen (Aktivitäten, Indikatoren) könnten zudem berichtet werden, um das Wissensmanagement der IKI zu erweitern.

Der Fokus des nächsten Kapitels sollte aus Sicht des Konsortiums auf Aspekten der nachhaltigen Entwicklung liegen. Es wird vorgeschlagen, vier Unterkapitel zu Stakeholder-Einbezug, “Co-benefits” und “Co-costs”, “Safeguards” und Riskomanagement einzurichten. Einleitend könnte eine Einführung in die jeweils aktuelle Safeguard Strategie der IKI sowie statistische Informationen zur Umsetzung spezifischer Elemente z.B. hinsichtlich der Risikostruktur der IKI Projekte, Anzahl der Projekte mit Scoping-Phase oder Anzahl von Projekten mit “Free, Prior, and Informed Consent“-Prozessen bereitgestellt werden. Um die Transparenz der Prozesse zu erhöhen, könnte auch über Beschwerden und Erfahrungen mit dem Riskomanagement insgesamt berichtet werden. Dies erscheint insbesondere für die Einführungsphase interessant.

Wie auch bei anderen Förderinstrumenten, könnte es interessant sein, im Jahresbericht auf Aspekte der Programmeffektivität und –effizienz einzugehen. Das abschließende Kapitel wäre ein Ausblick auf die nächste Berichterstattungsperiode.

Ein weiteres wichtiges Element ist eine Projektliste, die die Informationen, die bisher auf der IKI-Webseite zu Projekten dargestellt werden, ergänzt durch Informationen, die u.a. für die UNFCCC Berichterstattung notwendig sind, enthält. Diese Projektliste könnte entweder im Jahresbericht oder hiervon losgelöst auf der IKI-Webseite publiziert werden. Die notwendigen Daten könnten aus dem M&R-Konzept generiert werden. Wie diese Informationen verwendet werden und welche Priorisierungen in zukünftigen IKI-Berichten vorgenommen werden soll, ist unabhängig von diesem Forschungsprojekt zu entscheiden.

Weitere Überlegungen

Insgesamt sollte der Jahresbericht eine Balance zwischen auf der einen Seite dem Wunsch, viele Informationen bereitzustellen und auf der anderen Seite hinsichtlich der Nutzerfreundlichkeit, erreichen.

Sollte das vorgeschlagene M&R-Konzept in Zukunft angewandt werden, muss eine Lösung für die Übergangsphase, in der möglicherweise nicht alle Projekte das gleiche Konzept anwenden, gefunden werden. Überlegungen hierzu sind in Tabelle 3 zu finden. Bei dieser Entscheidung sollten unter anderem die möglichen hiermit verbundenen Kosten und Nutzen berücksichtigt werden. Ebenso wäre es wichtig, dass eine ausreichend große Anzahl von Projekten in die jeweilige Gruppe von Projekten, die bereits das neue System bzw. Teile hiervon anwenden, und Projekten, die noch das alte System verwenden, fällt.

1.5 Erfahrungen, Ausblick und Empfehlungen

Erfahrungen

Viele der Erfahrungen aus diesem Forschungsprojekt sind auch für andere Förderinstrumente relevant.

Ein M&R-Konzept sollte bereits im Projektdesign berücksichtigt werden, da durch die Anwendung beispielsweise des 5-Schritt Ansatzes oder der Wirkungskette der Projektantrag bereits verbessert und später durch das Monitoring die Projektsteuerung erleichtert werden kann.

Eine Balance zwischen dem Wunsch, viele Informationen bereitzustellen – die auch den unterschiedlichen Ansprüchen der Stakeholder genügen – und der Anwendbarkeit des Handbuchs muss sichergestellt sein. Das Konsortium versuchte dies zu erreichen, indem es verschiedenste Vorschläge zur Handhabbarkeit einbaute und ebenso substantielle Informationen und Hintergrundinformationen im Handbuch beließ. Diese Überlegungen wurden in den Protokollen verschiedenster Treffen festgehalten, um Teile des M&R-Systems weiterhin anwenden zu können, selbst wenn sich die Rahmenbedingungen ändern sollten. Wie gut diese Balance getroffen werden konnte, wird sich aber erst bei einer möglichen, breiteren Anwendung des Konzepts feststellen lassen.

Langfristiger transformativer Wandel spielt in der IKI eine wichtige Rolle, insbesondere vor dem Hintergrund, dass ein Großteil der Projekte nicht zu direkten Emissionsreduktionen führt oder konkrete Anpassungsmaßnahmen umfasst. Allerdings gibt es hierfür noch keine allgemeingültige Definition, da sich die inhaltliche Diskussion hier erst am Anfang befindet. Des Weiteren können wirkliche klimawirksame Ergebnisse meist erst nach Projektende festgestellt werden. Während solche ex-post Evaluierungen diskutiert wurden, konnte dies innerhalb des begrenzten Projektrahmens nicht weiter verfolgt werden. Durch die *Outcome-Kategorien* und Indikatoren sowie eine Einbindung in den (nationalen) Kontext, insbesondere im Bereich der Kapazitätsverbesserung, versuchte das Konsortium das Messen von Aktivitäten, die den Grundstein für transformativen Wandel legen können, sicherzustellen.

Weiterhin bestehende methodische Herausforderungen

Bei der Erstellung der Standardindikatoren für Kapazitätsverbesserung bestanden Schwierigkeiten, da hier nicht nur nach der Quantität der Aktivität, sondern auch nach ihrer Qualität gefragt werden sollte. Ebenso stellte hier die Aggregation der Daten eine besondere Schwierigkeit dar. Der Vorschlag des Konsortiums ist es, an unterschiedlichen Zeitpunkten zu überprüfen, ob die Maßnahme auch die gewünschte Wirkung hatte. Ob die vorgeschlagenen Indikatoren und die Herangehensweise der qualitativen Beschreibung passend sind und dies ermöglichen, wird sich erst im Laufe einer möglichen Umsetzung des M&R-Konzeptes (z.B. nach der ersten Runde von Projektanträgen und Zwischenberichten) feststellen lassen. Daher werden hier in Zukunft gegebenenfalls Anpassungen notwendig sein. Die laufende Überprüfung und stetige Verbesserung des Monitoring-Konzeptes ist daher ein wichtiger Bestandteil eines solchen Vorhabens.

Vorschläge für eine mögliche Umsetzung des M&R Konzeptes

Es wurden folgende Vorschläge zur Umsetzung erarbeitet, die auf Projekt- und Programmebene unterteilt werden können. Ebenso wurden Möglichkeiten für eine stufenweise Umsetzung (siehe Tabelle 3) erarbeitet.

Projektebene:

- Antragsteller sollten ausreichend Hilfestellung, zur Anwendung des Handbuchs erhalten (z.B. über ein kurzes Onlinevideo oder andere Hilfsmittel).
- Der Nutzen der einzelnen Schritte des M&R-Konzepts sollte Antragstellern deutlich gemacht und die Safeguard-Policy von Anfang an transparent erläutert werden.
- Es wäre sinnvoll, Antragstellern einen bestimmten Prozentsatz ihres Projektbudgets vorzuschlagen, der für M&R-Aktivitäten reserviert werden sollte. Hierdurch wird den Antragstellern auch die Bedeutung und Gewichtung des M&R deutlich gemacht.

Programmebene:

- Es ist wichtig, dass zur Umsetzung eines M&R angemessene Ressourcen zur Umsetzung zur Verfügung stehen sowie Rollen, Verantwortlichkeiten, Prozesse und Aufgaben klar verteilt und definiert werden.
- Die Verwendung einer umfassenden Datenbank für die Datensammlung und -bearbeitung ist wichtig. Eine von der Programmebene zu verwendende Datenbank sollte leicht handhabbar sein und Daten, die für Aggregation oder Berichterstattung gebraucht werden, sollten hieraus schnell zu generieren sein.
- Es sollte sichergestellt werden, dass ein M&R-Konzept an neue interne Entwicklungen (z.B. neue *Zieldimensionen*) und externe Entwicklungen (z.B. bezogen auf das Konzept von transformativem Wandel, oder die Entwicklung anderer Fonds) angepasst wird. Dies kann Implikationen auf die IKI haben oder zu neuen Ideen führen. Dies könnte durch eine stetige wissenschaftliche Begeleitung des M&R-Konzepts erreicht werden. Ebenso sollte auch das Verfahrenshandbuch stetig an mögliche Veränderungen angepasst werden.
- Es sollte die Einrichtung einer projektbegleitenden, wissenschaftlichen Arbeitsgruppe geprüft werden, die auf mögliche Notwendigkeiten zur Anpassung des M&R Systems hinweist und Ideen für eine solche Anpassung miterarbeiten kann. Mitglieder einer solchen Arbeitsgruppe könnten beispielsweise Monitoring-Experten aus den verschiedenen thematischen Bereichen sein.

Optionen für eine Schrittweise Umsetzung des M&R-Systems

Es ist noch offen, ob und wenn ja, inwiefern die Ergebnisse dieses Forschungsprojekts in der IKI umgesetzt werden können. Doch auch eine vollständige Umsetzung müsste gegebenenfalls in einzelnen Schritten

durchgeführt werden, um zu berücksichtigen, dass die bereits laufenden Projekte ohne diese Vorgaben ihre Projekte begonnen haben. Tabelle 3 stellt hierfür verschiedene Optionen dar. Für eine Entscheidung darüber, ob und wenn ja welche Teile des vorgeschlagenen M&R-Konzepts eingeführt werden sollen, müssen mögliche Kosten und Nutzen abgewogen werden. Zudem muss bei einer schrittweisen Einführung sichergestellt werden, dass eine ausreichende Anzahl von Projekten bereits das neue System oder Teile hiervon anwenden.

Tabelle 3: Optionen für eine schrittweise Umsetzung des M&R-Konzeptes

Elemente des M&R-Konzepts	Relevant für	Vorschlag zur schrittweisen Anwendung
Kann für laufende und neue Projekte bereits eingeführt/abgefragt werden		
Kategorisierung nach UNFCCC-Sektoren	Ohnehin notwendig für zweijährliche Bericht-erstattung an UNFCCC (Biennial Reports), aber auch zusätzlich relevant für den IKI-Jahresbericht	Programmebene: Es sollte für die IKI Programmleitung relativ einfach sein, die bereits laufenden Projekte den UNFCCC-Sektoren zuzuordnen – zumal dies ohnehin gemacht werden muss, um den Verpflichtungen der Biennial Reports nachzukommen. Damit könnte im Jahresbericht zumindest berichtet werden, wie viele bzw. welche Projekte in diesen Sektoren gefördert werden. Wo die Zuordnung eindeutig ist, kann aus dem Projektvolumen auch der Finanzbeitrag bestimmt werden. Bei komplexeren Projekten, die mehreren Sektoren zuzuordnen sind, ist dies vermutlich nicht so einfach möglich.
IKI Zieldimensionen	IKI Jahresbericht	Programmebene: Es sollte möglich sein, bereits laufende Projekte den <i>Zieldimensionen</i> zuzuordnen, da diese sich von der Bezeichnung her kaum verändert haben. Zudem sind die <i>Zieldimensionen</i> sehr breit gefasst; daher sollte es möglich sein Projekte mehr oder weniger eindeutig einer IKI <i>Zieldimension</i> zuzuordnen.
Kann ggf. für laufende Projekte bereits jetzt eingeführt/abgefragt werden		
IKI Outcome-Kategorien	IKI Jahresbericht M&R Konzept	Projekt- und Programmebene: Grundsätzlich könnte man erwägen, derzeit laufende Projekte zu bitten, ihr Projekt den jeweiligen "outcome categories" zuzuordnen. Zur Unterstützung sollte Projektdurchführern eine kurze Beschreibung der dieser zugesandt werden. Eine Möglichkeit wäre es auch, dass die Programmleitung diese Zuordnung anhand der vorhandenen Informationen durchführt. Dies würde jedoch keine weiteren Verpflichtungen für die laufenden Projekte nach sich ziehen. Projektebene: In einer kleineren Variante könnte man – sollte man sich entscheiden, dass das neue M&R Konzept beispielsweise erst in zwei Jahren beginnen sollte – in der nächsten Projektantragsrunde dennoch bereits Projekte bitten, ihr Projekt einer (oder mehreren) "outcome category" zuzuordnen – ohne, dass hieraus Verpflichtungen für die Projekte entstehen.

		Beide Versionen würden sicherstellen, dass im nächsten Jahresbericht bereits mehr Projekte den "outcome categories" zugeordnet werden könnten.
Schwieriger bereits jetzt für laufende Projekte einzuführen/abzufragen		
IKI Standard-indikatoren	IKI Jahresbericht M&R Konzept (sobald es angewandt wird)	IKI-Standardindikatoren können nicht ex-post den Projekten aufgetragen werden, da diese bereits eigene Indikatoren entwickelt haben und verwenden. Dies wurde auch bei der Testanwendung deutlich. Programmebene: Es wäre jedoch ggf. möglich, zu überprüfen, ob laufende Projekte zufälligerweise bereits Standardindikatoren verwenden. Dies könnte dabei helfen, Erfahrungen mit den Indikatoren zu sammeln und würde die Berichterstattung von einigen aggregierten Ergebnissen ermöglichen. Ebenso könnte hierdurch herausgefunden werden, ob es andere Indikatoren gibt, die bereits von vielen Projekten verwendet werden.
Risiko Kategorisierung	Aspekte der nachhaltigen Entwicklung	Projekt- oder Programmebene: Es erscheint schwierig, die Risikokategorisierung für laufende Projekte durchzuführen, da diese auf zusätzlich abgefragten Informationen beruht, insbesondere auf dem Safeguard Assessment. Die nachträgliche Kategorisierung würde möglicherweise zur Anforderung von weiteren Informationen führen. Sollten jedoch bei einem bestimmten Projekt Probleme entstehen, könnten die mit der Kategorisierung verbundenen Strategien zum Risikomanagement hilfreich sein, um mit den aufgetretenen Problemen umzugehen.
Co-benefits und Co-costs	M&R Konzept	Projektebene: Antragssteller könnten gebeten werden, Informationen zumindest darüber bereitzustellen, zu welchen Co-benefit-Kategorien ihr Projekt einen Beitrag leistet. Dies könnte eine allgemeine Berichterstattung, z.B. darüber wie viele Projekte welche Kategorien adressieren, ermöglichen. Eine vollständige Einführung für laufende Projekte erscheint nicht sinnvoll.
Angepasste Formulare	M&R Konzept	Projektebene: Die Formulare wurden an das vorgeschlagene M&R-Konzept angepasst. Sie beinhalten daher spezielle Begriffe, die im Handbuch erläutert werden. Es wäre eine Überlegung, dass Durchführer laufender Projekte in ihrer Berichterstattung die neuen Formulare verwenden und die Stellen leer lassen, die sie nicht ausfüllen können, da sie nicht das neue Konzept anwenden. Dies sollte für die Formulare für den Zwischenbericht und den Endbericht (T4 und T5) möglich sein. Da das Monitoring-Formular T3 sehr umfassend ist, erscheint dies hier schwierig.

Weiterentwicklung des M&R-Konzeptes und mögliche Themen für weitere Forschung

Bei einer Anwendung eines neuen Konzeptes sollte regelmäßig überprüft werden, ob möglicherweise Anpassungen am M&R-Konzept notwendig sind. So könnten – basierend auf den Erfahrungen mit den Standardindikatoren – Anpassungen, z.B. weitere Indikatoren oder die Herausnahme bestimmter Indikatoren, hieran vorgenommen werden. Hierzu hat das Konsortium vorgeschlagen, dass

Projektdurchführer regelmäßig über die Berichterstattungsvorlagen zu der Verwendung von Indikatoren berichten. Dies könnte auch in Bezug auf die Berücksichtigung von transformativen Wandel im M&R-Konzept relevant sein, sollte es hier methodologische Weiterentwicklungen geben. Ebenso könnten aber aufgrund der Erfahrungen Änderungen in Bezug zum Beispiel auf die Vorgaben zu Co-benefits und Co-costs und Stakeholder-Einbezug notwendig sein. Dies sollte sich nicht nur auf Erfahrungen der IKI, sondern auch derer anderer Fonds beziehen. Daher ist es auch Sicht des Konsortiums sinnvoll, Qualitäts- und Wissensmanagement Prozesse auf Projekt- und Programmebene – wie auch im Verfahrenshandbuch und im Handbuch „Project Guidance“ vorgeschlagen – einzuführen.

Das vorgeschlagene M&R Konzept fokussiert sich auf *Outcomes* und *Outputs*, da es für projektbasierte-Finanzierungsinstrumente wie die IKI schwierig ist, *Impacts* zu messen. Verstärkte Forschung zum M&R von *Impacts* wäre daher wichtig.

Die Leistungsbeschreibung beinhaltete auch eine Analyse von bestehenden Ansätzen für Indikatoren, um den Beitrag eines Projekts zu transformativen Wandel zu messen. Aufgrund der Komplexität der allgemeinen Aufgabe des M&R-Systems ließ sich dies im Laufe des Projekts nicht in ausreichender Tiefe analysieren. Daher wäre hier eine weitergehende Analyse sinnvoll, da sich auch immer mehr internationale Fonds mit diesen Themen beschäftigen. Da auch in anderen Politikbereichen hierzu gearbeitet wird, erscheint eine Analyse in Kooperation mit anderen Akteuren sinnvoll.

Aufgrund der unterschiedlichen Zeitpläne wurden das M&R-Forschungsprojekt und das Evaluationsprojekt separat durchgeführt. Wenngleich hier bereits ein Austausch bestand, sollte das Methodenhandbuch der ersten Evaluierung im Falle späterer Evaluierungen an das vorgeschlagene M&R-Konzept angepasst werden, sofern letzteres Anwendung finden sollte.

Projekte, die sowohl Minderungs- als auch Anpassungsaspekte berücksichtigen, werden immer wichtiger. Dies ist teilweise bereits im vorgeschlagenen M&R-Konzept berücksichtigt. Der Verbindung dieser Aspekte könnte man in Zukunft aber eine noch prominentere Rolle einbauen, um so ihre wachsende Rolle zu berücksichtigen.

Verifizierung (V) spielt in der Debatte von MRV eine wichtige Rolle. Die Erarbeitung von Lösungsvorschlägen für die Durchführung von Verifizierungsschritten war auch Gegenstand des Projektes. Die Konkretisierung eines M&R-Konzeptes rückte im Projektverlauf jedoch stärker in den Fokus. Die "Indicator Guidance Sheets" beinhalten dennoch einzelne Hinweise zur Verifizierung. Eine Evaluierung kann den Verifizierungsprozess unterstützen, wird aber bisher nicht bei allen Projekten durchgeführt. Für die Zukunft wäre es daher interessant, einen weiteren Fokus auf die Verifizierung zu legen und hierzu möglicherweise mit Partnerländern zusammen zu arbeiten.

Sollte sich das BMU dazu entscheiden, das vorgeschlagene M&R-Konzept, oder Teile hiervon anzuwenden, sollte dies auch auf den vierten thematischen Bereich Biodiversität ausgeweitet werden. Hierbei müsste betrachtet werden, ob die vier *Outcome-Kategorien* im Bereich Kapazitätsverbesserung auch für den Bereich

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Biodiversität passen. Sollte dies nicht der Fall sein, so müsste im Handbuch „Project Guidance“ deutlich erläutert werden, warum für den Bereich Biodiversität hier andere *Outcome-Kategorien* verwendet werden. Wenngleich das Konsortium bereits Platzhalter für diesen Bereich eingebaut hat, müsste das G-Dokument im Handbuch „Project Guidance“ erweitert werden, um den neuen Bereich ausreichend zu berücksichtigen. Zudem wären gegebenenfalls Änderungen notwendig, um Biodiversitätsprojekte klarer von REDDplus Projekten mit Biodiversitätsrelevanz zu unterscheiden.

2 Introduction

2.1 Background and aim of the project

The International Climate Initiative (ICI) has been established in 2008. Initially the ICI had three different thematic areas, namely mitigation, adaptation and REDDplus. However in 2012 a fourth area, biodiversity, has been added.

Since the ICI was launched in 2008 until December 2012, Federal Ministry for Environment, Nature Conservation and Nuclear Safety (BMU) has initiated 326 projects with funding totalling some EUR 818 million. Additional capital contributed by the agencies implementing the projects and co-funding from other public sources like the European Union and the private-sector bring the total volume disbursed for ICI projects to EUR 2.4 billion.

Noteworthy about the ICI is also its funding source. Funding is provided through the BMU, however the funding comes from parts of the auctioning revenues from the emission trading scheme of the EU.

Monitoring and reporting (M&R) of its activities is important for an instrument like the ICI in order to assess the results achieved, for the future steering of the ICI as well as for the fulfilment of reporting requirements. M&R also includes internal procedures, e. g. for data processing and quality assurance.

With the initiation of the ICI in 2008 there has been a gradual development and advancement of the reporting system at project and programme level. At project level certain provisions have been given in regard to the delivery of annual and final reports. When the research project started, first data were available for greenhouse gas emission monitoring. From 2011 on, new projects were expected to be designed along the logic of the OECD result chain, including the provision of indicators for *outcomes* and *outputs*. At programme level the ICI so far has reported primarily on financial figures allocated to project types, regions etc., and in exemplary cases on actual results. This reporting takes place through the ICI website, in specific brochures and as part of the official climate finance reporting of the German government. A continuous reporting on results especially for decision makers and the informed public has not been carried out.

Simultaneously, monitoring, reporting and verification (MRV) also became increasingly important in the United Nations Framework Convention on Climate Change (UNFCCC) discussion.

However, when the research project was commissioned, the ICI did not obtain the tools for a more systematic and aggregated M&R of its funding and the projects it supports. Thus, the motivation of the BMU for initiating this research project included aspects such as the need to be able to demonstrate results across the programme and to advance the monitoring and reporting in order to be consistent with parallel expectations towards developing countries that they report more extensively on their activities. This proposed M&R system should

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hence ensure that the projects are on track for contributing to the ICI's objectives⁴. At the same time it should lay the foundation to provide the data of the projects for the ICI's external reporting.

It was expected that with the help of such a system, the ICI programme level would be able to better report on the contributions to

- direct and indirect emission reductions;
- adaptation to climate change;
- capacity development, policy development;
- sustainable development (co-benefits);
- sustainability beyond the duration of projects;
- compliance with key ICI criteria such as the replicability of the results and
- key areas of the UNFCCC negotiations, such as MRV, Nationally Appropriate Mitigation Actions (NAMAs), climate finance architecture etc..⁵

In initial discussions of the project steering group, the following benchmarks for the expectations on the proposed system were further highlighted:

- conceptualisation of a comprehensive processes covering the generation, analysis and processing of data;
- development of methodologies for the aggregation of data from the project to the programme level;
- identification and elaboration of contributions to the UNFCCC discussions related to M&R and (partially) verification;
- ability to further advance the M&R concept and adjust it to changing political priorities, new scientific information and changing data availability;
- standard setting through a transparent development of the methodologies;
- quality assurance of the methodological development through involvement of relevant experts;
- engagement of relevant stakeholders in order to ensure acceptance and support for the proposed M&R system;
- project steering by the Federal Environment Agency (UBA) in coordination with the BMU and with support by the ICI programme operating entity;
- support for the quality assurance through involvement of UBA-internal expertise on issues related to monitoring and reporting (such as CDM,

⁴ Hagemann et al, 2013.

⁵ This was included in the Terms of Reference for the research project: Umweltbundesamt, 2011.

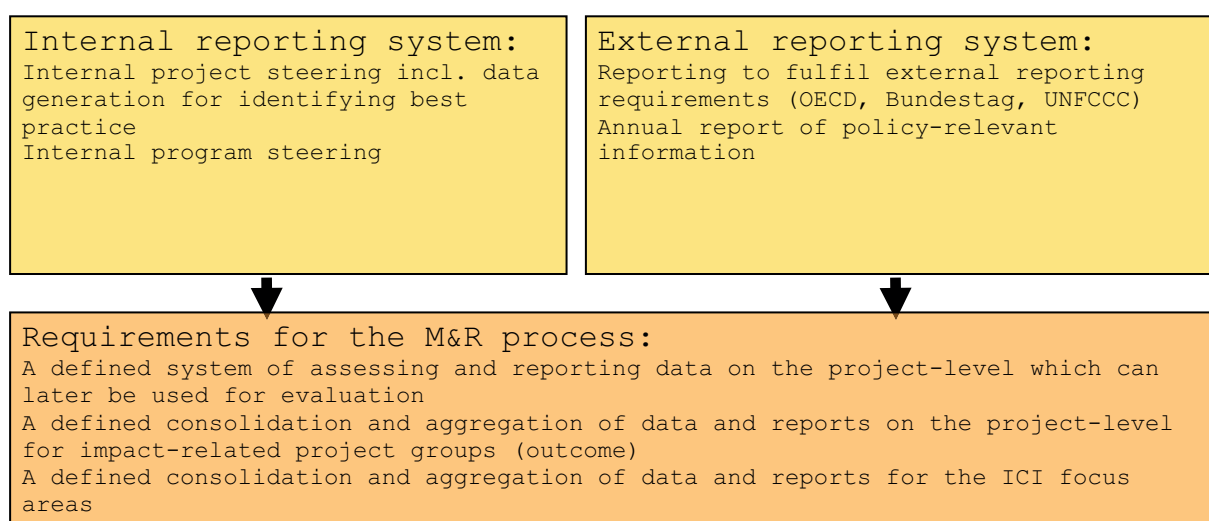
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national GHG inventories, national environmental reporting, reporting on the German adaptation strategy) (Project Steering Group, 2011).

The project started in July 2011 and ended in August 2013. It was conducted by a consortium of Germanwatch, Ecofys and Wuppertal Institute für Klima, Umwelt, Energie, with Germanwatch as project lead. The UBA prepared, commissioned and supervised the project.

The overall framework for the research task, which includes the key objectives in different areas, is shown in figure 1.

Figure 1: Key requirements defined for the research project



The project had four main deliverables, with intermediate deliverables on the way towards these large deliverables, in particular:

- Proposal for a monitoring and reporting exemplary manual „Project Guidance“ for the ICI to be used by project proponents;
- Proposal for a manual of procedures for the programme level;
- Proposal for a format of a politically relevant reporting scheme (annual report of the ICI);
- Development of two research papers related to MRV.

It was the intention to ensure the matching of the information needs for the intended political processes, the scientific quality and the applicability of the results. In addition to the research undertaken by the consortium, peer-reviewers and stakeholders were engaged in an intense consultation process, with participants of the peer review process being scientists, politicians and practitioners⁶. This consultation process included written comments by peer reviewers and two project workshops which presented and discussed preliminary results and which aimed at making the research process transparent. The two

⁶ See annex 3 for a list of peer reviewers.

workshop reports can be found in the Annexes 1 and 2. In light of significant attention to the criterion ‘practical applicability’, the research results were coordinated and views were exchanged with the ICI programme operating entity. Furthermore a test application phase was carried out where the developed proposals were applied by seven ongoing projects funded by the ICI and the results were processed with the help of the manual of procedures by the programme operating entity.

It is important to note that the project started with certain explicit limitations. The area of biodiversity, now also supported by the ICI, was not covered by the terms of reference of the project. Some linkages with the ongoing first evaluation of the ICI whose methodological manual has been published on the ICI webpage, were envisaged. However, designing an evaluation system was explicitly not part of the mandate, despite its close links to M&R. However for the future it is envisaged to link the M&R concept closer with evaluations. The issue of verification was within the scope of the terms of reference for this research project, but in the course of the project, the concretization of the M&R concept came more into the focus. Also, the M&R concept to be developed should be designed in a way that it could be connected to a more elaborated evaluation concept for the ICI. More technical and operational aspects such as the development of a database system were also beyond the scope of the research project.

Overall, it needs to be noted that the proposed M&R concept presented in this final project report, is the result of a research project. The proposal was developed in close connection with the praxis, involving several rounds of peer reviews. However, the final decision of whether or not or in how far the proposed concept will be applied for the ICI lies with the BMU. Such decision needs to consider aspects such as the potential costs and benefits as well as in how far this can be embedded in existing processes.

2.2 How to read the final report

The final report displays first the consortium’s assessment of the previous state of play of the ICI M&R (see section 3.1), the assessment of the potential usability of other M&R concept elements outside the ICI (see section 3.2) followed by a description of the proposed M&R concept (see section 3.3.3) as well as the main challenges encountered (see section 3.4). It ends with recommendations for a potential future implementation of the M&R concept (see section 2.5.3). The challenges encountered, and solutions proposed, can also provide valuable input for the overall discussions on MRV of international climate finance, since some of them might have broader relevance also outside of the ICI. The annexes contain the documentation of the workshops (annexes 1 and 2), the list of the participants of the peer review process (annex 3), the results from the assessment of M&R systems of other financial instruments (Annex 4) and the results from the analysis of other approaches taken in regard to co-benefits (Annex 5).

3 Monitoring and reporting system for the ICI

As described above, the main task of the research project was to develop an M&R system which would help to ensure that the projects are contributing to the overall objectives of the ICI and that the ICI could use the received information for fulfilling its external reporting requirements.

3.1 Previous state of play in the ICI

The initial task of the research project was the assessment of the current ICI approach to M&R. The analysis of the previous state of play of the ICI M&R approach was complemented by an in-depth analysis of how other climate finance instruments address comparable challenges. In addition ideas and approaches from the scientific literature were assessed regarding their suitability for the special situation of the ICI. These analyses resulted in a comprehensive interim report (B2)⁷ (see also sections 3.1 and 3. 2). The key aspects of the previous state of play of the ICI are summarised in the following, based on the assessment at the beginning of the project. However, according to the knowledge of the consortium, these have mostly remained valid until now.

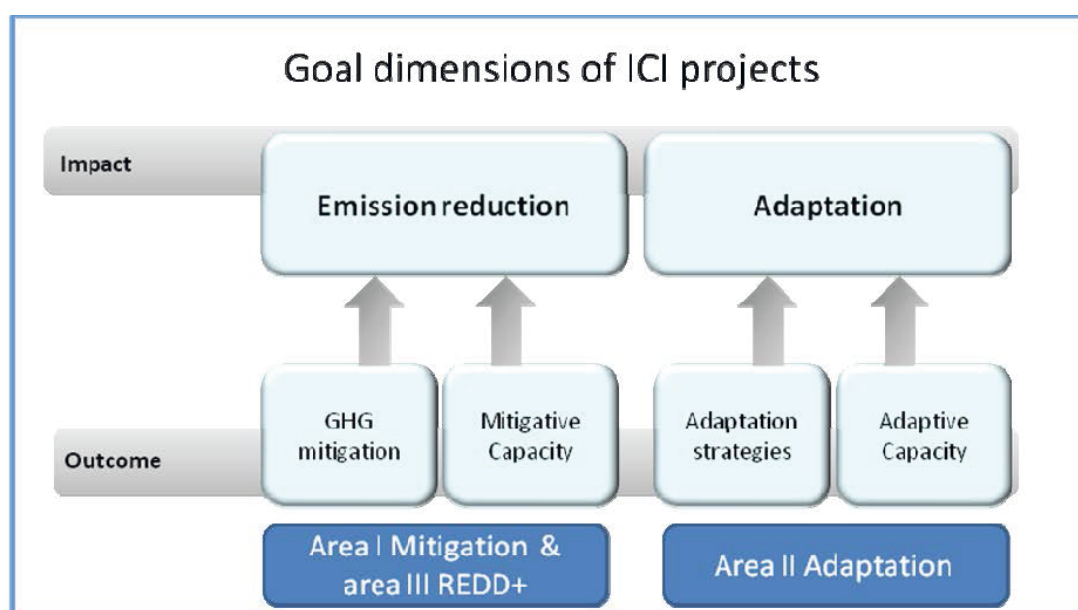
3.1.1 Result chain and thematic areas

Result chain

The ICI has been using the logical framework approach. This approach is based on a hierarchy of long and short term project objectives and the causalities and relationships between them. ICI projects should be designed according to this logic, developing a so called result chain (OECD approach, see figure 2). For defining a result chain, generally three different levels of climate effects are differentiated on the basis of the project causalities: *impact*, *outcome* and *output*.

⁷ Interim report B2, pages 19-39.

Figure 2: Overview of the initial thematic result chain of the ICI



Source: ICI, 2011a

Thematic areas

At the point of the project start, the ICI had three thematic areas (mitigation, adaptation, REDDplus), and was planning to include biodiversity as fourth thematic area in the future. Since biodiversity was not covered by the mandate of the research project, the consortium included placeholders for the fourth thematic area, but did not develop any M&R concept for this area.

The ICI clusters its projects on its website according to six regions as well as according to 13 themes (i.e. transport) (ICI, no date a). Each project has to adhere to at least one *goal dimension* on the *outcome* level as defined by the ICI and has to provide at least one indicator to measure the goal attainment. In general, indicators are not prescribed by the ICI, but have to be specified by the project proponent together with the corresponding result chain. Indicators should adhere to SMART criteria⁸. Also on the *output* level indicators have to be provided for legal reasons (examination according to the law regulating the provision of public grants ("Zuwendungsrecht")).

Co-benefits

Aside from these objectives, the ICI requires the identification of the project specific co-benefits in the project proposal as well as the reporting of these during the implementation of the project. Requirements are described in the document "Guidance 1" and mentioned in "Annex 3" (project monitoring and reporting table), however, these are very general and unspecific in the view of the consortium (ICI, 2011a; ICI, 2011b). Co-benefits are not included in the system of

⁸ Specific, measurable, accepted, realistic, time-bound.

goal dimensions. Other aspects of sustainable development, and the sustainability and durability of the ICI projects are covered only to a very limited extent.

3.1.2 Formal M&R requirements at project level

At the project level, the ICI is bound by certain formal requirements which determine the basic elements of the M&R by project proponents. The ICI functions according to the federal legal provisions related to the provision of grants ("Zuwendungsrecht"). This means that the resources provided by the ICI are connected to a certain purpose. The compliance with this purpose is central for the recipients of the funds, for instance in order to be protected from potential repayment claims.

As has been described in the second interim report⁹, the basis for funding of ICI projects are the administrative provisions in Articles 23, 44 of the German Federal Budget Code (BHO), Articles 48 to 49a of the Law On Administrative Proceedings (VwVfG), and collateral Clauses For Expenditure-based Grants (AnBest-P) and for Cost-Based Grants (AnBest-P-Kosten).

Articles 23 and 44 of the BHO stipulate that grants may only be given to third parties if there is a special interest and missing capacity within the governmental services. If grants are given out, the issuing authority may verify the use of the assets. This right may also be outsourced to private entities.

Articles 48 to 49a of the VwVfG regulate proceedings, if an official action (e.g. the issuing of a grant) has been found illegal. If the recipient has used the asset given to him in good faith, it may in general only be taken back if there is compensation by the authority. If the assets have not been used yet, they may in general be taken back.

AnBest-P and AnBest-P Costs outline the requirements for the use of funding received, and for reporting of the use of the assets. Recipients have to indicate if they receive additional funding, if the intended use of assets is no longer possible, if the funds cannot be consumed fast enough etc.. Furthermore, recipients have to report the use of funds within six months after the intended use has ended, or within four month after the end of the German fiscal year, if the funded project is still ongoing.¹⁰

These overall provisions therefore also apply to the ICI and provide an important framework for the reporting. This determines e.g. the reporting steps (annual interim reports, final report). This framework then needs to be fulfilled against the background of the specific funding instrument. The research project was tasked to develop a proposal which would be consistent with these procedures.

⁹ Interim report B2, page 30.

¹⁰ Interim report B2, page 30.

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Project proposal process

The project proposal process is split into two stages. At the first stage project proponents have to submit a short description of their intended project (“project concept”), according to the templates which are available on the ICI website when the call for proposals is open. If this has been approved by the BMU, the project proponent is requested to submit a formal application for support, for which a special project proposal form is provided. Only at this stage the project proponents receive the manual “Guidance 1” in order to prepare their proposal. The application form provided includes a spread sheet (Annex 3), which outlines project planning and monitoring provisions, based upon the result chain of the OECD. Applicants need to provide:

- basic data of the project (i.e. thematic focus, and project type);
- expected project *output* targets according to project proposal, and indicators;
- expected project *outcome* targets according to project proposal, and indicators (incl. baseline), in one or more thematic areas;
- expected long-term *impact* on mitigation and/or adaptation; and
- expected co-benefits of the project.

Interim report

ICI projects have to submit annual interim reports, at the latest four months after the end of a calendar year. These have to include

- project data, including funds planned and called in preceding years;
- list of main measures and results of the project, including direct and indirect greenhouse gas (GHG) reductions, if applicable;
- comparison of the current project status with plans as originally submitted or subsequently modified, incl. timeline, reasons for non-compliance, detailed budget use;
- change of framework conditions, including project risks, unintentional *impacts*, and
- outlook for the project, incl. possible (unavoidable) changes to the project indicators.

Monitoring data are only provided through the annual interim reports. There are no process-oriented monitoring requirements such as mandatory interim evaluations or progress monitoring of projects.¹¹ Indicators for monitoring are purely project-specific, almost no standard indicators are used (except to some extent for mitigation).

¹¹ However an evaluation was being conducted by the ICI at the same time of this project, in which 115 projects and the overall programme were independently evaluated (ICI, no date c).

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Final report

A final report of the project needs to be submitted within six months after the end of the project, consisting of a final status report and a financial report. The results monitoring report has to contain information on

- where possible: how the project has contributed to the ICI's support objectives;
- the major result of the project, any ancillary results, and all significant lessons learned;
- adherence to budget and timetable (with reasons for any divergence from the original project plan);
- sustainable results, including capacity development in the target region;
- duplicability of results, visibility and multiplier effects;
- innovative character of the project;
- integration into national strategies and international cooperation, as well as any synergies with other projects and sectors;
- ecological impact and optimisation, vulnerability of the target region for adaptation projects, CO₂ abatement potential for mitigation projects; and
- own contributions, third-party funding (ICI, no date b).

3.1.3 Monitoring and reporting requirements per thematic area at project level

The “Guidance 1” manual document (ICI, 2011a) contains different guidance for the M&R of the thematic areas.

Mitigation

The ICI result chain includes the mitigation related *outcomes* “GHG reduction” and “improved mitigative capacity”. Guidance provided by ICI focuses on these *outcomes* and does not include detailed M&R requirements for the *output* and *impact* level. GHG reduction has to be reported as a quantitative indicator, related to t CO_{2eq}. The ICI guidance document “Guidance 1” contains general provisions on measurement accuracy and data retention. Specific provisions on the determination of the baseline and project emissions for four project types (i.e. generation of power and heat from renewable energy sources) are included. ICI provides some guidance, but leaves considerable flexibility in the quantification of emission reductions. It might be the case that the uncertainty associated to quantified reductions varies and the resulting values are not necessarily comparable, especially where projects can not be allocated to one of the four project types for which indications for quantification are provided.

The concept of mitigative capacity remains vague and is not exclusive which requires project proponents to conduct a more detailed assessment.

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Adaptation

The ICI stated two *outcomes*: “Adaptive strategy” and “Adaptive capacity”. As additional methodological assistance, the following three parameters are emphasized as challenges:

- The drawing up of a baseline;
- the evidence of additionality; and
- the evidence of medium- and long-term effects.

Regarding the activities in the result chain, it is noticeable that the ICI does not give detailed instructions, such as more specific *outputs*, *outcomes* or indicators to be applied.

REDDplus

There are two main objectives for REDDplus projects: GHG emission reduction or increase of mitigative capacity (REDDplus readiness). REDDplus projects, which apply for financial support under the ICI with the aim of GHG emission reduction, have to prove that they were a) additional, b) had a good performance and c) that there was no leakage or non-permanence (ICI, 2011a). In order to prove their additionality they are expected to prepare two GHG emission scenarios, one including the project, the other one without the project (ICI, 2011a). Further, they are expected to establish a monitoring system (ICI, 2011a). While there are no clear descriptions on how to calculate the scenarios or the emissions under the monitoring systems, reference is being made to different standards for orientation. The same applies to guidance on performance. Regarding leakage and non-permanence, project applicants are again referred to different standards for orientation (e.g. Verified Carbon Standard (VCS)) (ICI, 2011a).

Projects aiming to increase REDDplus-readiness (ICI, 2011a) do not have to pursue prescribed indicators. Yet, suggestions are being provided on what REDDplus projects could take into account. Irrespective whether their focus is on mitigative capacity or GHG emission reduction, projects have to monitor potential co-benefits.

3.1.4 Reporting requirements at the programme level

External reporting requirements

Since large shares of ICI finance flows are also relevant for Official Development Assistance (ODA), these flows have to be reported in the German ODA Report. As a result the programme operating entity must report such information to the Federal Statistical Office (Statistisches Bundesamt Deutschland). The financial resources of the ICI are part of Germany’s official international climate finance. Therefore, the reporting guidelines, which generally apply to international climate finance (National Communications, Fast Start Finance, OECD), are also relevant to the ICI. In order to simplify the feeding-in of ICI information into the external reporting, it was perceived to be advisable for the ICI to gather similar data as a minimum requirement from the projects. Not formalised external

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reporting includes for example reports, partially addressing specific information requests, to the German Parliament which has the authority to decide on the budget allocation for the ICI.

Internal reporting requirements

An effective M&R system is also central for meeting the internal reporting requirements. In addition to the fulfilment of the above-mentioned formal reporting requirements by the budgetary provisions, there are other key purposes for contributing to an internal project/programme steering. This includes the generation of data for the identification of "best practice" projects and activities and the internal programme steering for the ICI as a whole (including through programme evaluations). Furthermore, the data generated are also being used to support external reporting beyond the formal requirements addressed earlier, as an important complement. These include for example

- information for the ICI website;
- public documents presenting ICI specific information such as brochures;
- ad-hoc responses to specific information needs of the BMU etc..

Fulfilling these internal requirements requires inter alia the following:

- Ensure quality of project monitoring and reporting,
- Establish functional quality and data/ information management processes and tools,
- Ensure consistent reporting of programme information.

In this regard, the programme operating entity had in the past and will have in the future a central role to play. The general tasks related to the implementation of the ICI's M&R at the programme level are:

- Assess and approve project specific information/reporting;
- Organise communication;
- Manage and process project specific information;
- Ensure (implement, control and document) quality of M&R for projects and regarding the programme;
- Report aggregated ICI programme information;
- Ensure M&R related knowledge management.

For this internal data management – which is a prerequisite for an efficient fulfilment of any reporting requirements – it is important to note that the tools of data processing play a central role for the data management of the ICI. Currently the data processing is under development.

Reporting of policy results

The ICI engagement regarding climate finance is an important part of the international climate policy of the German government. At the moment there is

no formal obligation to deliver a regular policy report (annual report) on the results of ongoing and completed ICI activities. And there is a need for more summarized information about ICI results at programme level on a regular basis (for example best practice examples). Furthermore, there is a growing need to support the UNFCCC negotiations for a global climate framework with practical examples of successful solutions for mitigation and adaptation measures.

Therefore, it was the task of the consortium to develop a proposal for a pilot annual report of the ICI which could serve the information needs of key target groups (on this, see section 5).

3.2 Examples of existing approaches outside of the ICI

As has been indicated above, besides the assessment of the previous approach taken by the ICI, the consortium also analysed M&R approaches of other funding instruments, which has been done in detail in interim report B2¹². This helped identifying the current state of the art as well as where the ICI could go beyond existing practices. The following funds or standards were analyzed:

Table 1 Funds and instruments considered for initial M&R framework

Mitigation	Adaptation	REDDplus	Co-benefits
ICI	ICI	ICI	Millennium Development Goals
Fifth replenishment period of the Global Environmental Facility	Least Developed Countries Fund /Special Climate Change Fund	Forest Investment Program	International Finance Corporation Standards
Clean Technology Funds	Adaptation Fund	Forest Carbon Partnership Facility	Climate, Community and Biodiversity Standards
Scaling Up Renewable Energy Program	Pilot Program for Climate Resilience	Amazon Fund	European Bank for Reconstruction and Development Standards
Clean Development Mechanism		Global Observation of Forest and Land Cover Dynamics	Social Carbon Methodology
Verified Carbon Standard		Verified Carbon Standards	Clean Development Mechanism (CDM) Gold Standard
		Climate, Community and Biodiversity Standards	Sustainable development criteria of CDM host countries

The funds were analysed in regard to whether or not they use a handbook/manual, a result chain, categories, indicators, co-benefits as well as how

¹² See interim report B2, pages 46 et seqq.

frequent their project reporting takes place. The detailed analysis of the M&R approaches taken by these funds can be found in annex 4.

Several lessons could be drawn from the assessments, including¹³:

- A more detailed result chain for the different thematic areas could be helpful for identifying the relevant connections between a project and the ICI objectives.
- It seemed to be a common approach also in other funding instruments to cluster projects into smaller groups – yet they were not always publicly available as they were only used internally or are still being developed. This practice was especially valuable for defining the *outcome categories* which are one helpful tool for allowing aggregation of the results of various similar projects (see below).
- All assessed funding instruments provide either a small set of standard/core indicators which have to be used by project proponents or provide a larger set of indicators of which a minimum number has to be used in combination with potentially additional project specific indicators. This provided helpful insights for the consortium's proposal on a mixture of standard indicators and project specific indicators (see below).
- Analysis of methodologies for generating data related to the proposed indicators: the assessment of suitable approaches outside the ICI also included the assessment of methods for data gathering used with regard to specific indicators. The results of these analyses were to some extent depending on the indicators. For instance with regard to greenhouse gas emission reductions, it became apparent that there is not one specific methodology used and prescribed by all instruments, but that reference is provided to key methodologies available. This is based on the recognition that different kinds of projects still have different parameters to take into account, but that it is most important that there is clear transparency on which methodologies are used by the project proponents. In the case of e.g. some adaptation indicators, it became apparent that different instruments are providing methodological guidance at varying degrees of detail. Indicators used differ, and so do the methodologies. However, the guidance provided in the proposed Indicator Guidance Sheets took, where appropriate, the information from other instruments into account to provide as much as adequate clear guidance.
- All analysed instruments put also a lot of weight on stakeholder involvement. Therefore it was one of the recommendations of the consortium to also include a stronger focus on stakeholder involvement than before, in order to follow other current practices.

¹³ See also: Extended recommendations for the interim report 2

In regard to co-benefits, the following other approaches were analyzed: the MDGs (Millennium Development Goals); the IFC Standards (International Finance Corporation), the CCB Standards (Climate, Community & Biodiversity Standards of the Climate, Community & Biodiversity Alliance (CCBA)); the EBRD Standard (European Bank for Reconstruction and Development); the Social Carbon Methodology; the CDM Gold Standard and the sustainable development criteria of CDM host countries (the results of this analysis can be found in annex 5).¹⁴

The terms of reference for the research project also referred to the consideration of material and concepts used in the environmental reporting. An example is the indicator concept for the German adaptation strategy (e.g. Schoenthaler et al., 2011). This example identified a very comprehensive set of at least 75 indicators in 13 sectors and two cross-cutting areas of the economy which could be used, some of them addressing very detailed aspects. Other concepts used in the adaptation debate include the division of adaptive capacity by different capital types, such as human, social, financial, physical or natural capital as a basis for identifying indicators (e.g. Gardner et al., 2010, related to adaptation in Australia). Also in the case of Australia the approach has been closely linked with national-level adaptation planning processes.

However, generally the concepts applied in the international funding instruments have to be regarded as more comparable with the ICI, since they both are project-based funding instruments which support time-bound projects with limited scope, size and actors involved. Also, they focus more on the benefits to humans in the specific context of developing countries, rather than on detailed monitoring for example of environmental trends which is often an important element in national adaptation strategies. This has obvious implications for the way that monitoring and reporting can be applied. It also limits the applicability of longer-term monitoring of certain changes, which may play a more important role in indicator concepts for environmental reporting and monitoring e.g. in the context of adaptation in Germany, where existing official systems observe developments over decades. This conclusion is also consistent with the findings of a more recent research on adaptation indicators, which summarised that no single best practice framework for identifying adaptation indicators exists and that the design and use of indicators is often driven by a clear purpose (see Horrocks et al., 2012).

Also, these funding instruments clearly take into account the development context on the recipient side and thereby focus on aspects that have been regarded as more suitable to the ICI. This explains why most, but not exclusive attention was given to the M&R concepts applied in the context of time-bound projects in developing countries.

¹⁴ See also interim report B2.

3.3 Development of the proposed M&R methodology (project level)

Relatively early in the process, the decision has been taken to develop two different kinds of manuals: on the one hand the manual “Project Guidance” and on the other hand the “manual of procedures”. The former shall be a guide for the project level, the latter for the programme level in regard to aspects such as processing information generated by the projects, in monitoring the project’s progress and in preparing the necessary reporting.

3.3.1 Process: general aspects of the manual “Project Guidance”

As initial conceptual considerations the elements which the consortium perceived as most important for an M&R concept were displayed with their respective functions and content (see interim report B1). This included elements such as templates for the project proposal and reporting, the manual „Project Guidance“ as well as a manual of procedures on the project and programme level, the methods of data processing, the annual report as well as the possibility for future adjustments of the monitoring concept. Furthermore, an important part of the initial assessment was the discussion about the result chain applied by the ICI, and its identified strengths and weaknesses.

As a second step, the M&R concepts of various funds and financial instruments as well as scientific background documents were, as described in section 3.2, closely examined in order to draw lessons for the ICI. The analysis took into account aspects such as their general approach to M&R or their approach to program reporting.¹⁵

Based on these results a framework document was developed which was sent to a broad range of peer reviewers for comments (for a list of peer reviewers, see annex 3). Building upon the peer reviewer’s comments, a first draft for the M&R manual „Project Guidance“ was developed. This in turn was sent to peer reviewers and discussed at a one-day workshop in May 2012 with a range of experts, on the occasion of the UNFCCC session in Bonn (see Annex 1 for the workshop report). Taking the comments of the workshop into account, a second version of the manual „Project Guidance“ was developed (September 2012).

As a next step, this version was tested in a test application with seven different projects for the manual „Project Guidance“ (September 2012 to February 2013). The test applicants were asked to comment on the one hand on the manual „Project Guidance“ and templates in general, i.e. whether they were easy to read, understandable, and whether they facilitated writing the project application. On the other hand they were asked to simulate an initial project proposal and an interim report, including filling out the M&R template.

Based upon this feedback, the manual „Project Guidance“ was revised (May 2013). The second workshop took place in June 2013 where the proposed M&R concept was presented. This was complemented by proposed elements of an annual ICI

¹⁵ The results of the analysis can be found in annex 4 and in the interim report B2, pages 46-104.

reporting, using the information that is supposed to be generated through the M&R concept. Further, remaining issues and challenges were discussed. As a final step, the manual „Project Guidance“ was finalized.

While this review and consultation process was very broad and hence time intensive, it has brought about many benefits. The intensive review process has helped to reflect relevant aspects for the different thematic areas and stakeholders as well as helped ensuring the quality of the proposed manual „Project Guidance“. It also brought to the forefront that many of the challenges identified by the research consortium are also being faced by the climate community as a whole, including in other financial instruments. Further the transparency through the workshops as well as the review rounds was perceived well by the different stakeholders. According to stakeholder comments it could be expected that the transparent development of the scientific proposal will support the acceptance and credibility of future ICI reporting.

3.3.2 Link to the research project on ICI evaluation and the research project on biodiversity criteria

In parallel to the present project, there were two further projects being conducted which are closely connected to the present project.

On the one hand, a first independent evaluation of the ICI projects and programme was commissioned by BMU in 2010. It was conducted by GFA Consulting Group, Hamburg. The evaluation comprised 115 projects of the early phase of ICI project financing (projects commissioned in the years 2008 and 2009) and the performance of the programme in general (ICI, no date c). The basic challenge was that the evaluation project had to face the lack of data due to a missing consistent monitoring and reporting framework in the previous work of the ICI. Hence, GFA had to develop an own evaluation concept using the data available. The evaluation method can be found on the ICI website (GFA Invest/GFA Consulting Group, 2011). The research consortium attended an internal workshop where GFA presented preliminary findings of its evaluation, with the aim to consider these findings for the proposed future M&R concept. Furthermore some exchange on the consortium's monitoring approach and its suitability from an evaluation perspective took place through personal communication. Looking at the general framework of the proposed M&R concept, it was observed that the evaluation project carried out by GFA came to some similar conclusions. An important early conclusion which was taken into account by the research consortium was the fact that the lack of an M&R concept, e.g. providing clearer guidance for the use of specific indicators, made it much more difficult to evaluate the many projects from a programmatic perspective with regard to the results they achieved. This contributed to the consortium's proposal of identifying a set of standard indicators which could provide a better basis for aggregating results. It was possible to cluster ICI projects by their thematic categories or project types already in the first phase of the ICI, as applied in the evaluation (see GFA, 2011). However, this provided less insights on the *outcomes* that these projects were pursuing, which are more relevant from a results

perspective than such a categorisation. The choice for more systematic *outcome categories* was partially also motivated on the basis of the evaluation approach.

On the other hand, the German Federal Agency for Nature Conservation (Bundesamt für Naturschutz, BfN) commissioned a research project on “Options for integrating biodiversity criteria into ICI projects in forests and wetlands” as the consideration of biodiversity in ICI’s funding and evaluation guidelines is not systematic (2011 – 12/2013). Therefore, the project is carried out by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and BirdLife International with a view to incorporating biodiversity conservation criteria into the funding and evaluation guidelines of ICI projects targeting forests and wetlands, as well as improving the integration of biodiversity issues in climate change mitigation and adaptation projects in general. Although the ICI focus area “biodiversity” was not part of the consortium’s research, it was considered necessary to integrate biodiversity aspects as far as possible and clarify their relation to the other aspects of sustainable development. The agreed approach was to cover biodiversity aspects under the co-benefits/co-costs section of ICI funding areas mitigation, adaptation and REDDplus. For that purpose, the consortium participated in two workshops of the BfN project and initiated a close cooperation with UNEP-WCMC on how to integrate biodiversity criteria. As a result, biodiversity aspects were strengthened in the safeguard and co-benefits/co-cost sections of the proposed manual „Project Guidance“. In the safeguards section, for instance, the wording of individual safeguard principles was modified and additional safeguard guiding questions were added to provide greater guidance and assist projects in fully considering and complying with safeguards. Similarly, in the co-benefits/co-costs section terms were specified and additional criteria for the consideration of co-benefits/co-costs were included. Furthermore, examples were included to illustrate to project proponents how an indication of co-benefits or co-costs that are relevant for their project could look like. The terminology was discussed and agreed with UNEP-WCMC.

For a more formal involvement, representatives of each of the projects attended the other projects’ regular working groups to participate in discussions of results and in order to ensure that the results of each project could be considered in the other projects. This can hence be built upon, when the thematic area of “biodiversity” shall be included in a future M&R concept.

3.3.3 Content: general aspects for both manuals

The following sections describe the proposed M&R system. However, the final decision of whether or not or in how far the proposed concept will be applied for the ICI lies with the BMU. Such decision needs to consider aspects such as the potential costs and benefits as well as in how far this can be embedded in existing processes.

General

A key task of the research project was the development of manuals which would guide the implementation of the proposed M&R concept, in consistency with the templates for project development and reporting used by the ICI. Early on it was

decided that there was the need for two distinct manuals, one for the project level (manual “Project Guidance”) to guide project proponents in their project development – as the initial step of a monitoring and reporting – and the monitoring and reporting during project implementation. The second manual (manual of procedures) would be a process-oriented, internal manual for the programme level which would describe how the project information and data generated by the M&R concept was to be conducted, reviewed, documented, processed and reported with a view to serving the different reporting requirements of the ICI.

In the course of the project it became also clear that one challenge for developing these kinds of manuals was to find a way to serve different needs and to balance different aspects: for providing sufficient information for guiding project proponents, for generating a basis for aggregating information on the programme level (see below) etc. and for keeping the internal project/programme review processes manageable and efficient.

The manual of procedures was primarily developed in exchange and cooperation with the programme operating entity. The design of the manual „Project Guidance“ benefited significantly from the intense peer-review process with experts and stakeholders. Here, the above mentioned balance had to explicitly ensure that the approach remains flexible in order not to restrict project proponents too much. Since the ICI aims to support innovative projects, a too restrictive M&R approach could hinder the application of such innovative projects, since the project proponents might feel that their project does not fit into the strict M&R approach. However, the ability of the ICI to also fund innovative projects and hence to test new approaches is appreciated by several stakeholders. Therefore in many cases, no definite methodology was prescribed, but suggestions of how to proceed and potential methodologies to be used were provided. In order to nevertheless allow for transparency of methodologies used and hence potential limits of aggregation, project proponents were asked to describe and document in their M&R template which methodology, definition, baseline, calculation, etc. has been used. Furthermore, in order to ensure a certain degree of consistency, a glossary is introduced in the manual “Project Guidance” which builds upon the previous glossary but is expanded to cover further relevant terms.

Furthermore, it needed to be taken into account that the key target audience, the project proponents, have varying capacities. Some may already have a lot of experience in e.g. using result chains, others less. Some may have a lot of knowledge about mitigation, others about adaptation. That means that the objective of a comprehensive manual „Project Guidance“ had to be combined with a good comprehensibility and accessibility, so that more experienced users can identify the information they really need very fast.

The very broad development process described above had the intent to include views from many different relevant stakeholder groups, i.e. project proponents, project implementers and scientific experts. Yet, this also constituted another challenge, since each stakeholder group has different views and needs and hence required a balance between the desired extent and quality of information, the degree of scientific soundness and user friendliness.

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Table 2 provides an overview of the key elements of the consortium's proposal for the M&R concept, and how they relate to the current ICI practice. It also shows that the consortium's proposal strongly builds on existing practice, which should facilitate the application by means of the project proponents existing experiences with the current approach, but adds new elements.

Table 2: Overview of key elements in the current ICI approach and the research consortium's proposal

Current ICI approach	Consortium's proposal
OECD result chain (<i>impact, outcome, output</i>)	Applied, with additional pre-defined <i>outcome categories</i>
General guidance to describe the project intervention logic (incl. the result chain)	Structured, 5-step guidance for describing the project intervention for all thematic areas (5-step approach)
Requirements to provide indicators per <i>output</i> and <i>outcome</i>	Applied
Annual reporting on project progress, incl. monitoring of indicators	Applied
No guidance on the use of specific indicators	Definition of a set of standard indicators, deviation where not applicable, Indicator Guidance Sheets
Standard reporting templates	Applied, but more elaborated
Aggregation of financial flows towards activities, regions	Aggregation of funding per <i>outcome category</i> , region and of results
Sustainable development aspects (co-benefits, safeguards risks, stakeholders) hardly captured	More detailed reporting based on the decision to adopt a safeguard policy for the ICI and comprehensive guidance provided on how to implement this safeguard strategy. Differentiation of M&R requirements according to risks associated with projects. Stronger integration of biodiversity aspects.

Eventually, the manual „Project Guidance“ was composed of different documents:

- General documents relevant for all thematic areas;
- Documents per thematic area (mitigation, adaptation, REDDplus);
- Documents targeting specific aspects of sustainable development (such as co-benefits, stakeholder consultation, risk management and safeguards) applicable to all thematic areas;
- Indicator Guidance Sheets (for capacity improvement relevant to all thematic areas, for mitigation, adaptation and for REDDplus).

Theory of change

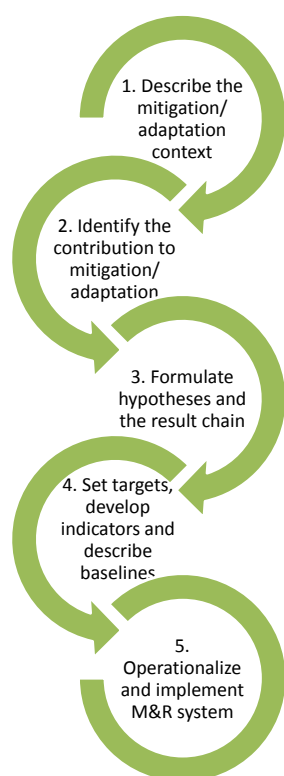
The ICI aims to contribute through its funding to longer-term changes in the recipient countries. Therefore, every project also needs to be based on a certain "theory of change" which puts the proposed project objectives into the specific target country/region context. Based on the initial assessment, the consortium also realised a lack of a more structured guidance to project proponents to develop their theory of change. Therefore, the consortium developed the so-called “5-step

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approach” and the respective guidance which is applied across all thematic areas in the respective templates (see figure 3). This evolved from continuous discussions on the basis of the analyses undertaken (such as with regard to other funding instruments, see above), elements applied in the ICI reporting, and additional literature analysis (in particular WRI/GIZ, 2011 and literature on transformational change (Hekkert et al., 2011)). The additional guidance developed to apply this concept also takes into account differences in the areas of mitigation, adaptation, and REDDplus.

The 5-step approach thereby requests from the project proponent to take account of the particular situation in the country to ensure that the intervention (s)he will undertake addresses relevant barriers in the country context. Furthermore it requests from the project proponent to specify where exactly the planned intervention will make a change and request from the project proponent to set up a monitoring system to support this. This allows to take account of the systemic nature of transformational change that has been pointed to by scientific scholars repeatedly (e.g. Geels, 2002).

Figure 3: The five-step approach proposed by the consortium to be used by project proponents to elaborate the project proposal



Conducting this “5-step approach” already during the project proposal stage, has the potential of enhancing project proposals, since the proposals need to include already many detailed aspects (national context, indicators, baselines, etc.). Furthermore project proposals can also be enhanced through taking into account the sustainable development aspects (co-benefits, co-costs, stakeholder involvement etc.) included in the proposed M&R concept. Hence, the implementation of the proposed M&R concept can already have great benefits for the design of the project proposals.

Result chain

From the beginning it was clear that a future M&R concept would continue using a result chain as has been done before in the ICI (see section on previous state of play of the ICI). An important basis for the further conceptualisation of the M&R concept, including with regard to indicators, was the initial analysis of the existing ICI approach and the challenges identified, which was conducted in the interim report B2 (see table 3). Here the consortium assessed the current practice of the ICI against a number of questions in regard to the result chain, identified potential problems as well as potential for improvement. The suggestions for improvement took partially experiences from other funds into account (see also section 3.2).

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Table 3: Potential problems regarding the ICI result chain

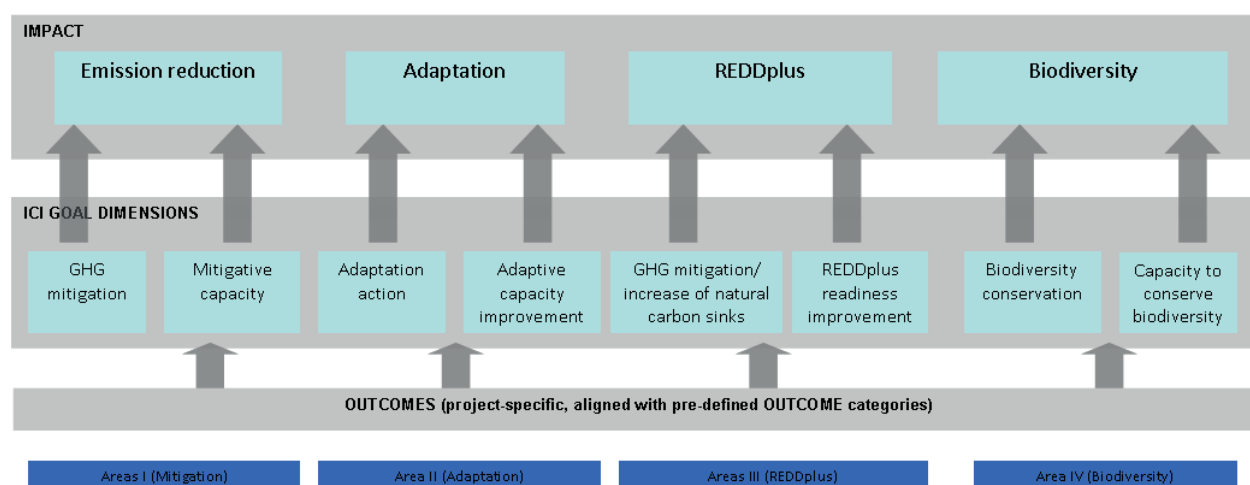
Question	Current situation	Potential problems with current situation	Potential for improvement
Is the result chain detailed enough?	The result chain consists of three levels; <i>output</i> , <i>outcome</i> and <i>impact</i> .	The assessment is not detailed enough to ensure for objective attainment by the project management.	Complementation of levels and objectives to the result chain allows for better understanding of the results between objectives.
Should there be a more explicit link between the result chain and results indicators?	It is left to the project applicant to create a link between the result chain and indicators. Both are defined by the project applicant.	The link between indicators and the result chain might not be correct or too loose. Indicators would then not be appropriate for results management of the project.	Provide further guidance on how to assess the result chain and on how to develop suitable indicators for the result chain. Add detailed examples, including information on how not to do it. The research consortium sees three main options for the development of indicators: 1) <i>Output</i> level: indicator is related to tangible project results 2) Indicators are calculated based on a known/pre-defined result chain 3) Indicators are developed by the project management based on a project specific result chain. Ideally a process is drafted supporting the project management in this.
Should there be a set of predefined indicators?	Currently indicators are defined by project applicants; for particular mitigation project specific data sets have to be submitted, so that ICI can calculate the "GHG emission reductions".	Indicators might not be comparable, thus not allowing for aggregation.	Provision of a small set of predefined indicators – either mandatory or as a menu from which to choose – for each project area, (e.g. t CO ₂ -eq emission reductions for mitigation); leaving flexibility to use additional project-specific indicators.
Should the use of indicators be required for all objectives in the result chain?	Indicators are currently required for the <i>output</i> and <i>outcome</i> level of the result chain. Information on the <i>impact</i> level has to be reported, but information can be descriptive.	Results management at the <i>impact</i> level is not possible, results are difficult to compare between projects.	Define also indicators for other levels (e.g. <i>impacts</i>).
Should there be specific reporting requirements for categories/clusters of projects (e.g. Renewable Energy project or Energy Efficiency projects)?	Specific reporting requirement exist for certain cluster (e.g. Mitigation).	Similar projects might report completely differently hampering the comparison.	Provision of specific cluster guidelines for clusters addressing the core objectives of ICI.
Should there be a clear link between indicators and means for verification?	Currently project applicants have to state appropriate sources for the indicators chosen.	Same indicator might be measured completely different causing a problem with comparability.	Prescribe a specific set of data sources and methodologies.
Should co-benefits be included in the result chain	Currently co-benefits must be reported at project proposal and project reporting level. Information can be descriptive	Projects that address ICI <i>goal dimension</i> might result in undesired side effects. At the moment, no procedure exists to prevent from that.	Integration of co-benefits in result chain.

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Source: adapted from Interim report B2

While not all aspects of this interim analysis were eventually converted into specific changes in the M&R concept, one important consequence of the analysis presented in table 3 was to complement the general result chain with pre-defined *outcome categories*, which provide the possibility of clustering projects under specific generic *outcomes*. This also reflected discussions of the approach in some international funding instruments to consider specific result areas (see section 3.2). For detailed information regarding the determination of the *outcome-categories* see section 3.4). Project proponents are asked to develop their own, project-specific *outcomes*, but to show that they fit to the pre-defined *outcome categories* and thereby are consistent with the objectives of the ICI. The role of these *outcome categories* in the general result chain is illustrated in figure 4.

Figure 4: Overarching elements of the ICI specific result chain



In particular due to the definition of the *outcome categories*, specific result chains per thematic area were developed. These should better capture key aspects related to mitigation, adaptation and REDDplus (see figures 5, 6, 7). These aim to provide on the one hand a better guidance for project proponents, and on the other hand should facilitate aggregation of results and information on the programme level beyond a single project. Furthermore, the *outcome categories* constitute the basis for monitoring such long term project results which can actually be achieved during the project duration.¹⁶ The *outcome categories* also guide the definition of standard indicators (see below, in particular table 4) and thereby facilitate aggregation of results and activities beyond one project.

The introduction of the different layers in the result chain enables the ICI to report on the results it has achieved on the programme level and not only for each project individually. Furthermore, by doing so it can go beyond reporting only on financial flows but the results achieved therewith.

¹⁶ See Hagemann et al., 2013.

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Overall, this hierarchical order of *impacts*, *goal dimensions*, *outcome categories* and *outputs* enables project proponents to easier place their project in the overall structure of the ICI and to align it better with the ICI objectives. And finally it helps them to identify the standard indicators which are relevant for their project.

The consortium continued with the practice established through the formal requirement that for each *output* one indicator has to be provided by the project proponent (which was the case in the ICI already before). In line with the concept of the result chain, these of course have to show a clear logical connection to the envisaged *outcome*. Multiple *outputs* can lead to the same envisaged *outcome*, but the "right" choice of the *output* very much depends on the specific project context. Thus it was not regarded as practical and advisable to develop standardized *outputs* and *output* indicators. Nevertheless they can also contribute to the reporting of results achieved, however, the level of *outcomes* was given higher attention. For each thematic area the manual "Project Guidance" provides examples of *outputs* for illustrative reasons.

Indicators

For each *outcome* and *output* pursued, indicators have to be provided as an essential element of monitoring and measuring project progress (as has been the case before). In the case of the *outcomes*, the research consortium defined a set of standard indicators oriented towards the *outcome categories*.

Using standardized indicators can have clear benefits: first, they may facilitate comparisons of the effectiveness of different projects and allow for easy aggregation of the overall results achieved in a given area. Secondly, they can serve as a guide to the project proponent for choosing appropriate indicators and can facilitate documenting a project's contribution to an overarching programme-level goal. However, applying standard indicators only, may lead to inadvertently steering project monitoring and reporting in a direction that does not sufficiently reflect the multiple objectives and the range of potential projects. An ideal approach would allow one to both adequately monitor and report on single interventions using project-specific indicators as well as facilitate aggregation of project results for a specific area. The research consortium therefore tested options for a combined approach, including both standard indicators and project-specific indicators. The research consortium came to the conclusion that a semi-flexible approach including standardized indicators would be most useful. Therefore, a set of standard indicators is provided for the different areas that reflect parameters important and applicable for many projects. Where applicable, standard indicators should be used. However, project proponents may also use their own indicators instead if they provide a clear explanation. Proponents are also encouraged to steer their projects towards these standard indicators if they are regarded as adequate to address the key objectives of their project. Over time, the proposed set of standardized indicators could also be amended. For example, the ICI may find that some new indicators consistently apply, and should also become standard indicators.

Table 4 provides an overview of *outcome categories* and the standard indicators chosen. More details on the reasons for the specific indicators can be found in the

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thematic chapters and in table 9. Key criteria which guided the choice of the indicators were:

- The indicator fits to the *outcome categories* (relevance)
- The indicator provides useful expressions of benefits which can also be understood by a broader target audience (understandability)
- The indicator can be aggregated
- The indicator is useful with regard to indicating positive changes (connectivity to cause-effect/result-relationship)
- The indicator is being addressed by a broader expert or practitioner's community (data availability and relevance)

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Table 4: *Outcome categories* and standard indicators proposed for the M&R system

ICI goal dimension	ICI-Outcome-Category	Standard indicator for <i>outcomes</i> (and respective Indicator Guidance Sheet contained in the "Project Guidance")
Mitigation: Emission reduction	Emission reduction	GHG emission reduced in t CO ₂ eq (IGS-M1)
Adaptation: Adaptation Action	Increased resilience of people and assets from specific climate risks	No. of resilience-relevant physical assets improved to withstand climate change and variability-induced stress (IGS-A1) No. of beneficiaries whose resilience has been increased (IGS-A2)
	Enhanced contribution of ecosystems to climate adaptation of human systems	Area (ha) of restored natural habitat (IGS-A3) km of coastline protected (IGS-A3)
REDDplus: GHG mitigation and enhanced natural carbon sinks	All	Reduction of drivers XY in project area during project period (IGS-R1)
	Reduced emissions from deforestation	Emissions reduced in project period in project area (IGS-R2) Change in area deforested in project area (IGS-R3)
	Reduced emissions from forest degradation	Area of forest degradation avoided in project area (IGS-R4)
	Reduced emissions from forest degradation	CO ₂ eq sequestered in project area through natural regeneration, rehabilitation and/or restoration activities relative to forest reference level (IGS-R5)
	Enhanced (forest) carbon stocks Promoted conservation of (forest) carbon stocks	Positive changes in carbon stocks in forests under management (IGS-R6)
	Sustainable management of forests/ sustainable forest management	Establishment of new protected forest area during project period (IGS-R7)
Mitigative/Adaptive Capacity/REDD Readiness improvement	Behavioural changes through improved capacity to understand and address climate change	- No. of people which have undertaken behavioural changes on the basis of the improved capacity - No. of cases where the improved capacity has resulted in behavioural changes of the target group - No. of cases where the targeted behavioural change has been achieved to at least a moderate extent (IGS-G1)

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Improved decision-making through enhanced information management and guidance

- No. of new or improved emission monitoring systems applied for decision-making
- No. of methodological tools applied for decision-making to address climate change impacts
- No. of areal management plans taking into account climate change aspects (mitigation and/or adaptation) applied for decision-making
- No. of cases where the improved information management or guidance is applied for decision-making (IGS-G2)

Improved coordinated decision-making and knowledge exchange through enhanced institutional structures

- No. of new or improved networks which have led to more coordinated decision-making processes
- No. of new or improved inter-ministerial coordination structures which have led to more coordinated decision-making processes
- No. of new or improved knowledge exchange platforms which have led to more coordinated decision-making processes
- No. of other cases where the improved structures have led to improved knowledge exchange (IGS-G3)

Increased action on climate change through improved policy and finance frameworks

- No. of new policy frameworks accepted or implemented which aim to address climate change
- No. of new finance frameworks accepted or implemented which aim to address climate change
- No. of existing policy frameworks improved in order to address climate change
- No. of existing finance frameworks improved in order to address climate change (IGS-G4)

The choice of indicators by the consortium has been based on the review of relevant literature, the approaches applied and experience gained in other funding instruments, discussion with peer-reviewers and experts including from the project steering group, and within the consortium, and the experience in the test application. In some areas, in particular in the area of capacity development, the indicators were refined throughout the research project (for more details see section 3.4).

In order to describe the indicators as clearly as possible, so called Indicator Guidance Sheets (IGS) were developed for each indicator – a practice already being conducted for the Adaptation Fund, for example, and in preparation in other instruments as well. The IGS were developed according to the structure contained in table 5. The elements contained in each IGS, reflect on the one hand those elements necessary for making an indicator SMART and on the other hand such elements the consortium perceived as necessary for a sound monitoring. During the development of the indicators, the consortium realized that the structure of the sheets might need to differ between those for the *outcome categories* related to capacity improvement and on the other hand those relevant only for one thematic area (since for instance the proposed data collection method (interviews) for capacity improvement projects was closely related to the methodology for measurement). However the elements itself remain the same. Each IGS contains a fully elaborated example, inter alia since this was highlighted as useful by reviewers.

Table 5: Structure of the Indicator Guidance Sheets

IGS capacity improvement	IGS thematic areas (M, A, R)
Funding area	Focus area
<i>Goal dimension</i>	<i>Goal dimension and outcome-category</i>
Typical project activities (examples)	
Standard indicators and measuring unit	
Timeframe and project area	Timeframe and project area
	Indicator and measuring unit
Describing the qualitative aspects of your standard indicator	
Reasons for measuring	Reasons for measuring
Data sources, data collection and methodology for measuring	
Target	Target
Establishing a baseline	Establishing a baseline
	Data sources and data collection
	Methodology for measuring

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Frequency of measuring	Frequency of measuring
Person responsible	Person responsible
Quality assurance	Quality assurance
Means of verification	Means of verification
Analysis and data use	Analysis and data use
Contribution to knowledge management of the ICI	Contribution to knowledge management of the ICI
Example	Example

Special difficulties occurred in regard to the indicators for capacity improvement, for mitigative capacity /REDDplus readiness or adaptive capacity likewise (see below). Most comments from peer reviewers regarding the indicators were targeted towards these indicators and not to those addressing emission reduction/REDDplus or adaptation. For capacity improvement it was decided to use the same indicators for all thematic areas, since here activities are in general very similar.

Aggregation

As outlined initially, one of the aims of the proposed M&R concept is to allow for aggregation of the various project data and results. On the one hand this should facilitate conducting a statistical analysis on the use of the financial resources for internal and external reporting obligations. On the other hand, it was the intention to allow for better analysing the results of the various ICI projects. In order to enable such aggregation, so called standard indicators were, as indicated above, developed per *outcome category*. These form the basis for aggregation.

Aggregation has to happen in the context of a difficult balance to strike. The more general the indicator is formulated, the more results from various projects can be aggregated. On the other hand, the more general it is, the less detailed are the conclusions and the information that is aggregated. This also means that for the aggregation a specific level of information is important, which, however, does not mean that the more detailed information available for specific projects could not be used. This is illustrated in table 6 **Fehler! Verweisquelle konnte nicht gefunden werden.** which shows how information on results from different projects can be aggregated to a higher level of information.

Table 6: Example of aggregated results and more specific results using proposed standard indicators in the area of adaptation

Aggregated results for selected standard indicators	Results in specific projects covered by the aggregation (fictitious examples)
Goal dimension Adaptation Action	
150 resilience-relevant physical assets improved to withstand climate change and variability-induced stress	<ul style="list-style-type: none"> - resilience of 90 food storage buildings improved in flood-prone areas in x projects in countries x,y,z - resilience of 60 schools improved in storm and flood-prone areas in x projects in x

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	countries
45,000 beneficiaries whose resilience has been increased	<ul style="list-style-type: none"> - 30,000 beneficiaries with increase livelihood resilience strengthened through building of flood shelters in x projects in countries x,y,z - 15,000 beneficiaries whose food security resilience has been increased through more drought-resistant crops in x projects in Kenya, Tanzania and Cameroon
200 ha of area of restored habitat	<ul style="list-style-type: none"> - 50 ha of mangrove forests restored in climate-resilient manner in Thailand and Vietnam, Pacific Islands - 150 ha of forests restored in x projects in countries x,y,z
250 km of coastline protected	<ul style="list-style-type: none"> - 170 km of coastline with increased protection through mangrove restoration in x projects in country x,y,z - 80 km of coastline protected through restoration of natural dykes in x projects in country x,y,z

Thus it is important to use the aggregation in the context of a specific purpose. For example for the purpose of a regular reporting of the ICI as a whole, it is important to be able to aggregate results, because such a reporting can not go into the details of every project, even if it could include for instance good practice examples.

The IGS referred to before shall ensure that the indicators are interpreted and used in a manner so that the results are comparable across projects. While there remains the need to specifically look at the information provided by the projects on their indicators, the use of standard indicators also facilitates an automatisisation of result aggregation. Furthermore, aggregated results do not always allow insights into the quality of the measure. For instance, when measuring only the change in area deforested in the project area, this does not yet say anything about the biodiversity within the respective area.

As examples for regular reporting, in their recent annual reports the Adaptation Fund and the Least Developed Countries Fund have started to report on results through aggregating information from several projects (LDCF, 2013; AF, 2012). In the view of the consortium such reporting clearly increases the ability to understand what a programme is achieving in results beyond single projects. However, there is still limited practical experience with aggregating results from several climate projects, since most of the projects in the climate funds are still under implementation. The Adaptation Fund also provides guidance to project applicants through specific guidance for each core indicator (whose functions are comparable with the standard indicators proposed by the consortium).

The consortium furthermore provided guidance in the manual of procedures on the process for aggregating results and other information across projects (see section 4).

3.3.4 Test application on project and programme level

As indicated above, a test application has been conducted at the project level as well as at the programme level. On the project level, seven projects were selected

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through a consultation process between the consortium, BMU, UBA and the programme operating entity, taking into account their thematic focus, region and the type of project implementers in order to get comments from a diverse set of projects. The following projects took part in the test application:

Table 7: Projects participating in the test application of the manual „Project Guidance“

Project title	Country	Thematic area	Project implementer
Promoting Low Carbon Transport in India	India	Mitigation	UNEP
Analytical Support for the creation and operation of the Registry for recording NAMAs and facilitating matching of support	Global	Mitigation	Ecofys
Marine and coastal biodiversity of Costa Rica – capacity-building and climate change adaptation	Costa Rica	Adaptation	GIZ
Creation of a network to support the Adaptation Fund under the Kyoto Protocol through capacity-building in civil society	Global	Adaptation	Germanwatch
Assessing and Capitalizing on the Potential to Enhance Forest Carbon Sinks through Forests Landscape Restoration while Benefiting Biodiversity	Mexico, Ghana, Global	REDDplus	IUCN
Protecting Forest for the Benefit of Climate, People and Nature in Paraguay – a Multi-Level Approach	Paraguay	REDDplus	WWF
Preventing deforestation, forest degradation and leakage to preserve carbon sinks and biological diversity	Vietnam	REDDplus	KfW, WWF

The test application on the programme level took place in April 2013.

The key objective of the test application on both levels was to generate insights on the applicability of the proposed approach, including with regard to the data that emerged from applying the different indicators. It was seen to be one important input, amongst others, to develop the M&R concept.

The test application on the project level consisted of three main tasks the test applicants were expected to conduct and to report on their experience along some guiding questions (see table 8).

Table 8: Key tasks in the project-level test application and guiding questions

Tasks in test application	Guiding questions
1) Examining the proposed manual thoroughly	<p>Is the guidance easy to read and understand?</p> <p>Are the cross-references in the guidance helpful?</p> <p>Do the examples in the guidance facilitate understanding?</p> <p>Did the guidance facilitate writing the project application?</p> <p>Do you consider it appropriate to fulfil these monitoring requirements already during application phase or would you prefer them at a later stage?</p> <p>Do you consider the proposed methodologies and guidance (e.g. for standard indicators) as appropriate and useful/practical?</p>

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2) Simulation of filling in the templates for the full project proposal	<p>Are the templates easy to read and understand?</p> <p>Did the guidance facilitate writing the project application/filling in the templates? (Please indicate which sections were helpful and which ones need further improvement)</p> <p>Which questions arose and which problems did you encounter when filling in the templates?</p> <p>How much time did you need for filling in the templates?</p> <p>Do you have suggestions for improvements of the templates?</p>
3) Simulation of an initial monitoring and reporting	<p>Are the templates (template 3, interim report, final report) easy to read and understand?</p> <p>Did the guidance facilitate writing the annual report?</p> <p>Did the IFS facilitate the monitoring and reporting?</p> <p>Which questions arose and which problems did you encounter when filling in the templates?</p> <p>Do you consider the proposed methodologies as appropriate and pragmatic?</p> <p>How much time did you need for filling in the template 3 resp. writing the interim report resp. final report?</p> <p>What do you assume are the costs for fulfilling these monitoring and reporting requirements?</p> <p>Do you have suggestions for improvements of the reporting templates (3, 4 and 5)?</p>

For the test application on the programme level, the programme operating entity was asked to process the information from the project implementer's test application, through applying the manual of procedures, and to examine the usage of this information.

While the test application indeed generated important information and helpful advice to further refine the concept and the guiding documents (see the workshop summary in Annex 2) the small number of projects could not give sufficient data for testing whether aggregation can actually be conducted at the programme level. In addition it was also not visible whether the guidance on indicators was good enough to assist the project proponents in specifying the standard indicators for their individual projects. This constituted one of the main limitations of the test application on the programme level. In addition it became evident that testing the application within ongoing projects contains some difficulties. For example because it was partially difficult to apply the proposed standard indicators to these projects which already had identified their guiding parameters. This also then limited the possibility to generate meaningful data for the procedures to be tested in the programme operating entity.

Two main procedural lessons could be drawn from the test application. Advanced systems for data management might help project proponents in their monitoring and reporting and help at the programme level to conduct the aggregation at the end. This starts with the question whether to use different documents for providing the relevant information or whether to look for one encompassing approach (e.g. using one excel form for the whole M&R). Using different documents raises the need to ensure consistency between the different documents when filling them out and also to avoid overlaps as far as possible. The test application did not result in a specific recommendation here, but underlined the need for an advanced data management system.

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Further, if it should be decided that the proposed M&R concept shall be applied in the future in this form or in an adjusted form, interim solutions need to be found for applying the system gradually, including for aggregating data from ongoing projects which started prior to the development of a more comprehensive M&R concept. This would then also become relevant for programme reporting in the regular reporting format (e. g. the annual report). This became evident through the test application since the application of the proposed system was difficult for the test applicants who already had their own indicators developed and applied. Here one could consider having a clear cut, namely the new projects from year X need to apply the new system while older projects can still apply the old system. Or one could try to introduce step by step the new system and ask also older projects to fulfil already certain parts thereof. Both options would then also need to be reflected in the annual report. Section 6.3 includes some more comprehensive suggestions how the proposed concept could – if decided so – be implemented gradually.

However, as indicated above, whether or not this concept will be applied in the future remains to be decided.

3.4 Main issues encountered

3.4.1 Capacity development: main issues encountered

The more in-depth consideration and guidance for aspects related to capacity improvement was a result of the previous analyses, of the state of play in the ICI, of the approaches in other funding instruments, discussions with peer reviewers, experts and test applicants, and literature research. While the inclusion of M&R requirements for capacity improvement activities ensures that the M&R concept is more broadly applicable, it also increased complexity and reporting requirements.

The role of capacity improvement for transformational change

What became apparent early on in the discussions both within the research consortium as well as in the larger project steering group was the fact that a focus on direct emission reductions (for mitigation and REDDplus) or direct adaptation benefits would be too narrow. The ICI has the objective of contributing to initiating longer-lasting structural changes. The effects of ICI activities cannot necessarily be measured and reported adequately by focusing only on direct climate benefits. While this is partially already reflected in the ICI portfolio with many projects in the area of capacity improvement, the consortium identified the need to better conceptualise key areas of capacity improvement which could initiate and form the basis for such transformational changes as part of the elaboration of the result chains (see below).

Capacity improvement result chain

As has been indicated above, one of the main tasks of the proposed M&R system is that it will allow aggregation of the results of different projects. It became evident that capacity improvement activities are often similar across thematic areas. For instance, this can include training of relevant stakeholders or the development of

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national or regional strategies. Thus, while the specific content of the strategies might differ across the thematic areas, they nevertheless have the same aim, namely the development of a strategy. This provides the potential for aggregating results across the thematic areas and could thereby support the reporting objectives of the ICI. This includes the provisions for the new Biennial Reports under the UNFCCC, which also request developed countries to report on their support specifically for capacity-building. However, it does not limit to report by thematic area as well.

Therefore, one innovative approach has been to apply a concept across the thematic areas, based on the recognition that in all the areas often similar challenges exist and approaches are pursued, from the need to mainstream climate change into sectoral policies to increasing the general understanding of climate change and options to address it. To our knowledge, such an overarching approach has not yet been applied by other funding instruments. Also, there is a tendency in many developing countries to think towards integrated planning and strategies covering both adaptation and mitigation, instead of treating them always separately (see e.g. ADP, 2013)

The identification of relevant *outcome categories* for capacity improvement, which are included in each thematic area result chain, went through several discussion processes during the course of the project. For instance, initially six *outcome categories* were proposed. However, it became evident that certain overlaps existed. Therefore the previous *outcome categories*: “Improved information management for political decision making” and “Improved guidance for political decision making” were merged into the *outcome category* “Improved decision making through enhanced information management and guidance”. Similarly the *outcome categories* “Improved policy frameworks” and “Improved finance and financial market conditions” were merged into the *outcome category* “Increased action on climate change through improved policy and finance frameworks.” Similarly, as can be seen with these examples, the initial names were perceived as not reflecting sufficiently the achieved change in behaviour; this was therefore also changed at a later stage. Eventually the M&R concept proposed four *outcome categories* in areas which have been identified as particularly important for initiating longer-term change (see table 9).

Standard indicators for capacity improvement

The application of standard indicators has proven particularly difficult in this area, due to the variety of activities and a general lack of agreed metrics to measure capacity improvement. The Indicator Guidance Sheets for each *outcome category* – not for one specific indicator – describe a number of standard indicators for the respective *outcome category*.

Table 9: Reasoning for the choice of standard indicators for projects focussing on capacity improvement

<i>Outcome - category</i>	Indicator	Reasoning
Capacity improvement		
<i>Note: the research consortium generally identified difficulties in finding suitable standard indicators in this area. However, the outcome categories as such were developed on the basis of expert literature and further discussion in the consortium. They broadly reflect challenges for transformational change which are also identified elsewhere (see e.g. PPCR, 2012; Dixit et al, 2012)</i>		

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Behavioural changes through improved capacity to understand and address climate change	<ul style="list-style-type: none"> -No. of people which have undertaken behavioural changes on the basis of the improved capacity -No. of cases where the improved capacity has resulted in behavioural changes of the target group -No. of cases where the targeted behavioural change has been achieved to at least a moderate extent 	The indicators have been chosen because they can assess a behavioural change achieved through the project activities in different regards (by the no. of people, by other cases of changes, and by the share of changes achieved compared to the envisaged target). Thereby they also express <i>outcomes</i> beyond just the number of people whose capacity was increased, which would rather be an <i>output</i> .
Improved decision-making through enhanced information management and guidance	<ul style="list-style-type: none"> -No. of new or improved emission monitoring systems applied for decision-making -No. of methodological tools applied for decision-making to address climate change impacts -No. of areal management plans taking into account climate change aspects (mitigation and/or adaptation) applied for decision-making -No. of cases where the improved information management or guidance is applied for decision-making 	Under the defined <i>outcome category</i> , the indicators address different aspects which probably appear relatively often in ICI projects, such as emission monitoring systems, areal management plans etc. The indicators not only address the <i>output</i> level but ask for the application of the <i>outputs</i> in decision-making as an indication of their actual usefulness.
Improved coordinated decision-making and knowledge exchange through enhanced institutional structures	<ul style="list-style-type: none"> -No. of new or improved networks which have led to more coordinated decision-making processes -No. of new or improved inter-ministerial coordination structures which have led to more coordinated decision-making processes -No. of new or improved knowledge exchange platforms which have led to more coordinated decision-making processes -No. of other cases where the improved structures have led to improved knowledge exchange 	The role of enhancing institutional structures in order to achieved improved decision-making and knowledge exchange is important. The indicators aim to address a range of important institutional enhancements on different levels, which seem to be often addressed by climate change-related capacity building projects. The indicators not only address the <i>output</i> level but ask for the application of the <i>outputs</i> in decision-making as an indication of their actual usefulness.
Increased action on climate change through improved policy and finance frameworks	<ul style="list-style-type: none"> -No. of new policy frameworks accepted or implemented which aim to address climate change -No. of new finance frameworks accepted or implemented which aim to address climate change -No. of existing policy frameworks improved in order to address climate change 	The indicators have been chosen since they can show in how far new policy and/or finance frameworks have been developed with the support of the ICI, or existing ones been adjusted to better incorporate climate change. They can be applied to climate change as a whole,

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	-No. of existing finance frameworks improved in order to address climate change	but also to the specific issues (adaptation, mitigation, REDDplus). The important objective of the ICI is that the frameworks would not only be developed on paper, but that they would be at least politically accepted or even implemented during the project duration. Ideally it could also be shown how much action on climate change these frameworks may have triggered, which in some cases may be possible and in others not.
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These have been chosen partially because of their suitability to aggregation as well as due to the reasoning displayed in table 9 above. Again, the indicators need to fulfil the criteria mentioned in section 3.3.3 (i.e. that they fit to the *outcome category* and that they can be aggregated). However, providing specific guidance on how to measure the actual change achieved by the activity respectively the quality of the activity has been regarded as important. For this, a three step approach has been applied, following generally these questions and aspects:

- 1) Have the needs of the target group been matched? / Barriers and/or desired enhancements addressed?
- 2) What knowledge/capacity has the target group gained? / Barriers overcome and desired enhancements achieved?
- 3) What actual change has been achieved (e.g. behavioural change, application by decision-makers of information/guidance received etc.)?

More detailed guidance and the adjusted questions for each specific *outcome category* can be found in section 3.4 and the IGS-G1 to IGS-G4 of the manual "Project Guidance". Furthermore, these IGS contain more information for instance in regard to potential targets or baselines and shall hence guide project proponents in their indicator development.¹⁷

From an *outcome* perspective, the last of the three aspects is of particular importance, since it identifies the achieved change. The above list also indicates that different times may be most appropriate to assess the results. For example aspect a) may best be assessed right after a certain capacity improvement measure has been undertaken, while e.g. aspect c) is likely best assessed a certain time after a specific measure, or maybe only at the end of the project. Overall, this approach allows a general aggregation of the activities' results, but does not allow for a detailed aggregation (i.e. the specific type of policy developed or the specific type of workshop conducted), since the projects and activities covered are too diverse to be captured in detail under one standard indicator. Therefore, such a broader

¹⁷ See also Hagemann et al., 2013.

level of indicators had to be chosen.¹⁸ Yet, the programme operating entity will be able to display general aggregation across thematic areas on activities conducted.

3.4.2 Mitigation: main issues encountered

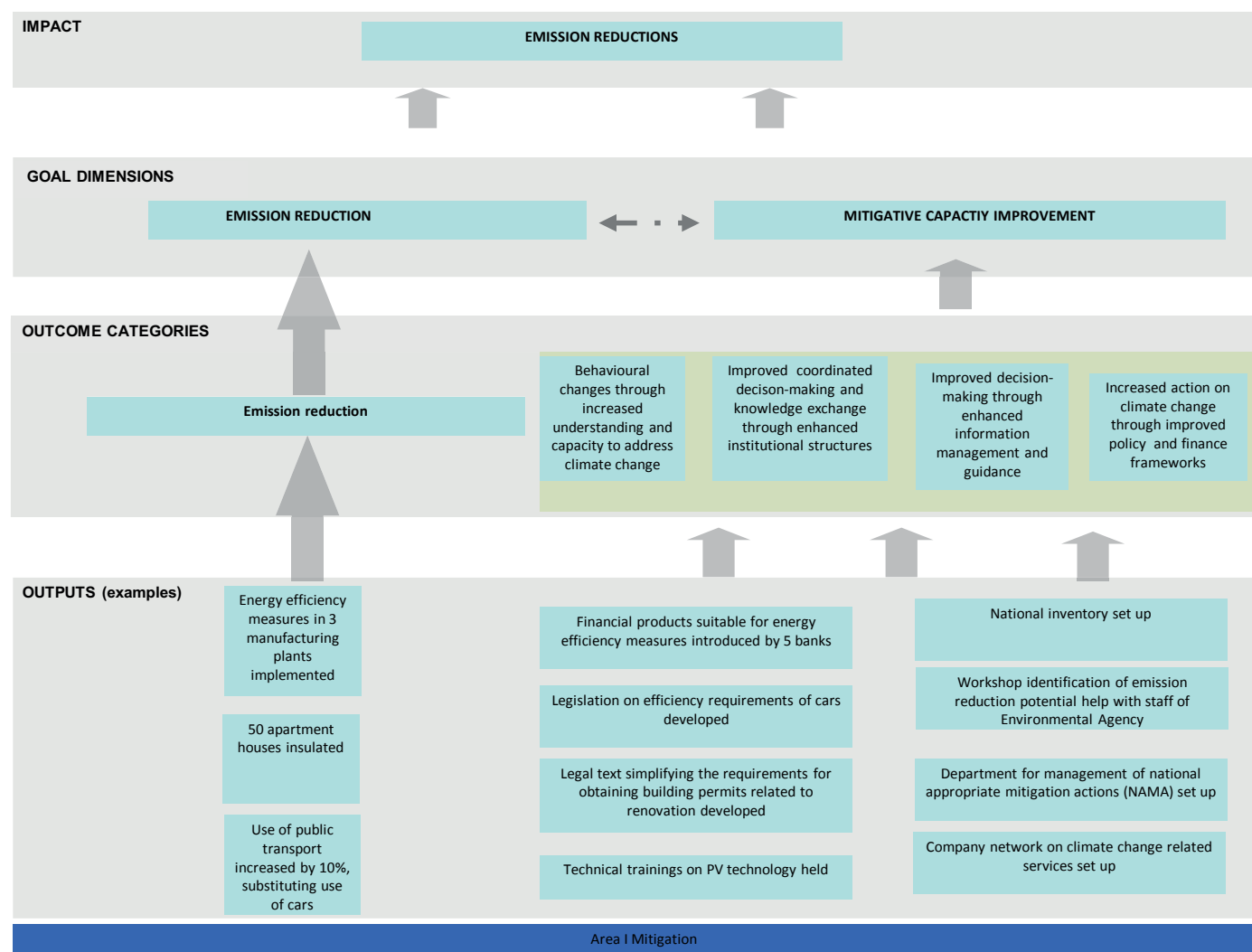
Mitigation result chain

The result chain for mitigation contains two *goal dimensions* that differ notably in their requirements for monitoring: “Emission reduction” and “Mitigative capacity improvement”. While large experience exists with monitoring emission reductions, monitoring of mitigative capacity improvement has only recently gained momentum. A novel approach was therefore developed here that was furthermore aligned with the thematic areas of adaptation and REDDplus as has been described in the section above.

¹⁸ See also Hagemann et al., 2013.

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Figure 5: Mitigation specific result chain



For projects that contribute to the *goal dimension* "emission reduction" – which equals the *outcome category* – a large number of methodologies already exist. Thereby the same basic methodologies should be used as far as possible in order to determine baseline emissions and project emissions. As a primary source we therefore suggest to first consult and use methodologies that can be found in the 2006 Guidelines of the Intergovernmental Panel on Climate Change (IPCC). However most important in the end is that the methodology is appropriate to the project. Therefore the monitoring concept presented here leaves room for project proponents to use also other methodologies, such as the World Resources Institute (WRI) GHG protocol, CDM methodologies or the manuals of the Global Environmental Facility for renewable energy as well as energy efficiency.

Further issues that are critical to monitoring emissions reduction and that we encountered in the course of the project include:

- Setting appropriate boundaries: This is very important to avoid leakage between projects and should be undertaken with care and the careful use of guidance in existing methodologies;
- Transparent use of methodology throughout the projects: The achieved emission reductions should be evaluated ex-ante and ex-post to the project. Thereby the methodologies that will be applied might differ for the same project. It becomes very important to provide a detailed description of how the methodology was applied. Alternatively a set of methodologies could be prescribed. This would however limited the flexibility given to the project applicant unnecessarily, as a large set of proven and viable methodologies is available.

In the course of the project, an important point in the discussion among the consortium and the project steering group was related to the last aspect, namely whether the ICI should prescribe one specific methodological approach for assessing the emission reductions. While this could simplify the aggregation, countering arguments raised included that it would significantly reduce the flexibility on the side of the project proponents, would limit the openness of the system to new methodological developments and would imply a more detailed description of the methodology in the "Project Guidance". It would also raise the question of consistency, whether such a prescription should then be applied to all thematic areas. Instead it was decided to allow the application of different methodologies, but to provide guidance on key aspects that need to be fulfilled, and that the project proponents need to provide a justification of the methodology they have used.

The standard indicator for emission reduction (Emission reduction achieved in Gg CO_{2eq}) has been chosen, since it constitutes the key metric of this *outcome category*, also in the public interest. The definition of CO_{2eq} allows for capturing the mitigation benefits of different kinds of projects.

For projects that contribute to the *goal dimension* "mitigative capacity", which constitute the major share in the ICI portfolio, the experience that exist and that can be built upon is much more restricted. Only recently initiatives such as the "GHG protocol" (led by the WRI) have started to develop standardized monitoring

guidance documents. These are still few and often not fully applicable to the situation faced within the project as they only cover parts of the aspects addressed here such as only policies. Furthermore, since this is a dynamic field many of these evolved in parallel with the project. The research project therefore developed its own, novel approach whereby the same approach is being applied for adaptive and mitigative capacity and REDDplus readiness improvement (see the section above).

Issues that are critical to monitoring mitigative capacity and that we encountered in the course of the project include:

- Systemic interaction of structural components is crucial. A country's mitigative capacity has to be regarded in an integral manner. The failure of structural elements or insufficient interaction between them can hamper the ability to reduce greenhouse gas emissions more than the sum of its individual parts. Any project should show how the intervention relates to other parts of the structure that forms a country's mitigative capacity.
- Standardization needs to be balanced with context specific requirements. While a great appeal exists in standardizing approaches in monitoring mitigative capacity as this allows for easier reporting as well as more comparable and streamlined monitoring, there is a need to take account of the specific context that should be monitored. Hence a balance needs to be found between these two aspects.
- Integration with national circumstances is necessary. A project should be aligned with national development priorities or at least take consideration of them. This is important to ensure that the action leads to sustainable change extending beyond the lifetime of the project.
- Mitigative capacity does not directly lead to emission reductions. Mitigative capacity improvement might lead to emission reductions in the medium or longer term but there is no certainty that this will actually be the case. Reasons include the failure of other system elements that are important to success or changing structures due to political events. It is therefore important that continuity is ensured. Projects should be developed in a way which makes it more likely that an improved mitigative capacity eventually leads to mitigation actions.
- International projects may require different monitoring than national. Projects aiming at building mitigative capacity in an international context require often different actions than those at a national level. For instance projects focussing on supporting the processes under the UNFCCC will need to be highly catered to the requirements of this process instead of national priorities.

The specific guidance for projects of this thematic area can be found in the manual "Project Guidance" in the sections M1-M6, as well as in the IGS-M1.

3.4.3 Adaptation: main issues encountered

Adaptation projects under the proposed M&R concept can pursue approaches which would deliver direct adaptation benefits (*goal dimension* "adaptation action") or they can strive for improving the adaptive capacity, or both in combination.

Adaptation result chain

The adaptation result chain (see figure 6) is a key element of the guidance for adaptation projects, since it is a mean to support project proponents in the development of their theory of change. Key elements of this result chain are the pre-defined *outcome categories* which concretise the overarching and more abstract ICI *goal dimensions* "adaptation action" and "adaptive capacity improvement". The *outcome categories* for the *goal dimension* "adaptation action" have been based on the consideration that on the one hand ICI puts significant attention on ecosystem-based adaptation which increases the resilience of human systems, and on the other hand allows for capturing a variety of projects which through more concrete measures aim to increase the resilience of people and assets from specific climate risks.

Overall, over the last years projects in the area of adaptive capacity improvement and with an ecosystem-based component have been most significant in the ICI. With the adoption of the Cancún Adaptation Framework at the 16th Conference of the Parties (COP)16 in 2010, governments for the first time agreed on an adaptation framework which includes a variety of activities. The consortium also examined whether these categories could be used for the *outcome categories*, but came to the conclusion that in some regards they are both too detailed and too comprehensive to reflect the specifics of the ICI and therefore have not been converted directly into *outcome categories*.

The formulation of the ecosystem-based *outcome category* was refined in the course of the project and also shows the importance of contributing to the adaptation of human systems (and not an isolated ecosystem activity). This specific category also reflects the strong attention the ICI gives to projects with eco-system based approaches. Here it was also considered whether a differentiation into different types of ecosystems would make sense. For example, the Convention on Biological Diversity distinguishes different sectors (agriculture, aquaculture, forestry etc.).¹⁹ However, based on exchange with the programme operating entity this approach was not deemed appropriate, since the ICI generally favours an integrated approach looking, where possible, at the interplay of adaptation activities in different types of ecosystems. A sectoral differentiation would have undermined this objective.

The second *outcome category* – “Increased resilience of people and assets from specific climate risks” – was chosen because it covers a broad range of potential

¹⁹ See e.g. here <http://www.cbd.int/ecosystem/sourcebook/search/>

projects contributing to this *outcome*, but at the same time entails a climate specific lens (instead of e.g. focusing on overall, non-climate development benefits). It thereby stays open for an area where the ICI has supported few projects so far. It was also considered whether to split the category with some form of sectoral differentiation. However, it overall seemed inappropriate to further detail this type of *outcome category* in order to not create a too complex result chain.

Due to needs of aggregation regarding the effects of ICI funding the four *outcome categories* contributing to the *goal dimension* "adaptive capacity improvement" are aligned with those of the other thematic areas.

Dynamic debate on adaptation M&R

The debate about M&R of adaptation is currently very dynamic. The issue inter alia faces the challenge of a lack of a metric by which the results could be measured, of implementing activities under uncertainties (with in many regions a lack of certainty when which kind of impact of climate change must be expected) etc.. Thus, for many issues there are not yet straight-forward solutions, and much more experience and sharing of lessons learned is required for the years to come. This potentially includes discussions on adaptation in Europe or Germany (see e.g. Schoenthaler et al., 2012), although the implications of sometimes different circumstances compared to vulnerable developing countries (such as long-term data availability) have to be taken into account. In particular first projects funded by other international instruments (such as the Adaptation Fund or the Least Developed Countries Fund) are still under implementation, and the experience with the M&R systems used has yet to be proven in practice. However, some of the elements used in this discussion (such as ideas for the *outcome categories*, or standard indicators proposed) have been actively taken into account in the guidance prepared. For example, based on the first annual reports from projects the Adaptation Fund is adjusting its set of core indicators, partially because some indicators have proven difficult to aggregate, and new ones have emerged from the increasing number of projects (see e.g. Adaptation Fund, 2013). This also led to an adjustment of the indicators proposed by the consortium for the ICI monitoring concept.

There also exist very comprehensive concepts of indicators covering all sectors of a country, e.g. for Germany (see e.g. Schoenthaler et al, 2012). Other concepts used in the adaptation debate include the division of adaptive capacity by different capital types, such as human, social, financial, physical or natural capital as a basis for identifying indicators (e.g. Gardner et al., 2010, related to adaptation in Australia). Also in the case of Australia the approach has been closely linked with national level adaptation planning processes. But experience from these project-based instruments generally seemed better suitable to the specific role of the ICI.

Careful application of standard indicators

More than in the mitigation-related areas the concern was expressed by peer-reviewers and test applicants that the use of standard indicators might result in

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projects steering their projects towards the given indicators even if these might not constitute the most useful ones given the specifics of the project. At the same time standardisation was regarded as important in the context of the overall M&R concept (see section 3.3.3 and 3.4 on objectives of the M&R concept and on aggregation). The solution overall included in the proposed M&R concept is that *outcome* standard indicators should in general be applied, but where the project proponent can clearly justify that they are not applicable deviation is possible and should be determined and documented. In addition, an indicator specific to the project's *outcome* has to be determined anyway, so that steering only by the standard indicator is not the case.

The standard indicators proposed in the M&R concept for the *goal dimension* "adaptation action" have been identified on the basis of literature research, application in other funding instruments, other inputs in the discussion with peer reviewers and experts. Also, often-funded project types under the ICI were considered (see table 10 and the references contained therein). Therefore it is assumed that they are in general applicable to many projects, of course with a varying degree. Again, the indicators need to fulfil the criteria mentioned in section 3.3.3.

Table 10: Reasoning for the choice of standard indicators for projects focussing on adaptation action

Thematic area	Outcome Indicator	Reasoning
Adaptation	No. of resilience-relevant physical assets improved to withstand climate change and variability-induced stress	The indicator can be applied for projects which aim to strengthen physical assets to withstand climate change, which are relevant for the resilience of the people. It can be applied to different kinds of assets. It has also been used in the Adaptation Fund (AF, 2013).
Adaptation	No. of beneficiaries whose resilience has been increased	This indicator addresses the key target beneficiaries of a project. It could serve as an indication of the benefits that a project achieves, and is probably applicable to many projects. It is being used in a similar form also in the revised results framework of the Pilot Programme for Climate Resilience (number of people supported by PPCR to cope with climate change and climate resilience, PPCR 2012) and the Adaptation Fund (no. of direct beneficiaries, AF 2013). It also features in IIED's recent publication on "Tracking adaptation and measuring development" (Numbers of beneficiaries of CC interventions, Brooks et al. 2011). The indicator assumes that the intervention undertaken increases the resilience which has to be shown in the project justification and which would have to be assessed afterwards.
Adaptation	Area (ha) of restored natural habitat	In particular with regard to ecosystem-based adaptation, this indicator can be applied to different kinds of projects and expresses an <i>outcome</i> which indicates an increased resilience towards climate change. It can be

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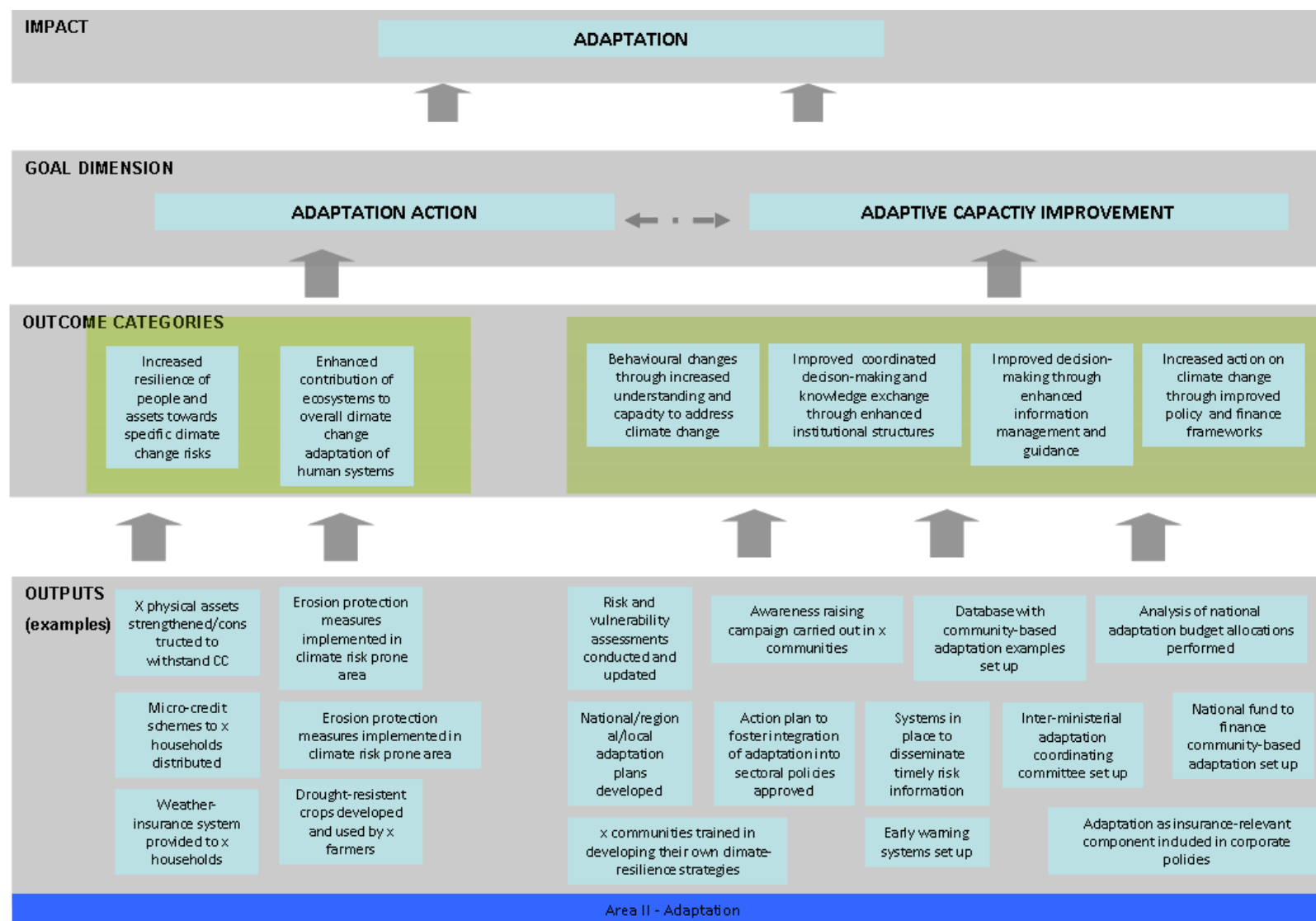
		applied across a range of projects and can be aggregated. The indicator has also been suggested by the Adaptation Fund recently as one of the core indicators, based on initial experience with the projects under implementation.
Adaptation	km of coastline protected	Coastal protection is an important objective of many concrete adaptation activities, including in the funding of the ICI. It is therefore also expected that this indicator could be applied to a range of projects dealing with coastal protection and can be aggregated. This protection can be an <i>outcome</i> of different <i>outputs</i> (such as ha of mangroves planted, infrastructures maintained or improved etc.). The indicator has been recently identified by the Adaptation Fund as one of the core indicators, based on first experience with a range of projects under implementation.

IGS-A1-A3 have been prepared and revised during the project to assist project proponents in understanding the indicator and monitoring it. The test application unfortunately only provided limited insights on the suitability of the standard indicators (see section 3.3.4), which was partially due to the specifics of the project that went through the test application. However, in general the test application provided useful comments in order to refine and improve the manual „Project Guidance“, in particular with regard to improving the applicability and providing necessary clarifications.

The specific guidance for projects of this thematic area can be found in the manual “Project Guidance” in the sections A1-A5.

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Figure 6: Adaptation specific result chain



3.4.4 REDDplus: main issues encountered

As can be seen in the current practice of the ICI (“Guidance 1” (ICI, 2011a)), ICI projects in this area can address the issue of REDDplus from different angles. On the one hand, they can have a REDDplus focus (they are mainly focusing on REDDplus readiness, but can also address emission reductions directly or biodiversity aspects), they can have a REDDplus relevance (they normally rather have an emission reduction focus) or they can develop experiences in regard to non-forest carbon sinks, like peat lands.²⁰ While this description of different REDDplus activities is maintained in the manual “Project Guidance”, they have been specified in more detail for the *outcome categories*. The *goal dimensions* of either “GHG mitigation” or “REDDplus readiness” from the “Guidance 1” document have also in general been maintained. However the name of the former has been adjusted to “GHG mitigation and enhanced natural carbon sinks” in order to specify it further. The addition of “enhanced natural carbon sinks” has been added in order to reflect projects focusing on peat lands or savannahs clearer already in the title.

REDDplus result chain

The result chain for REDDplus (see figure 7) is a key element of the guidance for REDDplus projects, since it is a mean to support project proponents in the development of their theory of change. Key elements of this result chain are the pre-defined *outcome categories* which concretise the overarching and more abstract ICI *goal dimension* “GHG mitigation and enhanced natural carbon sinks” and “REDDplus readiness improvement”. The *outcome categories* for the *goal dimension* “GHG mitigation and enhanced natural carbon sinks” are based on the five eligible activities under the UNFCCC (UNFCCC, 2010, para 70) and adjusted slightly: for instance in the case of “Enhanced (forest) carbon stocks” and “Promoted conservation of (forest) carbon stocks” the term forest has been set in parentheses in order to also accommodate projects focussing on peat land or savannahs. Furthermore, reference has not only been made to ‘sustainable management of forests’ but also to ‘sustainable forest management’ in order to include both approaches under this *outcome category*. The four *outcome categories* contributing to the *goal dimension* “REDDplus readiness improvement” are aligned with those of the other thematic areas. Thus the specifics described in the present section (3.4.4) on difficulties in regard to the monitoring and reporting of capacity improvement activities is also relevant for those intending to improve REDDplus readiness improvement.

Both the *goal dimensions* as well as the *outcome categories* serve again as a mean to group projects for aggregation of project results on the programme level (see section 3.3.3).

²⁰ Guidance 1.

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For projects focusing on the *goal dimension* “GHG mitigation and enhanced natural carbon sinks”, several requirements, already currently required by the ICI (see “Guidance 1”), have also been included in this proposal for an M&R concept. These are the requirements to proof additionality and emission savings (performance) and the prevention of leakage and non-permanence. In order to proof additionality and emission savings, two scenarios need to be developed (one reference and one project scenario). Project proponents can then use these scenarios for the identification of the baseline for their monitoring and reporting (see IGS-R).

In order to allow for a certain degree of flexibility, no specific methodology has been prescribed to project proponents for projects addressing the *goal dimension* GHG mitigation and enhanced natural carbon sinks. Rather, as in the previous approach taken by the ICI, several methodologies (Verified Carbon Standard, GOFC-GOLD Sourcebook, IPCC Good Practice Guidance for Land Use, Land-Use Change and Forestry) have been suggested which could serve as a guidance to the project proponents when developing their baseline and measuring their *impacts*. Yet, in order to ensure comparability, project proponents are expected to state the methodology applied for measuring their results.

Different measuring units and large number of *outcome categories* lead to many standard indicators

As has been described above, the *outcome categories* for the *goal dimension* “GHG mitigation and enhanced natural carbon sinks” have been based on the five eligible activities under the UNFCCC. This larger number of different *outcome categories* leads already to a broader set of standard indicators than for instance in the case of mitigation, where there is only one *outcome category*. In addition, many of the eligible activities could be measured by measuring the area (ha) or by measuring emission reductions or carbon stock increases; therefore for some *outcome categories*, two options for standard indicators are being provided. And finally, an indicator which reflects the relevant driver of deforestation or degradation has been included, since each project should at the end also have an influence on the driver of deforestation/degradation. This led therefore to a much larger set of standard indicators than for the other thematic areas, as can be seen in the IGS-R1-R7 as well as in the manual “Project Guidance” documents R1-R5. The choice of standard indicators has been influenced by the initial assessment of indicators used by other funding instruments, as can be seen in table 11. The indicators included had to be SMART and had to fulfil the criteria mentioned above in section 3.3.3.

Table 11 Reasoning for the choice of standard indicators for projects focussing on GHG mitigation and enhanced natural carbon sinks

Thematic area	Outcome Indicator	Reasoning
REDDplus	Reduction of drivers XY in project area during project period	GOFC-GOLD provides different indicators for drivers (GOFC-GOLD, 2010, 111). Since drivers can vary greatly from project to project, we proposed only one standard indicator for drivers which can then be adjusted by project proponents

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		to their circumstances, otherwise a broad range of indicators for drivers would have been needed to be provided.
REDDplus	Emissions reduced in project period in project area	A similar indicator is being used in the FIP results framework, which is called "Tons (millions) of CO ₂ emissions from reduced deforestation and forest degradation relative to reference emissions level" (FIP, 2011). In order to make this indicator also applicable to a broader range of projects, i.e. for conservation projects, it was modified so that it does not specify the activity anymore.
REDDplus	Change in area deforested in project area	Within the FIP results framework, similar indicators are being used. Here the indicators are called "Change in hectares of natural forest cover (percentage change against baseline)" and "Change in hectares (ha) deforested in project/program area" (FIP, 2011). Since we did not provide a definition of natural forest but only of forest, we did not refer to natural forest in this indicator either.
REDDplus	Area of forest degradation avoided in project area	Within the FIP results framework, similar indicators are being used. Here the indicators are called "Change in hectares of natural forest that are degraded (percentage change against baseline)" and "Change in hectares (ha) of forests degraded in project/program area" (FIP, 2011). Since we did not provide a definition of natural forest but only of forest, we did not refer to natural forest in this indicator either.
REDDplus	CO _{2eq} sequestered in project area through natural regeneration, rehabilitation and/or restoration activities relative to forest reference level	Within the FIP results framework, a similar indicator is being used. Here the indicator is called: "Tons (millions) of CO ₂ sequestered through natural regeneration, re-and afforestation activities, and Conservation relative to forest reference level" (FIP, 2011). We adjusted this indicator by not including afforestation and reforestation activities.
REDDplus	Establishment of new protected forest area during project period	In order to not only provide an indicator on emission reductions for the <i>outcome category</i> "Promoted conservation of (forest) carbon stocks" and in order to provide an indicator for projects which establish protected areas, this indicator has been proposed.
REDDplus	Positive changes in carbon stocks in forests under management	This indicator shall be used by projects applying SFM/SMF, which can and should lead to positive changes in carbon stocks. Also CCB suggests that project proponents have to measure the carbon stock, "Estimate the net change in carbon stocks due to the project activities using the methods of calculation, formulae and default values of the IPCC 2006 GL for AFOLU or using a more robust and detailed methodology." (CCB, 2008)

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After a certain period of time it might be helpful to re-assess these standard indicators in regard to how often they were used or whether other indicators have also been used and could be included as standard indicators (see also section 6).

Definitions of relevant terms

Further, for different terms relevant to REDDplus, different definitions exist. In order to avoid prejudging any outcomes under the UNFCCC it was decided that only those terms should be included in the Glossary which have either already been included in the ICI Glossary before or which have been clearly defined under the UNFCCC. In order to allow for comparability, project proponents are asked to provide the definition used for any other relevant REDDplus terms.

Co-benefits and safeguards

Different to the other thematic areas, specific safeguards and co-benefits are of relevance to REDDplus projects, since these were agreed upon at the UNFCCC. The decision in Durban²¹ identified four potential co-benefits, namely poverty alleviation, biodiversity benefits, ecosystem resilience as well as linkages between adaptation and mitigation as potential co-benefits of REDDplus. Therefore REDDplus project proponents need to report and monitor specifically upon these.

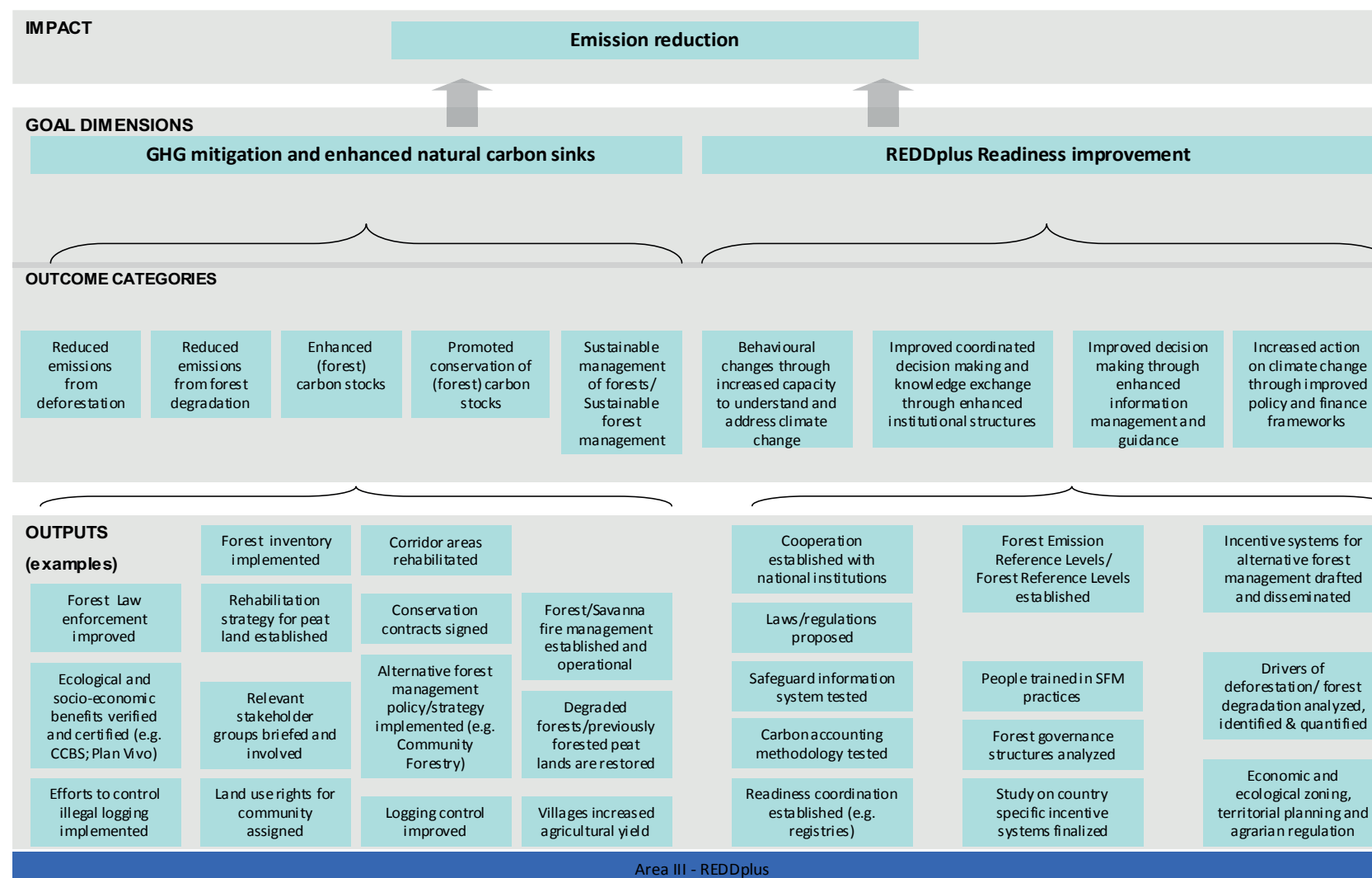
In regard to safeguards, the COP decision in Cancún²² recommended that a specific set of safeguards should be taken into account when implementing REDDplus projects. Therefore, the “Project Guidance” recommends project proponents to promote and follow these safeguards.

²¹ UNFCCC, 2011, II, C preamble.

²² UNFCCC, 2010, Appendix 1, para 2

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Figure 7: REDDplus result chain



3.4.5 Sustainable development issues: main issues encountered

Sustainable development aspects have already been covered in the current ICI M&R scheme (see section 3.1). However, the provisions how to report on it have not been very detailed. At the very beginning the BMU has decided to consider it more systematically in the new M&R proposal. Overall, the monitoring and reporting of sustainable development aspects has even gained importance throughout the project period. Initially, it was decided by the BMU that the sustainable development aspects (in particular co-benefits, environmental and social safeguards, risk assessment, stakeholder participation) should received more relevance in the ICI, although specific climate aspects would maintain the key priority. This has also led to certain challenges in regard to necessary adjustments during the ongoing project. The increased importance allows on the one hand for more informational value, increased however also the complexity and M&R efforts which need to be conducted by project proponents. Also the efforts for checking and processing the delivered information at programme level will be raised.

The initial approach to strengthen sustainable development issues was to provide more guidance on how to implement a number of specific M&R requirements. These elements comprised a general assessment of co-benefits and co-cost indicating specific areas where these benefits or costs occur. Moreover, the concept required a basic safeguard assessment as well as a general risk assessment. The requirements would have been to be complemented by all projects and with equal level of detail.

Going beyond the initial, but rather general commitment to increase the importance of sustainable development aspects, they received even higher attention in the course of the project which required a more fundamental change in the approach. This was not at least due to the decision of BMU to develop a safeguard policy for the ICI in early 2013. As a consequence, the terms of reference of the project were complemented in order to integrate these aspects more systematically.

Hence the consortium conducted some background research on the design of environmental and social risk management systems in other financial instruments and standards (IFC, FIRST for Sustainability, EBRD, Equator Principles, CCB Standard, SocialCarbon, The Gold Standard), on approaches how to categorise different kinds of project risks and on tools for strengthening sustainable development aspects in project based climate finance²³.

As a result it was proposed that the manual „Project Guidance“ contained a specific section on sustainable development aspects. The requirements to monitor and report these aspects are proposed to be differentiated according to three

²³ CCB Standards, 2008; EBRD, 2008; EBRD, 2011; Ecofys/TÜV-SÜD/FIELD, 2009a; Ecofys/TÜV-SÜD/FIELD, 2009b; Ecofys/TÜV-SÜD/FIELD, 2009c; Ecologica Institute, 2008; FIRST for Sustainability, 2013a; FIRST for Sustainability, 2013b; IFC, 2011; IFC, 2012; IFC, 2013; Socialcarbon, 2011a; Socialcarbon, 2011b; The Equator Principles, 2006.

levels of risks. The identification of the risk level of a project is proposed to be designed as a process that starts already with the submission of the initial concept note. This stepwise categorisation approach to be done by the programme operating entity would also have implications for the proposed procedures for the internal review of project proposals and reports. Based on the risk level, the projects would have to fulfil differentiated requirements as regards depth of detail and effort. It became a major challenge to transfer this differentiated approach and the resulting differentiated M&R requirements in a transparent and easy to understand guidance. The requirements are proposed to vary for example in regard to the levels of stakeholder involvement (from simple consultation to Free Prior Informed Consent (FPIC)), or have consequences for the design of the project (mandatory scoping phase prior to the final approval of the project proposal). Challenging issues were to design these differentiated requirements in a way that risks were considered appropriately and at the same time leaving enough flexibility for the programme to implement new and innovative projects. Again, whether or not this approach will be taken up for the ICI remains to be seen.

3.5 Methods and processes (incl. analysis and potential changes of the templates for awarding process)

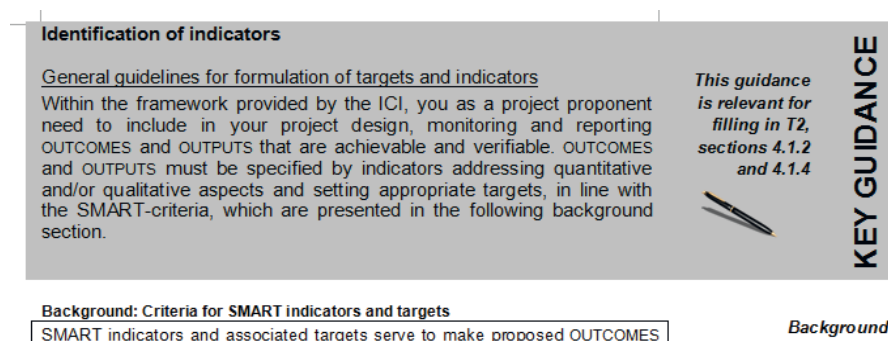
The practice of the ICI to have the project proponents submit annual interim reports and a final report shall be continued, since this is also required according to the federal legal provisions related to the provision of grants ("Zuwendungsrecht"). The previous structure and amount of reporting templates was generally maintained, but adjustments were made by the consortium in order to reflect the new requirements of the proposed M&R concept. The main template for M&R will be template 3 (which is based upon the previous annex 3) which shall be filled for the project proposal and should be updated annually for each interim and the final report.

Throughout the development process it became evident that not only consistency, but also the connections between the manual „Project Guidance“ and the project proposal and reporting templates are very important. Easy access and efficient use of the manual „Project Guidance“ depend on how the manual „Project Guidance“ is linked to the templates.

The manual „Project Guidance“ contains therefore on the side clear references to the respective templates in order to make a clear link from the information provided in the manual „Project Guidance“ to the templates. Sections with "key guidance" are graphically highlighted in the manual „Project Guidance“ in order to simplify the use (see figure 8).

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Figure 8 Example for the highlighting of key guidance in the manual “Project Guidance” and references to templates



The word templates contain in grey writing detailed explanations on how to fill in the respective field and where the relevant information can be found in the manual „Project Guidance“. Similarly, an additional row is included in each sheet of template 3 which provides instructions and cross references to the manual „Project Guidance“.

As indicated above, one could consider using a different format than excel for the monitoring and reporting. Further it became evident that there is a lot of overlap between the different templates, which could be avoided, for instance by using for all templates excel formats and then include some of the information automatically in all templates or by using some other potentially more advanced format. Whichever format chosen, it should ensure that the information can be easily transferred into a database at programme level and that it should simplify aggregation processes. Thus using for all documents word format does not seem advisable.

3.6 Necessary personnel as well as technological resources for the M&R

The implementation of the proposed M&R concept in our view is associated with some necessary institutional adjustments of the ICI programme operating entity. This is due to several reasons.

The proposed M&R concept requires information from project proponents in areas which had already to be monitored and reported in the past (focus area information on *output*, *outcomes*, *impacts*, indicator definition and monitoring, processes, etc.) but demand now more information than before.

The proposed M&R concept has put more weight on areas which have been less covered in the past. This is due to changed ICI/BMU priorities (contribution to sustainable development, safeguard policy) which again results in additional information to be provided at project level.

The proposed approach and content of ICI programme reporting through an annual report is based on the assumption that a data management and quality management system is implemented for the ICI.

We assume therefore as a consequence for the programme level that the project review processes and proposed additional tasks such as the risk categorisation, assessment of the contribution to sustainable development, data and knowledge management, or monitoring of monitoring most likely will result in new roles,

functions and responsibilities as well as additional communication needs. This should be reflected in resources (staff and infrastructure). During conversations we learned that a number of institutional adjustments are under discussion. During a potential implementation of the proposed concept, it should be reflected whether the ongoing adjustments are sufficient to meet the requirements of the new M&R concept. The test application provided – amongst others due to reasons described above – only limited insights regarding additional efforts required for conducting the proposed M&R system (see section 3.3.4).

Regarding the implementation of the proposed M&R concept by project proponents, increased effort should be accounted for by providing resources for M&R. Here one could consider specifying a certain budget share for M&R activities of the overall personal costs (without project management). For determining this, the experience from other institutions may be taken into account, but needs to be checked in regard to its suitability. For example, the International Fund for Agricultural Development (IFAD) suggests 3 to 5% of a project budget as overall budget for monitoring and evaluation (IFAD, 2008). However, an evaluation is not yet applied throughout all projects. The Adaptation Fund undertook additional research on different types of execution costs, which can provide some helpful insights (Adaptation Fund, 2011).

3.7 Placement of the ICI in the international discussion on MRV

3.7.1 Preparation of two papers on monitoring and reporting

An important goal of the ICI is to support projects that enhance the discussion under the UNFCCC, in particular the discussion related to the MRV process of climate financing. For that purpose two specific papers were developed in the course of the project. Their aim was to provide input into the international climate negotiations.

A first internal working paper (“MRV of NAMAs and MRV of support: An overview of the Durban outcomes”) was developed in the middle of the project. It aimed at contributing to the international MRV debate by providing an overview of the decisions and discussion that were undertaken in the UNFCCC climate conference in Durban in 2011. The paper contained an overview of the discussion on MRV of NAMAs, support needed and received by developing countries and support available and provided by developed countries.

The second paper (“Monitoring climate change action – Experience from a research project”) was written at the end of the project and has been published as a separate research paper. It described experiences made and challenges met by the consortium during the development of the M&R concept which could be interesting to the overall international discussion on MRV (see Hagemann et al., 2013).

The research project and its relation to international discussions on MRV

The discussion around MRV under the UNFCCC and other multilateral fora can be divided into three major discussion strings. Below we provide an overview of these

by highlighting the current requirements under the UNFCCC as well as any on-going activities that aim to move these discussion streams forward.

- 1) **MRV of national GHG inventories and projections** – This discussion string aims to answer the question “How did the national emissions evolve and what future emission trends are likely?”.
 - Current requirements: Annex I countries currently have to report their inventories and projections, to a varying extent, under three UNFCCC reporting schemes: Annual inventories, Biennial Reports and the National Communications every four years. All of which are subject to one or the other form of review.
 - On-going activities: The discussion here is far advanced and there are only few UNFCCC external activities on-going.
- 2) **MRV of finance flows:** This discussion string aims to answer the question “How much finance was provided internationally and from where to where did it flow?”.
 - Current requirements: Under the UNFCCC currently Annex II countries – Annex I countries with additional financial support obligations – have to provide information on support provided, committed and/or pledged in their National Communications and Biennial Reports. Non-Annex I countries on the other hand have to provide information on support needed and received in Biennial Update Reports under International Consultation and Analysis.
 - On-going activities: A number of data collection and harmonization efforts are under progress by multi- and bilateral development banks and initiatives as well as non-state actors such as research institutes or Non-Governmental Organizations (NGOs). Furthermore, moving forward, the Standing Committee on Finance under the UNFCCC will likely play a strong role in guiding the process.
- 3) **MRV of impact of projects and programmes on transformational change** – This discussion string aims to answer the question “To what extent did the intervention contribute to the desired impact of transformational change?”.
 - Current requirements: The National Communications for all countries should contain information on planned and implemented policies. Non-Annex I countries furthermore currently propose NAMAs for financial support and furthermore develop National Adaptation Plans (NAPs) that also highlight financing needs.
 - On-going activities: Increasingly multi- and bilateral funders including the ICI are setting up M&R concepts for their funds that intend to measure the climate change related impact of their actions. The Green Climate Fund will also likely play a strong role in this regard. Furthermore first efforts to standardize the approach to M&R of transformational change, such as under the WRI GHG protocol, are being undertaken.

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In this context, the ICI, as a bilateral funding mechanism that needs to adhere to certain reporting requirements, can contribute to and learn from this international debate. A monitoring concept under the ICI thereby does however not contribute much to the first discussion string highlighted above. To the other two discussion strings highlighted above the potential ICI contribution could include:

Regarding 2) MRV of finance:

Provide increased transparency in MRV of support: Through a transparent and traceable reporting, the ICI could contribute to more transparency on financial flows.

Support streamlining of reporting on finance streams: In the course of the project the consortium reviewed currently existing reporting requirements as well as reporting of other funds and included the findings in the design of the proposed M&R concept. This helps to enhance coherent and streamlined reporting of financing streams.

Provide for enhanced reporting of finance streams: A well-structured ICI internal M&R concept with aggregation of multiple aspects, from the project to the programme level, could enhance what can be reported upon. For instance reporting on UNFCCC sectors could improve and facilitate reporting under the UNFCCC Biennial Reports.

Regarding 3) MRV of *impacts* of projects and programmes for transformational change

Support the development of new standards, especially with respect to the methodological approach to assess transformational changes on the longer term. The approach presented here on monitoring adaptive and mitigative capacity could contribute towards advancing the discussion. In particular the indicators proposed here, the reporting formats developed as well as the approach taken to monitor effects beyond GHG, i.e. co-benefits, could provide valuable contributions to the debate.

Contribute to the NAMA discussion around MRV: A particular point of interest could be the contribution that some of the experiences in the project could provide to the debate around MRV of NAMAs. NAMA experiences could, in turn, provide valuable feedback to the development of this concept over time.

4 Manual of procedures for the programme level and aspects of implementation

4.1 Objective

The manual of procedures was initially seen as a complete guide that would cover all the aspects relevant for the implementation of the proposed M&R concept in the ICI programme. The objective was to support project and programme steering processes by adopting internal procedures and by developing adapted tasks for the ICI programme operating entity. Hence it should be a process-oriented, internal manual for the programme operating entity which would describe how the project information and data generated through the M&R concept was to be reviewed, documented, processed and reported with a view to serving the different reporting requirements of the ICI. In the course of the project it became clear that one challenge for developing the manual of procedures was to find a way to keep the internal programme review processes manageable and efficient as well as to introduce some procedures that reflect the increased data and knowledge management requirements, in a situation of ongoing changes within the programme operating entity.

4.2 Development process

The manual of procedures was primarily developed in exchange and cooperation with the ICI programme operating entity and BMU, starting with interviews on the state of the art of internal ICI procedures. Based on this assessment, a concept (manual) was proposed on how to further develop the existing procedures in order to implement the newly proposed M&R concept. This referred to the internal review process of the project applications and project reporting, but also to standardised review guidelines covering the additional newly proposed monitoring elements. Furthermore it contained proposals on data management, quality and knowledge management as well as on reporting aspects.

In the course of the research project it became evident, that due to structural reasons the internal ICI procedures were under reform and many of the aspects covered in the manual of procedures were implemented anyway. Hence the draft manual of procedures was taken as supportive material for the internal development of procedures. After discussion of the content of the draft manual of procedures with the programme operating entity and consultation between UBA and BMU it was decided to focus the remaining research on a number of specific aspects, such as the development of review guidelines, the description of reporting requirements, and guidelines for data aggregation.

In the development process of the manual of procedures, guidelines and criteria were developed to categorize projects according to their specific risk structure allowing for the establishment of specific M&R requirements these projects are to meet. In addition, checklists were developed to assess whether project proposals are complete and to ensure that information contained in the documents is plausible. In order to deal with cases where the completeness and plausibility check of the project proposals does not result in a positive outcome, a process for the amendment of the documentation was elaborated.

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Similarly, guidance for the assessment of interim and final reports was developed and processes were proposed to deal with cases where the information contained in the reports has been regarded insufficient. Furthermore, criteria were proposed that may form the basis to commission external verification and evaluation of the information reported. These quality control processes are to complement the assessment of documentation by, inter alia, controlling if the quality of the data meets the methodological requirements of the project manual, if project risks have been indicated correctly and if respective countermeasures were implemented accordingly.

The manual of procedures further contains guidance on programme reporting and establishes procedural steps for the analysis and processing of data, for the programme-wide aggregation of data and results and on the identification of best-practice examples.

5 Annual report of the ICI

5.1 Context and objectives

Until now, the ICI has not prepared a system of regular reporting about its various activities (see section 3.1). Yet, many other funds or initiatives have such reporting formats in terms of annual reports. Therefore it seems also for the ICI advisable to prepare an own reporting format, e. g. an annual report, which can be used to display the activities funded by the ICI as well as to report on the effects achieved to interested stakeholders. The BMU had also decided that it wants to report more information about the ICI than only information on financial flows. This could be achieved through an annual report. In order to be able to present such information, the *outcome categories*, *goal dimensions* and standard indicators are important, since they allow the aggregation of specific information. A lot of information has to be gathered already now by the ICI, in order to ensure that the ICI can fulfil its external reporting requirements as described in section 3.1.2.

The regular reporting should refer to the defined objectives of the ICI funding as agreed at the beginning of the project (see section 2.1). These objectives should regularly be checked to ensure that the reporting is still on track to fulfil the policy information needs.

The targeted audience of the annual report is very broad, ranging from national stakeholders and Parliamentarians to the international climate finance community (including the people/institutions involved in the UNFCCC negotiations (looking for best practice examples and MRV methodologies)). The above described aggregation of activities of various projects can help displaying the ICI's activities in the annual report. Overall the annual report has the potential to link monitoring efforts to public relation efforts of the ICI – making the ICI and its achievements even more known .

5.2 Process for the proposal for an annual report

In order to ensure that the ICI annual report meets the current state of the art of annual reports of other funds or funding instruments, intensive research was being conducted on annual reports of five other funds/funding instruments. Focus of this research was for instance on length, type of information provided as well as layout (textual or graphs) of other annual reports (see table 12).

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Table 12: Overview of key elements in reports of other climate finance instruments

	Adaptation Fund (Adaptation Fund, 2011a)	Climate Investment Funds (Climate Investment Funds, 2011a)	Congo Basin Forest Fund (The Congo Basin Forest Fund, 2010)	UN REDD Programme (FAO/UNDP/UNEP, 2011)	Least Developed Countries Fund (LDCF)/Special Climate Change Fund (SCCF)(Global Environmental Facility, 2011)
Name	Annual performance report	Annual report	Annual report	Year in review	Progress report
Length	45 pages	81 pages	63 pages	28 pages	16 pages
Structure	Introduction Reporting process requirements Active portfolio effectiveness and efficiency indicators lessons learned from process to date recommendations annex 1: project approved through... annex 2: update on the status of AFB approved UNDP-implemented AF projects Annex 3: project performance report template Annex 4: disbursement mix Annex 5: matrix alignment of project objectives/outcomes with AD results framework	Foreword Introduction About the CIF CIF Year in review CIF partnership forum Reflections from pilot countries Renewables in the CIF portfolio (as a special feature, not in every report; incl. global picture, shaping markets, Africa, Asia and the pacific, Europe and Central Asia, Latin America and the Caribbean) CIF in numbers Annexes Contribution status endorsed investment plans and approved projects members of Trust	Introduction Organization Organizational and administrative structure of the fund Strategic planning and direction Building partnerships Management and communication tools Other organizational activities Human resources Operational status Project selection Project implementation Outputs of on-going projects Financial position Conclusion	Introduction Support to partner countries National level actions Africa Asia-Pacific Latin America and the Caribbean Progress in other countries Lessons learned in UN-REDD Programme Partner countries International support: tools, training and guidance Spreading the word: evens and publications in 2011 Policy Board highlights financial snapshot	Introduction LDCF Report on NAPA operations under the LDCF report on project operations and submissions of projects for NAPA implementation under the LDCF SCCF Update on COP guidance, Council decisions Report on project operations and submission of projects under the Adaptation Program report on project operations and submissions of projects under the Technology Transfer Program Multi focal and

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	Annex 6: endorsed project concepts	Fund Committee CIF in action map			programmatic initiatives under the LDCF and the SCCF
Aggregation: Geo-graphical description	- provided sum per region	- % provided for regional distribution per fund/programme			
Aggregation: Thematic area	- Provided sum per outcome - Percentage per sector	-some information (%) per thematic area, but not very detailed -for CTF % distribution per technology area	- percentage and funding sum provided per key area		
Aggregation: per Indicator	- „target in project documents“ provided plus comments; However this is target and not actual achievement				

As outlined earlier, these international funding instruments were regarded as particularly relevant given the comparable nature of the ICI as a project-based funding instrument. Further examples of environmental reporting, such as from the German national or European context, was not explicitly taken into account in the analysis. However, when further developing the concept for the annual report the consortium aimed at applying key principles for such reporting which are also being used in the general environmental and sustainability reporting such as truthfulness (this includes for instance that statements should be true; hence include a balance of positive and negative aspects), relevance (this includes for instance that the most relevant aspects of the programme are being described; potential risks should be identified), clarity and understandability (this includes for instance that the report should be well formulated and well structured to facilitate understanding), continuity and comparability (this includes for instance that data collection methods should be applied for a longer time and be published) and public access to information (a decision needs to be taken which information should be publicly accessible and which not; if they are public they should be easily accessible via internet).

Based on the results of this analysis, an outline was developed for the ICI annual report and discussed with BMU, UBA and the programme operating entity. Furthermore, the consortium considered what kind of information might be of interest to stakeholders following the climate finance discussion. Also the information necessary for the external reporting requirements such as the Biennial Reports under the UNFCCC was taken into consideration. This was undertaken on the basis of the consortium's insights into the discussion and conversation with different target groups, e.g. NGOs, research institutions and policymakers. Feedback included for instance the need for comprehensive reporting, case studies and the need to show the ICI achieves its objectives. The second project workshop was also used to discuss the proposed elements. However, this generated limited extra information on the expectations of stakeholders towards such a reporting (see Annex 2).

As a next step, a simulation of filling in the annual report was conducted. This simulation was based on the data received by the test applicants at the project level, from the test application at the programme level, and on hypothetical information. Unfortunately, due to the small sample size of the test application at the project level, not too much information/ aggregated data could at this stage be filled into the annual report (see section 3.3.4). With more projects to report on, this might however differ strongly. Therefore, in order to fill potential gaps, some fictional information was included in order to display how the information might look like. Again, this proposed annual report was being discussed with BMU, UBA and the programme operating entity and at the workshops.

5.3 Main elements proposed

The consortium's proposal of an annual report contained the following elements. Whether or not this proposal will be taken up by the ICI has still to be decided by the BMU.

1) The first part includes an overview of the overall funding of the programme. This could for instance include overall distribution of funding per region, per *goal dimension* and per UNFCCC sector. Ideally this would differentiate between ongoing and newly approved projects and could display also the funding volume for this year. Further, this could contain the number of newly approved, ongoing as well as concluded projects within this year.

2) As a second item, it is proposed to include a chapter with an annual focus. This could change annually and allow providing information on one specific issue (i.e. projects focussing on energy efficiency) in more detail.

3) A proposed third section on envisaged objectives and achieved results would provide more insights into the funded activities and results in the thematic areas, and, with an overarching look, for capacity improvement. For each of the thematic areas, the number of projects per UNFCCC sector, per ICI *outcome category* as well as per region could be displayed – separated between ongoing and newly approved projects. If the M&R system would be implemented as proposed the reporting would also provide information on aggregated results in key *outcomes* achieved by the projects per thematic area (see Table 13).

Table 13: Key *outcomes* achieved with the contribution of ICI funded projects (example)

Aggregated results	Examples
50,000 beneficiaries whose resilience has been increased	<ul style="list-style-type: none"> - 20,000 people's livelihood resilience strengthened through building of flood shelters in x projects - 5,000 households benefiting from improved climate-resilient water resource management in countries x,y,z - etc.
x cases of improvement of institutional structures for coordinated decision-making	- x inter-ministerial climate change committees set-up with the support of ICI projects

Furthermore, experience in knowledge dissemination should be described, in order to foster replicability of projects. In addition to this, experiences from projects on various items (specific activities or indicators) could be displayed, in order to contribute to ICI's own knowledge management. If there are specific experiences on sustainable development aspects for a thematic area, these could also be displayed here. And finally, if projects had a specific aspect on contributing to UNFCCC discussions, this could also be presented here.

4) Following the section on thematic areas, the next chapter shall then focus on experiences with and contributions to sustainable development aspects. It is proposed that this section would be separated into four sub-chapters, namely co-benefits and co-costs, stakeholder involvement, safeguards and risk assessment. It could also contain some introductory information on the safeguards strategy of the ICI and specific elements of it, such as the risk structure of ICI projects as well as some statistical information how many projects conducted a scoping phase prior to the project implementation or how many projects implemented a FPIC process. In addition,

reporting could also focus on complaints received. This would increase the transparency of the programme considerably. It could contain a section on experiences with the risk management system which appears particularly relevant for the first years of implementing the safeguard policy.

5) Reflecting on approaches by other international funding instruments, addressing aspects of programme level effectiveness and efficiency could also provide useful information for the readers. However this is a political decision at the level of programme transparency. Finally, a short outlook to the next reporting period could point the reader to specifically relevant aspects for the next year.

6) An important element could also be a project list, which would include the information currently provided by the ICI, but could also contain aspects required for reporting under UNFCCC or other bodies. This list could also be "outsourced" into a separate electronically available document, to keep the annual report focused.

The proposed elements could be derived from the information generated by the proposed M&R concept. How to use this information and what to prioritise in future ICI reports will be subject to discussions beyond the research project.

5.4 Issues for further consideration

Clarifying the target audience of the annual report further would facilitate the decisions on which information to include and on which way to choose for presentation. Again a balance must be reached between providing a lot of information on ICI activities and on the other hand on making the annual report readable and attractive for the audience. The latter is also important to be kept in mind when discussing about the layout and the amount of text versus graphs and data. While almost all of the analyzed funds use mainly text and not tables, all of them use – at least to some extent – also tables, with some relying heavily on tables. Furthermore, most of the analyzed funds include a lot of pictures and info boxes. For the ICI, the consortium proposes to have a mixture between text, information boxes as well as graphs. A project table could be included in an annex and where necessary, small tables could also be included in the main part of the annual report.

If it is decided that the proposed M&R concept shall be applied – and in fact this would be the case for any new M&R concept applied – a solution for the interim period, where not all projects might apply the new reporting concept, needs to be found. One option might be to group also ongoing projects into the *outcome categories* in order to allow for reporting on the distribution of projects among these *outcome categories*. Another option would be to report separately on old and new projects, with new projects being reported upon with the data generated by the new M&R concept and old projects potentially being reported upon at a much broader level. While the former could include a broader number of projects in the display of the overall distribution of projects, it would remain at a rather macro level. In addition it would imply having the programme operating entity either categorizing each of the ongoing projects themselves or asking the project implementers to categorize their project. The latter option would allow displaying more detailed information on the new projects, but would maintain at a broad level for ongoing projects. Yet, one could avoid an

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additional round of categorization of ongoing projects. Yet some information needs to be also gathered for the old projects: namely the information necessary for fulfilling external reporting requirements such as those of the Biennial Reports to the UNFCCC or those to the OECD. Hence this information could in the interim period constitute the minimum information to be reported upon in the annual report.

When deciding which approach to take for a potential interim phase, the accompanying costs and benefits therefore should be considered. Further it would need to be ensured that enough projects could be in the group which already applies parts of a potential new concept, since otherwise aggregation would – again – be difficult.

6 Lessons learned, outlook and recommendations

6.1 General lessons learned

Providing detailed M&R guidance already during the project design

A clear lesson, reaffirming similar findings including in the project which evaluated the ICI, has been that it is strongly advisable to incorporate a comprehensive M&R approach already during the project design (proposal), since this is where the basis for the envisaged results is being laid. Through an early application the project steering can best benefit from the objectives of monitoring and reporting, for instance through the application of the result chain, the project proponent will need to consider which *outputs* are needed to achieve the desired *outcome*. Similarly the application of the 5-step approach requires the project proponent to consider the specific country context. Both aspects help in the project preparation. In conclusion, for the current ICI M&R concept this would mean that the time to prepare a full project proposal should be extended, at least for projects which require more in-depth considerations (e.g. because of certain risks).

6.1.1 Balance between provision of information and manageability

The research project from its outset faced the need to strike a balance between the political information needs, scientific ambition and applicability of the proposals. At several occasions, such as in the workshops, the test application and conversations with the programme operating entity, it became evident that finding the right balance is challenging, since different stakeholders, including those involved in the project steering committee, have different priorities in this regard. For instance, for some a rather detailed description of concepts and guidance for project proponents was important. Other feedback included that the documents of the manual "Project Guidance" need to be much shorter. By incorporating many suggestions for enhancing the practicability, while at the same time providing substantive information and background, and keeping in principle the proposed approach, the consortium tried to find an adequate balance. The reflection of the various view points were documented in a range of meeting minutes, in order to allow continuing the proposed M&R system even if framework conditions should change. This is combined with a flexible approach which allows for different entrance points for different project proponents by highlighting key guidance in the text. It also allows for short-cuts if prior knowledge allows so. It is likely that only a potential broader application of the research project's outputs (mainly the manual „Project Guidance“) will reveal whether this balance works, or whether further aspects need to be changed. It is also likely that the answer to this question will vary from user to user.

6.1.2 Inclusions of aspects of transformational change

The research project was tasked to develop an approach which can capture the "climate impacts" of the projects in the sense of the results achieved in mitigation and adaptation. Already in the conceptual phase of the project it became more and more clear that the challenge of climate change would not be adequately addressed with just

looking at direct emission reductions or short term adaptation results but to also include longer term transformational changes. However, this faces a number of challenges. First there is no commonly accepted definition of the concept of transformational change, and limited experience with indicators for longer term transformational changes. Second, the ICI deals with short-term projects which usually are implemented over a maximum period of three to four years. Transformational change however manifests itself on a longer term time scale and it would be almost impossible to see whether transformational change is actually achieved within the project lifetime. However, with to the *outcome categories* and the associated indicators – in particular in the area of capacity development – the consortium tried to identify areas where progress that can be achieved in the lifetime of a project can lay some groundwork for longer-term changes.

Considering finally achieved transformational change more systematically could have procedural implications as it would mean that ICI projects would have to be evaluated ex-post more systematically. While such ex-post evaluations have also been discussed, it was not possible to develop this further with the limited scope of the research project.

In this context it will also be important to watch and react to developments in the broader discussion on transformational change, such as in the Green Climate Fund.

6.2 Remaining methodological problems or lacks in data availability and proposal for improvement

As indicated before, providing standard indicators for and measuring the *impact* of activities focussing on capacity improvement which on the one hand address quantitative as well as qualitative aspects, has proven to be difficult. It is particularly difficult to measure in how far the activity has led to the intended change. Simply counting the number of strategies proposed does not say anything about the quality of the strategies and is hence not sufficient as an indicator for achieving the intended *outcome*. Furthermore, aggregating qualitative information about achieved change poses another difficulty. Therefore, the methodology proposed in IGS-G1-G4 with three different steps/questions to be asked to relevant stakeholders intends to overcome these difficulties. Here the first round of project proposals and then interim reports might provide helpful insights on how well the proposed methodology is working. Analysis thereof is a critical task for the knowledge management of the ICI. The manual of procedures includes also information in regard to knowledge management. The proposed indicators might need to be adjusted or expanded in the future. However, a regular assessment or review of the monitoring practice, and constantly improving it, is an inherent part of the internal knowledge management and is being addressed to some extent in the manual of procedures.

6.3 Recommendations for a potential implementation of the M&R concept (short-term)

6.3.1 Recommendations for guidance at project level

- Compile training materials

In order to ensure that project proponents understand well how to apply the M&R concept, it is important to provide technical guidance. This could for instance be done by uploading a short video or interactive presentations to the ICI website which provides short trainings for the use i.e. of the different templates.

- Ensure consciousness of the necessary tasks

The manual „Project Guidance“ encloses references to the goals of the M&R steps. In addition for all types of monitoring tasks, it should be made clear to project proponents why this task is necessary and which benefit they can draw out of this. The safeguard policy needs to be made very transparent from the beginning to ensure that project proponents understand the reasoning behind it and follow it closely.

- Clarify budget needs for M&R at project level

Currently no specific guidance on how much costs to allocate to M&R in the ICI exists, although indicators have already to be monitored. Some conversations during workshops and bilaterally have shown that it was not even clear to all project proponents whether they could do this. Therefore one should also consider suggesting a clear percentage of the overall project budget which should be used for M&R purposes. The application of the proposed M&R concept might increase the M&R effort to be undertaken by project proponents in some cases. Yet, this could again differ strongly depending on the type of activities undertaken. As outlined earlier, some rule of thumbs are applied in other instruments, which, however, usually cover monitoring and evaluation (e.g. 3 to 5% of project costs in IFAD). Such approximate indication would guide project proponents in the level of importance they should be giving to monitoring and reporting.

6.3.2 Recommendations to BMU regarding the programme level (short-term)

- Define and allocate the necessary resources for M&R

Dedicated and sufficient resources are important for a successful and effective implementation of a comprehensive monitoring and reporting system. The consortium is convinced that this can benefit the ICI as a whole, since a very good reporting provides the chance to make the work and achievements of the ICI even more visible and helps communicating this to the relevant addressees. It is likely that the proposed M&R concept will presumably also need more resources at the programme level. Hence it will be important to provide a certain group of staff at the programme operating entity and at BMU with enough time to adequately accompany the implementation and further development of a new M&R concept. Also, processes for the implementation of M&R need to be clearly defined. This implies also that importance needs to be given to M&R by a clear distribution of roles, responsibilities and tasks for M&R in the programme operating entity and in the BMU. This means also that the manual of procedures as proposed by the consortium, needs to be updated if any changes occur.

Presumably, this will especially be needed during the introductory phase. As indicated above, it will be necessary to conduct first a transition phase with potentially adjusted processes.

- Adjust to new developments and establish a database for data management

Reflections on the experiences with the proposed M&R concept and where needed potential adjustments are important. Furthermore, it should be ensured that the ICI M&R concept remains up to date in regard to potential changes in the ICI's *goal dimensions*, international discussions (i.e. in regard to the concept of transformational change) or new developments under other climate funds (i.e. the Green Climate Fund) which might also have implications or provide new ideas for the ICI M&R. One important prerequisite is the development of a database which can reflect these new needs, which is easily manageable and allows easily for extraction of relevant data for aggregation and reporting purposes

- Establish a constant scientific accompaniment of the ICI M&R-system

In this regard one suggestion made has been to consider having an on-going scientific accompaniment of the M&R concept, which could for instance include experts on the measuring of impacts of the different thematic areas (i.e. in regard to mitigation and REDDplus on methodologies for calculating emission reductions). This would be helpful in order to identify potential necessary changes to stay up-to-date with international discussions and the practical experience gained.

6.3.3 Options for a step-wise, selective implementation

In how far the outputs of the research project will be applied in ICI practice is still to be decided by BMU. This could for instance include a full or a selective application and can be sequenced. However, even in case of full implementation of the proposed M&R concept, it would have to be considered how to deal with the transition phase until the M&R concept is fully applied and generates data for all projects. Table 14 suggested options for the transitional application to on-going projects. This was based on the assumption that the full M&R concept would be applied from a specific year on for new projects. What might be considered furthermore is to make the manual „Project Guidance” to the project proponents available, not as an obligatory guidance but to help them improve their reporting and project implementation. In that case clear communication would be important in order to avoid confusion. As has been indicated above, any decision on the (partial) application of the proposed M&R system needs to consider the accompanying costs and benefits of the respective approach.

Table 14: Options for a step-wise application of elements of the M&R concept (short-medium and long term)

Elements of the M&R concept	Relevant for	Proposal for a stepwise introduction
Can be introduced/asked for ongoing projects		
Categorization according to UNFCCC sectors	Needed anyways for the biennial reporting to the UNFCCC (Biennial Reports), in addition relevant for	To be conducted at programme level: It should be relatively easy for the programme operating entity to assign ongoing projects according to the respective UNFCCC sectors – especially since this has to be done anyways in order to fulfil the reporting requirements of the Biennial Reports. By doing so, one could at least report in the annual report how many and which projects are being funded according to these sectors. If the categorization of a project is clear, one could

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	the ICI annual report	also determine from the project volume the financial support provided. This might be more difficult for more complex projects which can be grouped according to several sectors.
ICI goal dimensions	ICI annual report	To be conducted at programme level: Assignment should be possible for ongoing projects, since the names of the <i>goal dimensions</i> have barely changed. Further the <i>goal dimensions</i> are very broad, hence it should be possible to group projects more or less clearly to the <i>goal dimensions</i> .
Can be introduced/asked possibly for ongoing projects		
ICI outcome categories	ICI annual report, M&R concept	<p>To be conducted at project or programme level: In principle, one could consider asking all ongoing projects to state which <i>outcome categorie(-ies)</i> they would assign their project to. One option is also that the programme operating entity would do this manually on the basis of the available information. Yet this should not lead to any further obligations/requirements for the ongoing projects. In order to support project proponents in this task they should get a short description of the different <i>outcome categories</i>, as contained in the manual.</p> <p>To be conducted at project level: As a leaner approach - if for example the M&R concept would only be applied from two years on -, one could ask project proponents already in the next project proposal round to assign their project to one (or several) <i>outcome category(-ies)</i> - again without any resulting obligations. Both versions would allow that within the next annual report, one could already group more projects to the different <i>outcome categories</i>.</p>
More difficult to introduce/ask from new projects		
ICI standard indicators	ICI annual report, M&R concept (as soon as it is being applied)	<p>The use of ICI standard indicators cannot be demanded from projects ex post, since project implementers have already developed and apply their own indicators. This became also visible during the test application.</p> <p>To be conducted at programme level: However, what might be possible is to screen ongoing projects whether they use the standard indicators already accidentally. This could help gaining experience with the indicators, and may allow for some aggregated reporting on results. Furthermore this could provide information on whether certain other indicators are applied by many projects.</p>
Risk categorization	Sustainable development aspects	To be conducted at project or programme level: It seems difficult to apply the in-depth risk categorization for ongoing projects, since it is based on additional information, which has not been demanded for previously (safeguard assessment). Hence further information might be demanded to do this categorisation. However, in case problems arise with a specific project the risk mitigation strategies related to the categorisation might prove useful to find ways for dealing with the occurring risks.
Co-benefits and co-costs	M&R concept	To be conducted at project level: Project proponents could be asked to provide information at least on which co-benefit categories their project contributes to. This might allow some overarching reporting e.g. on how many projects address which categories. A full application for ongoing projects does not seem

		advisable.
Adjusted templates	M&R concept	To be conducted at project level: The templates have been adjusted to fit to the proposed M&R concept. They contain specific terms which are explained in the manual. It could be considered to make ongoing projects use the revised templates in their reporting, and leave blank parts which they can not fill out because they have not started with the full concept. For the interim and final report templates T4 and T5 this should be possible. Since the monitoring table T3 is more comprehensive this might be difficult.

6.4 Further development of the ICI monitoring and reporting process and the ICI

6.4.1 Allow for re-adjustments of the M&R concept based on experiences

As has been indicated before, the proposed parts of the M&R system should be developed further to adjust to methodological improvements. This is relevant for the ongoing development regarding the description of transformational change in terms of *outcome categories*. Especially the currently proposed standard indicators might only be the starting point for including more indicators as standard indicators. Thus, based upon the experience which might be made within the first years of a potential implementation, it should regularly be examined whether it seems advisable to include more standard indicators or to change existing indicators to better reflect the experiences made by projects. For example, questions could be: Which indicators were mainly used? Was there a lack of data availability for specific indicators which makes them not manageable? The consortium proposed a regular reporting of the projects via the templates to receive feedback on the indicators. Yet also beyond the indicators, experiences gained during implementation, for instance in regard to co-benefits and co-costs, stakeholder involvement or capacity improvement, could give clear insights for necessary adjustments. Therefore one could consider implementing quality and knowledge management processes in the ICI at project and programme level as proposed in the manual of procedures and in the manual "Project Guidance". Moreover this systematic gathering of experiences and knowledge gained should not only be restricted to experiences from the ICI but could also result from experiences made by other funds.

Overall, as much experience as possible from the monitoring and reporting of other funds and processes, potentially also including German or EU climate-related implementation, should be considered in order to guide the future development of the ICI's M&R system.

6.4.2 Questions to consider for the future (midterm to long-term)

- Better monitor *impacts*

The proposed M&R concept focuses so far on *outcomes* and *outputs*. In the course of the project, it became apparent that in a project-based funding system like the ICI it is difficult to assess the long-term *impacts*. So while the *impacts* continue to be an important element of the result chain to be applied by project proponents and need to be addressed in the 5-step approach, the detailed guidance provided by the consortium focuses on the *outcome* level. Thus one of the questions for future work could be how

one could progress on the M&R of long-term *impacts*. This would not only be relevant at the project level but is also of relevance at the programme level. The ICI e.g. could consider looking into country assessments some time after a number of projects had been implemented in a specific country in order to identify potential longer-term contributions of the ICI funded projects.

- Support research activities on the development of indicators regarding transformational change

The terms of reference of the research project (UBA 2011, unpublished) included an analysis of existing approaches on indicators to gather the contributions of the projects and programme with regard to transformation (“governance indicators”). It turned out in the course of the project that the complexity of the overall task did not allow to deeply analyse and test new ideas for such indicators. Therefore the consortium recommends BMU to initiate special research activities on this subject. Such research becomes increasingly important, since more and more funds, e.g. the Green Climate Fund, strive to fund such paradigm shifts or transformational changes. Also in other policy fields like mitigation or adaptation in the national and European context there is an intensive work on these indicators. Therefore it seems advisable to combine efforts and to conduct joined activities of research together with other institutions (BMBF, BMZ etc.).

- Connect M&R with the evaluation process

Due to different timetables the regular external evaluations and the proposal for the further development of the ICI M&R system have been developed separately. Despite regular exchange between the two projects the consortium recommends to systematically connect both developments in the future. For example, for a future programme evaluation the manual of the first evaluation process should be revised in the light of a potential decision regarding the implementation of the proposed M&R concept.

- Further strengthen aspects of sustainable development and linkages between adaptation and mitigation

Projects which address both mitigation and adaptation aspects become more and more important. Partially this is already addressed in the proposed M&R concept, with some guidance contained in the manual „Project Guidance“, with the overarching approach for capacity development, and under the heading of co-benefits. Yet it would be advisable to give this a more prominent role in the overall M&R concept based upon practical experiences and scientific findings in order to reflect its growing role.

- Elaborate verification procedures to supplement the M&R system

Verification (V) also plays a crucial role within the international debate on MRV. Hence the question of verification as well as the question of evaluation came up at several points during the project. While verification has been included in the terms of reference of the project, it was agreed during the project period that there should be stronger focus on M&R than on verification or the link to evaluation, although any evaluation of course builds on the monitoring and reporting during project implementation. An evaluation can of course also be used to verify information

externally (either at a project mid-term or as an ex-post terminal evaluation). So far a project evaluation is not applied to all projects and is rather the exception in the ICI. The IGS also include suggestions for potential means of verification whereby the project proponents have to provide some kind of evidence for the assessments they make. Hence for the future, it would be necessary to add an additional focus on evaluation and verification. In this regard one could also consider how one can improve coordination with the partner countries on monitoring and reporting. This can on the one hand help verification processes and on the other hand could generate interesting insights also for UNFCCC discussions.

- Expand the M&R concept to focus area IV “Biodiversity”

If BMU should decide to apply this proposed M&R concept fully or partially and to expand it to the fourth thematic area of biodiversity, it would need to be considered whether the proposed *outcome categories* for capacity improvement activities are also adequate for this section. If this is not the case, it would need to be clearly defined in the manual “Project Guidance” why this thematic area is treated differently. Furthermore, while the consortium has included some placeholders for the fourth thematic area, all templates as well as the G-document of the manual “Project Guidance” would need to be adjusted in order to reflect this new area. Finally certain changes might be necessary in order to distinguish clearly between biodiversity projects and for instance REDDplus projects with biodiversity relevance.

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7 Annexes

7.1 Annex 1: Workshop report 1

Workshop report

“Towards Effective Monitoring and Reporting of Climate Projects”

21 May, 2012, Bonn,

prepared June 2012

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Agenda of the workshop

Date: Monday, 21.05.2012; 9:00 – 17:00

Venue: BfArM - Bundesinstitut für Arzneimittel und Medizinprodukte; Room: Hörsaal 1
Kurt-Georg-Kiesinger-Allee 3; 53175 Bonn, Germany

9:00	Registration, Coffee and Tea	
9:30	Formal welcome Scope and objective of ICI Monitoring Project Introduction / Agenda of the day	Kati Mattern, UBA Norbert Gorißen, BMU Chair: Timon Wehnert, WI
10:00	Presentation: Proposed monitoring and reporting Concept / Manual of methods and procedures + Questions and Answers Session	Sven Harmeling, (Germanwatch)
11:00	Coffee Break	
11:15	Three thematic working groups <ul style="list-style-type: none"> • Mitigation • Adaptation • REDD 	Session Chairs Sina Wartmann (Ecofys) Kati Mattern/Sven Harmeling Kristin Gerber (Germanwatch)
13:00	Lunch	
14:00	Plenary: Report from working groups	Chair: Timon Wehnert
14:45	Special Issues: the role of co-benefits, stakeholder involvement, safeguard assessment and risk assessment in the general monitoring concept + Questions and Answers Session	Christiane Beuermann, Hanna Wang-Helmreich (Wuppertal Institute);
15:45	Coffee Break	
16:00	Panel Discussion Lessons learned and way forward	Chair: Timon Wehnert
16:45	Summary	Sven Harmeling
16:55	Conclusions and Outlook	Kati Mattern, UBA
17:00	Closing	

1. Summary

This part summarises the key outcomes that emerged from the discussions in the different parts of the workshop. This summary responds to the six theses that were contained in the background paper to the workshop. It will be an important input for the further revision of the monitoring and reporting manual by the consortium.

Thesis 1: The proposed monitoring and reporting system bridges the requirements from a scientific and policy perspective (e.g. UNFCCC provisions, German policy requirements) with the need to be applicable by project proponents, in particular by providing a structured guidance.

Thesis 2: The proposed M&R system contains in-depth guidance for project proponents on several aspects. While it increases some requirements related to monitoring and reporting, it helps facilitating the tasks of project proponents by providing a clearer guidance.

(Combined response on theses 1 and 2)

The proposed elements of the monitoring and reporting manual for the project level - specified result chains, pre-defined sub-outcomes and standard indicators - were not only developed as a basis for a better project management. They should also enable the aggregation of project results for the programme level. The discussions confirmed that these elements in general reflect the state of the art. The science-based work undertaken by the consortium especially also provides benefits for the further conceptualisation of the ICI result chain in the three climate-related focus areas of the ICI (mitigation, adaptation, REDDplus). Some participants pointed out that several multilateral and national donors like UNDP, DFID and GIZ are modifying their result chains at the moment. In addition there are no widely accepted definitions of the result chain elements like outcomes and outputs. They recommended to be open for these changes or otherwise not to use the result chain in the project manual.

The main information requirements of policy makers for the ICI projects refer to the contributions to changes initiated in developing countries. The inputs of the participants revealed that these information requirements will be met predominantly. Improvements should be made not to cover only the contributions to establish structures and institutions for transformational change but also to the change of behavior of the actors, e.g. the consideration of climate change in planning timelines etc.

This and the proposed level of standardization can also help project proponents to develop their own "theory of change" and the outcomes and impacts their project seek to contribute to. At the same time it can help to improve the quality of the project proposals and the overall success of the projects.

However, many participants judged the applicability of the proposed approach challenging and too complex for a project proponent's circumstances in developing countries, especially in the average short term ICI projects. In consequence, they expect potentially higher transaction costs from the proposed monitoring and reporting approach. Part of this challenge already starts with understanding and applying the overall OECD result chain and therefore with an element not newly added by the consortium. However, this also addresses the definition and the specification of the pre-scribed specific outcomes and indicators. Concerns were raised that this would pose a lot of questions and require unreasonably communication efforts between the proponents and the programme office.

On the other hand some participants highlighted that the reporting system of ICI should display the ambitious objective of the ICI programme objectives. For this reason they recommended to think about an adjustment of ICI structures and procedures. These should allow the implementation of an improved monitoring and reporting. Examples for adjustments are extended timeframes for project proposals or the establishment of an help desk on programme level.

Other concerns referred to the risk of limiting the flexibility of projects (see below). Generally, further simplification wherever possible was suggested by many participants. On the other hand for some aspects, like guidance how to measure results of capacity building activities, some participants also suggested to provide even more detailed guidance. Additionally, better examples which clearly illustrate the proposed procedures were suggested. In general the manual should be transformed into much simpler language and clear definitions. The specific steps and timelines a proponent has to follow should be clearly presented.

Thesis 3: The consortium proposes that the ICI pre-defines elements of the result chain (outcomes and sub-outcomes along with standard indicators), which project proponents should generally follow. This provides a standardised basis to - later - aggregate project results for the programme level. At the same time it helps proponents to develop their result chains and, if justified, they are flexible to deviate from the pre-defined parameters.

While participants appreciated the conceptual thinking behind the elaborated result chains, several participants questioned the applicability for project proponents. The approach was perceived as prescriptive which would limit the proponents' ability to take into account their specific project circumstances, or lead them to steering their projects to the pre-defined sub-outcomes. The discussions showed that the flexibility entailed in the consortium's proposal, has often not been recognised and understood sufficiently by the participants. It always allows deviation from the pre-scribed elements if well judged.

Some participants highlighted that several climate projects – especially in countries with weak governance structures - carry out important activities at early stages of transformation. The induced changes of these projects are often not directly obvious. In addition participants mentioned that contributions of short-term ICI projects for transformational change are difficult to determine. The definition of outcomes and sub-outcomes should allow to include these project results.

Regarding aggregation, it was raised that the pre-definition of sub-outcomes can help grouping projects with regard to their contribution to these sub-outcomes. Clearly defined indicators are necessary to process the project data with a view to generating aggregated results on the programme level. Therefore, further examination for which key aspects aggregation is desired on the programme level has been suggested. Consequently, whether the associated indicators can provide the necessary information has to be looked at as well. This should also help to avoid that much information is gathered which will not be used adequately.

Thesis 4: For each funding area, a set of standard outcome indicators has been defined, which should be used by proponents, if they are applicable. Deviation is possible, if justified by proponents, as well as adding additional indicators.

The discussions in particular in the working groups often focused on understanding and debating the higher-level elements of the proposed approach. There was limited space for a detailed discussion of the specific outcomes and indicators. Partially, the lack of SMARTness of the proposed standard indicators on the outcome level was criticised. Some participants judged the guidance provided in the indicator fact sheets as still too broad to be really useful for proponents. Some participants also suggested to further reduce the number of standard indicators per area to some really broadly applicable, and to provide very detailed guidance on these. Some participants recommended to develop a detailed step-by step direction with clear selection criteria for the specification of indicators by project proponents. Detailed examples of measurable indicators should be included into the guidance.

Thesis 5: The Federal Ministry on the Environment decided to strengthen the monitoring and reporting of the sustainability aspects of the ICI. In the proposed M&R system the non-climate aspects of co-benefits/co-costs will be considered in a structured way including also, stakeholder involvement, safeguard/risk assessments, taking into account

frameworks agreed under the UNFCCC. This inter alia helps to systematically present the non-climate project results for all the aspects of sustainability.

The consortium's proposals for addressing these non-climate benefits was substantively discussed. Many participants generally agreed that these areas and also the project proponents could benefit from more guidance. Concerns were raised whether the approach proposed by the consortium has to be judged as too challenging, and that the application could result in high transaction costs. However, it was explained that all of the elements presented are already included in the current ICI M&R manual. Especially the stronger guidance for the stakeholder involvement was regarded as an important step towards contributing to the creation of ownership in partner countries and the sustainability of project results. Stakeholder involvement was seen as the best instrument to detect unintended negative effects of projects. Special advice for the better implementation of the stakeholder involvement was given. Design and guidance of the special issues in the proposed manual aim at providing more guidance to reduce complexity to a practicable level while gathering more structured information. Recommendations on the use of established elements such as Environmental Impact Assessments were given. A lot of the proposed indicators are even difficult to measure in developed countries. Therefore the participants suggested to improve the guidance of the SMARTness of the Indicators on Co-Benefits to make the approach applicable. Especially advice for prioritization of indicators should be given. It was suggested that only for those projects resulting in significant co-benefits and co-costs, where ICI is interested in receiving information, significant efforts should be required. Therefore, for projects without significant co-benefits and co-costs efforts should be kept marginal, which also the current consortium proposal intends to achieve.

Thesis 6: In most developing countries, a specific monitoring system for climate change mitigation and adaptation does not yet exist. The proposed approach can also assist countries in developing their own systems.

The general importance of a certain alignment with recipient countries' monitoring and reporting schemes was supported by some participants. However, the discussions addressed this issue only very limitedly and provided no concrete suggestions on practical steps. Nevertheless, the conceptualisation of the result chains was seen as potentially useful also to recipient countries for better understanding how change in certain areas could be initiated. Some participants highlighted that the link between project based monitoring systems and national or regional monitoring and reporting schemes is not always possible. Especially with regard to adaptation to climate change it was suggested to establish a stronger link to national vulnerability data. It was recommended to facilitate and allow the use of methodologies and data of the partner countries as much as possible.

2. Welcome and introduction

After **Kati Mattern (UBA)** had welcomed all participants to the workshop, she described support for the fulfilment of internal and external reporting requirements as a key aim of the project. Further she described several methodological challenges enshrined and tasks to be fulfilled by such a M&R system, including a diverse portfolio of projects covering mitigation, adaptation and REDDplus, various spatial scales, capacity building for the transformation to low carbon development and climate resilient societies, enabling aggregation, consideration of long-term effects as well as compatibility to UNFCCC process and partner countries.

After a short introduction to the structure of the proposed manual, she described the extensive peer review process. She furthermore provided a brief report back from the ICI NAMA/MRV workshop, which took place two days before and in which the need for standardized reporting was highlighted. The ICI Advisory Board which met the day before also highlighted the desire to strengthen standardized reporting, to pursue transformational changes as the key element of the ICI and to allow for assessment and evaluation on the programme level.

In order to draw up the context of the workshop, **Norbert Gorißen (BMU)** highlighted the fact that the current state of the proposed M&R system reflects preliminary results of a research project. It aims to describe "ideal" ideas without any prejudice on what kind of M&R system will in the end be established. He underlined that so far, the BMU is not fully satisfied with the monitoring of ICI projects and aims to be more ambitious and to set a benchmark for monitoring and reporting. He described several objectives of this project, partially against the background of the fact that monitoring is a highly important political issue in the UNFCCC context,

- if the BMU asks/supports developing countries to do MRV projects, the BMU also needs to show leadership in its own reporting and
- reporting requirements towards the parliamentary budget committee have to be fulfilled in order to show the parliament that providing funding to the ICI is the right choice.

3. General overview of the proposed monitoring and reporting concept

On behalf of the consortium, Sven Harmeling (Germanwatch) provided an overview of the key elements of the proposed M&R approach and the way these are built into the proposed manual (see presentation). He furthermore kicked-off the discussion with the theses that were contained in the background paper of the workshop. Therefore the first session had the primary objective to provide participants with the opportunity to react to the consortium's proposal. Further, more intense debates were to be held in the specific working groups. This section highlights some of the points raised by participants.

In the following discussions preceding the specific working groups a range of issues were addressed by the participants, ranging from the overall objective the ICI should work towards (transformational change) to the functionality of specific proposals by the consortium, such as those related to the applicability of pre-defined sub-outcomes.

On **transformational change** but also referring to a "theory of change" in general, some participants raised that in order to be ambitious ICI funding should focus on such an overarching objective. A monitoring and reporting system would have to reflect that. Practical reasons were noted why this is only possible to a limited extent, because ICI funds per project are limited in their amounts and project duration which hardly allows to initiate transformational change. However, consortium members explained that the idea of initiating changes is clearly reflected in some of the guiding elements developed. This includes the focus area specific result chains, but also the guidance provided to proponents for describing their projects and developing outcomes outputs and indicators.

With regard to **co-benefits**, the added value of the proposed refinement of the elements were confirmed. However, concerns were raised whether this could overburden project developers and put more emphasis on co-benefits than on climate specific aspects (further aspects addressed in section 5).

A concern was raised that the current requirements will lead to **high transaction costs**, which might discourage the fast track of ICI. More practitioners should be included to ensure approaches taken keep transaction costs low. Partially, this will be taken into account in the test application which will succeed the revision of the manual. In a similar manner it was also raised that **requirements for data collection** should be kept as simple as possible ("lowest common denominator") in order to ensure the necessary data can be collected.

With regard to the consortium's proposal to define **standards for outcomes and indicators**, it was seen more appropriate to give specific step-by-step guidance on outcomes and indicators, but not to provide standards.

It was also raised that in general the project design phase is very crucial for the overall success of a project, because here the level of ambition is decided.

After this initial exchange of views the work continued in three working groups covering the focus areas of mitigation, adaptation and REDDplus.

4. Working Group sessions

4.1 Mitigation

In the break out group on the focus area “Mitigation”, Sina Wartmann gave an introductory presentation to the respective part of the manual. The following discussions focused on applicability of the manual and content and complexity of the issues (see slides for details).

Applicability

Whereas single texts contained in the manual were seen as well accessible, criticism focused on the relation of the single documents/sheets to each other, difficulties to read across the documents as crossing references and linkages between the different sheets were rather confusing than helpful. By some, the manual was perceived as fragmented into too many documents. Participants indicated that they had difficulties to see how the sequence of documents fits in the process of developing a project proposal. Suggestions for improvement included:

- a guide to the documents, explaining where to find what.
- Providing one document instead of a sequence of sheets.
- developing a flow chart with no/yes directions to describe the linkages and shortcuts that help guide project developers in developing their proposals.

On a more strategic level, it was recommended to apply an evolutionary approach that is open for a further development of the M&R concept in view of the real experiences with it.

Content and complexity

First the discussion focused on the assessment of outcomes with regards to "mitigative capacity improvements": Should emission reductions related to these improvements be quantified? Sina Wartmann highlighted that mitigative capacity improvements would enable emission reductions by removing barriers, but that these reductions would not necessarily materialize and would rather have to be regarded as a potential for reduction. She pointed out further practical limits to quantification of potential emission reductions through mitigative capacity improvements. Potential problems could result from the open communication and the aggregation of such potentials.

With regards to the outcome "emission reductions" a number of participants found the manual not sufficiently detailed, especially with regards to baseline setting and determination of project emissions. The question when to determine the detailed project baseline was discussed, as the project proposal phase was perceived to be too short for this task.

Related to the above discussion the main aims of the ICI monitoring and reporting system were discussed. Tony Adam (BMU) pointed out that the primary goal was reporting ICI results to the BMU. Furthermore, the system could also help to generate data supporting the fulfillment of international reporting requirements. In order to allow for this, comparability with other reporting requirements (national inventories and communications, local MRV if existing, etc.) had to be ensured. ICI might also trigger improvement of these other MRV systems and deliver inputs to the international MRV debate.

The “five-step approach” provided in the manual only as non-mandatory guidance for the assessment of mitigative capacity improvements in the project design phase was considered as generally helpful but ambitious. The orientation towards barriers was welcomed as a step forward. This relates in particular to understanding why projects might work, which barriers to address and the impacts of removing barriers. A practical consideration was to apply the approach more thoroughly to selected strategic projects. Participants suggested that the approach should be linked to the assessment of co-benefits and co-costs in the project design phase.

4.2 Adaptation

After an introductory presentation by Sven Harmeling (Germanwatch, see presentation), the working group discussed various items regarding the adaptation proposal – many of these with potential relevance for the overall approach. In the following, some key points of the discussion are summarised, structured by aspects on the specific approach proposed by the consortium, and more general aspects.

Aspects related to the specific approach by the consortium

While the presentation by Sven Harmeling picked up on some of the clarification requirements that emerged from the opening session, participants in the working group requested further clarification of understanding. One particular aspect addressed was in how far the proposed approach - predefined sub-outcomes and standard indicators - has to be understood as mandatory or voluntary and the associated implications. Sven Harmeling clarified that they are seen as mandatory with flexibility. Whenever none of the sub-outcomes or standard indicators seem applicable to a certain project the proponent can justify deviation. This in the view of the consortium balances the need between flexibility and more structured guidance. Regarding the proposed result chain one participant suggested to pick up approaches of Disaster Risk Reduction on the monitoring of projects' contributions to reduced vulnerability. For assessing adaptive capacity improvements it is important to develop a vulnerability baseline.

Regarding indicators, the discussion addressed whether the standard indicators proposed by the consortium can be called indicators since they lack the SMART criteria. Sven Harmeling explained that making these SMART would be the task of the proponents, based on the guidance provided by the consortium. It was indicated by the participants that the proposed indicators provide helpful structuring of the content. However they do not appear concrete enough to serve the desired aggregation, and may rather be called "indication fields" due to their limitations. It was also suggested to further reduce the number of proposed standard indicators to those that are really needed for aggregation. Providing these with more detailed guidance than currently contained in the manual was indicated as necessary to make it applicable. One important aspect mentioned was the question how to select indicators to bring out the added value of adaptation activities compared to current activities in the development context.

In order to be more helpful for the proponents, it was suggested that the manual should contain more assistance in some regards. One particular example mentioned was the question how to detect positive results of capacity building activities. Generally, providing more and very well elaborated examples was seen as important in order to provide clarity on what proponents should do exactly.

General aspects

The discussion partially also addressed challenges on a more general level, independent from but nevertheless relevant to the specific proposal by the consortium.

There was general agreement that even within the expert community there are different understandings of the terms impacts, outcomes and outputs and their specification. Regarding the above mentioned ongoing donor-driven discussions about the result chain it was recommended to clearly define all elements to make it applicable.

It was raised that for practitioners based in developing countries with even less theoretical and conceptual background this may be more difficult. On the one hand the consortium with its more structured approach tries to address this challenge. On the other hand one participant suggested to think about a communication which puts these terms in very plain English, potentially not even using the terms for the proponents.

It was also highlighted that the debate around monitoring of adaptation in the overall expert community is quite open and no one has the key answers, as a conference co-hosted by GIZ two weeks before the workshop showed. Therefore, the work by the consortium was also

appreciated as a contribution to the debate which provides ideas and proposals for structuring approaches for the specific instrument of the ICI.

4.3 REDDplus

After a short introductory presentation by Kristin Gerber (Germanwatch, see presentation), the working group discussed various items regarding the REDDplus proposal – many of which could not only be relevant for this focus area but for the overall manual. The overall discussion has been very broad, not concentrating too much on single elements of the concept. The moderator allowed for that wider discussion as the participants gave valuable feedback regarding the general approach and some concerns they wanted to address.

The proposed M&R concept should match the requirements from a scientific and policy perspective (e.g. UNFCCC provisions, German policy requirements). It was suggested to clearly describe to project proponents for which purposes certain data need to be collected. One participant suggested highlighting three issues in the manual: 1. What are the lessons learnt by change processes?; 2. Help the BMU fulfill the requirements and show that the ICI is valuable and 3. give guidance to the project implementers to match those expectations.

As REDDplus is a very complex issue (forests, non-forests, CO₂, biodiversity) monitoring would have to address that results might take time and that there should be enough flexibility in the M&R concept to enable projects to use different arguments to show progress made. One participant raised the problem that monitoring should therefore also take place after the project's lifetime. Germanwatch acknowledged this problem and highlighted in this regard the potential of the 5-step approach as an ex-ante impact assessment and the potential of the aggregation at the programme level.

With regard to the result chain, one participant highlighted that not each ICI project focuses on GHG reductions and that the impact should therefore not be limited to emission reductions only.

Regarding standardization of indicators and indicators in general, several issues were raised. Several participants perceived the manual as providing too much guidance and hence reducing potential country and project ownership; a reduction of ownership could be avoided by providing recommendations instead of requirements. In this regard the Paris Declaration was mentioned. In line with this – while acknowledging the positive elements of standardization – the concept of standard indicators has been criticized. One participant suggested that projects should define their own indicators instead of providing pre-defined indicators. Another participant suggested describing how a good indicator would look like instead of saying which indicator would need to be used. Further it was suggested to focus on avoiding negative impacts, instead of prescribing specific indicators to describe potential benefits. With regard to the standard indicators the fear was also mentioned that project proponents might then choose the simplest indicators. It was also questioned whether standard indicators really allow for aggregation. Regarding the proposed indicators it was suggested to use simple and realistic units since these are easier to measure.

Further it was suggested to provide key questions, which should be posed to project proponents to facilitate their project design and M&R. In addition it was proposed to provide for a standard ICI theory of change. Project proponents should indicate in how far and how their project can contribute to achieving this change, instead of letting project proponents describe their own theory of change. Such a general change theory of the ICI would also allow to understand project achievements and undergo a learning process. On the basis of such a theory of change two approaches have been drafted by the participants: One participant explained that the theory of change would help to provide the context for the REDDplus projects. Key questions with regard to the change process help to guide the project design and M&R concept. Some recommendations/ could underpin this approach?. Another participant explained that it would be best to provide the bigger picture (requirements by UNFCCC, ODA, BMU) for the project proponents and then provide criteria that are applicable to all projects (“common principles”).

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According to the developed theory of change by the ICI the projects proponents would now be able to establish their own indicators.

Shortly, various other issues were addressed, including the suggestions to place safeguards more prominently and to provide clear reasoning within the manual on why certain information was requested in order to ensure better reporting results.

Finally it was mentioned, that the monitoring so far did not focus on lessons learnt and that it should be investigated how learning processes could also be reflected in the manual.

4.4 Working groups – plenary feedback

In this section, each of the working groups provided a short report back to the plenary. This was followed by a short discussion. Since more detail is provided on each of the thematic working group sessions, the report back will not be summarized. The overall questions which were discussed at the end focused on the following items.

Several participants mentioned within different contexts the need for a balance between a standardized approach and keeping sufficient flexibility. There were different perceptions on whether too much or too little guidance is being provided in the manual. One participant raised the question whether the use of standard indicators was mandatory or not and asked whether such indicators might already be in place in the countries and could be built upon. Overall it was suggested to reduce the mandatory issues to as little as possible in order to provide much flexibility, but at the same time to provide guidance as orientation which proponents can benefit from. In this regard, one participant suggested that more detailed guidance should be elaborated for outcome "emission reduction" in order to strengthen that part. Another suggestion was to provide within the manual more clarity on why we ask for specific information, because this might result in better responses. It was mentioned that a clear assignment which information will be needed for reporting purposes and which information for project management purposes would be helpful. Finally the monitoring of lessons learnt in terms of accountability, monitoring from project compliance and management as well as the issue of learning about change were highlighted.

5. Co-benefits, stakeholder involvement, safeguard assessment and risk assessment

In the session on “Special Issues”, Christiane Beuermann and Hanna Wang-Helmreich gave an introductory presentation to the respective part of the manual. The discussions focused on 1st a broad coverage and applicability of the issues of the manual and 2nd content and complexity of the issues.

Broad coverage and applicability

Concerns were raised that this part of the manual was most challenging and application could result in high transaction cost. However, it was explained that all of the elements presented are already included in the current ICI M&R manual. The design and guidance of the special issues in the proposed manual aim at providing more guidance to reduce complexity to a practicable level while gathering more structured information. The lists (ticking boxes) primarily aim at capturing the main features regarding the special issues of an ICI project. Asking the project proponent to comment on these reduces the risk for ICI/BMU, since responsibility is transferred to the project proponent. There is a trade-off between comprehensiveness and applicability of the concept. Some workshop participants perceived that co-benefits should be quantified and felt this to be overly demanding. It was clarified that no quantification was intended.

Content and complexity

Guidance on stakeholder involvement appeared too general meaning it should be more precise and specific. It should contain a procedure for comments, and a clear process for making project documents available.

One suggestion from workshop participants was to not make identification and specification of co-benefits and co-costs mandatory for all ICI projects but to only ask projects with considerable co-benefits to provide information on these. This would, however, contradict a more structured approach towards the consideration of co-benefits, co-costs etc. Therefore, the consortium suggests an approach where only for those projects resulting in significant co-benefits and co-costs, where ICI is interested in receiving information, significant efforts arise. The less the co-benefits, co-costs, risks and safeguards are relevant for a specific project, the less effort is required regarding these issues. For projects without significant co-benefits and co-costs efforts are expected to be marginal. It should be clarified whether the monitoring should include only intended or also unintended effects of the projects.

It was noted that safeguards and co-benefits have to be seen in strong connection with ex post evaluation although evaluation as such is not considered in the manual. Referring to the **Risk Assessment**, it was recommended to clarify the definition/term as it is usually referring to external risks people are exposed to.

Furthermore, it was suggested to already include safeguard and risk assessment as well as stakeholder assessment during project approval.

Finally, it was recommended to require an Environmental Impact Assessment (EIA) for ICI projects. Other participants recommended to use the established standards of the EIA to define the environment-related Co-Benefits indicators.

6. Resumés by different stakeholders

In this section four different stakeholders who were invited by the organisers to do so presented their resumés of the workshop.

Ian Tellam (Adaptify) suggested to make intrinsic elements more specific, for instance via using a theory of change. Further he felt that the consortium had done a good job in reconciling political and scientific elements of monitoring and reporting.

Karen Holm Olsen (UNEP Risoe Centre) highlighted again the need to find a balance between effort and usefulness. Further, she referred to upcoming criticism towards the concept of result chains since this was perceived as very reductionist, and more qualitative approaches were needed. She also made the link to the monitoring of behavioural changes. Additionally, it was suggested to work further on how to ensure national ownership and how to address unexpected events/outcomes within projects.

Jochen Harnisch (KfW) highlighted that some elements might be nice to have, however a distinction would be needed with regard to elements which are clearly necessary. Otherwise the monitoring and reporting could become too ambitious and might in the end not be backed by BMU and project implementing agencies. Further it was mentioned that the present version of the manual was clearly donor driven and that seeking acceptance by host countries and implementers was important. As an advice it was suggested that the discussions around MRV and NAMAs could provide valuable insights. Further, for experienced project implementing agencies it would be useful to see where the proposals by the consortium mean an actual change from the previous monitoring and reporting of the ICI.

Felix Ries (ICI programme office) mentioned that the perspective from a project proponent without strong monitoring background was missing within this workshop. The lack of project management capacities in developing countries was identified in the advisory board meeting to the ICI addressed in the introduction to the workshop. The participant expects much valuable information from the test phase within current ICI projects. The expected information refer to the potential for aggregation from the drafting of the annual report of the ICI and to the work load for project implementers.

7. Wrap up by the organisers

In the final wrap-up, Sven Harmeling (Germanwatch) appreciated the valuable discussions during the day and the comments made in the previous stakeholder panel. These have also shown that the approach developed by the consortium is perceived as being complex, and that the current design may not always reflect the reality of project implementation. The working groups showed that there are similar questions, but answers varied. Some participants judged the approach as too prescriptive, while others saw the need for more guidance. Being selectively ambitious is therefore an important suggestion to the consortium in its further work.

Kati Mattern (UBA) stressed that there are strong needs to develop a more specified guidance especially on the indicator development. It might be the need to find specific solutions for the funding areas. She noted that the issues of stakeholder involvement and co-benefits received a lot of attention during the day. She felt that with regards to co-benefit should be an offer, not a requirement. Next steps: test phase, then revise again, then next draft presented in next workshop.

Tony Adam representing BMU concluded that the balance between ambition and practicability requires further work. In addition, the balance between the need for accountability of ICI as a program and the functioning of an M&R system for project steering has to be addressed as well. This might even require the separation of M&R frameworks for the different purposes. He also noted the proposal to selectively ask projects to look more deeply into co-benefits /safeguards.

Participants

No.	Institution	Name
1	GIZ	Andrea Iro
2	GIZ	Andreas Villar
3	CDM Watch	Anja Kollmuss
4	vTI	Anke Benndorf
5	vTi	Annette Freibauer
6	CDKN	Ari Huhtaza
7	GFA	Catrin Schreiber
8	BfN	Christian Großheim
9	Wuppertal Institut	Christiane Beuermann
10	BMZ	Dagmar Krenz
11	BMU	Daniela Göhler
12	UBA	Dirk Günther
13	ICI Programmbüro	Felix Ries
14	ICI Programmbüro	Florian Herzog
15	GFA	Günter Schmidt
16	Wuppertal Institut	Hanna Wang-Helmreich
17	Independent Energy Consultant	Hans-Joachim Ziesing
18	Adaptivity	Ian Tellam
19	DIE	Imme Scholz
20	KfW	Jochen Harnisch
21	BMU	Julia Wolf
22	UNEP Risoe Centre	Karen Holm Olsen
23	UBA	Kati Mattern
24	UBA	Kerstin Pfliegner
25	Bosch Partner GmbH	Konstanze Schönthaler
26	Germanwatch	Kristin Gerber
27	Germanwatch	Linde Griebhaber
28	Germanwatch	Linos Xanthopoulos
29	ICI Programmbüro	Markus Kurdziel
30	Ecofys	Martina Jung
31	EIB	Matthias Zöllner
32	Dalhousie University	Meinhard Doelle
33	GIZ	Nana Künkel

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No.	Institution	Name
34	Wuppertal Institut	Nico Kreibich
35	BMU	Norbert Gorißen
36	Diakonie Katastrophenhilfe	Peter Rottach
37	UNDP	Rebecca Carman
38	BMU	Rudolf Specht
39	GIZ	Sebastian Wienges
40	Ecofys	Sina Wartmann
41	Perspectives	Sonja Butzengeiger
42	UBA	Steffi Richter
43	IUCN	Stewart Maginnis
44	Wuppertal Institut	Susanne Matschullies
45	Germanwatch	Sven Harmeling
46	vTi	Thomas Baldauf
47	UBA	Thomas Voigt
48	Universität Freiburg	Till Pistorius
49	Wuppertal Institut	Timon Wehnert
50	BMU	Tony Adam
51	GIZ	Vera Scholz
52	ECN	Xander van Tilburg

7.2 Annex 2: Workshop report 2

Workshop report

“Towards Effective Monitoring and Reporting of Climate Projects and Programmes”

10 June 2013, Bonn

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Agenda of the workshop

Date: Monday, 10.06.2013; 9:00 – 16:30

Venue: BfArM - Bundesinstitut für Arzneimittel und Medizinprodukte; Room: Hörsaal 1
Kurt-Georg-Kiesinger-Allee 3; 53175 Bonn, Germany

9:00	Registration, Coffee and Tea	
9:30	Formal welcome Introduction Scope, objective and course of action of the ICI-Monitoring research project Development and steps taken since last workshop in May 2012	Norbert Gorissen, BMU E III 7 Kati Mattern, UBA Sven Harmeling, Germanwatch
10:00	Monitoring and reporting in the national and international context	Niklas Höhne, Ecofys
10.45	Coffee Break	
11.00	Towards a monitoring and reporting concept for the International Climate Initiative – outcomes of the research project <ul style="list-style-type: none"> • Key elements of the proposed monitoring and reporting system • Structure and elements of a possible reporting format • experiences and conclusions from the test application of the proposed system at project and programme level 	Sven Harmeling, Germanwatch Christiane Beuermann, Wuppertal Institute Valerie Spalding, IUCN focal point Felix Ries, ICI Programme Office
12.00	International standards and stakeholders' expectations regarding monitoring and reporting Panel discussion	Panelists: John Watterson, AEA Valerie Spalding, IUCN f.p. Yamide Dagnet, WRI Sven Harmeling, Germanwatch
12:45	Lunch	
13:45	Cross-cutting discussion groups <ol style="list-style-type: none"> 1. Measurement of short- and long-term effects on climate: standard indicators, aggregation for programme reporting 2. Sustainability aspects in monitoring and reporting: social and environmental standards in the ICI context 	chaired by <ol style="list-style-type: none"> 1. Tony Adam, BMU 2. Rudolf Specht, BMU 3. Kati Mattern, UBA

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	3. Supportive tools for a successful implementation on the project- and programme level	
15:15	Coffee Break	
15:30	Report from working groups	
16:00	Lessons learned for M&R in the context of science, politics and practice	Stakeholder statements
16.15	Resumé	Kati Mattern, UBA Norbert Gorissen, BMU
16:30	Closing	

Summary

The final workshop of the research project "Further Development of a Concept for Monitoring and Reporting of the International Climate Initiative" set out to present participants with final results, and to discuss the monitoring and reporting concept developed by the research consortium. Key aspects from the discussion can be summarised along the four guiding questions:

Does the proposed concept match the expectations for a monitoring and regular reporting of a climate finance instrument like the ICI?

- An important point raised was the need to measure multiple aspects (mitigation, adaptation, but also sustainability aspects) of projects and programmes. The ability of the proposed approach to do just this was welcomed.
- From the viewpoint of the international negotiations, a cautious balance needs to be struck between accuracy of information and complexity of the system, as especially developing countries perceive strong reporting requirements as a burden and possible hindrance to their development. Therefore, a strong focus needs to be placed on the benefits of such a system for their development.

Is the proposed approach adequate in order to address the challenges associated with monitoring and reporting of actions on climate change?

- Experience shows that developing capacities to address climate change in developing countries is very important, and the M&R system should seek to support this
- For the reporting on a programme level, the ability to adequately reflect sustainability impacts was identified as a challenge that may only be tackled by longer-term observation after project termination.
- It was also noted that on-going monitoring and reporting exercises are not well suited for measurement of transformational change. In order to measure the progress towards transformational change additional project evaluations were suggested..
- It was generally welcomed that ICI aims to implement a safeguard strategy. In doing so it was stressed to ensure a flexible and balanced approach based on the specific project designs as well as ensuring monitoring and reporting requirements adequate to the specific risks. Risk tailored requirements should prevent from disadvantageing projects by too demanding monitoring and reporting requirements, potentially leading to a less innovative KI project portfolio .

Is the proposed concept feasible from the point of view of the programme and the project proponents?

- The documents and guidelines provided for the test application were in general found to be well thought out, and built upon a sound scientific basis.
- The test application, albeit from a very limited sample, provided a host of information.
- Several participants cautioned that the approach may be too complex, and may thus put a burden on project proponents.
- A recurring concern was the generally limited applicability of real-time monitoring approaches to assess long-term impacts of projects. For this, again, an evaluation after a longer time span would be needed.
- Many participants welcomed the degree of flexibility provided by the proposed concept. It was also noted that there may be a conflict between aggregation and flexibility.

What are recommendations for improvement and the future implementation of the proposed concept?

- Several participants suggested to streamline the concept as much as possible, e.g.; reduce complexity; harmonise terminology, styles, formats and steps in the various templates and manual documents; simplify entries for projects in multiple countries.
- The use of standard indicators was welcomed, but some participants cautioned that too much standardisation may lose important information, and may not be feasible for every project and for every aspect, e.g. co-benefits. The flexibility already provided by the proposal could be strengthened even further.
- Participants pointed out that for a successful reporting system, first and foremost the actual reporting needs should be clarified and integrated into the system right from the start.
- In order to efficiently use a future monitoring and reporting system, applicants may need to be introduced to the system, potentially involving training options.
- A point raised by several participants was the ability to include costs for monitoring and reporting in the project budgets. Participants suggested to integrate information on costs already in the planning phase of projects.

In addition, the cross cutting Working Groups discussed three thematic issues:

- The participants of **WG1: Measurement of short- and long-term effects on climate: standard indicators, aggregation for programme reporting** discussed the suggestions of the consortium and the identified challenges with regard to the concept of outcome categories, standard indicators and aggregation. Key aspects raised included the importance of solid and comparable baselines where standard indicators are applied; working with a limited number of standard indicators in order to reduce complexity but being able to evolve this set over time; considering process indicators to increase the sustainability of projects; the need to apply a comprehensive monitoring and reporting concept for new projects and to avoid "forcing" this unto ongoing projects; recognition of the important link to ex-post evaluations to understand whether results are achieved beyond the project duration; ensuring the alignment of the indicators used with the reporting objectives.
- The participants of **WG 2: Sustainable development aspects in monitoring and reporting** discussed the proposal for a risk categorization system for the ICI. Discussions centred around the two questions of the general adequacy of the approach and its application: With regard to the adequacy of the approach, the participants raised issues such as the risk of high-risk projects being disadvantaged by more demanding monitoring and reporting requirements, potentially leading to an ICI project portfolio with a limited number of innovative projects. Regarding the application and design of the approach some participants pointed out that the categorization should be based on a more detailed assessment rather than on the basis of general project characteristics. In addition, the great potential of involving stakeholders for the identification of project risks was highlighted.
- Participants of the **WG3: Supportive tools for a successful implementation on the project and programme level** considered a) possible options for the technical implementation of monitoring within the ICI, and b) the feasibility of developing a standardised approach to the monitoring of transformative change. With regard to a), key aspects raised included the recognition that the currently applied system is not regarded as sufficiently user-friendly, but that this is an important criterion also to facilitate the application of a more complex system; that a transition phase to a new

solution has to be carefully planned, that online and offline solutions should be combined to accomodate different technical capabilities, and that even with a sophisticated software system manual data use and application will likely remain necessary.

With regard to b), there was broad agreement that monitoring transformational change constitutes an overall challenge but that opinions how to approach this issue diverge among experts, despite several initiatives trying to advance the discussion among experts; real time evaluations could be a useful approach but may result in significant and maybe too high costs; that continuous learning is needed towards monitoring transformational change and that a silver bullet would likely not exist.

1. Welcome and introduction

Norbert Gorißen, head of division E III 7 (International Climate Finance, International Climate Initiative) of the German Federal Ministry for the Environment (BMU), welcomed all participants to the workshop. He highlighted that, especially on the programmatic level, monitoring and reporting is a very important topic with strong linkages to the international debate. He noted that the most important barrier for the implementation of such concepts is the cost and burden they may represent for the implementers. Therefore, a careful balance needs to be struck between the costs and the expected results of a monitoring approach, where first priority needs to be given to the implementation of projects.

The BMU plans to implement a more comprehensive monitoring and reporting (M&R) approach for the International Climate Initiative (ICI) by 2014, which would be applicable to projects of that project cycle. Mr Gorißen hoped to get reactions and further advice from experts on opportunities and pitfalls at this workshop.

Kati Mattern of the German Federal Environment Agency (UBA) again welcomed the workshop participants. She gave some background information on *scope, objective and course of action of the project "Further Development of Monitoring and Reporting of the International Climate Initiative"*.

In 2011, the BMU developed requirements for a monitoring and reporting concept for the International Climate Initiative, which provided the framework for the research project:

- Monitoring should be consistent, tested and applicable, including a consistent process for data collection and processing
- Reporting on the ICI should support the fulfilment of current and upcoming international and external reporting obligations, and include a possible annual report with policy-relevant information.

The concept should be suitable to current and open for upcoming political priorities, scientific knowledge and data availability. Therefore, the concept needed to balance out:

- policy information needs,
- scientific soundness, and
- applicability.

The research project to develop such a monitoring and reporting concept was awarded to the consortium of Germanwatch, Ecofys, and the Wuppertal Institute. It ran from July 2011 to July 2013, in close cooperation with the ICI's Programme Office. The concept development phase over this period of time included an extensive engagement of peer-reviewers, in total ca. 45 expert in the fields of mitigation, adaptation, REDDplus, co-benefits and MRV/finance. In a previous workshop held in May 2012, the first outline of the concept was discussed with experts.

This year, the second and final workshop heralded the completion of the project.

Kati Mattern then summed up the main goals of this workshop:

- to share views regarding possibilities and limits of the monitoring and reporting concept, with regard to the delivery of policy-relevant information, the scientific soundness and the practical applicability for project proponents;
- to gather expectations regarding content and format of the potential reporting elements (such as an annual report);
- to seek advice on short- medium and long-term steps regarding the routine implementation of the proposed monitoring and reporting system; and
- to assess the lessons learned for the international climate policy debate.

Sven Harmeling (Team Leader International Climate Policy at Germanwatch), leader of the project consortium, recalled *main steps taken* over the course of the project, led by the consortium and in consultation with various experts. For the project, the consortium

- analysed the current ICI M&R process;
- and existing M&R approaches in other climate-related funding instruments and in the scientific debate;
- deducted recommendations for central adjustments to the current concept;
- discussed and agreed recommendations with BMU, UBA, and the ICI Programme Office;
- elaborated a framework for the future M&R concept, containing central elements;
- engaged peer reviewers and experts to comment on the framework;
- elaborated manuals for the project and programme level;
- The manuals were discussed publicly and commented upon at the first workshop in 2012;
- the consortium revised and refined the manuals, taking into account the suggestions from the peer reviewers and experts;
- The project manual was tested in a project context for mitigation, adaptation and REDDplus projects (application by on-going ICI projects);
- the ICI Programme Office tested the programme manual;
- The approach was further refined according to comments by testers.

Following the discussions at this workshop, the consortium will finalise the outputs and recommendations of the research project.

Mr Harmeling reiterated the challenges in the context of research project, including the need to balance scientific requirements and applicability, to enhance possibilities of aggregated reporting at project and programme level, and to allow for flexibility in order to capture specifics of mitigation, adaptation and REDD plus as well as future domestic and international developments, while ensuring consistency across the approach.

2. Monitoring and reporting in the national and international context

Niklas Höhne, Director of Energy and Climate Policy at Ecofys, outlined *main elements of monitoring and reporting in the national and international context* in order to frame discussions on the proposed approach to monitoring and reporting taken by the research project at hand.

He distinguished three levels in the international monitoring, reporting and verification (MRV) debate, and identified how the ICI can contribute to each of them:

MRV of national greenhouse gas inventories and projections relate to the question of the development of national emissions and their future trends. Annex-I countries have to provide (reviewed) annual inventories, Biennial Reports (BR) under the International Assessment and Review (IAR) process, and National Communications every 4 years. Non-Annex-I countries will also provide Biennial Update Reports (BUR), subject to the less stringent International Consultation and Analysis (ICA) process.

Here, the ICI can only contribute indirectly through certain project types, e.g. inventory setup in developing countries.

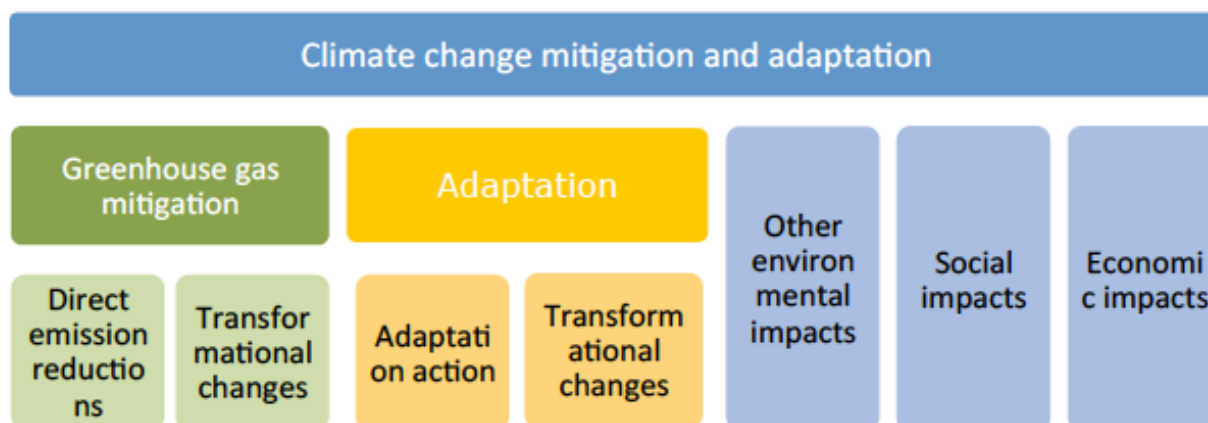
MRV of finance flows examines how much finance is being provided (by developed countries), and where/what for the funding is being used. Annex-I countries under the UNFCCC have to provide information on support provided, committed and/or pledged, through National Communications as well as the BR under the IAR process. Non-Annex-I countries will provide information on support needed and received in BUR under ICA.

The ICI already contributes through Germany's national and international reporting, e.g. under the OECD-DAC and UNFCCC reporting systems. The ICI could also provide increased transparency for MRV of support, through setting a positive benchmark with more differentiated and streamlined reporting on finance flows.

MRV of impact of projects and programmes deals with the extent of projects' and programmes' desired impact, e.g. greenhouse gas mitigation or adaptation to climate change. To this end, all countries' National Communications have to contain information on planned and implemented policies. Non-Annex-I countries can also publish NAMAs seeking financial support, as well as their National Adaptation Plans.

Compiling information on project and programme results forms the most important aspect of the research project, as the proposed M&R approach seeks to enable the ICI to improve monitoring and reporting in this particular field. The ICI could further contribute by supporting or building new standards, e.g. development of transparent indicators, enhanced reporting formats, and novel methodologies for reporting beyond current standards, such as social and environmental risks and benefits of supported programmes and projects.

Figure 9: Elements to assess the impacts of programmes and projects. *Source: Presentation by Niklas Höhne, June 10, 2013*



Discussion

One participant pointed out the limited applicability of monitoring in adaptation projects because of their limited project spans versus the long-term impacts of adaptation actions. He called for long-term monitoring in order to better gauge the effectiveness of adaptation actions. In his view monitoring is indispensable in order to develop narratives for the public on how projects support the most poor and vulnerable. Important factors should therefore be the number of poor people helped, and how this can be demonstrated to the taxpayer.

Another participant highlighted challenges of M&R beyond greenhouse gas mitigation in non-adaptation projects. Many projects do not have adaptation as a prime objective, but especially resilience needs to be considered in every project. She asked how "soft" components of such projects could be captured in a better way.

Participants agreed that more work needs to be done in adaptation measurement. While assistance of the poor and vulnerable is highly important, other aspects such as infrastructure need to be considered as well. Mr Harmeling explained that the proposed concept allowed for various combinations of adaptation and mitigation indicators in order to paint a more inclusive picture of project level outcomes. Long-term monitoring of effects was considered a challenge that would need to be tackled, but was beyond the scope of this research project.

On the question if the ICI could benefit from lessons learned in the National Climate Initiative (the German domestic counterpart of the ICI), Ms Mattern and Mr Gorißen explained that there had been some exchange, but not many direct linkages could be identified. While there are some reporting requirements domestically that are similar, one important aspect of the M&R approach of the ICI was to explicitly highlight transformational impacts of the programme's activities in developing countries. Learning about these can enable the BMU to act as a frontrunner for transformational ideas on the international level as well.

3. Towards a monitoring and reporting concept for the International Climate Initiative - outcomes of the research project

Sven Harmeling presented an *overview of the central elements* of the approach proposed by the consortium. The proposed concept continues to use central elements of the current ICI approach. However, main differences to the ICI's current approach include²⁴:

- Pre-defined outcome categories of change, as an element to concretise the OECD result chain already in use;
- Definition of a set of standard indicators (deviations possible where not applicable), Indicator Guidance Sheets for ease of use by applicants;
- More elaborated standard reporting templates;
- Aggregation of funding per outcome category and of results, in addition to regions (already in use)
- More detailed reporting on aspects of sustainable development (co-benefits, safeguards, risks, stakeholders) including comprehensive guidance. Details of the concept were still under discussion with BMU at the time of the workshop.

An earlier version of the proposal was subject to a thorough test application in seven test projects between October 2012 and February 2013. Despite limitations due to small sample size and the fact that the test projects were already ongoing, the test phase provided highly valuable insights, but no final conclusions on the general applicability of the approach. Especially the applicability of standard indicators, which should assist project proponents while at the same time allow for a better aggregation of results, could only be tested to a limited extent. Anyhow, the proposal also reflects deliberations within other funding instruments.

In general, the consortium regards the approach as useful and in principle applicable, despite some remaining shortcomings. However, only a comprehensive application can generate the necessary experience to judge its application and intended benefits. The documents will be revised accordingly in the final phase of the project over the course of July 2013.

Christiane Beuermann, co-director of research group 2 at the Wuppertal Institute, highlighted *suggested elements for ICI reporting*.

One of the main tasks within the research projects was to suggest reporting elements on the ICI's activities (both domestic/international reporting needs and obligations, as well as further possibilities), and to provide possible approaches of how to respond both to obligations and various expectations on the ICI's reporting.

Ms. Beuermann outlined the consortium's proposal of elements which could be contained in an ICI report informing the public about its activities and achievements:

- Executive Summary
- Introduction to and background of the ICI
- Facts and figures: ICI funding during reporting period
- Detailed analysis in the thematic areas of mitigation, adaptation, REDDplus and biodiversity
- Sustainable development aspects
- Annual thematic focus

²⁴ For more details on the proposed concept, and proposed reporting elements please refer to the presentation provided with this report, and the comprehensive material provided for the participants' preparation.

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- Project list

The proposed concept was found to be sufficient for the largest part of possible reporting objectives. By using the proposed outcome categories and standard indicators, reporting by individual projects can be linked and aggregated in order to compile a comprehensive report on the programme level.

An exception is the aspect of sustainability. Most impacts of the ICI's activities can only be observed after project termination. Therefore, for reliable results on this aspect, an ex-post impact evaluation would be needed to fully judge the long-term impact of a project, which, however, has been beyond the scope of the M&R research project.

Valerie Spalding, who served as IUCN's focal point for the project's testing phase, reported her experience with the M&R approach *from the perspective of a project applicant*.

She recalled a number of positive aspects to the proposed approach:

- The guidelines provided were detailed and targeted towards the different types of projects;
- The differentiation of standard outcomes [ICI goal dimensions] and project level outcomes [outcome categories] ensured that the priorities match²⁵;
- The examples provided on outputs and indicators gave good guidance while allowing for some flexibility;
- The instructions in the manuals were repeated in the templates, and therefore simplified the writing process;
- The definition of key terms ensured a common baseline for participants.

Ms Spalding suggested some areas of further improvement of the approach.

To enhance the usability, she suggested to

- add more detail to the table of contents, and to hyperlink it within the manual, so that sections would be found more easily;
- match the steps in the manuals to the corresponding sections in the templates;
- streamline and simplify the manuals;
- match the terminology in manuals and templates.

On substance, she suggested to

- separate the project proposal form into sections according to descriptive text and spreadsheet content;
- ensure that only one table style is used throughout the project lifecycle;
- enable entries for projects within multiple countries;
- include details on draft budgets, including cost for monitoring.

²⁵ Note that compared to the test application some terminologies in the M&R concept have been adjusted in the material sent to the workshop participants, in order to facilitate understanding. The terms in brackets ("ICI goal dimensions" and "outcome categories") are those used in the consortium presentation and the final version of the material.

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Felix Ries, sectoral conceptionist for adaptation at the ICI Programme Office, reported *results from the test application of the suggested M&R system* from the viewpoint of the Programme Office (PO).

The PO reviewed and examined the documents provided by the test applicants, and processed the data with a view to annual reporting on the programme level.

The PO found that

- the information provided was very comprehensive, with a lot of additional information on important aspects such as safeguards or stakeholder involvement;
- the concept improved project planning;
- The outcome categories provided for an improved analysis of the ICI portfolio.

The PO also found that

- outcome categories partly overlapped;
- standard indicators were only partly used in the test application, and therefore the data generated offered only limited opportunities for useful aggregation;
- indicators for co-benefits remained unused, and their aggregation seems to be impracticable;
- stakeholder involvement couldn't be tested, and may need further deliberation.
- the system seemed to complex and time-consuming for general project application.
- general aggregation of indicators for the entire ICI seems to be problematic.

The PO suggested to

- generate best practice examples instead of indicators for co-benefits;
- clearly define the contents of programme level reporting;
- refine core elements such as standard indicators, indicator units, and outcome categories;
- carry out a second testing phase with a larger sample of projects that employ the system from the get-go.

4. International standards and stakeholders' expectations regarding monitoring and reporting

In the following panel discussion, **Yamide Dagnet**, senior associate of the World Resources Institute, struck four major points:

First of all, M&R systems have to strike the right balance. There is a strong divide between developing and developed countries on what is needed as an M&R system. Additional requirements for reporting can put a heavy burden on developing countries - the need to report on the international level could therefore seriously hinder the development of NAMAs. Thus, the level of complexity in these systems needs to be carefully balanced.

Secondly, the benefits discourse needs to be strengthened. For this, trust needs to be built with the stakeholders. Therefore, it is good to see that the proposal addresses co-benefits that strongly. Providing data is very important in this context, and besides the pure climate data, social and economic data is urgently needed - currently, there is a large gap here.

Thirdly, institutional readiness in developing countries needs to be strengthened. This aspect has not been mentioned here yet, but capacity building is one of the core needs for developing countries. Indicators for this are hard to develop.

Lastly, Ms Dagnet highlighted what she called the "E's of MRV": evidence, engagement, effectiveness, evaluation, and enforcement.

She bemoaned the current lack of evaluation phases in climate-related projects, and the limited literature available.

John D. Watterson of Ricardo-AEA recalled his experience earned from the development of a national inventory in Kenya. The Kenyans wanted to have a combination of adaptation and mitigation aspects for their inventory, and M&E experts were already embedded in all relevant ministries. He suggested to always ensure to work with systems and knowledge that are already in place and to communicate with the people implementing the system in order to ensure ownership. He further suggested to strive to work with the highest-possible political level to ensure that systems get implemented.

Sven Harmeling asserted that the consortium's approach attempts to build upon existing capacities of project proponents, however, de facto there are only very few M&R systems in place which capture the specifics of addressing climate change.

In the discussion, one participant highlighted the need to identify institutions that can monitor long-term transformational changes.

On capacity indicators, strengthening of the proposed system was called for in order to provide for a better mesh and higher visibility for greater learning effects. As there are many different types of stakeholders, different reporting formats with varying foci may be needed.

Participants also welcomed the provision of flexibility in the proposed approach. However, as one participant pointed out, flexibility and aggregation may be conflicting targets. She therefore supported using only a very limited set of standard indicators for reporting on an aggregated level.

Participants agreed that for greater useability, the proposed M&R system for the ICI should be further streamlined.

Ms Dagnet pointed out that, especially on the level of international climate politics, standardised common reporting is highly appreciated, but countries need flexibility to capture specialties in countries' circumstances.

Mr Watterson agreed that there is no need to perfectly align different systems, but cautioned that some commonality needs to be retained so that people can relate to each other.

Ms Spalding reiterated the importance of reporting needs. These need to be clarified at an early level so that they can be integrated right from the start.

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Mr Harmeling said he realised that the consortium has produced a wealth of material. In the final phase of the project, this would be revised in order to provide for highest-possible accessibility for the actual applicants.

5. Working Group sessions

Working Group 1: Measurement of short- and long-term effects on climate: standard indicators, aggregation for programme reporting

The first working group aimed to look more into depth into the challenge of measuring short- and long-term effects through the proposed approach, which includes matters related to standard indicators and aggregation for the purpose of programme reporting.

Tony Adam (BMU), facilitator of the working group, initially outlined the spectrum of challenges: on the one hand, standardisation can limit the flexibility of project proponents in the project design. On the other, standardisation can also increase the ability to steer projects and the programme as a whole politically and content-wise. So standardisation has advantages and disadvantages, and an appropriate balance between flexibility and standardization is required.

Sven Harmeling (Germanwatch) presented key aspects of the consortium's approach and questions identified in the research project. The background paper to the conference provided in the Annex an overview of all suggested standard and exemplary indicators. The presentation highlighted that in terms of aggregation of results, quantified indicators are favourable, since qualitative indicators are more difficult to aggregate. This, however, does not mean that project proponents should only look for quantitative results, and also that even each quantitative indicator has a qualitative dimension, since of course proponents are expected to pursue a result which can deliver the best progress possible. It is also envisaged to set up the M&R system in a way that it is a learning system. That means that by the time the list of standard indicators could also be reduced or expanded, based on experience of which indicators are used more or less frequently. It was also highlighted that the pre-determination of standard indicators can also facilitate the indicator determination by project proponents, and therefore should not only be seen as a "burden" limiting the proponents flexibility.

During the research project, it became obvious that certain trade-offs exist. The one is related to the question how detailed an indicator should be defined. Aggregation can happen on many different levels and depends on the information that is required. A more detailed, very specific indicator is likely only applicable to very few projects, while a more general (but still smart) indicator can be applied to more projects. However, it provides less details. A project proponent may be interested in a very detailed indicator, while a programme as a whole requires less detail in the interest of being able to aggregate more projects.

A second issue identified relates to the methodological guidance to be given. Requesting project proponents to follow a very specific guidance can ensure a better comparability of results, but limits the flexibility. On the other hand, not providing a specific methodology increases the flexibility but makes it more difficult to aggregate results.

The presentation ended with the four following questions:

- What is the experience of others with aggregation, how do they balance detail vs. larger aggregation sample?
- Would a broader set of standard indicators preferable?
- How "uniform" have to be the methodologies applied?
- What are your further recommendations regarding aggregation and standard indicators in the ICI?

Main discussion points

Referring to the example of a carbon footprint programme in one large institution, one participant highlighted the **need for clear baselines for determining the emissions produced** (or avoided), also noting that personal habits may have implications for this determination. Transparency is required in this regard.

One part of the discussion evolved around the question of **how many standard indicators would be appropriate**, with some participants providing experience that a too broad set of indicators raises the complexity. However, it was also noted that it might be better to start with some more and then reduce based on the experience. In comparison to other institutions, the suggested set of indicators contained in the consortium's approach is rather at the lower-end. However, more decisive than the number is the adequacy of the chosen indicators. There was also agreement that it is important to be clear about the purpose of using such standard indicators, and if they also aim to serve the reporting they should be clearly aligned with reporting procedures. An adequate software solution can also facilitate the application of such indicators. Some participants underlined the need to look primarily for outcome indicators, rather than on the levels of outputs or activities. It was also raised whether certain process indicators should be applied, which can also help increase the sustainability of the projects.

There was broad agreement that it would be preferable to apply a monitoring and reporting concept from the very beginning of projects. The experience of the ICI evaluation project, which one participant mentioned, shows how difficult it is to track and aggregate results ex-post, if the range of projects covered have no common basis. Some participants also noted that the determination of few outcome categories, like suggested by the consortium, could facilitate such an aggregation while still leaving sufficient flexibility for project proponents. This issue also linked into the question of lifetime, since many results, in particular longer-term impacts, of project activities may only emerge at the end or even after a project has been finalised. This has been raised in particular for the case of adaptation. The link to project evaluations is obvious, however, carrying out evaluation is not yet common practice in the ICI, and evaluations have been beyond the scope of the research project.

Tony Adam as the discussion group chair finally summarised some key aspects of the conversation, partially also referring to related discussions in early sessions of the workshop:

- the system as it is set up is on a fair way to allow reporting, including through aggregation;
- number of indicators can be improved, flexibility is ensured despite the use of standard indicators (if one is not applicable to any project);
- for aggregation make qualitative indicators quantitative, where possible;
- it is important to have solid baselines and timeframes;
- qualitative aspects (in particular with regard to adaptation) must be included;
- there is also the need to measure the process of adaptation, to understand whether the measures undertaken have in fact increased the adaptive capacity (or not);
- a new M&R system should not be implemented on already running projects;
- the choice of standard indicators is also linked to the reporting approach and both have to match;
- even with aggregated data people still ask for stories and cases;
- there is the need for quality assurance of information at the entry of the project;
- there is also the need for assessing the leverage effect, such as related to the sustainability of the projects beyond their funding period, the potential for generating new projects, the replication potential etc., in order to maximise the effects of an Euro spend.

Working Group 2: Sustainable development aspects in monitoring and reporting: social and environmental standards in the ICI

Working Group II was chaired by Rudolf Specht from the German Federal Ministry for the Environment Nature Conservation and Nuclear Safety (BMU). As an introduction to the issue he

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explained the current process in BMU of developing a safeguard strategy for the ICI. [further details to be coordinated with Rudolf Specht]

Subsequently Nicolas Kreibich gave a presentation on a proposal for a risk categorization system for the ICI. Risk categorisation of ICI projects aims at supporting the implementation of the safeguard strategy. In doing so, it is a new element in addition to the integration of sustainability aspects as so far developed for the ICI. The idea presented is to differentiate between low, medium and high risks associated with specific ICI project types. As a consequence of the risk categorisation specific requirements to involve stakeholders etc. would apply for the projects. The process of risk categorization comprises four categorization steps that are being undertaken on the basis of different sources of information.

The input was followed by a discussion on the value added of such a categorization system and on the design of individual elements. The discussion centred around the following guiding questions:

Adequacy of general approach:

- Is the categorization of projects the right tool to address project risks and potential negative impacts?
- Are there other adequate approaches how to categorize risk levels?

Application of general approach:

- To which extend should projects be categorized? What is the adequate size to differentiate between low, medium and high risks: at level of ICI focus areas or project by project assessment or in between (our approach)?
- How can the requirements for projects be integrated into the existing project design and implementation processes?
- Requirements to address risks have to be established at an early point in time when little information on the project is usually available. How can we deal with this challenge? Is a stepwise refinement suitable?

In the course of this discussion the project team was provided with very valuable feedback on adequacy and application.

Adequacy of general approach:

The main part of the discussion focused on the general usefulness of the approach. Some participants suggested better to remain at focusing on those elements that are already part of the current monitoring and reporting concept developed by the project team, such as the **project specific safeguard assessment**.

Participants further highlighted that a general risk categorization could lead to undesired outcomes. In particular, the risk categorization of projects could lead to a situation where only low risk projects are applying for funding, if **high risks projects are disadvantaged** by more specific monitoring and reporting requirements. The participants highlighted that it should be considered how to deal with this situation, in particular regarding a potential contradiction between the aim of funding innovative projects under the ICI and special requirements for higher risk projects. The underlying assumption was that innovation may be associated with higher risks. As an advantage of the approach it was noted that an explicit **categorisation according to risk helps ensuring that project proponents become more aware of potential risks** of projects beyond the direct climate impact. This awareness has been considered to be more important than the use of the categorization as a tool to decide on differentiated monitoring and reporting requirements per se.

Application of general approach:

Regarding the design of the categorization process, participants again strongly suggested to use the information gathered in the **safeguard assessment as the basis** for the categorization

and differentiation of monitoring and reporting requirements. Furthermore, a refinement of the categorization system was proposed, in order to prevent for biases in particular regarding the first categorization step where an initial rough alignment of risk categories on the basis of general project characteristics would take place. Such a refinement could include further categorization criteria by, for instance, considering the national context in the country where the project is being implemented.

Different opinions emerged on procedural issues concerning **who should be involved in the assessment**: While the proposal envisages the ICI Programme Office to undertake the assessment on the basis of the information submitted by the project proponents, some participants suggested to involve the project proponents directly. Other participants, however, highlighted that project proponents might overestimate the co-benefits their projects may induce while underestimating project risks and potential negative impacts. Therefore, the participation of stakeholders was considered key since they might perform better in identifying risks.

Another aspect that has been highlighted is the role of **information disclosure, long term sustainability and the role of co-benefits**. Participants stressed the importance of disclosing project information at an early point in the project design phase to allow for a broad stakeholder involvement. It was explained that co-benefits have not been considered in the categorization system.

On the basis of the input received the project consortium will further elaborate the proposal for a categorization system for the ICI.

Working Group 3: Supportive tools for a successful implementation on the project- and programme level

The discussion within the working group was divided into 2 separate discussion strings. In a first string, possible options for the technical implementation of monitoring within the ICI were discussed. In a second string, the feasibility of developing a standardized approach to the monitoring of transformative change was the subject of discussion. In both cases Markus Hagemann (Ecofys) gave an introductory presentation, presenting some of the issues that the consortium encountered and solutions that were found. The discussion was lead by Kati Mattern (UBA).

Discussion string 1: Options for technical implementation

Input and Problem definition

Currently monitoring is currently technically implemented in the ICI using a combination of excel and word sheets that the project applicant has to fill in. This is in line with the approaches of other institutions such as the GEF or Adaptation Fund, both of which are using excel as an interface to the project applicant. In its proposed monitoring approach, the consortium has built on this. It has mainly improved the content, but has not changed the current setup largely (i.e. a combination of word and excel). While this approach comprises the clear advantage that it allows users to use programmes they are accustomed to, it also presents some challenges. For instance one test user highlighted that it is often necessary to input the same information in various places causing double work or that they find it difficult to navigate through the template. On the side of the Programme Office it is difficult to distil the information into a common data base using this approach. A solution to this could be to replace the system with a customized online front end in combination with a database back end. In addition, input on other material/ tools (e.g. video introductions) that could support the implementation on the monitoring system was requested from the participants.

Discussion

There was a general consensus within the group that the current setup is only user friendly to a limited extent, for both the project applicant as well as the Programme Office. The need for an improved backend has already been recognized by the Programme Office, which is why a new

database system is currently put in place (CIFORMA). A presentation of the current system of the CIF highlighted that that even a simple approach based on one Excel sheet can prove difficult to implement under certain circumstances. The use of the sheet required 2 days of training but also required significant further training. Concerning a possible online solution, the concern was raised that such a solution might be problematic if internet connection is slow or infrequent, such as is the case in remote areas in Africa. All participants agreed that an online tool would need to be combined with a user interface that can be available offline. The experience of IUCN showed that a transition to a new system, in this case an online system, can lead to a lot of frustration in the early phases of its implementation due to occurring data losses. A well-planned starting phase of such system is therefore of vital importance. The IUCN experience also verified that an online system needs to be combined with offline formats. Furthermore, the IUCN experience showed that even if a sophisticated system is in place, a large amount of data might still need to be compiled manually.

Discussion string 2: Standards for monitoring and reporting transformational change

Input and Problem definition

Currently a major new problem many sides are facing is the difficulty to monitor transformational change. While mitigation relevant projects in developing countries in the past often targeted mainly direct emission reductions, such as those implemented in the CDM, this has changed drastically in the last years. Under the ICI, the large majority of projects aim at improving the mitigative capacity and thereby contribute to transformational change. These projects will likely lead to emission reductions, possibly even on a larger scale, however these will likely occur only in the medium to long term. While tools for monitoring emission reductions are readily available for a broad set of project types, tools for monitoring transformational change only recently started to emerge. A novel approach is for instance currently under development under the WRI GHG protocol framework that aims at monitoring the impact of policies. Adaptation faces similar challenges, which is clearly reflected in the overlap between the discussion around mitigative capacity and adaptive capacity. Discussions under the Adaptation Fund have encountered similar challenges.

All approaches are currently under development and have not been tested and there is no one-size-fits-all solution. Within the project, the consortium contributed to this discussion by proposing an approach that consists of a number of core aspects. First of all a step-wise approach is suggested that aims to help identify and understand the larger context within the project takes place and its contributions. Second of all a number of standardised indicators are developed to allow for comparison on the OUTCOME level, and to ensure that a broad spectrum of necessary systemic changes is monitored.

Based on this current status the question was raised whether it would make sense to further standardise the approaches to monitoring transformational change and to what extent the proposed system could contribute towards this goal.

Discussion

- There was a general consensus among participants that a real challenge exists in monitoring transformational change. Opinions however diverged much more as to how this should be achieved and whether it is sensible to develop a standardised approach or a set of standardised approaches for this. Participants mentioned that they have been involved in similar discussions that did not lead to a solution. A suggestion was to implement real-time evaluation to complement the monitoring, however concerns were raised over the unreasonably high costs this would imply for each project. Another idea was to use stories instead that could also help disseminate the learnings from best practice example project and to systematically review best practices, however concerns remain as to whether this will sufficiently support monitoring. All in all participants agreed that continuous learning is needed towards monitoring transformational change and that a silver bullet will likely not

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exist. The approach proposed by the consortium was regarded as suitable by the participants and not further commented upon, but it was also made clear that experience with implementation first has to be gained before a final judgement can be made.

6. Lessons learned for M&R in the context of science, politics and practice

After a brief report back from the discussion groups, stakeholders of the ICI were asked to share their Lessons Learned.

Christian Lauerhass (KfW) came to the conclusion that the development of a M&R system for the ICI is a very complex subject. He advised to not change existing systems, but to revise them to allow for greater comprehensiveness. It is therefore important to think about what is really needed in such a system in order to get "the most bang for the buck". An important point in his view was also to make the system as user-friendly as possible. M&R systems should therefore be designed to be efficient and to the point.

Nicolas Bönisch (WWF) appreciated the holistic approach taken by the project consortium. He remembered that in his test application, it took some time to boil the system down to the most relevant points. He therefore advised to shorten and streamline the manual as much as possible. He also cautioned that applicants may have to be trained substantially in order to be able to use the M&R system efficiently. Monitoring should therefore be an integral part of the project planning phase. This also led him to the question of how the system will be financed, as it may pose an additional burden on project proponents.

Christine Röhrer (CIF) recalled her recent experience with setting up a M&R system for the Climate Investment Funds. She advised to reduce the system's complexity as much as possible, and to delete all non-essential information in order not to confuse applicants. In her view, ongoing monitoring exercises are not well suited for measuring transformational change. For this, longer-term evaluations would be needed. She recommended to possibly disaggregate data collected in order to get as much information as possible out of it through combining it in various ways. She called for a strengthening of in-country stakeholder processes for validation, and for a cooperative approach in order to minimise burdens on implementers.

Sven Harmeling thanked all participants for their valuable insights, and found that the lessons learned suggested by workshop participants aptly reflect the consortium's impression of the system's general applicability, but also of aspects identified that need refinement.

7. Wrap up by the organisers

Kati Mattern thanked all participants for their active and highly valuable contribution.

She recalled three basic questions that the workshop had sought to answer:

Is the system suitable for the ICI? Here she found that the workshop had given valuable answers of the ICI's possible contributions to transformational change, but had reminded that measurement of concrete action is at least as important. She lauded that the proposed system has a sound scientific basis to build upon.

Is the proposed system applicable? She recalled that the workshop had provided a lot of advice for the consortium to streamline the system and simplify it as much as possible in the coming final phase of the project.

On further advice by the participants for the ICI's M&R system, she concluded that there was too much at this workshop to single out certain aspects. The workshop report will aim to compile participants' suggestions and provide advice for the further refinement of the future approach to monitoring and reporting of the ICI.

As a concluding remark she thanked everyone for the positive feedback on the public participation process over the course of the research project.

Tony Adam appreciated that the workshop had provided all participants with a more comprehensive view of the proposed M&R system. He highlighted the cost aspect of the monitoring system, and assured that its implication will be further explored by BMU and the Programme Office in the design of the future M&R system of the ICI. He expressed his hope that the ICI's future reporting system will be able to provide politicians, the interested public and the international process with data and relevant information.

Participants

Mirko	Abresch	ICI Programme Office
Tony	Adam	BMU
Christiane	Beuermann	Wuppertal Institut
Nico	Bönisch	WWF
Anika	Busch	BMU
Alice	Caravani	ODI
Randy	Caruso	OECD
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Yocheva	Cvetina	DECC
Yamide	Dagnet	WRI
Meinhard	Doelle	Dalhousie University
Christoph	Feldkötter	GIZ
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Christian	Grossheim	BfN
Dirk	Günther	UBA
Berthold	Haasler	LMU NRW
Seraphine	Haeussling	UNEP
Markus	Hagemann	Ecofys
Sven	Harmeling	Germanwatch
Florian	Herzog	ICI Programme Office
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Karen	Holm Olsen	UNEP Risoe Centre
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Stefanie	Jung	BMU
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Marcel	Kruse	UBA/DeHst
Julia	Larkin	Ecofys
Christian	Lauerhass	KfW
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Robert	Munroe	UNEP-WCMC
Smita	Nakhooda	ODI
Daouda	Ndiaye	GEF
Axel	Olearius	GIZ
Pieter	Pauw	DIE
Steffi	Richter	UBA
Felix	Ries	ICI Programme Office
Christine	Roehrer	CIF
Nancy	Saich	EIB
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Annika	Schönfeld	GIZ
Catrin	Schreiber	GFA
Julia	Schweigger	ICI Programme Office
Valerie	Spalding	IUCN
Rudolf	Specht	BMU
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Sina	Wartmann	Ricardo-AEA
Melissa	Waßmuth	BMU
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Klaus	Wenzel	GIZ
Inga	Zachow	GIZ

7.3 Annex 3: List of participating peer reviewers

Name	Organization
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Anke Benndorf	vTI
Anika Busch	BMU
Sonja Butzengeiger	Perspectives
Meinhard Doelle	Dalhousie University
Horst Freiberg	BMU
Christian Großheim	BfN
Seraphine Haeussling	UNEP
Jochen Harnisch	KfW
Karen Holm Olsen	UNEP Risoe Centre
Nana Kuenkel	GIZ
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Barbara Lang	GIZ
Alexander Olearius	GIZ
Till Pistorius	Universität Freiburg
Fabian Schmidt	GIZ
Konstanze Schoenthaler	Bosch Partner GmbH
Alexander Schülke	
Rudolf Specht	BMU
Steven Svan	SVN
Rob Swart	Alterra NL
Kimberly Todd	UNDP
Veerle Vandeweerd, Marjolaine Côté and colleagues	UNDP EBD and Climate Change team
Reinhard Wolf	GIZ
Kaveh Zahedi	UNEP

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7.4 Annex 4: Results from the assessment of M&R systems of other financial instruments

Table 15 General M&R approaches of the funds assessed for the thematic area of mitigation

Source: interim report B2

	Handbook (if existing)	Impact chain	Categories (objectives, sub-objectives) used	Indicators used (number, type, selection, gathering of indicator data)	Application of co-benefits	Project Reporting (frequency; data required; etc)
ICI ²⁶	<p>Explanation 1 (23 pages) includes:</p> <ul style="list-style-type: none"> Glossary Impact Chain description Indicators, general guidance Notes on general requirements and quantification of CO2 reductions for project areas 	<p>Impact chain levels:</p> <ol style="list-style-type: none"> Outputs Outcome: GHG mitigation, improved mitigative capacity Impact: long term emission reduction 		No indicators prescribed. Project management to develop indicators which are connected to the impact chain	Identification and reporting of co-benefits required no specific provisions on how to do this.	<p>Frequency:</p> <ul style="list-style-type: none"> Annually Data requirements specified in Annex 3
Global Environmental Fund (GEF 5) ²⁷	Guidance on GHG reduction determination for energy efficiency and transport projects (each around 50 pages). Guidance is focused on reduction determination methods.	<p>Impact chain levels:</p> <ul style="list-style-type: none"> Goal: Low carbon development path Impacts: Slower growth in GHG emissions, stabilization of GHG concentrations in the atmosphere Six objectives related to: low carbon technologies, energy efficiency, renewable energies, LULUCF, transport, capacity building/enabling activities 		Indicators are defined for all outcomes in the impact chain, their use is obligatory. The indicators are included in the GEF tracking tool.	The guidance on transport addresses co-benefits and suggests their identification and reporting. The tracking tool does not require reporting on	Project reporting takes place with the GEF tracking tool (since 2010) at mid-term and at project completion.

²⁶ See ICI, 2011a

²⁷ See GEF, 2010a; GEF, 2010b; GEF, 2010c; GEF, 2010d and information on www.thegef.org

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		<ul style="list-style-type: none">2-3 Outcomes related to each of the six objectives, typically:<ul style="list-style-type: none">GHG emissions avoidedInvestment mobilized,1-2 objective specific outcomes		co-benefits.																					
Clean Technology Funds ²⁸	<p>The Clean Technology Results Framework (38 pages) contains</p> <ul style="list-style-type: none">the impact chaindetailed indicator listsinformation on data management sources, timelines and responsibilities for data collection.	<p>Four types of objectives are considered at three levels:</p> <table><tr><td></td><td>Project/ Program level</td><td>Country/ level</td><td>Global level</td></tr><tr><td>Activities</td><td>X</td><td></td><td></td></tr><tr><td>Outputs</td><td>X</td><td></td><td></td></tr><tr><td>Outcomes</td><td>X</td><td>X</td><td></td></tr><tr><td>Impact</td><td></td><td>X</td><td>X</td></tr></table>		Project/ Program level	Country/ level	Global level	Activities	X			Outputs	X			Outcomes	X	X		Impact		X	X	<ul style="list-style-type: none">Indicator lists for outputs, outcomes, country level impactObligatory minimum indicator sets of defined at project level for energy efficiency, renewable energy, transport projects	Co-benefits are considered through an outcome at country level related to reduced air pollution and through an output at project level related to generation of jobs	Project level reporting to the CTF takes place at mid-term and at project closure. Country level reporting to CIF takes place annually. A reporting template does not yet exist.
	Project/ Program level	Country/ level	Global level																						
Activities	X																								
Outputs	X																								
Outcomes	X	X																							
Impact		X	X																						
Scaling-Up Renewable Energy Program for Low Income Countries ²⁹	<p>Main SREP Results Framework (draft version) (31 pages):</p> <ul style="list-style-type: none">logical model withresults framework causal result chain (impact chain)elaborated indicator listexplanation of indicatorsperformance	The SREP has the same impact chain structure as the Clean Technology Funds (see above). Objectives differ due to the focus on renewable energy and low income countries.	<ul style="list-style-type: none">The results framework provides lists with indicators for all outputs, outcomes and country level impactFor output and outcome level 9 indicators each	Co-benefits are considered through indicators at country level: <ul style="list-style-type: none">Increased energy securityImproved respiratory healthIncreased energy	See CTF																				

²⁸ See CTF, 2010; CTF, 2011a; CTF 2011b; CTF 2011c and information on www.climateinvestmentfunds.org

²⁹ See CIF, 2010; CIF, 2011c and information on www.climateinvestmentfunds.org.

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	<p>measurement strategy (data collection method)</p> <p>DRAFT Preliminary Guidance Note for SREP Country Teams which summarizes the content of the SREP results framework (16 pages)</p>			access	
Clean Development Mechanism (CDM) ³⁰	<ul style="list-style-type: none"> Various documents: <ul style="list-style-type: none"> Methodologies for baseline setting and monitoring for a large number of project types (typically around 10-20 pages, but can also be considerably more detailed) CDM methodology booklet, giving an overview on all approved methodologies (212 pages) Glossary of CDM terms (31 pages) Various UNFCCC decisions laying down CDM rules 	No impact chain	<ul style="list-style-type: none"> Focus on emission reduction in t CO₂-eq. Detailed methodologies on baseline setting and monitoring have been developed and approved for a large number of project types. Each project has to set up a monitoring plan according to the methodology. During the approval process, an accredited entity validates the proposed project including the chosen methodology and its application. 	CDM projects are required to make a contribution to sustainable development in the host country. What is considered as sustainable development and whether the project activities fulfill these requirements is subject to the host country's decision.	Annual report on project emissions and emission reductions A reporting template does not exist, but contents of the report are prescribed. The annual emission reduction has to be verified by an entity accredited for this purpose.
Verified Carbon	<ul style="list-style-type: none"> VCS program guide, giving an overview on the process and its 	No impact chain	<ul style="list-style-type: none"> Focus on emission reduction in t CO₂-eq. Detailed methodologies 	Not required	Annual report on project emissions and emission

³⁰ See IGES, 2011; IGES, Ministry of the Environment, J., 2011; UNEP Risoe, 2011

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Standard (VCS) ³¹	<p>requirements (22 pages)</p> <ul style="list-style-type: none"> • VCS Standard version 3 laying down clear requirements on the whole project cycle (32 pages) • Methodologies for baseline setting and monitoring, partly related to existing CDM methodologies • Program definitions (glossary) (14 pages) 		<p>on baseline setting and monitoring have been developed and approved for a large number of project types. Each project has to set up a monitoring plan according to the methodology and based on a template. During the approval process, an accredited entity validates the proposed project including the chosen methodology and its application.</p>		<p>reductions, based on a reporting template. The annual emission reduction has to be verified by an entity accredited for this purpose.</p>
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³¹ See VCS, 2011b; VCS, 2011c and information on www.v-cs.org

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Table 16 General M&R approaches of the funds assessed for the thematic area of adaptation

Source: interim report B2

	Handbook (if existing):	Impact chain	Categories (objectives, sub-objectives) used	Indicators used (number, type, selection, gathering of indicator data)	Application of co-benefits	Project Reporting (frequency; data required; etc)
ICI ³²	Guidance 1 (23 pages) includes: <ul style="list-style-type: none"> • Glossary • General impact chain description • Methodological remarks on baseline, additionality and mid- and long-term impacts • literature 	Impact chain levels: <ul style="list-style-type: none"> • Outcomes: 2 target dimensions: Adaptive strategies and adaptive capacity • No specific outputs or indicators defined, but three issues explicitly mentioned: Importance of baseline; additionality and contribution to learning; mid- and long-term impacts 		No indicators prescribed. Project management to develop indicators which are connected to the impact chain	Identification and reporting of co-benefits required, no specific provisions on how to do this.	Frequency: <ul style="list-style-type: none"> • Yearly • Data requirements specified in Annex 3
Least Developed Countries Fund (the adaptation program of the SCCF, also managed by the GEF, uses the same M&E approach) ³³	GEF CC Adaptation Tracking Tool Guidelines (11 pages) includes <ul style="list-style-type: none"> • Explanation of the Adaptation Monitoring and Assessment Tool (AMAT) • Data Requirements for Excel Sheets to track progress • Brief guidance on the steps for outcome and indicator selection 	Impact Chain: 3 objectives with predefined expected outcomes and outcome indicators, and outputs and output indicators (see 2.4.3 on more details on the objectives) (based on explicit reference to OECD DAC impact chain		Objective 1: 3 outcomes, with 20 outcome indicators; 3 outputs, 12 output indicators; Objective 2: 3 outcomes with 5 outcome indicators; 5 outputs with 7 output indicators; Objective 3: 2 outcomes and 3 outcome indicators; 3 outputs and 4	No specifics, since objectives and related indicators already capture a broader set of issues	Frequency: <ul style="list-style-type: none"> • Reporting on progress towards outcomes and outputs indicators three times per project lifetime; • Focus monitoring on progress rather than on effectiveness, which

³² See ICI, 2011a

³³ See GEF, 2010d

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	and a list of the indicators to be used		output indicators; Proponents have to select the most appropriate of the three objectives; select at least one outcome and one output indicator (under the selected objective) per project component;		would be better captured through evaluations.
Adaptation Fund ³⁴	<p>Results framework and baseline guidance – project level (123 pages), includes</p> <ul style="list-style-type: none"> • explanation of AF results-based management framework, including objectives, results and indicators • guidance on how to develop RBM for a project; • Program Design Log Frame Matrix • Assessment tools for baseline information • detailed guidance on how 26 indicators could be measured and be used 	<p>Impact chain:</p> <p>7 outcomes with 8 outputs and in total 26 indicators (see 2.4.3 on more details on the objectives)</p>	<p>Outcome 1: 1 output, 2 output and 1 outcome indicator; Outcome 2: 2 outputs, 4 output and 2 outcome indicators; Outcome 3: 1 output, 2 output and 2 outcome indicators; Outcome 4: 1 output, 2 output and 2 outcome indicators; Outcome 5: 1 output, 1 output and 1 outcome indicator; Outcome 6: 1 outputs, 2 output and 2 outcome indicators; Outcome 7: 1 output, 2 output and 1 outcome indicator;</p> <p>Proponents should identify most appropriate indicators to align with the RBM, at least one output and one outcome from the given list, then complement with project-specific indicators;</p> <p>Checklist is provided for identification of indicators</p>	<p>Economic, social and environmental benefits need to be addressed in project application,</p> <p>Partially captured in the impact chain through outcomes and indicators, but not specifically as “co-benefits”</p>	<p>Frequency:</p> <ul style="list-style-type: none"> • usually annual project performance reports • some National Implementing Entities have to provide more frequent reports; • project level M&E plan has to be developed • final evaluation for all projects, mid-term evaluation of projects over 3 years period
Pilot Program for Climate Resilience ³⁵	PPCR Results Framework (35 pages) includes	Impact chain on three levels with a total of 25 indicators	Level “Transformative Impact”: 2 result dimensions with 7 suggested indicators;	Not specifically addressed since part of the overall mandate	<p>Frequency:</p> <ul style="list-style-type: none"> • annual reports

³⁴ See AF, 2010

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	<ul style="list-style-type: none"> • description of the PPCR logic model (with connection global, country and project/program level) • PPCR results framework • Performance measurement strategy 		<p>Level "Catalytic Replication Outcomes": 3 result dimensions with 9 indicators;</p> <p>Level "PPCR Outputs and outcomes": 6 result dimensions with overall 9 indicators</p> <p>Projects and programs need to demonstrate clearly how operations are linked to the PPCR output/outcome and catalytic replication level.</p>	of PPCR	<ul style="list-style-type: none"> • prepared by MDBs mid-term and final evaluation of programs
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³⁵ PPCR, 2010

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Table 17 General M&R approaches of the funds assessed for the thematic area of REDDplus

Source: Interim report B2

	Handbook (if existing)	Impact chain	Categories (objectives, sub-objectives) used	Indicators used (number, type, selection, gathering of indicator data)	Application of co-benefits	Project Reporting (frequency; data required; etc)	Fund specifics
Funds relevant for REDDplus							
ICI³⁶	<ul style="list-style-type: none"> No explicit handbook Guidelines for monitoring include impact chain and glossary 24 pages 	There are three levels of the impact chain	<ul style="list-style-type: none"> There are two impacts defined (= objectives) for the ICI, one relevant for REDDplus There are four outcomes (= sub-objectives), two relevant for REDDplus 	No clear indicators provided	Co-benefits for REDDplus-projects are specifically addressed	Mid-term report and final report	
FIP³⁷	<ul style="list-style-type: none"> The results framework includes the impact chain, a list of indicators, sometimes short explanation of indicators, indication on data collection method, responsibilities and timelines 37 pages 	The impact chain has four levels (global, country, project/ program, input), with six categories: CIF final outcome, transformative impact, FIP catalytic replication outcomes, FIP outputs &	One core objective and two co-benefit objectives are mentioned	<ul style="list-style-type: none"> Approximately 35 indicators Mandatory + potential additional, individual indicators Mainly quantitative Grouped under some of the categories of impact chain 	<ul style="list-style-type: none"> Integrated into impact chain on the level "country - transformative impact" Specific indicators are also provided for co-benefits 	<ul style="list-style-type: none"> Reporting differs for different sub-objectives, but mainly for mid-term and final evaluation, sometimes also ongoing The MDBs shall annually report to the Trust Fund Committee 	Living document, thus can be adjusted over time

³⁶ ICI, 2011.

³⁷ CIF, 2011b.

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		outcomes, FIP activities, FIP inputs					
FCPF³⁸	<ul style="list-style-type: none"> No precise handbook on reporting exists, only guidelines on what should be included in project proposals These guidelines have about 65 pages 	No impact chain is being described	<ul style="list-style-type: none"> Four objectives mentioned No sub-objectives explicitly mentioned, however certain items shall be included in the monitoring system. They remain on a rather broad level. 	<ul style="list-style-type: none"> No clear indicators are being described, since countries shall develop their own monitoring system. The items which shall be covered, however, indicate that quantitative as well as qualitative indicators will need to be used. Since no indicators are prescribed, there are no mandatory standard indicators. 	Co-benefits shall be included in the monitoring system	<ul style="list-style-type: none"> Countries submit progress sheets, but their frequency differs strongly Progress sheets are grouped into nine categories Frequency of progress reports depend depends on what has been agreed in grant agreements 	<p>Countries shall also develop a M&E framework in order to track their activities/component (one component is for instance the establishment of a monitoring system)</p> <p>Periodic evaluation of the FCPF</p>
Amazon Fund³⁹	<p>The Logical Framework for the Amazon Fund entails detailed information and guidelines for the program level and also on the project level.</p> <ul style="list-style-type: none"> 66 pages 	The Logical Framework describes the strategic target, objectives, results, indicators, relevant risks and monitoring requirements for the AF program and highlights the	The Logical Framework describes three indicators to monitor the impact of the AF and provides a list of indicators for the project level.	<ul style="list-style-type: none"> A list of indicators is being provided. It has not been specifically mentioned if the provided project indicators are mandatory. Possibility for individual project specific indicators is highlighted. 	Co-benefits for environment, society and economy are already included in the main objective of the AF.	<ul style="list-style-type: none"> The minimum project monitoring and reporting frequency is six months monitoring and reporting requirements are provided. 	<p>Non-transferable certificates issued</p> <p>Risk assessment & monitoring of risks</p> <p>Project monitoring cycle also includes ex post assessment</p>

³⁸ FCPF, 2010.

³⁹ Amazon Fund, BNDES, 2010.

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		transferability to the project level.					Logframe is flexible for potential adjustment, esp. regarding indicators
Standards relevant for REDDplus							
VCS ⁴⁰	Several documents for guidance exist: REDD Methodological Framework, AFOLU requirements and the VCS Standard. Those include specific guidelines and methodologies for the different AFOLU project activities, guidance on development of baseline scenarios, monitoring and reporting of net GHG emission reduction, as well as definitions of eligible AFOLU activities and terminology. The VCS Program Guidelines define roles and responsibilities, the VCS objective and principles, the VCS registration process and the gap analysis process.	No impact chain is being described.	There exist VCS Program objectives and criteria for projects. Yet, they are not specifically for REDD activities.	VCS requests the use of approved methodologies, which are described in various documents. The use of the requested methodology is mandatory for registration of the projects.	<ul style="list-style-type: none"> Negative environmental and socio-economic impacts shall be identified and mitigated Additional standards (e.g. CCB Standard, FSC) might be applied to demonstrate effort Conversion of native ecosystems to generate GHG credits is not eligible 	<ul style="list-style-type: none"> VCS proponent needs to describe monitoring and reporting times in the VCS PD Methodologies for sector activities provide data requirements 	<p>Methodologies and guidance developed in peer review process</p> <p>Project data needs to be publically available</p> <p>Periodic reconciliation and review of project data</p>

⁴⁰ VCS, 2008a; VCS, 2008b; VCS, 2011a.

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CCB Standards ⁴¹	<ul style="list-style-type: none"> Handbook has about 50 pages Does not include impact chain Includes: glossary, links to relevant documents 	No impact chain is being provided	<ul style="list-style-type: none"> Four categories and 14 sub-categories for overall standards Seven pools suggested for monitoring plan which projects needs to develop 	<ul style="list-style-type: none"> Overall standards: 67 indicators, qualitative and quantitative, mandatory indicators Monitoring plan: indicators shall be developed by project developer, thus no mandatory indicators, how impacts will be measured is also left to project developer 	<ul style="list-style-type: none"> Overall standards: co-benefits are addressed through category on community impact and other sub-categories Monitoring plan for community and biodiversity impact must be established 	<ul style="list-style-type: none"> Overall standards: at least every 5 years climate impacts must be verified Monitoring plan: project developer must decide how often he wants to conduct the monitoring 	
GOFC-GOLD ⁴²	<ul style="list-style-type: none"> Methods for data collection and emission estimations Does not contain an impact chain Contains definition About 200 pages 	No overall impact chain is provided	<ul style="list-style-type: none"> No objective or sub-objective mentioned Unclear whether categories or indicators for data collection, two items, split into four items <p>Methods for emission estimations: four items, can be split into several items</p>	<ul style="list-style-type: none"> Unclear whether categories or indicators for data collection, two items, split into four items Methods for emission estimations: four items, can be split into several items All quantitative nature No indication of whether mandatory or voluntary 	No clear indication on co-benefits	Issue of reporting is addressed, but rather program than project reporting	

⁴¹ CCBA, 2008.

⁴² GOFC-GOLD, 2010.

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Annex 5: Results from the analysis of other approaches taken in regard to co-benefits

Criterion	Millennium Development Goals ⁴³	IFC Standards ⁴⁴	CCB Standards ⁴⁵	EBRD Standard ⁴⁶	Social Carbon Methodology ⁴⁷	CDM Gold Standard ⁴⁸	CDM host country sustainable development criteria ⁴⁹
Eligibility	n/a ⁵⁰	Environmental and social exclusion list	LULUCF and REDD projects, except projects using GMOs or increasing invasive alien species	Environmental and social exclusion list	Sectors for which indicators are already elaborated	Renewable energies Energy Efficiency	CDM projects in host country

⁴³ For the analysis of the MDGs, the following sources have been used: UN 2008; United Nations Development Group 2003.

⁴⁴ For the analysis of the IFC Standards, the following source has been used: IFC 2007.

⁴⁵ For the analysis of the CCB Standards, the following sources have been used: CCBA n.d.; CCBA 2008; CCBA, 2005-2010.

⁴⁶ For the analysis of the EBRD Standard, the following source has been used: EBRD 2008.

⁴⁷ For the analysis of Social Carbon Methodology, the following source has been used: Ecologica Institute 2008.

⁴⁸ For the analysis of the CDM Gold Standard, the following sources have been used: Ecofys et al. 2009a; Ecofys et al. 2009b; Ecofys et al. 2009c.

⁴⁹ The analysis of sustainable development criteria of CDM host countries is based on the following sources: Sterk et al. 2009; ODL.

⁵⁰ Not applicable.

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Criterion	Millennium Development Goals	IFC Standards	CCB Standards	EBRD Standard	Social Carbon Methodology	CDM Gold Standard	CDM host country sustainable development criteria
Safeguarding principles	Safeguards can be derived from MDGs	Not included explicitly	Precautionary principle concerning biodiversity	Some safeguards included	Not included explicitly	UNDP safeguarding principles	Considerable differences between host countries
Sustainable development assessment	List of goals and targets with indicators aiming at development and poverty reduction	Detailed environmental and social Performance Standards Minimization of negative impacts	Fourteen required criteria on environmental and social benefits with focus on biodiversity, but mostly without specific indicators Labor standards	Detailed environmental and social standards Scope generally matches the GS criteria Minimization of negative impacts	Definition of indicators for environmental and social resources with aim of continuous improvement Scope generally matches the GS criteria	Environmental, human rights, labor and anti-corruption safeguards Sustainability matrix with environmental, social and economic criteria and specific indicators	Considerable differences between host countries
Stakeholder consultation	n/a	Mandatory ongoing process Detailed procedural requirements Establishment of a grievance mechanism	Mandatory with specified procedural requirements and timelines as to who to involve by which means Ongoing during lifetime of project Establishment of a grievance mechanism	Mandatory ongoing process Detailed procedural requirements Establishment of a grievance mechanism	Group work and interviews Local stakeholders continuously evaluate a project	Two mandatory rounds with specified procedural requirements	Considerable differences between host countries
Monitoring	Annual global reports complemented with regular country reports	Customized monitoring of impacts on workers, communities and environment based on ex-ante assessment	Required for impacts on climate, communities and biodiversity	EBRD and project proponent define a monitoring program based on ex-ante assessment and consultations	Periodic evaluation of sustainability indicators	Required for non-neutral indicators	Considerable differences between host countries

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Criterion	Millennium Development Goals	IFC Standards	CCB Standards	EBRD Standard	Social Carbon Methodology	CDM Gold Standard	CDM host country sustainable development criteria
Operationa- lisation	International indicators to be used are provided	Project proponent establishes performance indicators	Detailed analysis to be provided Evaluation by accredited independent auditor	Requirements customized according to project size and level of impacts Evaluation by Bank's Evaluation Department (EvD)	Different scenarios with a detailed list of indicators for different project types Assessment by accredited organization	Criteria must be convincingly discussed using qualitative or quantitative data based on available information, no need for explicit studies to gather additional information Validation and Verification by DOE	Considerable differences between host countries