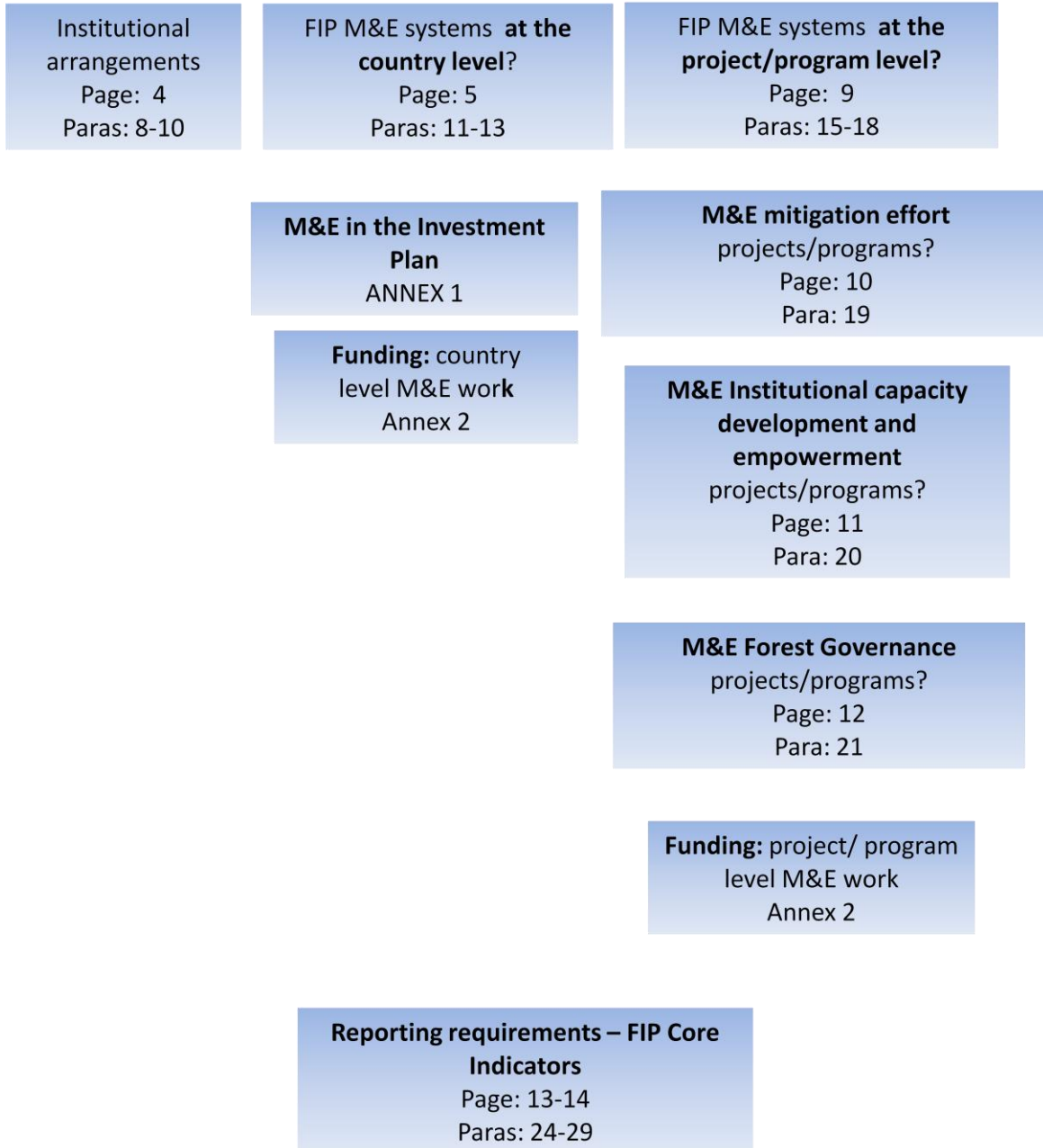


FIP MONITORING AND EVALUATION

Preliminary Guidance Note for FIP Country Teams

What are you looking for?



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I. INTRODUCTION

1. A results framework for the FIP has been approved by the FIP Sub-Committee in June 2011. MDB task teams need to work with FIP pilot countries to implement the results frameworks as soon as possible to build the foundation for results reporting.
2. Implementation comprises: working with pilot countries to integrate M&E activities in the preparation and implementation of FIP financed (i) country and regional investment plans; and (ii) related projects/programs involving public and private sector operations. The M&E system needs to reflect the interdependencies among these two levels. There is an urgent need to establish a comprehensive M&E system to ensure that projects/programs under the investment plan (IP) are indeed anchored within the overall strategic approach.
3. To provide a common framework for this undertaking, this note summarizes the (i) objective and institutional arrangement; (ii) Country level FIP Monitoring and Evaluation; (iii) Project/Program level FIP Monitoring and Evaluation; and (iv) reporting.

II. OBJECTIVE AND INSTITUTIONAL ARRANGEMENTS

4. The FIP promotes transformational change by strengthening multi-stakeholder ownership at national and local levels, and providing scaled-up REDD+ financing to catalyze shifts from business-as-usual policies and development paths. It is a learning tool to initiate and facilitate transformational change in developing country forest related policies and practices. At the implementation level, it is a vehicle to pilot and scale up replicable models of effective forest and forest landscape management efforts. FIP is designed to help finance large-scale investments and leverage additional financial resources, including from the private sector and other development partners. The objective of FIP M&E activities, therefore, is to help to strengthen national M&E systems to monitor and evaluate the impact of activities aimed to address forest degradation, deforestation and enhancement of forest carbon stocks. The M&E system will support countries to monitor implementation of projects and programs supported through FIP and take corrective action/decisions based on information generated through the M&E system. The results frameworks are designed to operate: (i) within existing national monitoring and evaluation systems; and (ii) the MDBs' own managing for development results (MfDR) approach.
5. By integrating the FIP M&E results frameworks into national M&E systems, countries will take the lead and establish a managing for results philosophy that will help enhance the design and impact of their REDD+ investments. They also gain the opportunity to share experiences and lessons with others, thereby helping to accelerate the CIF's "learning-by-doing" process in support of the replication of good practices for managing and sustaining climate change transformation at the country level.

6. There are three key elements of the FIP M&E approach that need to be followed by FIP financed projects:

a) Planning

- FIP project/program planning should use a flexible planning approach, with results cascading from the country level to projects and indicator reporting from projects/programs aggregated at the country level.
- There should be a logic model in the investment plan that sets the strategic direction and identifies the results that identified priority projects/programs must contribute to.
- Investment plans should articulate the issues, priorities for investments, challenges, and risks to be addressed in a country context.
- Catalytic results – beyond the immediate output of projects/programs under the FIP – should also be clearly identified and the reporting approach outlined in the investment plan.
- Project and program documents should describe the expected results of individual interventions, linked to the overall results framework for the pilot country.
- Project and program documents should include results frameworks, indicators, baselines, and targets and the methodology how the data will be produced. These documents should be shared with the CIF Administrative Unit.

b) Monitoring and Reporting

- FIP financed projects and programs are implemented using MDB processes, procedures and systems. However, there is a set of indicators for the FIP that must be included in projects/programs.
- Countries supported by the MDBs are mainly responsible for collecting and reporting data on all these key indicators. The government will identify and charge an executing agency with reporting responsibility.
- Project outputs and outcomes are expected to be monitored and reported on a regular basis using the key indicators. Reporting is expected at the start when establishing the baselines, at mid-term and upon completion. Annual reporting is desirable whenever feasible.
- Countries are the main reporting units of the FIP. Reporting against the implementation of the investments plans/strategies is at the core of the FIP M&E system. The government will identify and charge an executing agency with reporting responsibility.
- A programmatic approach at the country level requires that country institutions take the lead in consolidating data from projects/programs at the country level and report these to the FIP Sub-Committee through the CIF Administrative Unit. Countries need to nominate an institutional focal point for M&E – taking the responsibility to manage the FIP M&E efforts, particularly the reporting to the FIP Sub-Committee.

c) Learning and Knowledge Management¹

- CIF knowledge management activities are closely linked to CIF's work on monitoring and reporting.
- FIP projects will need to include knowledge management activities involving identifying, creating, organizing, sharing and using lessons learned, and good practices in FIP pilot country programs and projects.
- CIF's knowledge management activities have themselves to be targeted towards a set of KM results that must be monitored and reported on.

7. With the approval of the results frameworks as living documents, the joint CTF/SCF Trust Fund Committee and the FIP Sub-Committee established the basis for an adaptive M&E approach. The data generated through the M&E system should allow countries to take corrective action based on information/evidence. The adaptive management approach requires a constant and sustained feedback mechanism which allows countries to reflect on measures, approaches, methodologies etc. and initiate change when data or observations point towards the need to adapt to changing circumstances.

8. A robust M&E system requires appropriate institutional arrangements for assigning functions and responsibilities for managing the integration of M&E systems. The institutional setting will be determined as part of the preparation of the individual investments. They will be a consequence of the nature of proposed M&E priorities, existing institutional structures and arrangements, and the fact that the M&E system development needs to be managed at the government level (see Table 1).

9. Capacity development needs to be a key element in all efforts to strengthen a results-oriented management approach of individual projects/programs but also the management of investment plans as a whole. Hence, the identification of capacity needs is essential for successful strategic management of FIP operations in pilot countries.

10. The capacity of country institutions to carry out above and other M&E activities would, as required, be strengthened through

- upgrading of existing, or acquisition of new, equipment and services to effectively link local teams to web-based performance measurement systems;
- capacity development on the use of appropriate methodologies to measure results;
- using local consultant services (when feasible) to establish baselines and upgrade M&E systems;
- using local [staff] and/or consultants (when feasible) to manage the country/project sites for generating and reporting performance data;
- using local [staff] and/or consultants (when feasible) to capture and document experiences and lessons in developing and implementing strategic country programs and their investment projects (including possible out-sourcing to local organizations and academic institutions);

¹Detailed guidance on information sharing and lessons-sharing activities (ISL) is available in *Integrating Information Sharing and Lessons-Learning CIF Country Programs and Projects – A Guidance Note for MDB Task Teams*, shared with the MDBs on March 14, 2011.

- contracting for the organization, holding, and documenting outcomes of M&E activities through workshops with local stakeholders; and
- facilitating the participation [travel, accommodation] of local team members in CIF pilot/partner country meetings and other relevant external knowledge sharing events.

Table 1: Possible Institutional Arrangements for Managing for Results

<i>Responsibility</i>	<i>Function</i>
Unit or agency within the pilot country with enhanced M&E capacity (lead for development and implementation of the strategic country program) ²	<ul style="list-style-type: none"> - Coordinate the integration of the FIP results framework into the national M&E system and ensure that M&E arrangements are reflected in the investment plan document submitted for FIP Sub-Committee review and approval. - Monitor and assess the catalytic replication indicators. - Manage the assessment of current M&E capacity and gap analysis in terms of baselines, targets, technology (IT support) and HR capacity. - Manage the progress reporting in implementing the IPs. - Prepare progress reports on IP implementation to the Trust Fund Committees/Sub-Committees annually. - Monitor project/program implementation and request regular project performance updates in line with agreed procedures from the relevant government agencies and MDBs.
Sector ministries/private sector arms of the MDBs on behalf of private sector entities	<ul style="list-style-type: none"> - Manage the M&E systems at the project/program level and ensure regular progress reporting to (i) the central coordinating unit; and (ii) communicate with all relevant stakeholders. - Private sector entities report through the respective MDBs managing the relationship as the legal and implementation agreement is between the private client and the MDB only. The private sector MDB will include the FIP core M&E indicators as well as relevant project-specific indicators to its standard institutional reporting requirements and communicate these to the unit or agency leading the FIP M&E approach in the pilot country
Implementation units (public/private sector) for individual FIP funded projects	<ul style="list-style-type: none"> - Manage the establishment of M&E systems for each individual project/program. - As agreed with the central program coordination unit report on progress on outputs and outcomes indicators on a regular basis.

III. COUNTRY LEVEL FIP MONITORING AND EVALUATION

a) Setting up the FIP M&E system at the country / regional level

11. Countries which are in the process to develop their investment plans should discuss and present the envisaged M&E approach in the investment plan. It is expected that the M&E section in the IP comprises: (i) a results framework to monitor progress and evaluate the implementation of the IP; (ii) a brief description of the institutional arrangements with assigning roles and responsibilities; and (iii) outlining the resource requirements to establish and manage the M&E approach.³ Annex 1 outlines in

² In the case of a regional project, it would be appropriate for the entity selected for managing the regional component of the project to assume the coordinating function for ISL activities.

³ Baselines and targets are very important to establish a sound basis for an effective M&E approach. It can be expected that for some indicators it might be rather difficult to establish baselines or targets at the time of IP formulation. However, it is important

more details how the M&E section in the IP could be developed and specific aspects of M&E this section in the IP might highlight. Countries which have already approved investment plans will need to re-engage, if necessary, with the MDBs to discuss the M&E approach.⁴

12. The following detailed steps for the country level M&E approach are suggested:

Step	Activity	Expected output	Lead	Support
1	<i>access technical data and methodologies, information, and lessons learned</i> from other managing for development results (MfDR) initiatives. A stock-taking exercise is needed to explore whether other initiatives are already promoting enhanced M&E system development. The FIP might build on or complement these ongoing initiatives.	Synergies with other managing for development results initiatives	MDB	Government/ regional institutions (if applicable)
2	<i>identify technical, system and capacity gaps</i> for M&E in climate change. It is expected that this analysis will provide a better idea about the nature of interventions needed to establish the regional/country M&E system. This step should also include a cost estimate for establishing the M&E system.	Gap analysis – better understanding of the needs	MDB	Government/ regional institutions (if applicable)
3	<i>discuss the institutional and organizational setting for the M&E system.</i> It is expected that investment plans include a paragraph about the envisaged M&E approach. This section should discuss and provide which agency/ organization is taking the lead in managing FIP M&E.	Clear institutional and organizational structure for FIP M&E at the country level	Government/ regional institutions (if applicable)	MDB
4	<i>assess baselines and establish targets</i> for catalytic and replication results at the country level. The investment plans should include a results framework with country specific indicators. Ideally the results framework incorporates the suggested FIP key indicators with baselines and targets. At least, the investment plan should outline an approach how to establish baselines for relevant indicators.	Results framework at the investment plan level with baselines and targets	MDB	Government/ regional institutions (if applicable)
5	<i>share lessons with other pilot countries in assessing and establishing M&E systems.</i> Pilot	Learning from experiences	Government/ regional	MDB

to outline briefly in the M&E section how the country is going about establishing targets and baselines for indicators which do not have these at the time when the IP is presented to the FIP Sub-Committee.

⁴ As of September 2011, there is one country with an endorsed investment plan: Democratic Republic of Congo (DRC). Burkina Faso received an endorsement in principle but will need to resubmit a revised investment plan.

Step	Activity	Expected output	Lead	Support
	countries should document the process of establishing FIP M&E systems and share these lessons with stakeholders within and outside the FIP pilot countries.		institutions (if applicable)	

b) FIP indicators at the country level

13. Baselines and targets at the national level need to be established to the extent possible for the following approved FIP key indicators:

Results	Indicators	Data source
Core objective: A.1 Reduced GHG emissions from deforestation and degradation; enhancement of forest carbon stocks	a) Tons (millions) of CO ₂ emissions from reduced deforestation and forest degradation relative to reference emissions level b) Tons (millions) of CO ₂ sequestered through natural regeneration, re- and afforestation activities, and conservation relative to forest reference level	National monitoring systems following relevant UNFCCC/ IPCC guidelines
Co-benefit objective: A.2 Reduced poverty through improved quality of life of forest dependent indigenous peoples and forest communities⁵	a) Percentage of indigenous peoples and local community members/ forest communities (women and men) with legally recognized tenure rights and secure access to economic benefits and/or the means of maintaining traditional livelihoods b) Changes in income in forest communities over time c) Percentage of enrollment of boys and girls in primary and secondary education in areas with indigenous community members/ forest communities (MDG 2 a) <i>Other quality of life indicators may be identified and validated through a consultative process with indigenous peoples and local communities.</i>	National monitoring systems or equivalent
Co-benefit objective: A.3 Reduced biodiversity loss and increased resilience of forest ecosystems to climate variability and change	a) Percentage (%) change in forest fragmentation (rate and area) b) Reduction in the rate of loss of intact forest areas important for maintaining native biodiversity, ecosystem functions, including water, air quality, soil protection and resilience to climate stress c) Species richness index ⁶ and Shannon-Weiner or Information Index	National monitoring systems or equivalents Country reporting to UNCBD

⁵ Indicators related to indigenous peoples and forest communities may need to be refined after feedback from indigenous peoples groups and forest communities has been received. Proposed changes, if any, will be presented to the FIP Sub-Committee in June 2011.

⁶ For measuring biodiversity with the Species Richness Index or the Shannon-Weiner Index see <http://www.denniskalma.com/biodiversitymeasurement.html>. The Shannon-Weiner and the Information Index have limitations. In some cases, other indexes, such as the Fischer Diversity Index or the rarefaction method, might be more appropriate. The

Results	Indicators	Data source
FIP Catalytic Replication Outcomes		
B.1 Reduced deforestation and forest degradation	a) Change in hectares of natural forest cover (percentage change against baseline) b) Change in hectares of natural forest that are degraded (percentage change against baseline) c) tCO ₂ sequestered/\$ by investment plan d) Areas (ha) of deforestation/degradation avoided/\$ of investments	National or sub-national monitoring systems
B.2 Increased direct management of forest resources by local communities and indigenous peoples	Increase in land and resources under legal control and management of indigenous peoples and local communities including through traditional forest management systems	National M&E
B.3 Improved enabling environment for REDD+ and sustainable management of forests	a) Change in the extent to which environmental/GHG/ deforestation considerations/ solutions are integrated into the process of creating economic incentives/new policies and programs b) Area of forests under clear, non-discriminative tenure and territorial rights , including the recognition of traditional rights c) Evidence that infractions in the forest sector are detected, reported and penalized d) Extent to which indigenous peoples and local communities (women and men) have access to relevant information in a timely and culturally appropriate manner <i>Other “Nationally owned-governance” indicators, developed through a country-led process.</i>	National M&E systems
B.4 Access to predictable and adequate financial resources, incl. results-based incentives for REDD+ and sustainable management of forests	Leverage funds through results-based schemes offered by bilateral partnerships, the FCPF Carbon Fund or other mechanisms	National M&E systems

choice of index to measure biodiversity may depend on the type of the species-abundance distribution curve, which varies according to the phase of succession of the forest to be assessed (inverted-J for mature forests, log-normal in early stages of succession, etc.). A final decision on FIP-wide indicator will be made after investment plans have been developed and countries decided on the adequate national indicator to track changes in biodiversity.

Results	Indicators	Data source
Regional level: B.5 Replication of FIP learning in non-FIP countries	Number of non-FIP countries which replicate FIP project and program approaches (e.g., investment documents citing FIP pilot country projects) <i>Indicators related to the KM component of the dedicated Grant Mechanism for indigenous peoples and local communities</i>	MDB cross-country review Review of national UNFCCC reporting relevant to REDD+

c) FIP financing for establishing FIP M&E systems at the country level

14. The amount of FIP project grant funding sought for integrating the FIP results frameworks into national M&E systems will depend in each case on (i) the quality of existing M&E system and related institutional capacity, (ii) the extent to which ongoing activities are already in place to satisfactorily allow impact monitoring and evaluation (e.g., national M&E systems for monitoring and evaluating climate change action plans); and (iii) the availability of non-FIP sources of funding for this purpose (e.g., MfDR activities of bilateral or multilateral donors). Hence, there is no fixed limit to FIP funding. Countries and MDBs will incur additional costs in developing FIP-related national M&E systems. Funding arrangements are outlined in annex 2.

IV. PROJECT/PROGRAM LEVEL FIP MONITORING AND EVALUATION

a) Setting up the FIP M&E systems at the project/program level

15. Project/program level FIP M&E needs to ensure a close link with the expected results at the country level. The project/program design document needs to outline clearly the envisaged results chain.

16. The following steps are suggested to establish the M&E system for FIP financed projects/programs:

Step	Activity	Expected output	Lead	Support
1	<i>discuss the logic model with stakeholders</i> The logic model discussion is important to ensure that there is a clear understanding how the envisaged project is fitting into the country's approach in initiating transformational change and climate resilient development.	Results chain: project/program outputs – country outcomes - impact	MDB	Government / implementing entity/ agency
2	<i>discuss the results framework with respective project/ program implementing entity</i> . This process will help to identify the relevant indicators. Not all proposed indicators in the results frameworks will be relevant for all the projects/programs.	Agreement on the core indicators for tracking project/program progress	MDB	Implementing entity/ agency
3	<i>discuss the institutional and organizational setting for the M&E system.</i> It is expected that	Clear institutional and organizational structure for	MDB	Implementing entity/ agency

Step	Activity	Expected output	Lead	Support
	investment plans include a paragraph about the envisaged M&E approach. This section should discuss and provide which agency/ organization is taking the lead in managing FIP M&E.	project/program M&E responsibility		
4	<i>assess baselines and establish targets</i> for the relevant indicators. A cost estimate for assessing baselines is needed at this stage.	Results framework at the project/program level with baselines and targets	MDB	Implementing entity/agency
5	<i>Develop a detailed M&E plan</i> for the implementation of the project/program and submit M&E plan for MDB Committee approval	M&E Plan	Implementing entity/agency	MDB
6	<i>Share lessons with other projects/programs in assessing and establishing M&E systems.</i> Implementing entity/agency should document the process of establishing FIP M&E systems and share these lessons with stakeholders within and outside the pilot country.	Learning from experiences	Implementing entity/agency	MDB

a) FIP indicators at the project/program level

17. FIP financing is foreseen mainly for (i) investments which build institutional capacity, forest governance and information; (ii) investments in forest mitigation efforts, including forest ecosystem services; (iii) investments outside the forest sector necessary to reduce the pressure on forests. Hence, the project/program results frameworks need to reflect the key indicators for each of these areas.

18. The FIP results framework is designed to provide a flexible framework to allow for (i) country-driven, country-context specific projects/programs with a rather broad set of interventions in forest ecosystems; and (ii) working within the MDBs own managing for results approach. This means that the concept of mandatory indicators needs to be applied practically. Not all projects need to reflect all the indicators. For instance, capacity building projects focus on institutional capacity development relevant indicators, forest mitigation efforts on deforestation and degradation relevant indicators. Nevertheless, the indicators on leveraging additional resources and on knowledge management and learning should be part of every single project/program – irrespective of the specific area of intervention.

19. **Projects/programs in mitigation efforts** may include the following indicators with baselines and targets (if feasible) in the project/program M&E frameworks:

Results	Indicators	Data source
C.1 Reduced pressure on forest ecosystems	a) Change in hectares (ha) deforested in project/program area	National monitoring systems
	b) Change in hectares (ha) of forests degraded in project/program area	Project M&E

Results	Indicators	Data source
	<p>c) tCO₂ sequestered/\$ by project/program</p> <p>d) Non-forest sector investments identified to address drivers of deforestation and forest degradation</p>	
C.2 Sustainable management of forests and forest landscapes to address drivers of deforestation and forest degradation	<p>a) Preservation of natural forests integrated in land use planning process</p> <p>b) Evidence that laws and regulations in project/program are being implemented, monitored and enforced and that violations are detected, reported and prosecuted</p>	<p>National monitoring systems</p> <p>Project M&E</p>
C.6 New and additional resources for forest and forest-related projects	Leverage factor of FIP funding; \$ financing from other sources (contributions broken down by governments, MDBs, other multilateral and bilateral partners, CSOs, private sector)	Project M&E
C.7 Integration of learning by development actors active in REDD+	Number (#) and type of knowledge assets (e.g., publications, studies, knowledge sharing platforms, learning briefs, communities of practice, etc.) created and shared	Qualitative assessment by the MDBs and CIF AU

20. **Institutional capacity development and empowerment projects/programs** may include the following indicators with baselines and targets (if feasible) in the project/program M&E frameworks:

Results	Indicators	Data source
C.4 Empowered local communities and indigenous peoples and protection of their rights	<p>a) Increase in area with clear, recognized tenure of land and resources for indigenous peoples and local communities (women and men)</p> <p>b) Level and quality of community and indigenous peoples participation (women and men) in decision making and monitoring concerning land use planning, forest management, and projects and policies impacting community areas</p> <p>c) Improved access to effective justice/ recourse mechanisms</p>	Project M&E
C.5 Increased capacity to address direct and underlying drivers of deforestation and forest degradation (as identified in national REDD+ strategies or equivalents)	<i>Detailed indicators will be developed in the specific country and project/program context</i>	<p>National monitoring systems</p> <p>Project M&E</p>
C.6 New and additional	Leverage factor of FIP funding; \$ financing from	Project M&E

Results	Indicators	Data source
resources for forest and forest-related projects	other sources (contributions broken down by governments, MDBs, other multilateral and bilateral partners, CSOs, private sector)	
C.7 Integration of learning by development actors active in REDD+	Number (#) and type of knowledge assets (e.g., publications, studies, knowledge sharing platforms, learning briefs, communities of practice, etc.) created and shared	Qualitative assessment by the MDBs and CIF AU

21. **Forest governance projects/programs** may include the following indicators with baselines and targets (if feasible) in the project/program M&E frameworks:

Results	Indicators	Data source
C.3 An institutional and legal/ regulatory framework that supports sustainable management of forests and protects the rights of local communities and indigenous peoples	<p>a) Evidence that the legal framework (laws, regulations, guidelines) and implementation practices provide for non-discriminative land tenure rights and land use systems and protect the rights of indigenous peoples and local communities (women and men)</p> <p>b) Evidence that a national land use plan exists and progress is made to secure the tenure and territorial rights to land and resources of forest-dependant stakeholders , including indigenous peoples and forest communities</p> <p><i>Detailed indicators will be developed in the specific country and project/program context.</i></p>	Project M&E
C.6 New and additional resources for forest and forest-related projects	Leverage factor of FIP funding; \$ financing from other sources (contributions broken down by governments, MDBs, other multilateral and bilateral partners, CSOs, private sector)	Project M&E
C.7 Integration of learning by development actors active in REDD+	Number (#) and type of knowledge assets (e.g., publications, studies, knowledge sharing platforms, learning briefs, communities of practice, etc.) created and shared	Qualitative assessment by the MDBs and CIF AU

22. There might be other sectors or thematic areas which will be added when all investment plans have been developed and endorsed.

a) FIP financing for establishing FIP M&E systems at the project/program level

23. Funding requirements for establishing FIP M&E systems for each project/program will depend on the country- context (e.g., existing capacity at the project level); and (ii) the nature of the individual project/program. Countries and MDBs will incur additional costs in developing project/program specific M&E systems. Funding arrangements are outlined in annex 2.

V. REPORTING

24. **CORE INDICATORS** - The logic model and the results framework are designed to provide a basis for long-term reporting and eventually evaluation efforts. Therefore, it is important to establish comprehensive M&E systems within a pilot country based on the FIP results framework. However, for medium-term progress reporting to the FIP Sub-Committee there is a need for focusing on a limited set of core indicators. These core indicators provide the basis for a more standardized approach across the pilot countries and regional pilots. It is expected that the country teams discuss these core indicators with all the pilot countries and regional programs (if applicable) and establish baselines and targets for these core indicators within the next three months. The FIP Sub-Committee expects that core indicators are in place for all the programs by November 2011, so that reporting against these indicators can start in 2012.

25. The following core indicators are suggested for FIP medium-term reporting:

Indicator	Baseline	Target
Investment Plan level		
Change in hectares of forest cover (by forest cover type) (percentage change over baseline) and resulting GHG emissions (tons of CO ₂)		
Change in hectares of forests (by forest cover type) that are degraded (percentage change against baseline) and resulting GHG emissions (tons of CO ₂)		
Leverage factor of FIP funding: \$ financing from other sources (contributions broken down by governments, MDBs, other multilateral and bilateral partners, CSOs, private sector)		
Project/program level		
Change in hectares (ha) of forest cover in project/program area		
Change in hectares (ha) of forest degraded in project/program area		
Change in percent in forest fragmentation in project/program area		
Percentage of forest communities in project/program areas with legally recognized land tenure rights		
Changes in income of forest communities in project/program areas		
Change in percentage of vulnerable households (living at the edge of forest areas at risk) enabled to use forest products in a sustainable manner		
Change in percentage of vulnerable households (living at the edge of forest areas at risk) enabled to adopt alternative livelihoods (i.e., outside the use of forest products)		

26. It is suggested that country teams review carefully the above indicators and report only against the indicators for the sectors which the IP is going to address. Other sector core indicators can be ignored. Such an approach will allow the MDBs and the CIF AU to cover the whole range of IP operations.

27. These core indicators need to be complemented with data concerning the portfolio development. There is no need for any additional analysis or data mining, project portfolio performance data should be

extracted from the MDBs' own project portfolio review system. Basic essential information on the projects/programs including: (i) financial information (commitments, expenditures, contract awards, etc.); (ii) project rating; (iii) thematic and operational priorities; (iv) rating on covenants; and (v) major issues and problems.

28. Based on the project/program reporting, the countries will consolidate the reports in a comprehensive implementation progress report to the FIP Sub-Committee. The progress report will have to demonstrate how countries are performing in terms of established goals and objectives. The CIF AU will consolidate the reports of the countries and provide feedback to the Sub-Committee within the CIF Annual Report, Semi-Annual reports on FIP Operations, and occasionally in thematic results reports. Such an approach will ensure that the FIP Sub-Committee receives updates on the status of the implementation and achievement of results by investment plan at the CIF programmatic level on a regular basis.

29. **LEARNING** - Annual reports to the FIP Sub-Committee concerning the development of establishing M&E systems are needed. Hence, the MDBs are strongly advised to document the process of setting up the FIP M&E system in a pilot country and share these country-specific reports with the CIF AU. In addition, MDBs are requested to assist their government counterparts to prepare and share lessons concerning M&E in annual FIP pilot country meetings.

Monitoring and Evaluation in the Investment Plans

The investment plans (IP) should outline the M&E approach. It is expected that the M&E section in the IP comprises: (i) a results framework to monitor progress and to provide the basis for evaluating the implementation of the IP; (ii) a brief description of the institutional arrangements with assigning roles and responsibilities; and (iii) outlining the resource requirements to establish and manage the M&E approach. The following approach for preparing the M&E section is suggested:

A. Preparation of the results framework

The results framework is the more important element of the M&E section. It is key to develop a country/IP specific results framework to ensure that the country's own climate resilient development approach can be monitored and henceforth managed.

The following steps are recommended:

Step 1: Discuss the need for a FIP logic model and results framework with the pilot country

Step 2: Develop a country-specific FIP results framework and agree on indicators

Step 3: Establish baselines and targets for the results indicators

B. Institutional and organizational arrangements for IP M&E

Clear assignments of roles and responsibilities are required to establish an efficient and effective M&E system. Reporting requirements and responsibility need to be mapped out. For the FIP, it is key to identify an organization which takes the lead M&E of the IP. This can be either a lead ministry, a specialized government agency, a think tank or any other institutional or organizational setting the pilot country would like to consider.

Step 1: Analyze the existing (or non-existing national) M&E system for climate and forest related activities

Step 2: Assess the adequacy of the existing M&E in meeting the requirements in A (preparation of the results framework)

Step 3: Identify gaps and propose measures to address the gaps

Step 4: Propose and agree on the institutional arrangements and responsibility for M&E of IP investments/activities

C. Resource requirements

Pilot countries need to identify areas where they may need support in setting up the M&E system. Needs may include technical support, hard and software, and capacity development. It would be very useful to quantify the needs and identify the approach to access these resources. Annex 2 provides an overview of the CIF modalities to cover expenses incurred by the pilot countries and the MDBs.

Financing Mechanisms

A. Preparation of Country-level FIP M&E Results Frameworks for Inclusion in Investment Plans

Cost Category	Financing Mechanisms
Country costs incurred in completing activities set out in para.12 in the main text.	TA grants to pilot countries for IP preparation.
MDB costs for supporting above country-led preparation activities.	CIF administrative budget resources for MDB support to country-led programming of FIP resources.

B. Preparation of M&E Components in Individual Projects/Programs:

Cost Category	Financing Mechanisms
Country costs for detailed development of FIP M&E components in individual projects/programs contained in the IP. This includes (i) preparation of a capacity building project (or project component) designed to support integration of the FIP M&E results framework (developed under (a) above) in the national M&E system, and (ii) preparation of project/program level FIP results frameworks/logic models in all IP projects/programs.	TA grants to pilot countries for project preparation.
MDB costs for supporting above country-led preparation activities.	Covered under arrangements approved by the SDF TFC on June 23, 2011 (ref. SCF/TFC.7/6, <i>MDB Project Implementation Services under SCF's Targeted Programs: Sources of Funding and Implementation Arrangements</i>) - First payment (50% of the initial estimate of MPIS costs) to be made to MDBs at time of IP endorsement; the second payment (final estimate of MPIS costs less first payment) would be transferred at time of SC approval of proposed project. Payments

Cost Category	Financing Mechanisms
	for MPIS are to be funded out of the reserve funds that have been set aside by the FIP Sub-Committee in its decision on the allocation of funds pledged to the targeted program.

C. Implementation of M&E Components in Individual Projects/Programs

Cost Category	Financing Mechanisms
Country costs for implementing M&E activities defined in project/program level M&E components	FIP project grants to pilot countries
MDB costs for supporting and supervising country-led implementation of FIP M&E components at project/program level	Covered under the provisions approved by the SCF TFC for Payments for MDB Project Implementation Services (MPIS) – see above.