

Learning about Transformational Change from CIF's Experience

CIF's Transformational Change Learning Partnership

The Climate Investment Funds (CIF) was set up in 2008 to scale up finance for climate change mitigation and adaptation activities and to learn lessons that would inform both CIF and the broader international climate finance architecture. Since 2008, \$8 billion has been contributed to CIF by 14 donor countries, with more than 300 projects funded in 72 countries across the four CIF programs: Clean Technology Fund (CTF), Pilot Program for Climate Resilience (PPCR), Forest Investment Program (FIP), and Scaling Up Renewable Energy in Low-Income Countries Program (SREP). CIF's overarching goal is to support the transformation to low-carbon, climate-resilient development.

A CIF special initiative called the [Evaluation and Learning Initiative](#) is drawing on the rich experience of the CIF portfolio to understand how and why CIF programs lead to transformational change, and to distill lessons for climate finance practitioners.

Building a Learning Partnership — a Two Year Journey

CIF launched the Transformational Change Learning Partnership (TCLP) in June 2017 to facilitate a collaborative learning process on transformational

change with key CIF stakeholders. The Partnership includes approximately 60 CIF stakeholders and expert evaluation and learning teams. These individuals bring a range of important perspectives and include representatives from multilateral development banks (MDBs), CIF donor and recipient countries, CIF Observers, climate finance institutions, think tanks, universities, and philanthropic organizations. Together they have explored the concept and practice of transformational change to inform future investments by CIF and other climate finance initiatives.

Early on, the TCLP identified four priority questions that all activities are geared towards answering:

- 1. Definitions:** How is transformational change conceptualized in the international field of climate finance?
- 2. Process and design:** To what extent and how does CIF's approach to planning, designing, and implementing its investments work to advance transformational change?
- 3. Results:** To what extent, how, and under what conditions are CIF-supported investments and activities contributing to transformational change?
- 4. Learning:** How can CIF and others increase their contributions to transformational change?

The Partnership has evolved into two Phases:

TCLP Phase 1:

Inception Phase

TCLP Phase 2:

Three Interrelated Work Streams Leading to Overarching Transformational Change Synthesis



PHASE 1: THE INCEPTION PHASE

Phase 1 was devoted to understanding and defining the concept of transformational change, developing frameworks to understand how these concepts could be measured in the CIF context, and conducting a preliminary desk analysis of the CIF portfolio using these frameworks. Through facilitated learning experiences, approximately 40 TCLP members met in-person for two workshops and participated in a series of webinars and in-person exchanges to discuss and refine each of these areas.

Defining Concepts and Developing Frameworks

The TCLP identified a working definition of transformational change to test and eventually refine further. Transformational change in climate action is defined as:

Strategic changes in targeted markets and other systems with large-scale, sustainable impacts that accelerate or shift the trajectory toward low-carbon and climate-resilient development.

This working definition reflects four underlying dimensions of transformational change. Building on earlier work carried out by the Independent Evaluation Group of the World Bank (e.g., IEG, 2016) and the Independent Evaluation Office of the Global Environment Facility

(e.g., GEF, 2017), the following dimensions describe the processes and impacts necessary to achieve transformational change:

Relevance	The strategic focus of CIF investments to support advancement towards CIF's transformative goals
Scale	Contextually large-scale transformational processes and impacts
Systemic	Fundamental shifts in system structures and functions
Sustainability	The robustness and resilience of transformational change

Further, the Partnership identified nine arenas of intervention. These are CIF's entry points to take action that could enable or catalyze transformational change.

CIF Arenas of Intervention



Conducting the Portfolio Analysis

These concepts—dimensions and arenas of intervention—were applied to conduct a portfolio analysis which spanned 32 CIF country and regional programs and associated projects, reflecting about half of the country programs in the full CIF portfolio, focusing on those with more implementation experience. The portfolio analysis surfaced several observations that have been incorporated and validated or built upon in Phase 2 of the TCLP. Some of these observations were:

- There are signs of systemic change and scaling across CIF programs, particularly where implementation has been underway for several years. However, change pathways are not linear, and often reported results appear to exhibit a “take-off” after a few years of implementation.
- Signals of transformational change or scaling progress can be seen in country programs at all levels of investment. However, multiple risks and factors can delay or upend progress, including institutional and exogenous risks that contribute to delays, such as political unrest, changes in political leadership, currency exchange rate changes, and personnel changes.
- Differences between CIF’s four programs are important to consider when assessing signals of transformation.

PHASE 2: EVALUATION AND EVIDENCE SYNTHESIS

In Phase 2, the TCLP work has advanced through primary and secondary research and continued consultations with stakeholders through facilitated learning.

Consultant teams were contracted for each of the interrelated areas of work: Itad for the independent evaluation, Overseas Development Institute (ODI) for the evidence synthesis, and Consensus Building Institute (CBI) for the facilitated learning.

The Partnership identified seven key hypotheses on how CIF supports transformational change, intended to further frame CIF’s intended vision and role and to utilize these hypotheses for the evaluation and evidence synthesis. These hypotheses were developed and refined in a participatory manner with TCLP members, and then iteratively refined and tested. The hypotheses were not designed to be comprehensive but were seen by stakeholders as representing major change pathways in the CIF.

At the country level, these hypotheses clustered around concepts of 1) scale and demonstration effect (CTF, SREP); 2) integration of mainstreaming and investment incentives (PPCR); 3) multi-level efforts to address complex socio-economic systems (FIP); 4) policy

and institutional support to create market tipping points (SREP); 5) financial and supply-chain intermediation (cross-cutting); 6) the influence of the CIF business model on the MDBs (cross-cutting); and 7) the role of gender in transformational change (cross-cutting.)

Seven Hypotheses on how CIF Supports Transformational Change:

H1

(CTF, SREP) The provision of long-term concessional finance at scale can be a crucial factor in changing perceptions of risk among investors, particularly in the context of infrastructure projects with high capital costs, complex supply chains, or innovative technology profiles.

H2

(PPCR) Combining climate mainstreaming with investment programming creates incentives for policy makers to engage on the climate agenda, while also providing learning opportunities to inform the better development of relevant policies, planning, and institutional frameworks across sectors.

H3

(FIP) Coordinated, multi-level efforts that strengthen policy, institutional, social, and market capacities are needed to address fundamental market and policy failures to value natural capital and wider environmental externalities.

H4

(SREP, CTF) It is possible to create market tipping points for (near) cost-competitive low carbon technologies by combining policy reform with support for market development, incentive frameworks, and other innovative approaches to mitigate investor and developer risk.

H5

(Cross-cutting) Working through intermediaries and supporting value chain development is an effective way to deliver transformation in the context of smaller-scale investments in climate goods and services.

H6

(Cross-cutting) Working through the MDBs has enabled CIF to influence the climate orientation of much larger development finance institutions and funding flows.

H7

(Cross-cutting) Gender equality efforts in institutional, policy, and investment processes help CIF support transformational change.



Facilitated Learning

The facilitated learning in Phase 2 has centered thus far on two workshops. The first focused on the evaluation and evidence synthesis approaches, including TCLP members' inputs on the transformational change hypotheses, and the second focused on discussing emerging findings from the evaluation and evidence synthesis. TCLP members reflected on the draft findings and their implications and provided input on how both efforts could be strengthened as they were finalized. A series of webinars were held at important junctures in between the workshops. The TCLP facilitation team also began to document the learning journey of the TCLP itself, which will culminate in the reflection of how the TCLP evolved and what members got out of it, including how they have applied the TCLP effort to their daily work.

The Evaluation

The evaluation, completed in December 2018, was primarily an evaluative learning exercise to understand how, and to what extent, CIF has been able to contribute to transformational change. The evaluation was theory-based and hypothesis-driven. It utilized a mixed-method approach for analysis and data collection, and used contribution analysis and comparison across cases, drawing on a broad range of data sources.

The case studies covered 23 CIF countries, and six of the cases involved site visits. Data was also collected from secondary sources; the portfolio analysis; over 250 key informant interviews with MDBs, government, private sector, and civil society; and an e-survey of CIF stakeholders across CIF countries and geographic regions.

The Evidence Synthesis

The evidence synthesis focused on synthesizing 85 published secondary data sources from a wide range of sources screened for both quality and relevance. ODI's approach was to understand how change happens by exploring how interventions and entire CIF programs have contributed to transformational outcomes. This involved a theory-based context-mechanism-outcome (C-M-O) lens of inquiry and testing of the several hypotheses noted above.

Launch of TCLP Reports— Sharing Findings

Through the TCLP, CIF stakeholders engaged meaningfully with both conceptual development and with the evaluation and evidence synthesis findings, results, and recommendations geared both for CIF and for other climate finance institutions. Final TCLP reports will be launched along with an MDB-level management response in January 2019.