

CLIMATE INVESTMENT FUNDS

FIP/SC.18/4
May 23, 2017

Meeting of the FIP Sub-Committee
Washington D.C.
Friday, June 9, 2017

Agenda Item 4

**STOCKTAKNIG REVIEW OF FIP
MONITORING AND REPORTING SYSTEM
FY-2017
(SUMMARY)**

PROPOSED DECISION

The FIP Sub-Committee, having reviewed the document, FIP/SC.18/4, *Stocktaking Review of FIP Monitoring and Reporting System FY-17*, welcomes this assessment of the effectiveness, relevance and sustainability of the FIP M&R system, in response to the FIP Sub-Committee decisions from June 2011 and December 2016.

The Sub-Committee, welcomes the progress that has been made in advancing the FIP monitoring and reporting framework and notes with appreciation the inclusive, participatory and consensus-based approach used during this review.

The Sub-Committee, recognizes the importance of an effective FIP results framework and welcomes the changes proposed to the FIP M&R toolkit. The Sub-Committee endorses the conclusions, approves the recommendations of the stocktaking review and requests CIF Administrative Unit, FIP pilot countries and MDBs to make necessary adjustments for FIP M&R following the new guidance.

Executive summary

Background, purpose and scope

- i. This document summarizes the findings of a stocktaking review of the monitoring and results (M&R) system of the Forest Investment Program (FIP), a program of the Climate Investment Funds (CIF). Since 2008, the CIF has been supporting six FIP pilot countries to develop M&R capacities. The FIP M&R system has been devised as a living system that evolves over time. It recognizes that monitoring and reporting is an iterative and learning process. As lessons are generated from its use, the system will be continuously reviewed and improved. Three years into implementation, and with the expansion of FIP investments into new countries, it was an opportune time to review progress under the FIP M&R system.
- ii. This stocktaking review was devised to provide an in-depth assessment of the effectiveness, relevance and sustainability of the CIF's monitoring and reporting systems for the FIP. The review was motivated by the FIP Sub-Committee decision by mail (June 2011):

“The CIF Administrative Unit and the MDB Committee are requested to report back to the FIP Sub-Committee and SCF Trust Fund Committee once experience is gained in operationalizing the framework, with view to adapting the framework to reflect experiences gained through field testing, as well as by the implementation to date and its already identified key challenges.”
- iii. The review was further called for in the FIP Sub-Committee meeting in early December 2016, where recipient countries and donors alike discussed the issue of M&R system limitations in generating interim project data on progress and results.
- iv. The review sought to answer the following framing questions:
 - a. *To what extent has the FIP M&R system design and guidance been effective?*
 - b. *To what extent has the FIP M&R system implementation been effective/relevant and generated knowledge/built capacity?*
- v. The findings of the review were then used to develop amendments to the FIP M&R system requirements leading to improvements and simplifying the FIP M&R process for next reporting rounds.

Methodology

- vi. The review focused on the perceptions of relevant stakeholders on the benefits (or lack thereof) generated by the FIP M&R system. The review adopted a 'mixed methods approach' encompassing both quantitative and qualitative analytical methods and tools. The review was carried out in three phases:

- a. A documentation review of FIP policy, strategy and guidance documents pertaining to the results frameworks, a review of similar M&E toolkits from other relevant organizations in the field of climate change, and a SWOT analysis;
- b. Interviews with key stakeholders including recipient stakeholders from six FIP pilot countries, five multilateral development banks (MDBs), three donor countries, CIF Administrative Unit staff, and the Global Executing Agency of the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM);
- c. A stakeholder consultation workshop was convened on April 3-5, 2017 in Washington, D.C. to discuss suggested changes to the FIP M&R system. Participants in the workshop included representatives from eight countries, four MDBs, two donor countries, the DGM Global Executing Agency, and two technical expert organizations. The workshop shared findings of the stocktaking exercise and allowed participants to exchange experiences and propose solutions to define the way forward in enhancing the effectiveness and usefulness of the FIP M&R system.

Key findings of the stocktaking review

Successes:

- vii. The review found that, overall, the FIP M&R system is effective in its design and that it delivers its intended function. The review also found that it is essential that countries lead and drive the M&R process, supported by the MDBs as necessary. The country-driven nature of the FIP M&R system, and its engagement of a wider range of stakeholders, has been consistently identified as a strength and distinctive feature of the FIP. The annual scoring workshop that each FIP country organizes was regarded as an important multi-sectoral platform, allowing for information exchange that might not otherwise take place. It has also helped build capacity at the government level both in forest monitoring, as well as in monitoring and evaluation more broadly.
- viii. Guidance in the FIP M&R toolkit is perceived, in general, as adequate and easy to understand.
- ix. The FIP M&R system shows early signs of contributing towards sustainability. Although the FIP is at an early stage of the investment process, it is encouraging to see that most FIP countries have FIP M&R indicators integrated in their national monitoring and evaluation (M&E) systems to some degree. This integration allows for easy data collection, better data quality, and sustainable use of the FIP M&R system. Also, the review found that most FIP countries use the FIP M&R system for other purposes beyond its intended scope, such as generating knowledge and building capacities with and for the national focal point, increasing awareness on forest--related issues across ministries, or drawing lessons learned for designing new projects.

- x. FIP reporting themes are, in general, suitable and relevant to the countries' contexts. They are flexible and practical, and take into account country circumstances and support building national monitoring systems. For FIP countries, the most useful reporting themes are the core themes (1.1 GHG emission reductions or avoidance/ enhancement of carbon stock, 1.2 Livelihood co-benefits) and reporting theme 2.4 Capacity development.
- xi. Both financial and technical assistance support provided by the MDBs and the CIF Administrative Unit were well appreciated by FIP pilot countries.

Challenges:

- xii. As many forest-related outcomes are incremental and long-term in nature, a major challenge of the FIP M&R system is capturing early results at nascent stages of implementation. This can be a missed opportunity for countries to highlight their early work and achievements, which can be significant for the sector. The activities implemented early in implementation are important to create an enabling environment, and to set the stage for other substantive results to materialize over time. To bridge the gap of interim results, the stocktaking review explored how existing and available project information from MDBs could be used to provide an enhanced picture of results at the early stages of FIP project implementation. It was also noted that this was, in fact, the initial intention when this system was designed in 2012¹.
- xiii. Inconsistencies in methodological approaches were a strong concern for some FIP countries. Lack of harmonized assessment methodologies is a challenge for reporting robust FIP results, especially for Theme 1.1 GHG emission reductions.
- xiv. FIP countries reported that the scoring system (for Category 2) is difficult to use. Attributing scores is subjective and scorecard instructions are unclear. FIP countries prefer to report progress with narrative responses than with scores.
- xv. FIP reporting themes require a medium to longer-term time frame to adequately capture results. Considering this, some FIP M&R assessments are too frequent, especially for those reporting themes that need longer timeframes to achieve results (i.e., GHG emission reductions, governance, biodiversity).
- xvi. There are inherent capacity challenges around results reporting, because FIP investment plans consist of several projects implemented by different MDBs. While this arrangement allows countries to benefit from the comparative advantages of different MDB partners, it can be

¹ The reporting responsibility for reporting on progress in implementing individual projects/programs under the IP rests with the respective MDB. The MDBs will report progress in implementing their portfolio within their own institutional and organizational reporting requirements. However, for assisting the countries in developing comprehensive IP implementation progress reports, the MDBs will share for reporting purposes, to the extent possible, their project/program reporting with the pilot country and the CIF Administrative Unit. Source: FIP/SC.X/X November, 2012 Meeting of the FIP Sub-Committee PROPOSAL FOR REVISED FIP RESULTS FRAMEWORK VERSION: SEPTEMBER 10, 2012

challenging to manage and monitor the investment plan holistically. Capacity strengthening is embedded within the M&R approach; however, a number of shortcomings were noted. For example, concerns emerged most strongly on assessing progress and setting baselines for greenhouse gas (GHG) emissions. Also, there are different levels of expertise in the scoring workshops, making it difficult to reach consensus on the process.

Recommendations for FIP M&R system improvement

- xvii. Based on the findings of the FIP M&R stocktaking review, a set of improvements to the FIP M&R system was proposed, discussed, and endorsed by all parties attending the April 2016 workshop. Four recommendations emerged from the process:
- xviii. **Recommendation 1:** The countries should continue to lead and drive the M&R process, supported by the MDBs as necessary. The FIP M&R system should maintain alignment with national M&E systems to the extent possible and should allow flexibility to FIP countries for greater simplification of FIP M&R requirements. Reporting burdens and gaps in results can be alleviated by improved use of available information systems from the MDBs.
- xix. **Recommendation 2:** The capacities and role of FIP focal points should be strengthened, and additional capacity building for FIP M&R should be pursued. Furthermore, lessons learned from the FIP M&R system should continue to be exchanged, which is especially important for new FIP countries.
- xx. **Recommendation 3:** The M&R system should evolve with a two-tier approach.
- Under Tier 1, FIP countries will report annually, with greater flexibility on narrative reporting on investment plan implementation progress. The new FIP M&R system will focus more on the narratives responses to the reporting themes than scores. For example, progress achieved for themes that used scorecards (Category 2) will be replaced with narrative texts. Questions for each one of the reporting themes will be significantly reduced in Category 2.
 - Under Tier 2, FIP countries and/or MDBs will ensure annual reporting on more granular project-level progress to capture early results. FIP countries can report the quantitative data for core themes 1.1 and 1.2 to the CIF Administrative Unit and/or this data can be provided by MDBs. In the case where countries report directly to the CIF Administrative Unit, the same template will be used as in the previous system. In the case where MDBs share information with the CIF Administrative Unit on the progress of their projects, they will submit a template that includes a narrative section and a progress update of the project results framework (with numeric values). **It is the decision of the country whether to provide the project level progress data to CIF Administrative Unit directly or let the MDBs share this information.**

xxi. **Recommendation 4:** The toolkit will be updated to ensure its ongoing effectiveness and utility.