NCF 8
Results Framework Guidelines

Testing the business viability of climate solutions

April 2019

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1 Background

Each NCF 8 applicant should develop a project-specific results framework in the SmartME online application system as part of the full proposal application. The results framework should give an overview of the project's intended results and it will be used as a basis for monitoring progress.

2 What is a results framework?

The results framework is an analytical tool for conceptualising the focus of the project and its results. It is used to clarify the cause-and-effect relationship of how the project's resources (inputs) and activities contribute to achieving the planned results of the project. The results framework is presented in a matrix format and it conveys the project functionality on its different levels of hierarchy, from project activities to the expected impact. Based on this logic, **activities** are at the lowest level of hierarchy, contributing to the fulfilment of **outputs** (second lowest level of hierarchy), whereas the outputs result in **outcomes**, which again may be attributed to the expected **impacts** of the project (highest level of hierarchy). The three highest levels of the logical framework hierarchy, i.e. impacts, outcomes and outputs, are considered project results. Activities are not considered results but means for achieving the results. Figure 1 shows the hierarchical relationship of the different parts of the results framework.
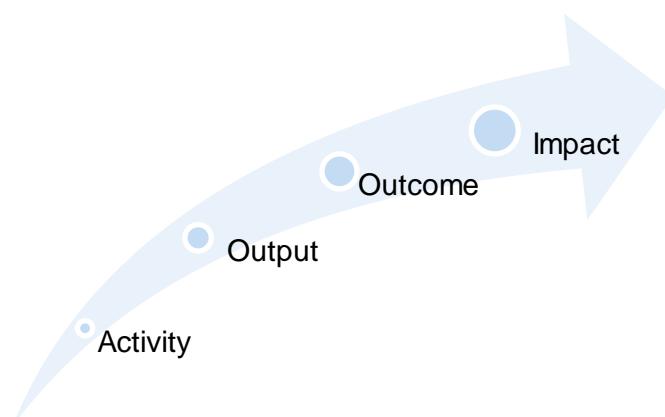

Figure 1: Results framework hierarchy levels[1]

In the following sections, each of the different levels of hierarchy in the results framework is presented, starting from the highest level of hierarchy, impact.

2.1 Impact level

The impact is the highest level in the results framework hierarchy. The impact is the ultimate development objective of the project. Impact-level results are usually longer-term changes in the society, economy or environment taking place in the geographical area where the project functions,

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[1] Modified from OECD background report (2000): Results based management in the development co-operation agencies: a review of experience (http://www.oecd.org/development/evaluation/1886527.pdf)

and tend to be more widespread than the project's scope. This level of results is usually difficult to attribute to a specific project activity or output and therefore the project is not directly responsible for the fulfilment of the impacts. However, the project's outcomes, outputs and activities all should contribute to reaching the expected impact. Impacts may not be achieved or measurable during the project's implementation period, but months or years after its completion.

All NCF-financed projects' impacts shall be linked to the United Nations Sustainable Development Goals (SDGs) and projects are required to show in the results framework which SDGs their projects will contribute towards fulfilling. Furthermore, the applicants will be required to further elaborate on how the project will contribute to each selected SDG. This takes place in the application form itself.

2.2 Outcome level

Outcomes are at the second highest level in the results framework hierarchy. The outcomes are the overall results of a project, which can be described as the intermediate effects or consequences of project outputs on project beneficiaries[2]. This may be, for example, a reduction in greenhouse gas emissions levels of a sector or company due to the project outputs, or a change in the behaviour or lifestyle of project beneficiaries as a reaction to project outputs. The link between project outcomes and outputs is usually quite direct and obvious. Each output, and consequently also each activity of the project should be directed towards reaching the outcomes of the project. Project outcomes should be reached by the completion of the project.

2.3 Output level

Outputs are at the lowest level of results (under outcomes and impact) in the results framework hierarchy. Outputs are the most immediate concrete results of project activities, leading the project towards its outcomes. Outputs are services or products produced by the project and provided to project beneficiaries or intermediaries. Each activity should directly contribute towards reaching an output. Outputs can be reached at any point during project implementation. However, all outputs should be delivered at the latest by the end date of the project.

2.4 Activity level

Activities are at the lowest level in the results framework hierarchy. Activities are interventions or actions taken towards achieving a project output. The objective of activities is to transform inputs[3] into outputs. Each output is therefore the result of a number of activities. All activities should be completed by the end date of the project.

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[2] See the NCF glossary for NCF's definition of beneficiaries.
[3] Inputs are the resources (human, financial and material) needed in a project for completing the planned activities in order to produce the expected results of the project. Examples of inputs include staff time, equipment and funds.

2.5 Indicators

Expected results on all levels should be clearly defined for all projects.[4] This facilitates project assessment as well as monitoring and evaluation during and after project implementation. For an objective understanding of the intended results of the project, all outcomes and outputs should have clearly defined indicators. These are set in the project's results framework.

Indicators specify exactly what is to be measured along a scale or a dimension. Examples of an indicator are, e.g., number of beneficiaries, amount of CO_2e emissions and employment rate. A good indicator should be practical (i.e. data can be collected on a timely basis and at reasonable cost) and provide the information needed to monitor the progress of the project. Furthermore, it should be objective (i.e. have a precise meaning that is clear to everyone involved in the project) and reliable (i.e. the data is of sufficient quality for confident decision-making).

All indicators should be quantitative. **Quantitative indicators** are objectively or independently verifiable numbers, shares or ratios. The SmartME system also includes the possibility to add qualitative indicators[5], however, these should not be used for NCF-financed projects. Qualitative indicators can often be turned into quantitative ones through coding of qualitative targets. For example, if one project output is the elaboration of a study, a quantitative target could be 1 study elaborated (whereas the baseline value is 0 studies elaborated).

All outcome and output indicators may be **disaggregated** into a set of sub-groups, such as a break-down of beneficiaries per gender. The disaggregation can be done either in the project formulation stage or during project implementation, depending on the level of available information at the project formulation stage.

All indicators should have baseline and target values as well as an expected timeframe (i.e. expected date of completion), against which project progress is monitored. The **baseline value** is the measurement of conditions at the beginning of the project for each indicator. Baseline values are needed to set realistic targets for the project to be achieved within the constraints of time and resources available. A **target** is a specific indicator value to be accomplished by a particular date in the future.

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[4] Results are considered an "umbrella" term covering the three highest levels of the logical framework hierarchy, i.e. impact, outcome and output. Activities are not considered results but means for achieving the results.

[5] Qualitative indicators are subjective descriptions or categories, such as the existence of something (e.g. existence of a factory or a regulation) or a category (e.g. satisfaction level or geographical area).

3 How to build a results framework as part of the NCF 8 application?

In the following you will find instructions on how to build a results framework as part of your NCF 8 application in the SmartME system.

Each NCF project can only have **one impact** and **maximum three outomes**. The amount outputs and activities depends on the structure and contents of each project. **Please ensure that the outcomes, outputs and activities in the results framework correspond to the outcomes, outputs and activities in the budget.**

When building the results framework in the SmartME system, do remember to always click the save button after adding information to the different sections.

3.1 Step 1: defining project milestones

All NCF-financed projects should be divided into shorter time periods called milestones. **Milestones** are specific points along a project timeline used to report and monitor the progress of a project. Expected project deliverables, which can be comprised of activities, outputs and outcomes, need to be set for each milestone. NCF funds are disbursed upon completion of the deliverables set for a milestone. NCF projects usually comprise 3-6 milestones.

The first step in building a results framework in the SmartME system is to define the amount of milestones for the project, as well as their end dates. This is done in the Milestones view, accessible from the top of your application form. In this section the number of milestones as well as a tentative end date[6] for each milestone need to be set.

To add a Milestone, click the "Add milestone" button in the Milestones-view. A due date for the milestone is defined choosing a date from the pop-out calendar. Also a description of the milestone can be added. A list of all added milestones will appear in the milestones view.

The list of milestones also includes a section for deliverables under each milestone. Milestone deliverables are activities, outputs and outcomes that are expected to be completed by the end of each milestone. They serve as a basis for disbursements[7]. The number of deliverables (activities, outputs and outcomes) per milestone will depend on the particularities of each project. Expected deliverables should be defined in the results framework builder (explained in Section 3.2 of this document) and they will automatically appear in the milestones-view. Therefore, no deliverables will be visible until you have built the results framework.

Milestones can be edited and/or deleted by clicking on the box (🔳) next to corresponding milestone.

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[6] The dates should be adjusted to a realistic timeline once the start date of the project is specified.
[7] More information about disbursements can be found in the NCF Project Implementation Manual.

3.2 Step 2: creating a results framework

Once the milestones have been set, a results framework should be created for the project. A results framework builder is available in the results framework view, accessible at the top of the application form - right next to the milestones tab. The results framework is built starting from the top-most level of hierarchy, i.e. the impact level, moving then on to the lower levels of hierarchy (outcomes, outputs and activities). The following sections explain the details related to each of the levels of hierarchy and how to add these to the results framework builder in SmartME.

3.2.1 Adding impacts

Filling in the results framework starts with adding an impact to the project. NCF projects can only have <u>one</u> impact.

To add your impact, start by clicking "Add impact". A pop-up window will appear asking for the following information:

- **Description**: The applicant should freely formulate a description of the impact
- **Milestone:** For impacts, a milestone should <u>not</u> be selected. Leave this field empty.
- **Assumptions:** Include here any assumptions that need to be fulfilled for reaching the impact.
- **Risks:** Insert here all foreseen risks that might limit the probability of reaching the impact, including planned mitigation measures for minimising the risks.

Once an impact has been created, it should be linked to relevant United Nations Sustainable Development Goals (SDGs). To link a SDG to an impact, click on the box (![box]) under the newly created impact, and choose the option "Link to SDG". Click on the SDGs you wish to link to the impact. You may link several SDGs for one impact. For each selected SDG, the applicant may select a specific SDG target[8] that it will contribute towards. To select specific SDG targets, click on "Select targets" and then select the targets you wish to link the impact to. The SDGs linked to the project's impact are shown as icons in the results framework.

You may edit an impact by clicking on the box (![box]) under the corresponding impact number and choosing "edit".

3.2.2 Adding outcomes

Projects can have one or several outcomes, however it is recommended that the projects do not have more than three outcomes. All outcomes should be linked to the project's impact.

For adding an outcome to the SmartME results framework, click on the box (![box]) under the project's impact, and select "Add outcome". When adding an outcome, the system will ask for the following information:

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[8] Specific targets have been defined on a global level by the United Nations for all SDGs.

- **Description:** This should be the actual expected outcome, for example "Reducing greenhouse gas emissions [within the project's scope]" or "Increasing income-generating opportunities [for target population]"
- **Milestone:** Choose the milestone by which the outcome will be completed. As outcomes are expected to be completed by the end of the project, in general the last milestone of the project should be selected.
- **Assumptions:** Include here any assumptions that need to be fulfilled for reaching the outcome.
- **Risks:** Insert here all foreseen risks that might limit the probability of reaching the outcome, including planned mitigation measures for minimising the risks.

To add more outcomes, repeat the above-described steps[9].

You may edit an outcome by clicking on the box ( ) under the corresponding outcome number and choosing "edit".

3.2.3 Adding outputs

Projects usually have several outputs. Several outputs can be linked to one outcome.

To add an output to the SmartME results framework, click on the box ( ) under a set outcome, and select "Add output". When adding an output, the system will ask for the following information:

- **Description:** This should be the expected output, for example "[technology units] installed" or "[study] conducted".
- **Milestone:** Choose the milestone by which the output will be completed.
- **Assumptions:** Include here any assumptions that need to be fulfilled for reaching the output.
- **Risks:** Insert here all foreseen risks that might limit the probability of reaching the output, including planned mitigation measures for minimising the risks.

To add more outputs, repeat the above-described steps[10]. Please note that each output must be linked to an outcome in the results framework.

You may edit an output by clicking on the box ( ) under the corresponding output number and choosing "edit".

3.2.4 Adding activities

Projects usually have several activities. Several activities can be linked to one output.
To add an activity to the SmartME results framework, click on the box ( ) under a set output, and select "Add activity". When adding an activity, the system will ask for the following information:

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[9] Each outcome will be automatically numbered by the SmartME system.
[10] Each output will be automatically numbered by the SmartME system.

- **Description:** Here the action to be taken should be shortly described. It can be, for example, "Recruit expert in [field necessary for reaching the project output]" or "Prepare outline of [study]".
- **Milestone:** Define the milestone by which the output will be completed.

To add more activities, repeat the above-described steps[11]. Please note that each activity must be linked to an output in the results framework.

You may edit an activity by clicking on the box ( ) under the corresponding activity number and choosing "edit".

3.2.5 Adding indicators

All outcomes and outputs should have at least one indicator. Do <u>not</u> add indicators on impact-level.

For outcome indicators, NCF fund-level outcome indicators should be used when possible and relevant (see the NCF Project Implementation Manual, page 13). This will help NCF collect fund-level results. In addition to the NCF fund-level indicators, projects may also have project-specific outcome indicators.

Only quantitative indicators should be used. Do not use qualitative indicators.

To add a (quantitative) indicator, click on the box) next to the text "Indicators" within the correct outcome's or output's row, and choose "Add indicator".[12] For each indicator, the following information will be asked by the SmartME system:

- **Indicator:** Define the indicator in this field. For outcome indicators, this could be "greenhouse gas emissions" or "number of jobs created". For output indicators, this could be "number of [technology units] installed" or "share of [target population] to have participated in [x training]".
- **Description**: Further description of technical details or scope of the indicator may be included in this field. This is an optional field.
- **Sources of verification:** In this section sources of information that will be used to verify the project's actual progress towards its targets should be inserted. They can be, as an example, reports, contracts, studies or surveys.
- **Indicator unit:** This is the unit used for measuring the indicator baseline and target values. For example, for greenhouse gas emissions, the unit would be "tonnes of CO_2e" and for number of jobs, "jobs". Please select one of the options in the drop-down menu. If you need a unit which is not listed in the drop-down menu, please contact the NCF team through the Support-function of the SmartME online application system or at nordicclimatefacility@ndf.fi.

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[11] Each activity will be automatically numbered by the SmartME system.
[12] Clicking on the same box symbol later allows you to edit the added indicators.

- **Data type:** The type of indicator data needs to be defined so that all targets are treated in the correct way, e.g. for statistical purposes. One of the options in the drop-down menu should be chosen:
  - o Decimal: Decimal numbers, that can be included either using a dot (.) or a comma (,)
  - o Integer: Whole numbers
  - o Percentage: A share presented in the form of percentage (%)
  - o Proportion/Ratio: A share presented in the form of a proportion or ratio using a numerator and a denominator.
- **Baseline value:** This is the value of the indicator before starting the project. The baseline value should be set so that it fits within the scope of the project, and so that the target value can directly be compared to it. As an example, the baseline value could be set based on business as usual emissions within the target area of the project, or current number of jobs within the project's scope. In case the baseline value is not yet known at this stage of project development, this field can be left empty.
- **Target value:** This is the value of the indicator that the project aims to achieve. The target can be set to be reached during the project or at the latest at its completion.
- **Milestone:** Choose the milestone by which the outcome indicator's target will be reached. Outcomes are expected to be completed by the end of the project, and therefore in general the last milestone of the project should be selected.[13] Outputs can be completed at any time during the implementation of the project. Based on the selection in this field, deliverables are set for the different milestones.
- **Intermediate targets:** Intermediate targets may also be set if the project expects to be able to measure the progress towards the target before its end date, i.e. during a prior milestone. To add an intermediate target, click the "Add intermediate target" button below the target value section. For adding an intermediate target, the following information should be included: description of the target; selection of milestone during which the intermediate target is expected to be reached; and the intermediate target value (which should be smaller than the target value).
- **Monitoring interval:** This field should be left empty for NCF projects.[14]
- **Disaggregation:** If the indicator can be measured on a disaggregated level, you can add the title for different disaggregation groups by clicking "Add disaggregation". If, for example, the indicator will be disaggregated by gender, the title for the disaggregation could be "Gender". There is no limit on the number of disaggregations, and therefore an indicator may include several groups of disaggregation (such as gender, age and geographical location). For example, an outcome indicator measuring the amount of decent jobs could be disaggregated both by gender as well as type of job (permanent/seasonal).

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[13] Currently a feature is being developed that will alert the user in case there is a discrepancy between the milestone for which the outcome or output is set to be achieved and the outcome/output indicator's expected target milestone. If there are several outcome/output indicators, the outcome/output should be considered to be completed when all indicator targets have been reached. Once the alert feature has been finalised, it will be published in the system.

[14] NCF monitoring is done on a milestones-basis.

In those cases where **disaggregation** is used for an indicator, **subgroups** need to be added to the each disaggregation. To add a subgroup, click the box (▦) at the right-hand end of the row displaying the indicator in question.[15] The following information needs to be defined:

- **Disaggregation:** Select the disaggregation group that you wish to add subgroups to. Only those that have been defined in the indicator-settings are visible (see above paragraph).
- **Title:** Define the indicator for the subgroup. In the case of gender, this can be, for example, "Number of jobs created for females"
- **Definition:** Further description of technical details or scope of the indicator may be included in this field. This is an optional field.
- **Sources of verification:** In this section sources of information that will be used to verify the project's actual progress towards its targets should be inserted. They can be, as an example, reports, contracts, studies or surveys.
- **Indicator unit:** This is the unit used for measuring the indicator baseline and target values. To follow our example on gender disaggregation, this would be "females". Please select one of the options in the drop-down menu. If you need a unit which is not listed in the drop-down menu, please contact the NCF team through the Support-function of the SmartME online application system or at nordicclimatefacility@ndf.fi.
- **Data type:** This is automatically selected to be the same as for the related "parent" indicator.
- **Baseline value:** This is the value of the indicator before starting the project. This is the value of the indicator before starting the project. The baseline value should be set so that it fits within the scope of the project, and so that the target value can directly be compared to it. In case the baseline value is not yet known at this stage of project development, this field can be left empty.
- **Target value:** This is the value of the indicator that the project aims to achieve. The target can be set to be reached during the project or at the latest at its completion.
- **Milestone:** Choose the milestone by which the disaggregation target will be reached. This will usually be the same milestone as for the "parent" indicator.
- **Intermediate targets:** To add an intermediate target, click the "Add intermediate target" button below the target value section. For adding an intermediate target, the milestone during which the intermediate target is expected to be reached should be defined, as well as the intermediate target value (which should be smaller than the target value). As outcomes are measured at the end of the project, no intermediate targets need to be added.
- **Subgroup disaggregation:** Even subgroups can be further disaggregated. This is done following the same steps as for the first level of disaggregation. For example, a gender disaggregation could still further be disaggregated by age group (e.g. females aged x, y and z, and males aged x, y and z).

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[15] Clicking on the same box symbol later allows you to edit the added disaggregation subgroups.

The above steps should be repeated to add all subgroups that should be linked to the disaggregation group. For example for gender, at least two subgroups should be added, i.e. one for females and one for males. All groups of disaggregation should have the relevant subgroups linked to them.

Please ensure that the sum of the targets in the subgroups does not surpass the target of the "parent" indicator. For example, if the "parent" outcome indicator target is "decent jobs created for 100 persons", then for a gender disaggregation group the sum of the target amounts for females and males with a decent job cannot surpass 100.

3.3 Troubleshooting - error messages

The following error messages will be shown in the SmartME results framework builder in case of inconsistencies in the results framework:

1. **Inconsistency between outcome or output end date and indicator end date.**
   Exclamation marks () will appear next to those outcomes and indicators which are inconsistent in their end dates, i.e. if a milestone selected for the outcome or output is due earlier than the milestone selected for a related indicator. For example, if an outcome is set to be completed by Milestone 2, then none of its indicators can be set to be completed after that (Milestone 3 forward).

2. **Milestones are not selected for all outcomes, outputs, activities and indicators**. In case a milestone has not been selected for an item in the results framework, the following error message will be shown on top of the results framework: "The configuration of deliverables is incomplete. The calculation of the project progress might be inaccurate!" This issue will be resolved by ensuring that all outcomes, outputs, activities, as well as outcome and output indicators, have a set milestone as their target end date. For impacts, no milestone should be selected.