

On behalf of:



Federal Ministry
for the Environment, Nature Conservation
and Nuclear Safety



European
Climate Initiative
EUKI

of the Federal Republic of Germany

Guidelines on results-based project planning and monitoring in the European Climate Initiative (EUKI)

Short title: Guidelines on project planning and monitoring

As of February 2019

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Glossary

Baseline		A baseline serves as a reference value for a project indicator. Comparing the value of the indicator with the baseline reveals the changes achieved by the project. The baseline may either reflect the state of the indicator at the start of the project or the expected state if no project were to be implemented ('business-as-usual'), or a combination of the two.
Capacity Strategy	Development	Capacity development should be viewed as a holistic process. In this context, 'capacity' means the ability of people, organisations and societies to manage their own sustainable development processes and adapt to changing circumstances. The Capacity Development Strategies derives from the project's objectives and defines, for which actors (individuals, organisations and/or society) what kind of capacity development measures shall be implemented.
Gantt chart (time line)		Project planning instrument for scheduling the implementation of activities as well as the attainment of outputs and outcome.
Impact (long-term result)		Long-term results (impacts) are expected effects, which cannot be traced back solely to the project, but are owed also to external causes (e.g. decisions on a higher political level or activities by other donors). The term is based on the intervention logic of the OECD. Against the background of the goals of the EUKI, this impact relates to climate protection in form of emissions reduction. Given the causal chain from project activities to impacts is very long, there is generally no requirement to quantify this impact and equip it with indicators.
Implementing partners		Implementing partners are organisations, political institutions or non-profit companies that receive financing from the project through a sub-grant from the implementer and directly and in a coordinated manner contribute to achieving the overarching project goal and specific goals (outcome and outputs).

Indicators	<p>EUKI projects have two different sets of indicators: Project-specific indicators serve as binding benchmarks for measuring goal attainment and, hence, project success. In contrast to standard indicators, the project-specific indicators are not predefined by the EUKI. They specify the outcomes and outputs of the respective project.</p> <p>Standard indicators is the term for the four predefined quantitative indicators for EUKI projects, which capture selected results of all projects in order to be aggregated across the entire EUKI programme</p>
Means of verification (of sources for indicators)	<p>An appropriate source for an indicator including a concrete means of verification is determined in the project planning phase, and provides the basis for the data that is to be reported for the indicator and for its verification.</p>
Milestone	<p>A defined interim result on the basis of which it can be traced whether intended effects will occur on schedule and in adequate quality or whether additional intervention is needed in order to achieve the goals in due time. Within the EUKI the definition of Milestones is optional.</p>
Multiplier effect	<p>The multiplier effect or scaling-up potential describes the possibility to expand a project's developed solutions, methods and instruments to other regions, sectors or target groups.</p>
Outcome	<p>The actual goal of the project, i.e. the intended changes related to mitigation of climate change, adaptation and conservation of biological diversity that can be directly causally attributed to the project. In any case this also comprises the process of change that intermediaries and target groups go through when they make use of the outputs.</p>
Outputs	<p>Products, services and sets of regulations/standards, as well as their use by the partners and target group, which have arisen as a result of project activities.</p>
Replicability	<p>Replicability denotes the possibility and perspective of imitation and application of developed methods,</p>

instruments and techniques in other regions or by other actors.

Result	Denotes a change that is brought about by the EUKI project. Results may be intended or unintended, expected or unexpected, positive or negative. The outcome, however, is an intended, positive result.
Results-based monitoring	Regular and systematic observation and documentation of project progress and effects based on the project-specific indicators. The project's success can, therefore, be measured based on (1) what has been done (monitoring of activities and outputs) and (2) what changes have been caused by what has been done (outcome and impact).
Results chain	The results chain derives plausible hypotheses on the causal relationship between outputs, outcome and impact and informs the project's intervention logic. Its underlying assumptions should also be monitored to make sure they are correct.
SMARTness	The acronym SMART includes five criteria, which a good indicator has to fulfil, in order to ensure its function as a monitoring-instrument: It has to be specifically (unambiguously) formulated, measurable, achievable, relevant, as well as time-bound.
Target group	Individuals and social and institutional bodies that the project is meant to reach, or which comprise the focus of the outputs and outcome.
Work package	Work packages bring together multiple activities that are typically focused on a common output. They serve to enhance the structuring of project plans and clarify the results chain in project proposals.

Monitoring and Reporting within the EUKI

The **monitoring and reporting system** of grant projects within the European Climate Initiative (EUKI) of the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (BMU) **aims to support effectiveness and learning of EUKI projects.**

Results-based monitoring lays the foundation for project evaluation and for accountability vis-à-vis donors and project partners. It serves as the basis for learning. It helps recognise whether the goals that have been set can be attained using the chosen procedure and specified activities. Monitoring allows for project steering: it helps to identify strengths and weaknesses in our own work and to constantly adjust the course.

The EUKI **monitoring and reporting** system is based on the concepts and experiences of the **United Nations Framework Convention on Climate Change (UNFCCC)** including the Green Climate Fund, on **Organisation for Economic Co-operation and Development (OECD)** standards, and on the requirements of German legislation. The monitoring and reporting system comprises:

- at the level of individual projects: **guidelines on the formulation of goals and indicators promoting results-orientation** (SMARTness, formulation of indicators at the outcome level and for the outputs);
- at the level of individual projects: **reporting requirements for applicants (semi-annual status reports and financial statements every 2-3 months** which provide information on the progress towards achieving goals and measures; **final report**, which reports on the attainment of goals and the respective indicators and implemented activities);
- at the level of the overall programme: An accompanying performance review of the EUKI financing programme according to the requirements of national attribution law (control of achievement of objectives, control of results and control of economic use of funding).

The monitoring system accommodates the broad spectrum of implementers and the diversity of issues across project topics by taking into account the input, methods and processes by the implementers themselves as far as possible.

These guidelines include information on the formulation of goals and indicators, on continuous monitoring of EUKI projects, and on reporting. They provide a description of the **fundamentals** of results-oriented project planning and **requirements for the formulation of goals and indicators**. They contain information on **filling out the project proposal (including the Gantt chart in Annex 2) and notes on reporting in interim reports and final reports.**

The **glossary** at the beginning of this guideline document defines the most important terms for the EUKI to clarify their usage and meaning.

Results-based project planning

The planning of EUKI projects is based on the results chain as defined by the OECD. This assumes that the **activities**¹ carried out by a project create products, services or sets of regulations/standards and potentially resulting changes² that are termed **outputs** (specific project goals). These, in turn, are the prerequisite for achieving the **outcome** (overarching project goal). The outcome describes a change at the level of the target groups that has been made possible by the project and can verifiably be attributed to it. The **impact** (long-term result) of an EUKI project is the contribution made to climate protection in form of the mitigation of emissions.

The following diagram depicts the results chain, drawing on OECD terminology. The grey arrows represent the **hypotheses** that link the various levels. These hypotheses are assumptions as to how and under what conditions activities contribute to the outputs and these, in turn, to the outcome, which then, respectively, unfolds its long-term impact. The hypotheses made in connection with the results chain should be realistic from the beginning and should be checked at regular intervals during the EUKI project to ensure that they are correct. As depicted in the diagram, the outputs and the outcome have to be specified by indicators. Co-benefits (see below) complete this range of results.

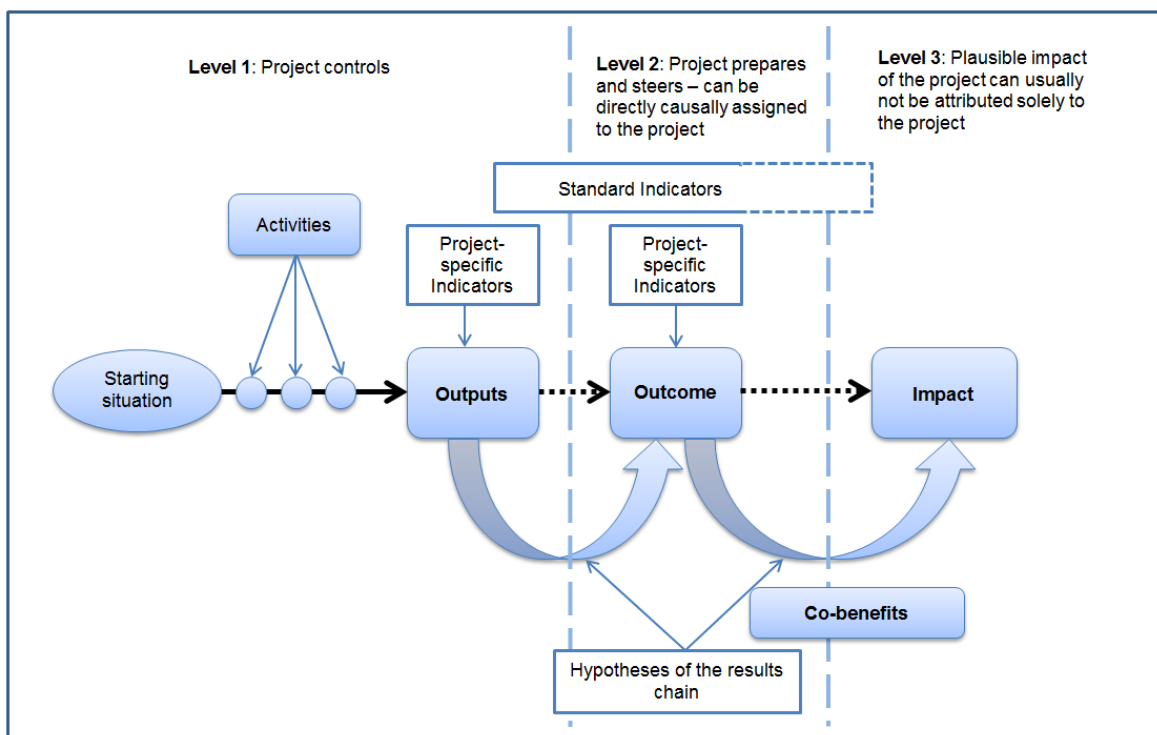


Fig. 1: Graphical representation of OECD results chain

¹ Official terminology of the OECD.

² Outputs - The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes". (OECD definition as of 2009).

The project can thus be divided into three levels:

Level 1 is the project's direct intervention level, where the activities and outputs are located. These are implemented and achieved directly by the project, and, therefore, their attainment can be controlled by the project to a large extent. Importantly, a project is always a joint effort of implementing partners, other stakeholders and target groups. Therefore, the EUKI uses a definition of outputs that does not end solely with the creation of products, services or regulations, but rather incorporate their use by the target groups, as long as this is still highly verifiable and remains on the level of the 'means to an end'. Otherwise, the changes at the level of the target groups should be subsumed under the outcome and captured by corresponding indicators. Outputs should be equipped in the project proposal with **work packages** which clearly demonstrate how activities link to the achievement of outputs, as implied in the results chain. Work packages are comprised of multiple activities, which usually correspond to a single output and/or which share logical working contexts.

The outcome is located on *level 2*. This level describes the intended effects of the project on its environment, in other words especially on the target group. The outcome is, therefore, considerably affected by and achieved through the participation of target groups and intermediaries. The project is not able to exercise complete control over the behaviour of intermediaries and target groups, and, consequently, cannot fully control the achievement of the outcome. It can, however, prepare for the outcome and steer towards it. Further, it can be plausibly demonstrated that the activities and outputs – meaning the products, services and sets of regulations/standards produced by the project – contribute to the attainment of the outcome.

The impact is located at *level 3*. It should be possible to plausibly deduce how the EUKI project contributed to this impact. However, it cannot be assumed that the impact is brought about solely by the project. Since the results chain from project activities to the impact is very long, there is generally no requirement to quantify these effects or equip them with indicators.

When applying this OECD logic to project planning, it should be kept in mind that although the outputs are placed hierarchically below the outcome and are more firmly within the project's control zone, they should, nevertheless, not entirely ignore interactions with a potential target group. A formulation of outputs that goes beyond the simple provisioning of services (e.g. studies, databases, mapping, management plans) to also incorporate the use of these services is welcomed. Since every project only formulates a single outcome, which builds fundamentally on the outputs, it is not desirable for the reactions by the target group to be taken into account at the outcome level only.

Besides the formulation of precise indicators, project proposals should develop for each output so-called "work packages", wherein planned activities for achieving the goals are set out. These planned activities should describe with an appropriate level of detail, how the outputs are to be achieved. The underlying results chain should be made very clear.

Formulation of goals and indicators at the project level

Every EUKI project works towards a **goal**. This provides participating actors with a clear perspective and all interested parties with an idea of what can be expected from the project. In order to measure progress towards achieving the goal, indicators must be used. Indicators serve as a **binding measure for assessing progress towards achieving the goal and, hence, the success of the EUKI project**. Indicators should reflect the content of the goal and, in most cases, extend beyond these in terms of the level of detail. The indicators for the outcome and the project outputs are formulated in accordance with the SMART criteria (see Box).

Criteria for SMART indicators

Indicators for the outcome and outputs must meet the following criteria:

specific, i.e. defined unambiguously and precisely.

measurable, i.e. provide measurement constructs (quantitative measures or descriptions of qualitative conditions) and methods of data collection/sources of verification.

achievable, i.e. it should be possible to reach the target value of the indicator with the available resources and under the prevailing conditions.

relevant, i.e. the information provided by the indicator should be of relevance to describing the outcome and outputs.

time-bound, i.e. equipped with a timeframe and achieved no later than by the end of the project.

Note: Changes to defined goals (outcome and outputs) after the project has started require prior approval. A corresponding request needs to be submitted to the EUKI.

Project-specific indicators

One or two project-specific indicators have to be developed for the outcome and an appropriate number of project specific indicators for each output, all of which should fulfil the SMART criteria listed above. The total number of indicators should be selected with respect to the manageability of monitoring and reporting.

The project-specific indicators need to be listed in the project. **Target values** should be provided for each indicator used. In order to evaluate the project's success, the project goals, i.e. the outputs and the outcome, need to be compared with the starting conditions. For this purpose, a **baseline** needs to be established for all of the indicators.

The baseline can be constituted by either the state of the indicators at the outset of the project, the expected conditions that would prevail in the absence of the project ('business-as-usual'), or by some combination of the two. The baseline data and the concrete target values for the project-specific indicators are generally provided together with the project proposal.

Example: A project contributes to the capacity development for finance experts on financing renewable energies (RE). A possible indicator would be: 100 experts were trained on RE financing. Baseline: 0 experts were trained on RE financing (baseline year: 2017). Sources of verification could be participant lists/evaluation forms of the trainings and/or a questionnaire a few months after training whether the knowledge provided by the trainings has been used at work and lead to increased RE financing.

In the course of project implementation, developments related to the project-specific indicators must be regularly reported in the interim and final reports.

Standard indicators

The standard indicators listed in the project proposal template are related to the EUKI programme objectives. They must not be modified by the implementer.

For each standard indicator, to which the project is likely to contribute, a target value needs to be defined. No baseline is needed since "0" is assumed as a standard value.

For each biannual report, the current status of target achievement needs to be reported. Should more than one output (e.g. from different countries) contribute to a standard indicator it is to be aggregated into one single value.

Work packages/activities/milestones

In addition to the formulation of suitable indicators, project proposals also design a so-called 'work package' for each output, describing the activities that are planned to achieve the goal. These planned activities describe in an appropriate level of detail *how* the outputs can be achieved. It usually makes sense to formulate a work package for each output. It is, however, also possible for multiple work packages to be formulated for a single output, or for a work package to relate to multiple outputs. In such cases, the connections between outputs and work packages should be clearly indicated. The role in the course of the chain of results should be evident here.

The duration (including end dates) for all planned activities must be graphically illustrated in a Gantt chart in Annex 2 (see next section for further information). Consistent numbering of work packages and the associated activities makes it easier to monitor progress.

Within the work packages themselves, it makes sense and is generally expected of projects to incorporate milestones in addition to the activities. Milestones establish a connection between activities and outputs by indicating key successes along the pathway to goal attainment, thereby giving an early feedback as to whether the implementation is on the right track.

Milestones are optional in EUKI projects. In bigger projects, they provide a structure for reporting on activities that enables them to be presented more succinctly.

Example of an EUKI project results chain – Project „Just Transition Eastern Europe“ (Bulgaria, Germany, Greece, Poland)

Impact			
<p>The project will support transformative pathways by showing alternatives to economies based on coal/lignite mining in Bulgaria, Greece, and Poland and the necessity and financial feasibility of a Just Transition. This will in turn lead to effective greenhouse gas mitigation through the implementation of the proposed transition plans instead of the prolongation of the coal/lignite-based model by key decision makers and the general public, also because this has many co-benefits such as air quality and health protection. It will also place the concept of Just Transition at the forefront of low-carbon policy at the national and EU levels, thus further establishing social justice as a core European value. Thanks to the ability to link climate policy to social and economic policies (e.g. through using ETS revenue for Just Transition), such programs have the potential to bring structural change in the long-term (instead of one-off grants and short-term or pilot programs).</p>			
Outcome			
<p>Relevant stakeholders in Bulgaria, Greece, and Poland, but also in Brussels and Germany, recognize Just Transition as a fully legitimate component of climate policy. Through the development and roll out of the Just Transition plans, the project strengthens dialogue and sets out courses of action on the Just Transition agenda throughout Europe.</p>			
<p>Output I Just Transition plans for specific regions in Bulgaria and Poland and a report on transition practices and experiences in Germany are developed and published, focusing on the feasibility and the benefits of an economic transformation away from coal and towards sustainable economic activities in a traditional coal country.</p>	<p>Output II Relevant stakeholders including local policy makers, trade unions representatives, representatives of civil society, and journalists have increased capacity on Just Transition through study trips and capacity building workshops within and between Bulgaria, Germany, Greece, and Poland, strengthening dialogue and knowledge on the Just Transition agenda.</p>	<p>Output III Local/national and EU decision makers and the general public have access to a web platform dedicated to the Just Transition providing space for dialogue, networking, and knowledge sharing.</p>	<p>Output IV European as well as national policy makers have been familiarised with the results of each transition plan to promote and establish Just Transition as an integral part of low carbon policies and a political and funding priority.</p>

Practical notes on completing Annex “Gantt chart”

The form contained in Annex 2 ‘Gantt chart on the project schedule’ serves as an instrument for developing a timeline for implementation of activities as well as progress towards outputs and outcomes. Outputs, indicators, activities as well as milestones (if applicable) formulated within the project proposal must be inserted in the chart and their duration and/or date of achievement must be presented. The outcome does not need to be equipped with a timeline.

If there are more than three specific project goals or more than three activities per specific goal, the Annex 2 form can be manually expanded.

Practical notes on semi-annual and final reporting

Within the context of EUKI reporting, the interim and final reports form the general basis for monitoring project success. The corresponding forms are to be used for this.

The semi-annual reporting of the current progress towards achieving the goals based on the project-specific indicators is carried out in the interim reports.

The final report evaluates goal attainment based on the project-specific indicators. Final reports are to be submitted no later than two months after the project concludes.

The setting of baselines, target values and the actual results achieved by the project must all be transparently indicated by the implementer of the project. Information must be clearly stated in the project proposal as well as the interim and final reports regarding any assumptions made as well as the methods, data and sources of verification being used.

The implementer of the project is responsible for determining and carrying out appropriate quality assurance, e.g. by verifying the reported data in terms of plausibility.

The data underlying the reporting to the EUKI is to be kept in a suitable form for at least five years (international implementers) or ten years (implementers based in Germany).