

EIT Climate-KIC's Theory of Change

What is a theory of change?

The Theory of Change is a framework that is used by organisations to describe what improvement an organisation wants to bring about in the world; to develop a causal chain to show how actions undertaken today provoke this desired impact; and to clarify explicitly the assumptions made when choosing to support/not support an action. It can be an underpinning for setting and calibrating targets for use in Monitoring, Evaluation and Learning. It is not a once-and-for-all exercise: it can be modified as assumptions are tested and proven/disproven.

Why does EIT Climate-KIC need a theory of change?

Since 2010, EIT Climate-KIC and its partners have had a focus on achieving a net-zero economy and climate-resilient society through entrepreneurship, innovation and education. While this details *what* we are striving for, it says less about *how* we will achieve it.

We are operating in an evolving context in which we are currently confronted by a desperate need for rapid, scaled up climate action to achieve the 'well below 2°C' Paris Agreement target and to provide impetus to the short-term stocktaking exercise that will take place next year on Nationally Determined Contributions. In face of a need for urgent and scaled up actions, we believe EIT Climate-KIC and its community should do as much as it can to trigger strategic innovation¹ to stimulate a fundamental transformation of economic, social and financial systems that will result in exponential change in decarbonisation rates and strengthen resilience to climate change impacts².

This move towards strategic innovation (as opposed to discrete interventions that tend to produce gradual, incremental change) is supported by the European Commission and the EIT. It is also expected that strategic innovation will be reflected in the emerging design of the FP9, based on the recommendations of the Lamy Report. In recognition of such a context, EIT Climate-KIC aims to become a climate innovation movement that can instigate and catalyse strategic innovation at the systems level so as to achieve our community's vision of creating a prosperous, inclusive, climate-

¹ Strategic innovation is at the heart of prompting and enabling systems transformations. By strategic innovation we refer to a portfolio of deliberate innovation experiments that intervene within and across whole systems – designed to generate alternative business and industrial models and create options for choice and momentum. Such a portfolio needs to nurture supply-side innovation that helps to introduce avalanches of new ideas and perspectives, and connect those ideas to demand-side, challenge-led innovation. This demand emerges from identifying existing assumptions, habits and value generation models that need to change.

² For example, rather than an economy based on growth-consumption-obsolescence-disposal that continually exploits the planet's resources, we need a circular economy where waste is feedstock, recycling rates are 100% and fossil carbon stays in the ground. Rather than relying on large, polluting energy systems, we need to switch to local clean energy production and consumption. For mobility, the shift must be to walking, cycling, and clean mobility-as-a-service, which may require us to change the way we live and work. Within financial systems, our attention must shift away from short-term returns towards patient capital designed to value fully the social and environmental benefits of investment. To strengthen our resilience, we need pro-active, ex-ante adaptation of our cities and food systems rather than just responding to damage once it has incurred.

resilient society with a circular, zero-carbon economy³, and ensure that our long-term impact is indeed to achieve, in a timely way, deep decarbonisation and strengthen climate resilience through innovation.

The EIT Climate-KIC community is a pioneer in testing and delivering innovative solutions and has the potential to be a movement for rapid change. We now need to focus our efforts even more than before and to identify leverage points where with a relatively small effort, a big impact may be achieved (so-called trim-tabs). To identify these leverage points, we need to have a better grasp of the context in which we are operating.

To explore options for increasing the impact of EIT Climate-KIC, we started work this year on developing and introducing a Theory of Change together with Climate-KIC Core Partners and some Affiliate Partners at our Annual Retreat, and with other partners and key stakeholders through expert consultations and ongoing exchanges through our 2018 EIT Business Plan development. This process was agreed by our Governing Board and Supervisory Board, and recently endorsed by the EIT Governing Board in the Hearing for the 2018 Business Plan. Our discussions and engagement to date has shown that a theory of change will provide EIT Climate-KIC with:

- **A coherent and common narrative** that explains “why we are doing what we are doing”, notably showing how our interventions will lead to the zero-carbon and resilience outcomes we wish to see;
- **A clear sense of purpose that focuses our output** by allowing us to understand where we think innovation will have the most impact by bringing about change;
- **A framework for adaptive learning.** EIT Climate-KIC (C-KIC) can compare its actual performance to what was hypothesised and adjust if the results and impacts are not being realised;
- **An attractive proposition for new funders.** With EIT funding set to decrease from 2019, EIT Climate-KIC needs clear confidence-building propositions to attract alternative sources of funding.

Our theory of change

The theory of change work developed through our consultation processes with our Climate-KIC partners and community members, has led us to establish a series of climate innovation impact goals⁴ (Table 1) that are:

³ This ambition is designed to deliberately echo the Sustainable Development Goals, with *prosperous* highlighting that there is no contradiction between what we need to do for climate change and creating jobs. *Inclusive* implies giving citizens agency to appropriate this agenda for themselves and being empowered to move it forward. It also makes clear that any change which leads to exclusion of many citizens will not be sustainable. *Resilience* points out that even a 1.5°C temperature rise will create significant climate change adaptation challenges. *Circular* states that we want a world where the only inputs are the re-use of existing materials or renewables and outputs are biodegradable. *Zero-carbon* as a short-hand for zero-fossil-carbon, points with clarity to the radical change that needs to take place in the economy if we are to reach our goals and protect the climate – a vital public good.

⁴The climate innovation impact goals have been chosen based on expert judgement and contributions from our community through our theory of change process. During 2018 we will investigate these challenges in more detail to ensure 2030 targets are based on the latest

- (i) integrated with our thematic approach;
- (ii) consistent with the three 2015 international agreements⁵;
- (iii) aligned with science-based climate targets;
- (iv) directly relevant to areas of action required in Europe's Paris Agreement commitments and its 2030 Climate and Energy Framework; and
- (v) located within domains in which significant innovation is required.

To ensure we have a framework for measuring progress for each impact goal, we are working to establish 2030 targets consistent with the needs of the Paris Agreement, and a pathway to achieve those marked by measurable outputs in 2020 and interim outcomes in 2022.

Table 1: EIT Climate-KIC's Climate Innovation Impact Goals

Theme	Climate Innovation Impact Goals
Urban Transitions	<ul style="list-style-type: none"> • Goal 1: Promote retrofit and decentralised energy: Drive a significant increase in urban retrofit rates and enable district-scale clean energy production, paving the way for deep cuts in emissions. • Goal 2: Create green, resilient cities: Harness the force of nature in infrastructure design to build livable climate-resilient cities. • Goal 3: Accelerate clean urban mobility: Trigger the switch to clean urban mobility to achieve considerable cuts in urban transport emissions.
Sustainable Land Use	<ul style="list-style-type: none"> • Goal 4: Make agriculture climate-smart: Instigate a substantial increase in the application of climate-smart agriculture solutions. • Goal 5: Reform food systems: Transform climate-damaging food value chains and enhance the climate resilience of food supply. • Goal 6: Nurture forests in integrated landscapes: Grow carbon sequestration in forests and linked value chains, while avoiding deforestation.
Sustainable Production Systems	<ul style="list-style-type: none"> • Goal 7: Recast materials production: Catalyse a switch to a circular economy and transform production for fossil-energy intensive materials. • Goal 8: Reduce industry emissions: Partner with key industry stakeholders in cutting scope 3 emissions to reach science-based targets. • Goal 9: Reboot regional economies: Transition carbon-intensive regions to become zero-carbon innovation hotspots.
Decision Metrics and Finance	<ul style="list-style-type: none"> • Goal 10: Mainstream climate in financial markets: Advance metrics, standards and instruments that enable transparent, true-cost and benefit accounting for a well below 2°C pathway • Goal 11: Democratise climate risk information: Enhance access to risk information through capacity building and a major expansion of the climate services market • Goal 12: Foster bankable green assets in cities: Develop capacity in preparing projects and investment vehicles to boost the availability of sustainable investment assets in cities.

scientific analysis and assessment, and develop baselines against which progress can be measured. We will review these periodically to ensure they remain fit-for-purpose.

⁵ The Sustainable Development Goals, the Paris Agreement, and the Sendai Framework for Disaster Risk Reduction.

Education and skills

Our education programme spans all 12 climate innovation impact goals, where along with other driving forces like policy and finance, innovation in shaping the skills and behaviours needed to catalyse change is a critical part of progress toward our impact goals. By 2030, we aim to:

- Pioneer capacity-building programmes that equip those participating in EIT Climate-KIC innovation initiatives with the skills and competencies needed to make a difference.
- Help train 125,000 people to make a positive contribution to the new climate economy by boosting the innovation and entrepreneurship skills.
- Increase the membership of EIT Climate-KIC's alumni association to 25,000 people, engaging them as active, mission-focused advocates and change agents.

Our pathways to impact

While these climate innovation impact goals provide a framework for rallying action and assessing our success, any approach to innovation that tries to tackle systemic problems on a siloed, sectoral or geographical basis will fail to produce the scale and depth of change we need. Instead our theory of change is that progress will ultimately be shaped by people having the agency to make choices that are positive for the climate. These choices can be influenced by innovation influencing intermediary driving forces, notably: (a) individual behaviour (demand, changed expectations and moral switches); (b) organisational governance (key stakeholders and decision-makers); (c) policy (multi-level governance, regulatory frameworks); (d) finance (supply of funding, effective carbon and resilience accounting); (e) technology; (f) skills; (g) market structures (alternative models and values); and (h) information flows. Rapid transformational change across whole systems can be achieved when innovation acts on and across these driving forces in integrated ways, particularly where they act as blockers to change.

For each of our themes and climate innovation impact goals, we are now developing a more detailed view of outputs, outcomes and impact goals aligned with the theory of change developed with Climate-KIC partners and community members. These identify specific driving forces or levers of change that we propose to focus on (e.g. policy, skills and behaviours and finance), and hypothesise where innovation is most needed to trigger action. To achieve our collective vision, EIT Climate-KIC will use the theory of change to identify strategic and influential innovations and actions that can influence drivers of change for transformation of whole systems and will put in place a monitoring, evaluation and learning framework to enable us to observe outcomes and track the impact of these choices.

In 2018, we have proposed to organise our work – our inputs, activities and outputs – around a set of intervention areas, aligned to create the change we described together in June this year, as follows:

EIT Climate-KIC turns:

- **Places and networks into climate innovation hotspots** (including our work to strengthening climate innovation ecosystems)
- **Innovative ideas into robust propositions and climate-positive businesses** (encompassing our entrepreneurship and earlier stage innovation activities)
- **Innovation demonstrations into game changers at scale** (covering our later stage innovation activities)
- **Diverse actors into disruptive innovation communities** (describing our *Flagships* and how they mobilise groups of EIT Climate-KIC partners around tightly defined, common objectives)
- **Bright minds into climate innovation leaders** (spanning our graduate, professional, online and executive education work).
- **Knowledge into levers of change** (incorporating research, thought leadership and two-way communication, outreach and ideas exchange across our community and beyond).

We are also turning ourselves into sustainable, high impact change agents (including initiatives to build our monitoring, evaluation and learning capacity, and invest in our community as a self-organising and adaptive change agent).

The benefits for the EIT Climate-KIC Community

Having a theory of change brings a series of benefits for the EIT Climate-KIC community. We are better able to:

- **Attract new actors** with complementary experience and competency (due to fewer, stronger focus areas and a clearer sense of what is needed).
- **Stimulate and support greater community interaction** around key topics, increasing the probability of collaboration and innovation opportunities.
- **Focus on end-to-end delivery impact** through coherent choices that are capable of leveraging pan-European opportunities to scale.
- **Develop new revenue streams and funder relationships** based on our reputation for delivery and action.
- **Collaborate with other KICs** by aligning scope and possible joint projects.

Implications for EIT Climate-KIC Operations and Procedures

To align the Theory of Change with our operations and procedures, we have identified areas of focus and priorities for calls in 2018 which we have summarised in a document entitled *EIT Climate-KIC's Priorities for 2018* (www.climate-kic.org/calls-for-proposals). This document, together with a revised *Proposal Guidelines*, will inform our Calls for Proposals.

An important change from 2017 is that EIT Climate-KIC will be looking to support proposals that are aligned to achieving one or more climate innovation impact goal, and have a clear plan for how the intervention/project is going to achieve impact at scale. This can be expressed through a

business model or logical framework, and can involve innovation that acts to change policy, behaviour, skills, finance or technology for example.

The revision to the proposal guidelines includes the consolidation of most intervention types and addition of further programmes such as education. We have also modified the quality assessment criteria with various stakeholders from across EIT Climate-KIC in response to feedback from users and partners. The website page for further information about the upcoming call and selection process, eligibility criteria, assessment criteria and the proposal form, is: <http://www.climate-kic.org/calls-for-proposals/>