

Green Recovery

Indicator Measurement Guide

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Background

The Climate Support Facility (CSF) is a multi-donor trust fund administered by the World Bank.¹ The CSF supports developing countries to (i) achieve a green economic recovery from the impacts of COVID-19, (ii) implement their Nationally Determined Contributions, and (iii) develop long-term climate strategies. The Green Recovery Initiative (GRI) is a strategic CSF program that aims to strengthen institutions, capacity, and policies for green recovery. The GRI is guided by an Advisory Committee, which established a Technical Working Group (TWG) on Green Recovery Monitoring and Evaluation (M&E) in August 2021. The objective of the TWG is to enhance understanding on the meaning of Green Recovery and contribute to the development of methods and indicators to measure and evaluate activities in support of this goal.

The Green Recovery Indicator Measurement Guide

This Green Recovery Indicator Measurement Guide has been developed by the TWG to help standardize and streamline data collection, analysis, and reporting of the green recovery outcome indicators proposed in the [TWG Green Recovery Technical Note](#) of January 2022. It has been prepared to support the M&E efforts of the GRI, other institutions, and can be adapted as appropriate.

The Technical Note aims to support the elaboration of the impact and outcomes narrative of green recovery. It does this by first defining green recovery as:

'A holistic and inclusive response to the COVID-19 crisis that mainstreams climate change considerations into short-term economic recovery, and promotes climate-neutral and climate-resilient economic transformation aligned with the goals of the Paris Agreement and the 2030 Agenda for Sustainable Development'.²

The Technical Note then describes a theory of change for green recovery to be used in the work of the CSF and other agencies. Outcome indicators are identified that measure the results of agencies' climate-related actions.

Signals of change

The outcome of agencies' actions may take time (e.g., 5-10 years) to be observed. Given this long timeframe, the Technical Note uses "signals of change" to assess green recovery measures. These signals are early indications that an ongoing project or intervention is progressing towards its intended development objective.³ Such signals add value by providing a means to track the influence an agency has on advancing a country's green recovery strategy over the short-term and supporting country efforts to develop a green economy over the medium to long-term.

Two types of signals of change can be distinguished over time: emerging and advanced. Emerging signals provide evidence of relevant program design and implementation that deliver the enabling conditions for change. Advanced signals document that long-term, self-sustaining outcomes are materializing.

Dimensions of change

In addition to recognizing the timescale of change, three "dimensions" of change have also been identified to characterize the transition to a green recovery and a green economy. These represent essential elements of the change that is required:

- › **Systemic change:** secured through the development of macroeconomic and structural policies, institutional strengthening, and technological innovation
- › **Sustainability:** achieved through investing in all forms of capital, and
- › **Scale:** delivered through resource mobilization

1 See: <https://www.worldbank.org/en/programs/climate-support-facility>

2 The concept of a Just Transition is central to the framing of the TWG definition of Green Recovery

3 See: https://www.climateinvestmentfunds.org/sites/cif_enc/files/knowledge-documents/tc_signals_brief.pdf

Outcome indicator framework

The two signals of change are grouped by these three dimensions to create an indicator framework (see Table 1).

TABLE 1: Outcome indicator framework, with examples

	Emerging signal	Advanced signal
Sustainability	e.g., planning of climate neutrality pathways complete	e.g., installed renewable energy-generating capacity (SDG indicator 7.b.1)
Systemic Change	e.g., constraints on private sector growth in climate neutral industries identified	e.g., reduction of subsidy regimes supporting carbon-intensive energy sources
Scale	e.g., investment plans with documented sources of finance produced	e.g., financial flows to support climate neutral and climate resilient technology

For individual projects, at least one dimension of change (and more if possible) should be present allowing for at least one indicator to be included as part of the project's monitoring and evaluation system. The choice of which dimensions of change will be determined by the nature of the intervention being supported. By adopting this framework, the M&E effort of any intervention can be pinned explicitly to the TWG Green Recovery theory of change, demonstrating in a plausible way how it contributes to climate goals.

At the sector or national portfolio level, all three dimensions of change need to be supported to secure a green recovery in the short-term and a green economy in the long-term (as documented in the TWG Green Recovery Technical Note), with an indicator for each dimension of change evaluated.

The selection of these outcome indicators will require political sensitivity and understanding for application in each country. This framing could also apply to relevant support beyond the CSF.

International Support for a Green Recovery and a Green Economy

The Technical Note identified three phases in transitioning a country from a green recovery to a green economy. The first phase is the rescue phase which occurs in the short-term, between 1-4 years after the initial recovery from the economic downturn precipitated by the pandemic. The second phase, which extends from 5-9 years describes a period of recovery, whilst the third reinforcing phase extends the time horizon further. Examples of the types of international support measures for each of these different phases are listed in Figure 1.

For all these activities, the uptake of the proposed indicators is recommended to advance the monitoring and evaluation of interventions supporting green recovery and a green economy.

During the rescue phase in Figure 1, the proposed indicators of this Measurement Guide provide emerging signals of change. These relate to process measures that allow for an assessment of whether they have been completed by a certain point in time. From the recovery phase onwards, sufficient time should have passed to allow for advanced signals of change to appear. These advanced signals relate to levels of national performance of a relevant attribute, determined for each specific context. It should be possible to relate these performance levels to any national targets that may exist, allowing for a percentage level of achievement to be determined. This would then allow for inter-country comparison.

The Whole of Economy Approach

Sector and thematic project interventions are implemented in a larger context that defines the green economy. In responding to this larger context, a “whole of economy approach” has been proposed by the World Bank Group. This approach focuses on policies and plans to create the right enabling environment for climate action and deliver transformative change, including private sector led growth.⁴ Elements of a whole of economy approach have been identified (see Figure 2).

Three types of project interventions that can apply across these elements in support of the whole of economy approach are: (i) strengthening the analytical base through diagnostic studies; (ii) strengthening capacity to design and implement relevant policies and frameworks; and (iii) strengthening the capacity of national institutions.

Across these types of project intervention, the assessment of at least one dimension of change should be included in project monitoring to allow for the evaluation of its contribution to a green recovery and a green economy. This can be achieved using the relevant emerging and advanced signals to evaluate change over the short to long-term.

4 See: <https://openknowledge.worldbank.org/bitstream/handle/10986/35799/CCAP-2021-25.pdf?sequence=2&isAllowed=y>

FIGURE 1: Green Recovery to Green Economy

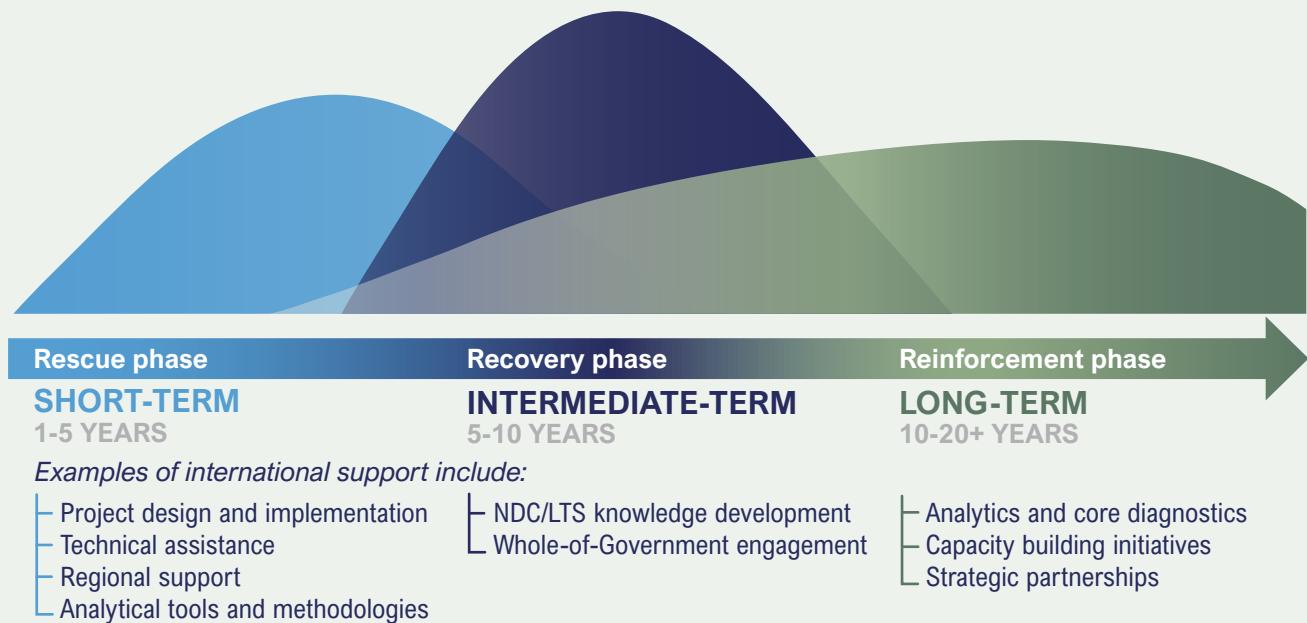
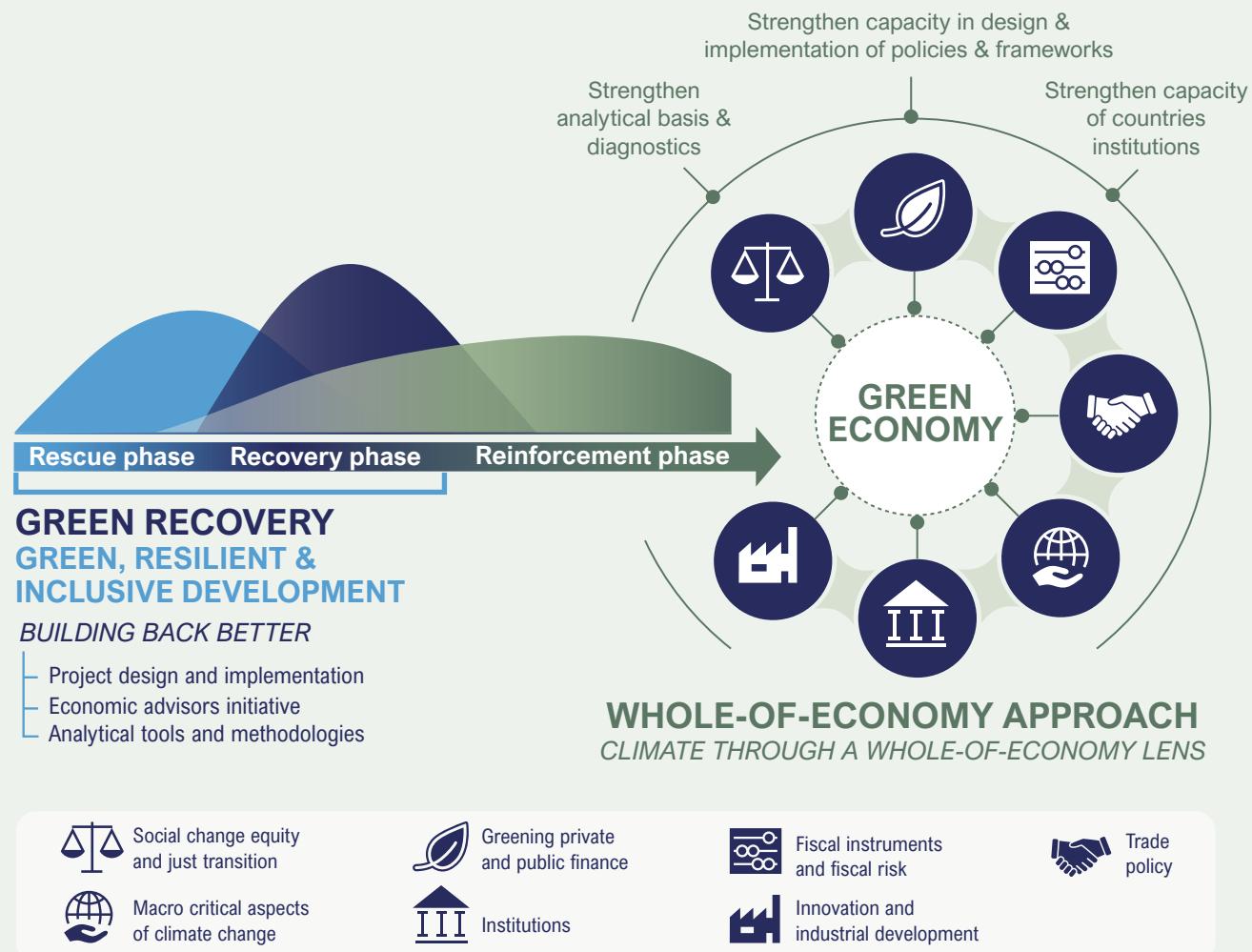


FIGURE 2: The Whole-of-Economy Approach to Understanding the Green Economy



Green Recovery Indicator Selection

The World Bank's Climate Change Group does not endorse a finite menu of climate indicators, recognizing that indicators need to be designed that best suit each intervention. Therefore, the proposed signals of change have been developed to apply across a range of sectors and several cross-sectoral themes, to be refined for each planned intervention (see Annex). These indicators should be considered as a starting point in indicator selection. Indicator choices should always be guided by the investment being supported.

No specific sectors are listed in this Guide as the indicators are intended to apply to any relevant sector activity where green recovery or a green economy is being supported. The Green Recovery Initiative of the CSF has provided support to several sectors, including agriculture, energy, manufacturing, and transport, to which the sector indicators have been applied. Similarly, for the cross-cutting themes, these are based on the following themes that the CSF has provided support to date: poverty and equity, institutions and governance, macro-economic and fiscal policy, and financial policy and regulation. However, this is not an exhaustive list of themes or sectors.

If the intervention being supported has a sector focus, then the sector indicators should be used. Similarly, if thematically focused, the thematic indicators will apply. There may be some overlap between sector and thematic support, in which case the focus of the individual intervention should guide which set of indicators to use.

The following pages provide generic indicators for sector and thematic interventions over the short-term (the emerging signals) and the long-term (the advanced signals). For each category (e.g., sector, short-term), the proposed indicators are listed by the three dimensions of change. The wording of each indicator is intentionally generic to allow for the context specificity to be applied at the project level. However, to be able to collect, analyze, and report on data in a standardized way across agencies, it is important to have the same understanding of the indicator through its definition, and how to measure it. This way multiple agencies collecting data and reporting will be able to cross-analyze and compare data.

This Measurement Guide also provides brief guidance notes together with an indication of where the information necessary to compile the indicator may be found. It is recommended that all information should be gathered from government information systems, as these indicators are intended to be applied at the national and sector level.

The desired direction of change is not explicitly mentioned in the guide. However, it can be inferred that for the early signals of change, a 'yes' result indicates good performance. Equally, for the advanced signals of change, indicators of success may include increased levels of spending or capital accumulation, the enactment of new climate change policies and regulations, or higher institutional performance.

ANNEX

Sector-based Interventions: Emerging Signals of Change

Dimension of Change	Recommended Indicator	Guidance Notes	Source of information
Sustainability: Investing in all forms of capital to secure sustainability	Sector-specific climate change actions are identified during the recovery period (Y/N)	This indicator identifies specific sector actions that address climate change as part of national recovery programs.	Sector agency annual work plans.
Systemic Change: Macroeconomic and structural policies, institutional strengthening, and technology innovation	New or existing sector policies, regulatory measures, or institutional structures are developed or strengthened by mainstreaming climate change considerations during the recovery period (Y/N)	This indicator identifies the development or strengthening of climate change sector-based policies; regulations; or institutions. Any one of these is taken as an early indicator of systemic change.	Sector ministry documentation.
Scale: Mobilizing financial resources at scale	Recovery investment plans are prepared that include climate actions in the identified sector, with sources of finance identified (Y/N)	Sector-based investment plans that include the source of finance is the recommended indicator of scaling.	Sector agency or ministry of finance.

Sector-based Interventions: Advanced Signals of Change

Dimension of Change	Recommended Indicator	Guidance Notes	Source of information
Sustainability: Investing in all forms of capital to secure sustainability	Increased level of natural, produced, human and/or social capital in the identified sector for climate compatible development (various measures)	This indicator allows for the selection of one type of sector-relevant capital to provide a measure of the sustainability of supported actions.	Sector policy/strategy documents and, potentially, within the national budget statement.
Systemic Change: Macroeconomic and structural policies, institutional strengthening, and technology innovation	Regulatory reforms enacted in the identified sector to deliver climate compatible development (legislative publication)	This indicator uses published regulatory reforms as a measure of systemic change, on the basis that legal change alters behaviors.	The Government Gazette, or other legislative records.
Scale: Mobilizing financial resources at scale	Increased level of private and/or public financial flows in the identified sector in support of climate compatible development (currency)	This indicator measures increased investment being made in sector-based climate compatible development as the measure of scaling beyond the supported activity.	Multi-year sector reviews or national budget systems (e.g., Medium Term Expenditure Frameworks).

Thematic Interventions: Emerging Signals of Change

Dimension of Change	Theme	Recommended Indicator	Guidance Notes	Source of information
Sustainability: Investing in all forms of capital to secure sustainability	Poverty & Equity	Recovery plans identify vulnerable groups within the climate actions identified (Y/N)	This indicator requires that climate change policies, financial flows, or institutional frameworks can be identified within any national recovery plan, and climate-related actions address the needs of the most vulnerable (if the first theme applies).	National recovery plan or process (in the absence of one unified plan).
	Institutions & Governance	Climate change institutional frameworks are part of recovery plans (Y/N)		
	Macro-economic & Fiscal Policy	Climate change policies are identified in recovery plans (Y/N)		
	Financial Policy & Regulation	Climate change related financial flows are identified in recovery plans (Y/N)		
Systemic Change: Macroeconomic and structural policies, institutional strengthening, and technology innovation	Poverty & Equity	Climate change policy processes, regulatory measures, or institutional structures that are established or strengthened during the recovery period address the needs of the poor (Y/N)	This indicator focuses on observing whether new climate-related policies, institutions, or financial flows are being supported during the recovery period, as a measure of changing behaviors.	National climate change agency/ministry and, for the last theme, the ministry of finance.
	Institutions & Governance	New or existing climate change institutional structures are supported during the recovery period (Y/N)		
	Macro-economic & Fiscal Policy	New or existing climate change national policy processes and regulatory measures are established or strengthened during the recovery period (Y/N)		
	Financial Policy & Regulation	New green finance policy processes, financial instruments or institutional structures are established during the recovery period (Y/N)		
Scale: Mobilizing financial resources at scale	Poverty & Equity	Short-term investment plans are produced to facilitate climate change initiatives providing direct funding to the poorest groups, with documented sources of finance (Y/N)	This indicator focuses on any available short-term national investment plan to identify changes in public spending.	Annual budget statements. Other national investment plans may be available.
	Institutions & Governance	Short-term investment plans direct funding to climate change institutions, with documented sources of finance are produced (Y/N)		
	Macro-economic & Fiscal Policy	Redirected financial flows towards climate change objectives are documented (Y/N)		
	Financial Policy & Regulation	Short-term investment plans containing climate change actions with documented sources of finance are produced (Y/N)		

Thematic Interventions: Advanced Signals of Change

Dimension of Change	Theme	Recommended Indicator	Guidance Notes	Source of information
Sustainability: Investing in all forms of capital to secure sustainability	Poverty & Equity	Increased level of human and/or social capital for inclusive climate compatible development (various measures)	As for sector-based interventions, this indicator allows for the selection of one type of thematically relevant capital to provide a measure of the sustainability of supported actions.	National policy/strategy documents. Annual budget statements.
	Institutions & Governance			
	Macro-economic & Fiscal Policy	Increased level of natural and/or produced capital for climate compatible development (various measures)		
	Financial Policy & Regulation			
Systemic Change: Macroeconomic and structural policies, institutional strengthening, and technology innovation	Poverty & Equity	Regulatory reforms are enacted, with strengthened public and private institutions to deliver inclusive climate compatible development (various measures)	This indicator focuses attention on the delivery of new climate change policies; regulations; or institutions. Any one of these is taken as an advanced indicator of systemic change.	National climate change policy statements, strategies, and action plans.
	Institutions & Governance	Public and private institutional architecture is strengthened to deliver climate compatible development (various measures)		
	Macro-economic & Fiscal Policy	National policy processes and regulatory measures deliver climate compatible development (various measures)		
	Financial Policy & Regulation	Financial instruments are developed or strengthened to fund the delivery of climate compatible development (various measures)		
Scale: Mobilizing financial resources at scale	Poverty & Equity	Increased level of private and public financial flows in support of inclusive climate compatible development (currency)	This indicator focuses on increased levels of funding as the measure of progress in scaling thematic initiatives.	Multi-year sector reviews or national budget systems (e.g., Medium Term Expenditure Frameworks).
	Institutions & Governance	Increased level of private and public financial flows in support of climate-related institutions (currency)		
	Macro-economic & Fiscal Policy	Increased level of private and public financial flows in support of climate compatible development (currency)		
	Financial Policy & Regulation			

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