Green Economy

Sector
Indicator
Guidance

Sector Indicator Guidance

General Introduction

This **Sector Indicator Guidance for action design** has been developed by DEVCO Unit 05 "Results and Business Processes" jointly with DEVCO Thematic Units.

It is **addressed** to all colleagues involved in the preparation of action documents and project documents and offers a handy tool to develop solid logical framework matrices. It identifies clear and measurable results statements that are in line with DEVCO policy priorities, as well as with the UN Sustainable Development Goals (SDGs), along with a range of good indicators to monitor progress. It will be updated regularly to reflect evolving priorities.

Its **main objective** is to enhance the quality of DEVCO interventions – both in terms of design as well as of monitoring and reporting in the course of implementation.

The **need for this type of guidance** was identified in the framework of the results-reporting process led by DEVCO 05, as well as through its systematic review of all action documents presented to Quality Review Group meetings.

The present guidance covers DEVCO strategies in various sectors, and presents for each sector:

1. EU policy priorities: a short narrative explaining EU policy priorities and commitments as articulated in key policy and strategic documents.

2. Results Chain: a diagram showing the main results (impact, outcomes, outputs) that EU development interventions are expected to achieve in the sector, reflecting EU policy priorities and commitments.

3. List of Sector Indicators: examples of measurable indicators associated to each result statement are provided, that may be used in Logframe Matrices at project/ programme level.
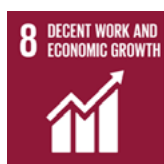
You can access the online Sector Indicator Guidance at indicators.developmentresults.eu using the username and password "Results".

For further information and/or to provide feedback please contact DEVCO Unit 05 at feedback@developmentresults.eu

1. EU Policy Priorities

The New European Consensus on Development calls on the EU and its Member States "to promote resource efficiency and sustainable consumption and production, including the sustainable management of chemicals and waste, with a view to decoupling economic growth from environmental degradation and enabling the transition to a circular economy". This commitment is meant to contribute to both the Planet and the Prosperity priorities of the European Consensus, reflecting a paradigm shift which better acknowledges the economic opportunities that "green" policies, markets and business practices can deliver, notably in terms of sustainable growth and job creation.

This vision has been consistently promoted through relevant policies and instruments, including:

- The Communication "A stronger role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries" which indicated that the EU will "promote eco-entrepreneurship and green job creation through the SWITCH to Green initiative";

- The Communication "Achieving Prosperity through Trade and Investment", which states that "environmental sustainability will also be at the heart of aid for trade" and notes that "climate finance and the green and circular economy offer developing countries leapfrogging opportunities in trade, growth and employment";

- The External Investment Plan, which foresees that, "In order to fulfil the political commitments of the Union on climate action, renewable energy and resource efficiency, a minimum share of 28% of the financing under the EFSD Guarantee should be devoted to investments relevant for those sectors".

EU action on the inclusive green economy

In line with this policy framework and with lessons from relevant EU's cooperation experience in developing countries, three complementary areas of intervention characterise EU action on the inclusive green economy:

- Enabling frameworks, to ensure coherence between environmental and economic policies, and providing support to public institutions while promoting private sector and civil society participation in policy development;

- Green business development, with a focus on the adoption of sustainable consumption and production practices by MSMEs;

- Access to finance and the greening of investments, to improve capacities and practices of both businesses and finance institutions and to finance the green economy transition.
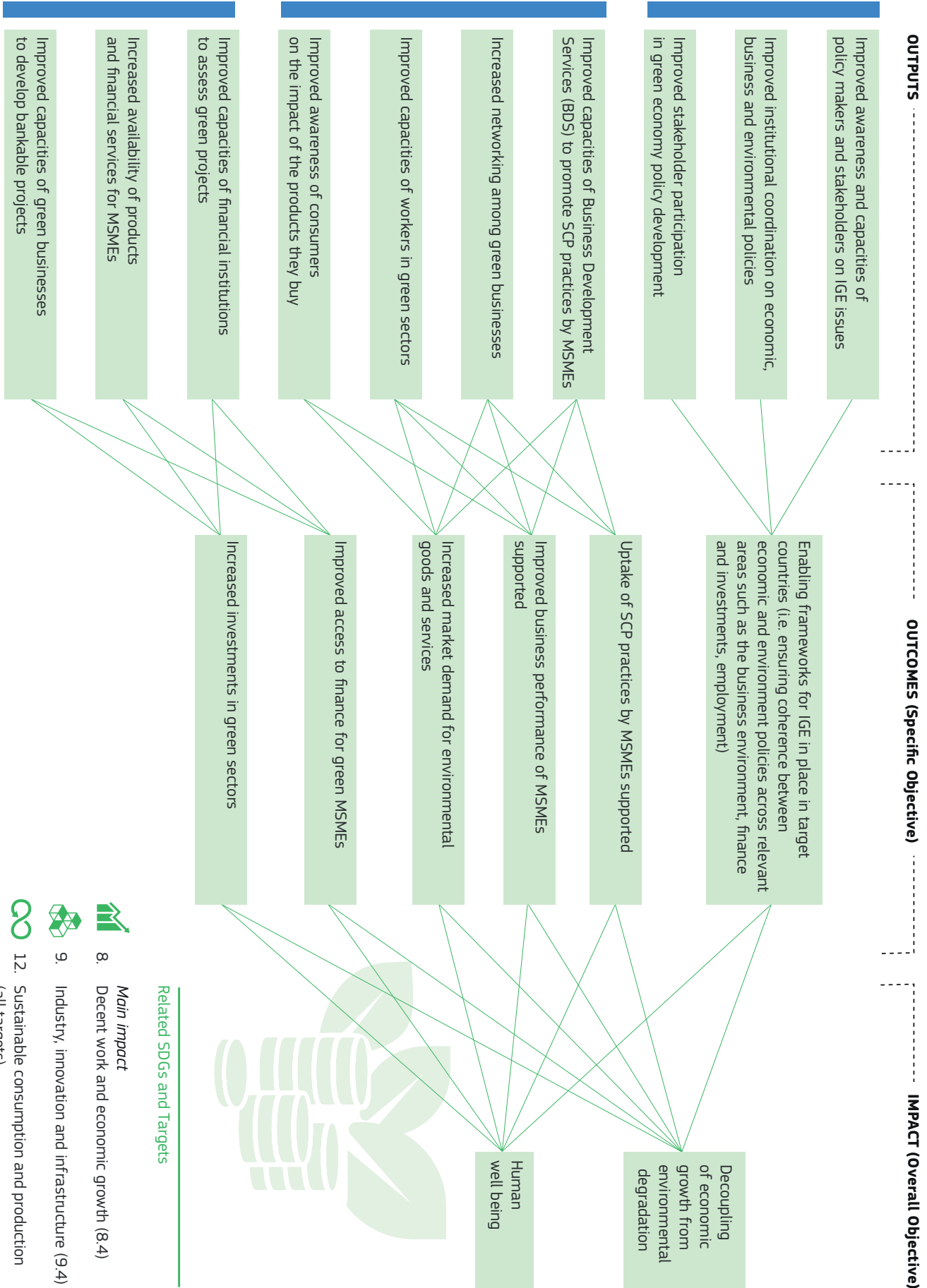
2. Results Chain

Access to finance / Greening of investments

Green business development
sustainable production and consumption patterns

Enabling frameworks

OUTPUTS

- Improved awareness and capacities of policy makers and stakeholders on IGE issues
- Improved institutional coordination on economic, business and environmental policies
- Improved stakeholder participation in green economy policy development
- Improved capacities of Business Development Services (BDS) to promote SCP practices by MSMEs
- Increased networking among green businesses
- Improved capacities of workers in green sectors
- Improved awareness of consumers on the impact of the products they buy
- Improved capacities of financial institutions to assess green projects
- Increased availability of products and financial services for MSMEs
- Improved capacities of green businesses to develop bankable projects

OUTCOMES (Specific Objective)

- Increased investments in green sectors
- Improved access to finance for green MSMEs
- Increased market demand for environmental goods and services
- Improved business performance of MSMEs supported
- Uptake of SCP practices by MSMEs supported
- Enabling frameworks for IGE in place in target countries (i.e. ensuring coherence between economic and environment policies across relevant areas such as the business environment, finance and investments, employment)

IMPACT (Overall Objective)

- Human well being
- Decoupling of economic growth from environmental degradation

Related SDGs and Targets

Main impact

8. Decent work and economic growth (8.4)

9. Industry, innovation and infrastructure (9.4)

12. Sustainable consumption and production (all targets)

3. List of Sector Indicators

Result	Indicators
Impact **Decoupling of economic growth from environmental degradation**	▸ Material Footprint (MF) per unit of value added avoided or reduced (t/USD) *data source* http://www.pnas.org/content/suppl/2013/08/28/1220362110.DCSupplemental Multiple sources including UN Environment Live platform, EUROSTAT, UNEP Office for Asia and the Pacific and OECD exist at country-level. Data on the MF avoided has to be calculated at the project / programme level ▸ Water productivity (GDP/annual total freshwater withdrawal) (USD/m3) *data source* http://wdi.worldbank.org/table/3.5 World Bank WDI (World Development Indicators) provides country-level data using FAO Aquastat data on water use and GDP data from World Bank's national accounts files. FAO Aquastat data is available at: http://www.fao.org/nr/water/aquastat/data/query/index.html?lan. For GDP data, see https://data.worldbank.org/indicator/NY.GDP.PCAP.KD ▸ CO_2 emission per unit of value added avoided or reduced (t CO_2/USD) *data source* http://databank.worldbank.org/data/reports.aspx?source=2&series=EN.ATM.CO2E.KD.GD&country= and http://data.un.org/Data.aspx?d=MDG&f=seriesRowID%3A788 WB (World Development Indicators) reports country level data (derived from original data sources from IEA and UNIDO). Data on the emissions avoided has to be calculated at the project / programme level ▸ Waste generated (per capita or sector or MSMEs) and treated by type of waste and treatment type (kg per capita per year) *data source* Project M&E system (Country level data available from Eurostat and OECD. Data at the MSMEs level will have to be measured at the project / programme level) ▸ Contribution of targeted sectors / sub-sectors to GDP (Percentage) *data source* http://wdi.worldbank.org/table/4.2# World Bank provides results by ISIC sections: Agriculture (ISIC sectors 1-5), Industry (ISIC sectors 10-14 plus 40-45), Manufacturing (ISIC sectors 15-37) and Services (50-99). Detailed sector-specific data is provided by National Statistical offices
Impact **Human well being**	▸ Employment rate by gender in the targeted sectors (Percentage) *data source* http://www.ilo.org/ilostat ILO provides aggregated data (by ISIC rev.4 sections) for world countries. More detailed data might be available from National Statistical Offices ▸ Mean nominal monthly earnings of workers of MSMEs supported by gender (Local currency) *data source* http://www.ilo.org/ilostat/faces/oracle/webcenter/portalapp/pagehierarchy/Page27.jspx;ILOSTATCOOKIE=mQHV0t_JHwdNyLS0fjXHeheNU53-l1hRshDqi7bS3M4NubPiJbn-l!996745400?indicator=EAR_XEES_SEX_ECO_NB&subject=EAR&datasetCode=A&collectionCode=YI&_adf.ctrl-state=dc ILO ▸ Net additional income of workers of MSMEs supported by gender (EUR or USD) *data source* Project M&E system (A global database for this indicator does not exist; data has to be calculated at project / programme level)
Outcome **Enabling frameworks for IGE in place in target countries** (i.e. ensuring coherence between economic and environment policies across relevant areas such as the business environment, finance and investments, employment)	▸ Number of IGE policy instruments adopted / implemented (Number of policy instruments) *data source* Project M&E system (to be measured at the project / programme level) ▸ SPP/GPP as a percentage of total public procurement by sector (Percentage) *data source* Project M&E system (Data should be available from National governments; sectoral level data might have to be measured at project / programme level)

Result	Indicators
⊚ Outcome **Uptake of SCP practices by MSMEs supported**	◤ Number of MSMEs reporting the adoption of SCP practices (Number of MSMEs) *data source* Project M&E system ◤ Number of MSMEs that obtain firm-specific sustainability standards certification (Number of MSMEs) *data source* Project M&E system

Result	Indicators
⊚ Outcome **Improved business performance of MSMEs supported**	◤ Number of full-time (equivalent) green jobs sustained/created (Number of jobs) *data source* Project M&E system ◤ Number of MSMEs reporting increased turnover as a direct result of support received (Number of MSMEs) *data source* Project M&E system ◤ Amount of savings generated from improved resource (material, energy, water) efficiency (EUR or USD) *data source* Project M&E system

Result	Indicators
⊚ Outcome **Increased market demand for environmental goods and services**	◤ Percentage of sales of certified products of total sales by MSME (Percentage) *data source* Project M&E system

Result	Indicators
⊚ Outcome **Improved access to finance for green MSMEs**	◤ Number of MSMEs that obtain financial services (Number of MSMEs) *data source* Project M&E system ◤ Number and amount of outstanding loans to MSMEs (Number of loans / Currency) *data source* Project M&E system

Result	Indicators
⊚ Outcome **Increased investments in green sectors**	◤ Amount of green investments in targeted sectors (Currency) *data source* Project M&E system

Result	Indicators
▣ Output **Improved awareness and capacities of policy makers and stakeholders on IGE issues**	◤ Number of IGE policy related events organised by the project (Number of events) *data source* Project M&E system ◤ Number of IGE knowledge products and tools developed with project support (Number of knowledge products/tools) *data source* Project M&E system ◤ Number of actors whose awareness/abilities on IGE issues have been raised by the project (disaggregated by sex) (Number of actors) *data source* Project M&E system (pre- and post- training or event assessment)

Result	Indicators
▣ Output **Improved institutional coordination on economic, business and environmental policies**	◤ Number of institutional coordination mechanisms on IGE established with project support and number of actors engaged in these mechanisms (disaggregated by sex) (Number of mechanisms / actors engaged) *data source* Project M&E system

Result	Indicators
Output **Improved stakeholder participation in green economy policy development**	◢ Number of dialogue mechanisms on IGE supported by the project and number of actors attending them (Number of dialogue mechanisms / actors attending) *data source* Project M&E system ◢ Number of policy inputs (e.g. position papers) produced by stakeholders on IGE policies (Number of policy inputs) *data source* Project M&E system
Output **Improved capacities of Business Development Services (BDS) to promote SCP practices by MSMEs**	◢ Number of BDS providers and MSMEs supported (Number of BDS providers / MSMEs) *data source* Project M&E system ◢ Number of SCP scaling-up mechanisms established (e.g. technical tools, voluntary agreements, codes of conducts, standards and labels) (Number of scaling-up mechanisms) *data source* Project M&E system ◢ Number of sectors / supply chains where SCP has been supported (Number of sectors / supply chains) *data source* Project M&E system
Output **Increased networking among green businesses**	◢ Number of networking events organised and number of actors attending them (Number of events / actors) *data source* Project M&E system
Output **Improved capacities of workers in green sectors**	◢ Number of individuals (students, MSMEs staff) trained by the project on SCP practices, disaggregated by sex (Number of individuals) *data source* Project M&E system ◢ Number of training schemes / programmes developed (Number of training schemes / programmes) *data source* Project M&E system
Output **Improved awareness of consumers on the impact of the products they buy**	◢ Number of consumer awareness activities (e.g. campaigns) run with project support (Number of campaigns) *data source* Project M&E system ◢ Number of green procurement tools created with project support (Number of tools) *data source* Project M&E system
Output **Improved capacities of financial institutions to assess green projects**	◢ Number of relevant actors (e.g. financial institutions and their staff) whose awareness/abilities have been raised with project support (Number of actors) *data source* Project M&E system – surveys at the beginning and end of the project ◢ Number of relevant knowledge products and tools developed with project support (Number of knowledge products / tools) *data source* Project M&E system
Output **Increased availability of products and financial services for MSMEs**	◢ Number of green financial schemes established/supported by the project (Number of financial schemes) *data source* Project M&E system
Output **Improved capacities of green businesses to develop bankable projects**	◢ Number of MSMEs / staff trained by the project in access to finance (disaggregated by sex) (Number of MSMEs / staff) *data source* Project M&E system ◢ Number of business plans for SCP investments elaborated with project support (Number of business plans) *data source* Project M&E system