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2 February 2021

The **Build Forward Better Briefings** until now have compiled the latest "green stimulus" news, measures and propositions by governments, multilateral organizations, academia, civil society and other actors at the national and international level. It shared insights on options and responses for a sustainable, inclusive and resilient recovery from the COVID-19 pandemic.

The present issue takes a more analytical approach. Following a year of intense debates on the shape of the socioeconomic response to the pandemic**, it is time to conduct a reality check**. Therefore, this issue takes a closer look at instruments that aim to serve as orientation and provide an empirical basis to the pursuit of a Green Recovery, before issue #08 will highlight good practices that may pave the way forward.

This briefing is a **collaborative product by several GIZ IKI projects.**[1] Many thanks to our colleagues from UNEP who contributed to this issue.

All previous issues of the BFB Briefing (#01 Monitoring, #02 Cities, #03 Tourism, #04 NDCs and LTS, #05 Risk Governance, #06 Biodiversity) can be accessed here.

Tracking the "Greenness" of COVID-19 responses

As countries are engaging in record-breaking fiscal spending in response to the COVID-19 pandemic ($ 14 trillion as of January 2021), a variety of tools has been developed to attain an overview not only of the economic, but also of the environmental impact of COVID-19 response measures. For this briefing, 13 different "tracking" tools have been reviewed and analyzed but this list might not be exhaustive.

The idea of tracking progress on transformative environmental, climate or sustainable economic policies is of course not new. In fact, these **Green Recovery trackers** have entered a dynamic field of existing information tools and databases measuring the environmental impact of policies, such as the Climate Action Tracker, Yale's Environmental Performance Index or the various monitoring tools for progress on the SDGs.

The self-designated Green Recovery trackers address the environmental dimension of COVID-19 response measures. They shed light onto whether countries live up to the promises of pursuing a Green Recovery and thus provide an empirical basis to this highly salient debate. **This briefing will therefore take a closer look at selected tools**, explain how they work, what their limitations are and elaborate on how they can contribute to efforts towards building a climate-neutral, environmentally sustainable and socially just world.

[1] Support Project for the Design and Implementation of the New Global Biodiversity Framework (BioFrame); Capacity Development for Climate Policy in Southeast & Eastern Europe, South Caucasus and Central Asia, Phase III (CDCPIII); Green Economy Transformation in Cooperation with the Partnership for Action on Green Economy (GET); Private Business Action for Biodiversity (PBAB); Support Project for SDG Review and Implementation Processes (SDG-RI); Support Project for the Implementation of the Paris Agreement (SPA).

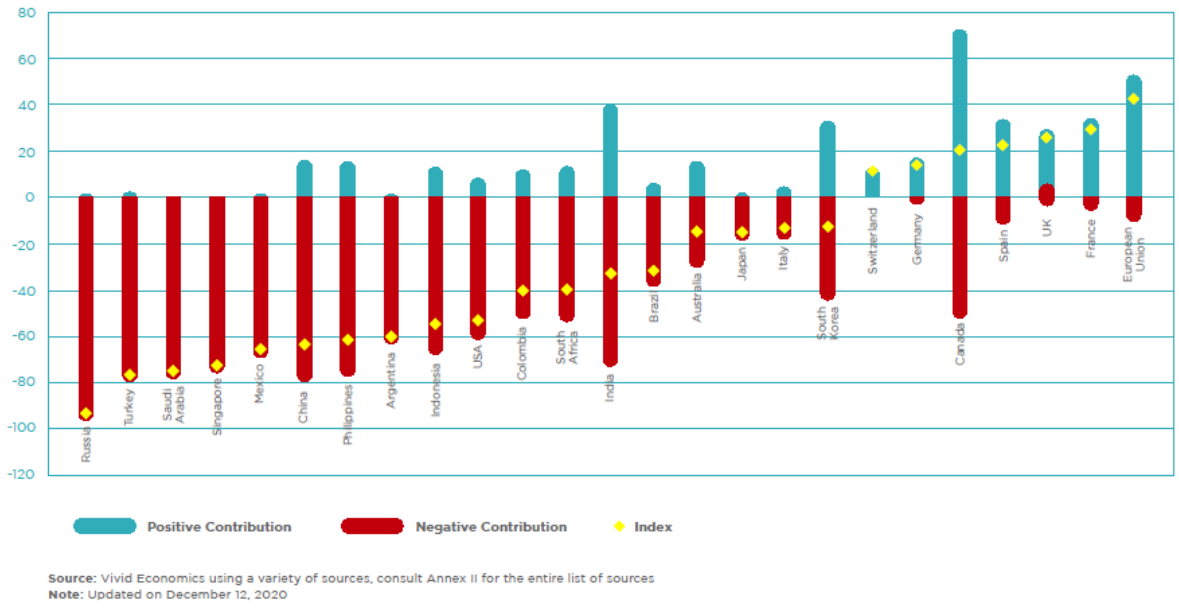
As there has been a wide array of efforts to track and assess COVID-19 responses (see Graphic on page 6), we focus on three environmental Green Recovery trackers that provide the most complete picture based on these criteria:

- coverage of policies across sectors
- variety of countries and representation of the Global South
- assessment of environmental impact (climate change and biodiversity)
- degree of multidimensionality (including economic and social factors)

Greenness of Stimulus Index (GSI)

Host	Vivid Economics as part of the Financing for Biodiversity (F4B) Initiative
Output	Classifies policies by environmental impact, weighing green spending against carbon-intensive spending
Sample	25 countries: G20 + 5
Data	Over 800 policies and stimulus measures from IMF Policy Tracker, Ministries and other sources

This tool by **Vivid Economics** assesses the performance of over **800 COVID-19** stimulus and deregulation **measures** by G20 countries and five other major economies in relation to climate action and biodiversity goals. The well-referenced GSI report is regularly updated and welcomes readers with a series of charts that provide a **comparison of said countries' stimulus spending and the respective environmental impact**. In contrast to other tools, it focusses not only on fiscal stimulus, but also estimates the impact of deregulation policies. The Index weighs the volume of a country's measures with a positive environmental impact against the volume of measures with a negative impact. This comparative look at the macro-level is complemented by a more detailed profile of each country's response.



Source: Vivid Economics using a variety of sources, consult Annex II for the entire list of sources
Note: Updated on December 12, 2020

Vivid Economics (2020). *Greenness of Stimulus Index. An assessment of COVID-19 stimulus by G20 countries and other major economies in relation to climate action and biodiversity goals.* 14 December 2020, p. 5.

Measures are classified into five sectors (**agriculture, energy, industry, transport, waste**) and analyzed along two dimensions: the **size of fiscal flow to each sector and its overall impact on climate and environmen**t. Their impact is measured in relation to a baseline that consists of a country's prior environmental performance. This includes GHG emissions, as well as a multidimensional nature score that accounts for multiple nature

indicators from Yale's Environmental Performance Index that cover biodiversity on land and at sea. To rate policies, Vivid Economics has identified positive and negative policy archetypes for measures in all five sectors, into which the policies are categorized. **The "Greenness" of policies is thus rated either as *positive* or *negative***, neither of which are defined in detail.

The latest results (December 2020) show that, thus far, the greenness of COVID-19 responses largely trails the pledges to build back better. **Only in seven of the 25 selected economies** do positive contributions outweigh the negative. Globally, only four percent of announced stimulus in reviewed countries was considered as improving biodiversity or preserving ecosystems, opposed by 31 percent flowing into carbon-intensive sectors.

While the GSI provides a detailed differentiation of policies based on a comprehensive methodological framework, it **does not assess socioeconomic dimensions** beyond the directionality of environmental impact (positive or negative) and the amount of spending, as is the case for most trackers. Although it cannot quantify the environmental impact of a measure, the GSI does offer a vivid overview of the types of policies towards which major economies have directed their spending. According to F4B, the GSI will continue to be updated with a **new issue of the report following in February**. As of now, the GSI serves as one of the central references for decision makers. Since many stimulus plans in response to the pandemic are still in their early phase, it will be interesting to see how the results develop. A larger more diverse country sample would be a useful addition to the overview that the GSI provides.

Platform for Redesign 2020

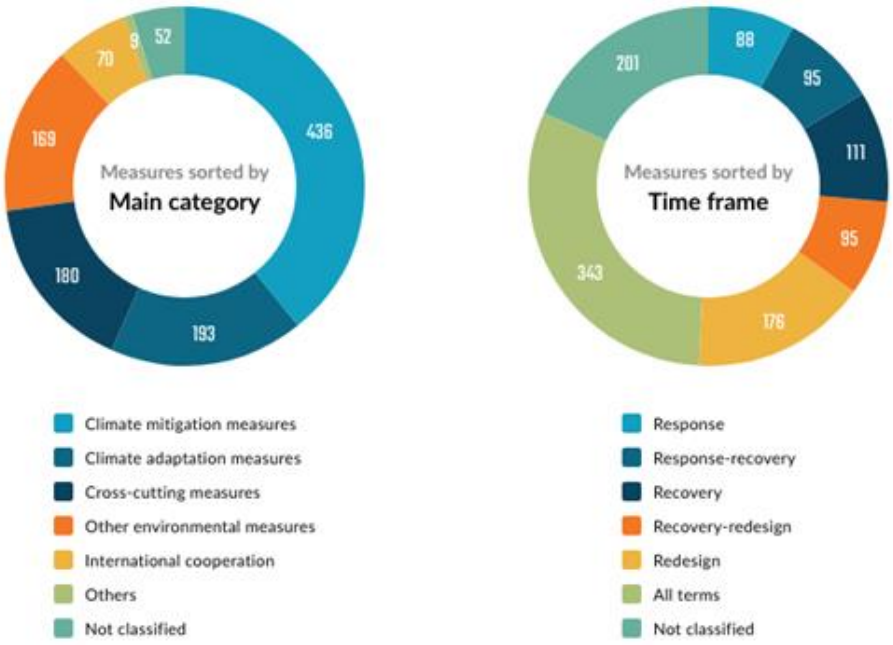
Host	Japanese Ministry of the Environment, UNFCCC. Platform maintained by the Institute for Global Environmental Strategies (IGES)
Output	Country profiles with collection of policies divided by sectors, considering temporal dimension of impacts
Sample	73 countries, high representation of Global South
Data	Over 1100 policies collected by questionnaire from ministries

The Platform for Redesign 2020 takes a **simple qualitative approach**. This effort led by the Japanese Ministry of the Environment and supported by UNFCCC is collecting data in preparation for COP26 with the aim of creating and maintaining a global momentum for a green and resilient recovery. The data should be digested with caution, as it is voluntarily submitted by the countries **without an independent quality check**. The platform's strength is a large sample of **73 countries** with a balanced representation of the Global South, although some selected countries are still without entries.

Using the so-called "**Triple R framework**" the platform classifies policies as either *Response* (short-term measures responding to emergencies), *Recovery* (sustainable economic recovery) or *Redesign* (long-term restructuring of infrastructure, systems and institutions). The policies and assessments are presented with a brief description and sorted by pre-identified sectors in a country profile. A closer look reveals that, **rather than a detailed assessment, the platform provides a collection of policy examples that highlights the either short-term nature or long-term potential of a measure**. The three categories are not operationalized as mutually exclusive, as many policies are marked with all three "R"-labels, for instance in the case of Mexico.

Although the platform's data does not provide a basis for an impact assessment or a comparison between countries' responses due to the lack of a comprehensive methodological framework, it gives an overview of policy examples and can serve as inspiration for countries across the globe. A filtering tool allows users to sort the national policies and measures by timeframe and categories. The country profiles offer a well-structured and easily accessible overview and a cue towards the temporal dimension of measures. The platform includes statements from different national and international officials that underline that the

potential of this platform lies in collecting practices and ideas to facilitate political support on national and international level.



IGES (2020). Overview of National Actions. In: *Platform for Redesign 2020.* 24 December 2020.

Global Recovery Observatory (GRO)

Host	Oxford Smith School of Enterprise and the Environment with support from UNEP, IMF and GIZ through the Green Fiscal Policy Network
Output	Categorizes individual policies as rescue or recovery and by 41 archetypes and 155 sub-archetypes. Assesses each by 8 indicators covering environmental and socio-economic impact
Sample	50 largest economies, 27 additional LAC countries, and all UN PAGE countries outside of the above groups.
Data	About 3000 policies collected from IMF Policy Tracker, Ministries and all other publicly available sources

With the aim of providing a more complete overview on whether countries are upholding their commitment to build forward better, the Oxford Smith School has developed a **Global Recovery Observatory (GRO)**. Building on a framework from Oxford's Hepburn et al. 2020, the GRO assesses the impact of about 3000 individual policies (as of January 2021) in comparison to a scenario where no interventions occur. The official **launch** of the observatory is scheduled for **early March 2021**. Policies are divided into rescue and recovery type policies, and the GRO has a focus on the recovery type policies as governments have more discretion in their composition as compared to rescue spending. The **GRO understands Green Recovery through the lens of an Inclusive Green Economy (IGE)**. Consequently, the policy analysis includes economic impact (including multiplier effect, speed of implementation) and social impact (wealth, inequality, quality of life, rural livelihood).

To assess the environmental impact of measures, the GRO not only considers climate impact by GHG emissions, but also air pollution and natural capital, thereby making the link to broader circularity and green economy issues. To provide a more nuanced view, GHG assessments **include a temporal component**, where

both short-term and long-term effects are considered. Users will then have the possibility to filter the results by short-term and long-term effects.

Similar to the approach by Vivid Economics, policies are first mapped to 41 exhaustive and mutually exclusive archetypes and, as well as 155 sub-archetypes. These archetypes were employed in a 2020 survey by the Oxford Smith School of over 230 leading economists and tested against a preliminary set of 2000 policies. Based on this evidence, each archetype is independently assigned an environmental, social and economic Likert assessment. The granularity of the new Oxford taxonomy represents a substantial step-change in categorization of fiscal policy initiatives. The observatory will be **updated on a weekly basis** and over time is expected to include even more dimensions, such as an assessment of recovery effects on green jobs, a more detailed impact assessment on natural capital and a possible look at debt sustainability issues.

Graphic with preliminary results kindly provided by UNEP.

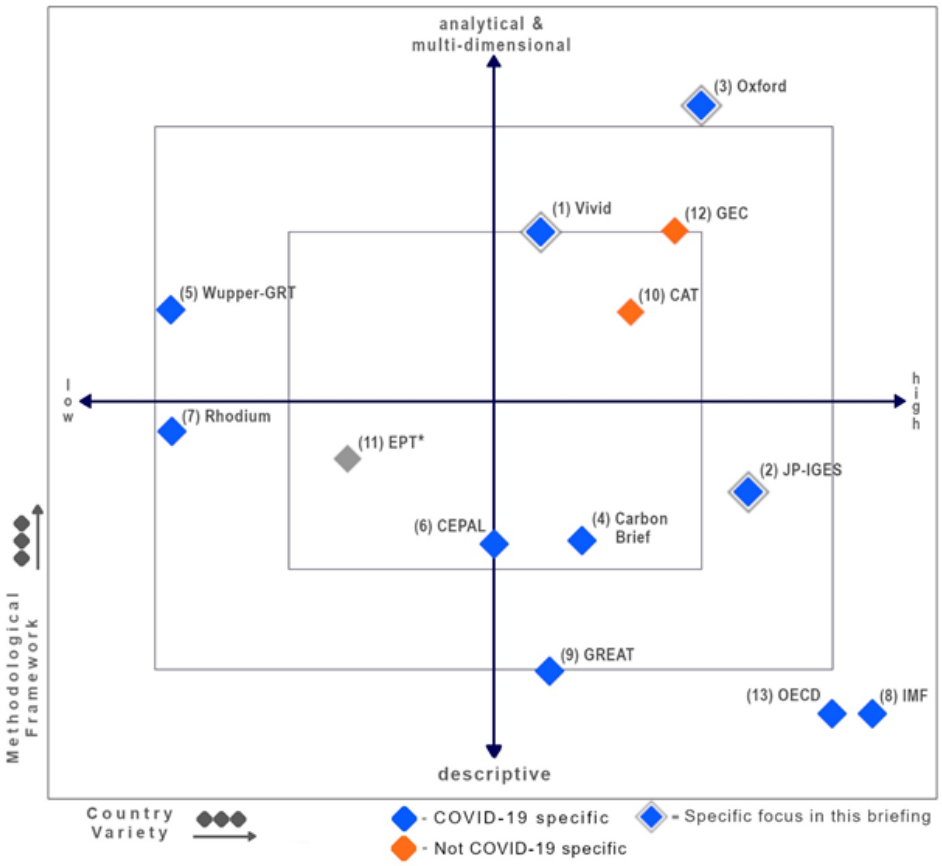
Although results have not yet been published, **this more holistic approach of the GRO promises to inform the debate** about and decisions on measures for a Green Recovery by providing an estimate for the direction of the potential environmental, economic and social impacts of individual COVID-19 rescue and recovery policy measures. It should nonetheless be noted that the GRO, like all trackers, faces the same limitations of all a priori assessments of policies, as will be discussed below.

More trackers

While these three trackers best matched our selection criteria, it is worth noting that **many other tracking tools offer useful insights**, often with special focus on certain aspects. The IMF Policy Tracker contains a large fundus of policy packages from 197 countries as provided by its member states. Although remaining descriptive, the country profiles are a good starting point for further research on a country's COVID-19 response. Other tools like the Energy Policy Tracker focus on one specific sector, in this case the climate impact of policies that have been announced since the start of 2020. This effort by six research institutions and think tanks currently includes more than 400 energy policies from 30 countries.

Concerning Green Recovery within the EU, an interesting pilot tool is scheduled to enter the stage this March 2021 in a joint effort by the Wuppertal Institute and E3G. Their Green Recovery Tracker, a preview of which is already online, assesses policy measures according to their contribution to carbon neutrality in line with the EU Taxonomy and highlights good and bad practices, while other environmental, social or economic dimensions are not yet included in the analysis.

The graphic below gives an overview of the mentioned and further tracking tools.



1 Greenness of Stimulus Index - Vivid Economics
2 Platform for Redesign 2020 - Japanese Ministry of the Environment, UNFCCC, IGES
3 Inclusive Green Recovery Observatory - Oxford SSEE, UNEP
4 Green Recovery Emissions Tracker - Carbon Brief
5 Green Recovery Tracker - Wuppertal Institute, E3G
6 COVID-19 Recovery Observatory - CEPAL
7 Green Stimulus and Recovery Tracker - Rhodium Group
8 IMF Policy Tracker - IMF
9 GREAT-Tracker - Climate Interactive
10 Climate Action Tracker - Climate Analytics, NewClimate Institute, PIK
11 Energy Policy Tracker - IISD, IGES, OCI, ODI, SEI and Columbia University
12 Green Economy Tracker - Green Economy Coalition
13 Country Policy Tracker - OECD

Findings and outlook

This review has outlined the plurality of existing tools and their different approaches to measuring the (environmental) impacts of COVID-19 responses. Thanks to this plurality, these trackers together cover a large share of countries and different aspects relevant for a Green Recovery, although not yet in one single tracker. Nonetheless, **the currently available trackers fall short of covering the various dimensions of a just and green recovery** as defined in the well-established concept of an Inclusive Green Economy and the goals of the 2030 Agenda, but rather provide an estimate of the environmental impact, which is in some cases reduced to GHG emissions. As their methodological approaches vary, so do their results, meaning the assessments of countries' responses are not comparable across trackers. With the upcoming GRO, there are high expectations on this comprehensive framework to monitor and guide political decisions in this important year for climate and biodiversity.

This analysis has shown that these tools do provide useful insights and orientations for decision-makers and support organizations. Nonetheless, their **results are subject to multiple limitations**, a major one being that they cannot account for different impacts caused by the same measure due to domestic context factors. It is thus important to remember that an assessment, as provided by trackers, is not a "neutral" tool, but that any operationalization of environmental, economic and social impact is based on assumptions of external factors that may suit some countries better than others. For example, the same policy archetype targeting the tourism sector could have a different impact on GHG emissions in one country compared to another, depending on the respective national trajectories.

A weakness of various tools is that their environmental impact assessments tend to focus on GHG emissions, whereas only few tools like the GSI, the GRO or the Green Economy Tracker include nature and biodiversity in their score. In addition, each assessment is based on an estimate and cannot exactly quantify the actual environmental impact of COVID-19 response measures.

Despite these limitations, the current **results** of the existing trackers point at a **significant gap between the pledges to build forward better and the actual "greenness" of the measures announced to date**. However, as Vivid Economics notes, various EU countries, as well as others like South Korea or Canada have made significant improvements compared to their first responses in April 2020. As exemplified by the 'Next Generation EU' package, there is hope that the share of *green* recovery measures could globally still increase over time. While especially in the EU, the ratio of green measures in recovery packages has grown larger compared to the financial crisis of 2008/9, there remains an imminent risk that a significant amount of fiscal stimulus that will be mobilized throughout the coming months will serve to cement brown structures rather than facilitating the transition to green and low-carbon structures.

Just as important as such empirical insights, is the **question of how these trackers can be used to inform policy processes**, strengthen the knowledge of decision-makers, and support structures on the benefits of a Green Recovery. Countries might consider establishing closer links between their national recovery efforts and their international obligations regarding climate, biodiversity and SDGs by building up or strengthening their own Green Recovery dashboards. Support organizations could assist in improving capacities for sustainable digital data schemes in the Global South.

When keeping in mind their limitations, the Green Recovery tracking tools help to assess whether recovery measures lead into the right direction. Moreover**, they can provide a factual basis for keeping up the pressure on policymakers** to follow through with the transformation towards a sustainable future despite the pandemic. Their examples of successful policies can serve as inspiration and motivate countries to increase their efforts towards **a Green Recovery that deserves the name**.