
Policy Indicators, Targets and Incentive Schemes

Jim Cust, Karsten Neuhoff, Maike Sippel, Sarah Lester

Policy indicators

Policy Indicators

- Widespread use of indicators for measurement and performance targets
- What are the lessons learned?
- Possible relevance in international climate cooperation
- Possible structure to explore the application of indicators to climate policy

Experience with indicators for measurement

- Widely used across many levels/sectors of economy
 - (Key Performance Metrics, Agri-Environmental Metrics, Indicators for ODA and SD)
- Allow for performance benchmarking
- Increase domestic accountability
- Facilitate evidence based (international) dialogue

Experience with indicators for outcome-based targets

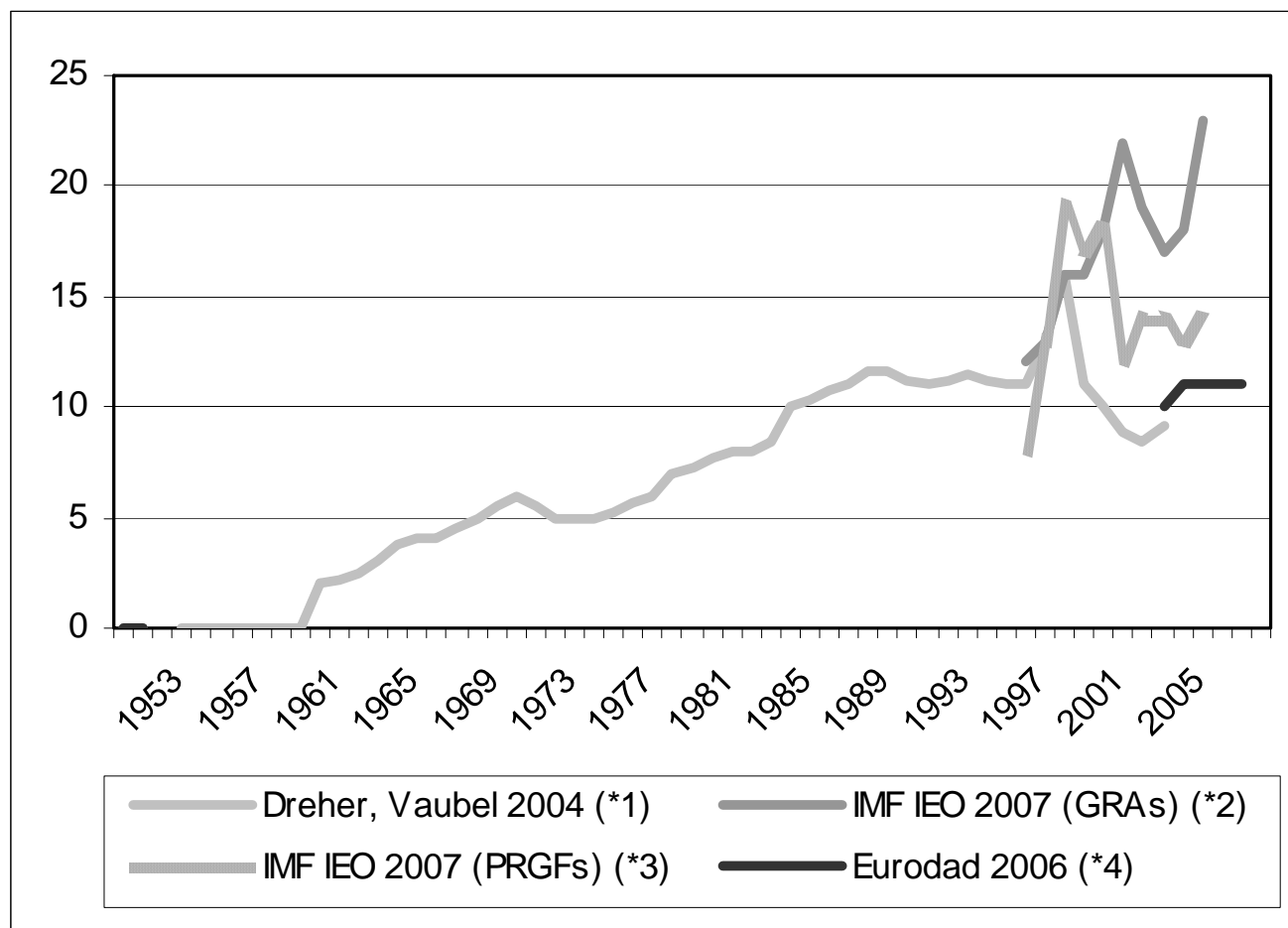
- Widely used in domestic and international policy making
 - (PRSPs, PSAs, Government Performance Results Act)
- Allow for incentive schemes for performance
- Allows for transparency and relevant reporting
- Allows for international comparison
- Allows for both outcome and process-based reporting and support

Experience from international incentive schemes

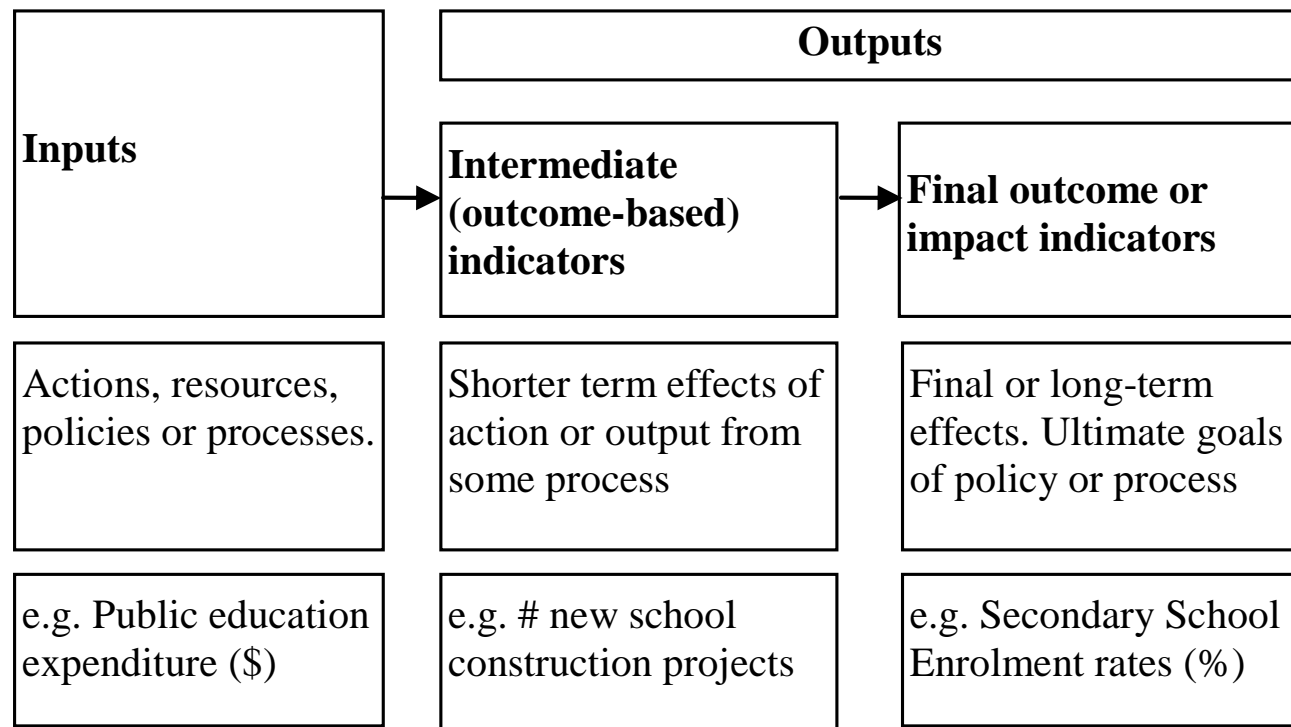
Aspect / Factors for success	Rel.	Experience from
Define the “right” conditions ⁴	++	IMF, World Bank
Combine conditions with recipient country priorities (= create ownership)	++	IMF, World Bank
Clarity and limited number of conditions	- to +	IMF, World Bank, bilateral aid, EU Enlargement
Clear indicators for success	0 to ++	IMF, World Bank, bilateral aid
Independent monitoring and evaluation of performance ⁵	+	IMF and World Bank, bilateral aid (negative example)

IMF – number of conditions/program

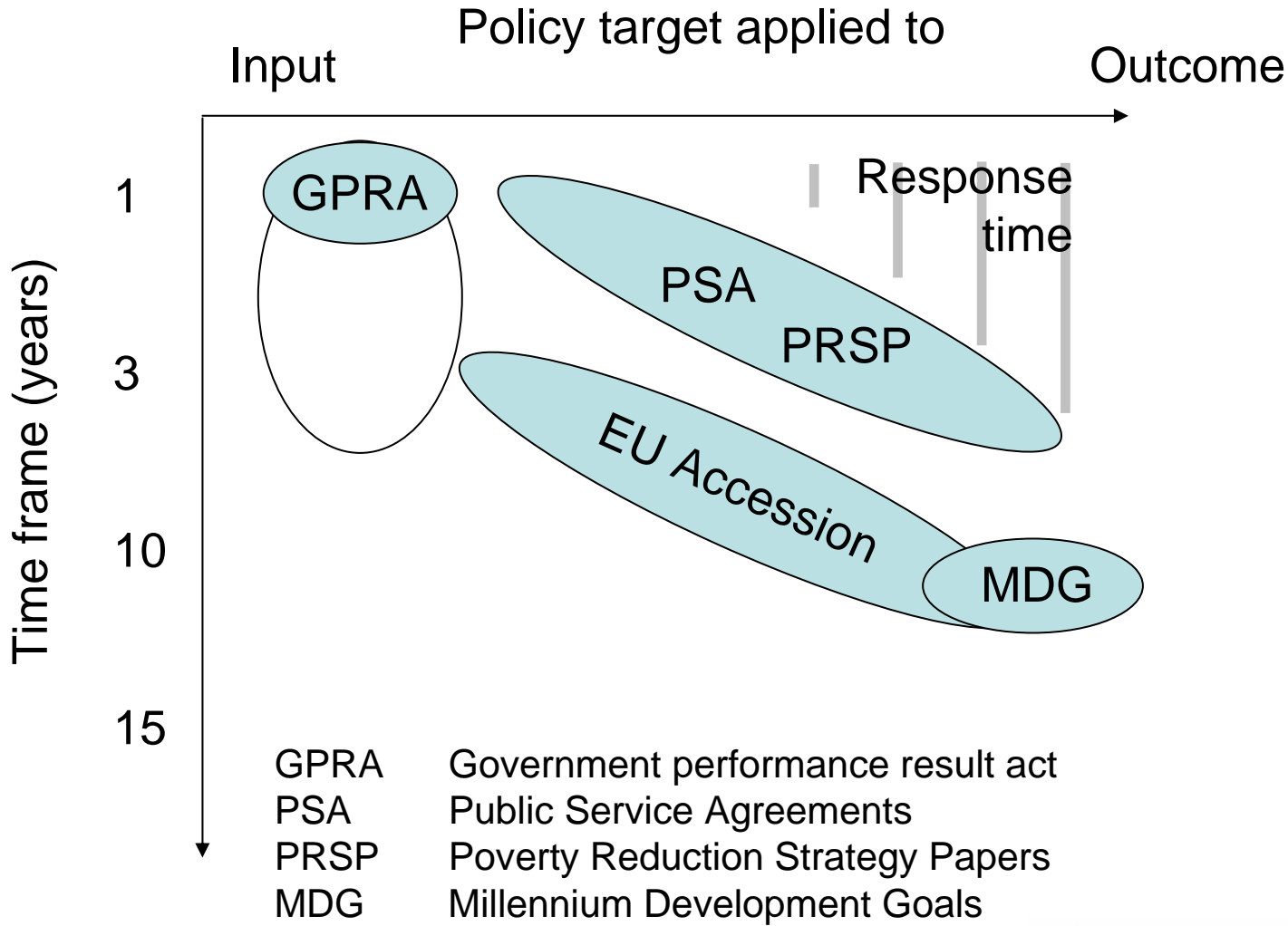
Number of binding conditions (performance criteria) per program started in that year



Intermediate Indicators



Options for definition of policy targets



Possible indicators for domestic policies

Indicator examples
from
country case studies

A.
B.
C.

Criteria for their evaluation:

- Quantitative
- Cost of MR
- Cost of V
- Gaming potential
- Self reporting interest

Suitability for:

- International transfer (binary)
- International financial transfer (volume)
- Domestic management of implementation
- Best practice learning

Purpose of indicators for domestic policy

Purpose of indicators

- Create enabling environment
 - Address current and future barriers
 - Institutional set-up
 - Institutional/investment framework
- Ensure increasing initial deployment
 - Cover incremental cost
 - Development of adoptive capacity

