Governance Plan and Terms of Reference
Development of Methodological Framework

11 May 2016

1. INTRODUCTION

Working initially with 20 developing countries, the Initiative for Climate Action Transparency (ICAT) aims to help governments build capacity to measure the effects of their policies and report progress publicly, thus fostering greater transparency, effectiveness, trust and ambition in climate policies worldwide.

ICAT has two workstreams, or pillars. Pillar 1 involves developing a methodological framework for countries to use to transparently measure and assess the impacts of climate policies and actions. This includes guidance for measuring the effects of climate policies and actions on reducing greenhouse gas emissions, responding to sustainable development needs and driving transformational change. Pillar 2 aims to strengthen the capacity of developing countries to assess their climate actions (in the context of their Nationally Determined Contributions) and report their progress in line with the Paris Agreement. This work involves working closely with governments, public agencies, universities and civil society bodies, to strengthen institutional arrangements, processes and procedures.

This document describes the development process for the methodological framework and provides the terms of reference for the groups that are involved in its development.

There are three main implementation partners involved in the Initiative: UNEP DTU Partnership (UDP), Verified Carbon Standard (VCS) and World Resources Institute (WRI). Two supporting partners to Pillar 1 are: Climate, Community & Biodiversity Alliance (CCBA) and Rainforest Alliance (RA). VCS has overall responsibility for delivering the methodological framework. The initial phase of the Initiative runs for four years starting November 2015.

This document has four further sections. Section 2 describes the components of the methodological framework. Section 3 describes the governance bodies involved in overseeing the delivery of the framework, while Section 4 describes the roles and responsibilities for the various groups involved in the development of the framework. Section 5 gives the timeline for framework development. An appendix provides a description of the components of the methodological framework.

2. COMPONENTS OF THE METHODOLOGICAL FRAMEWORK

The methodological framework will enable countries to credibly assess and report the greenhouse gas, sustainable development and transformational impacts of their climate policies and actions. The framework will be developed in a participatory manner involving technical and country experts, and will accommodate different needs and national circumstances to ensure it is widely applicable and broadly supported.

The framework will build on existing methods and approaches, such as the Policy and Action Standard (WRI/Greenhouse Gas Protocol), CDM sectoral baseline guidance, Framework for Measuring Sustainable Development in NAMAs (UNEP DTU Partnership, IISD), NAMA Sustainable Development Evaluation Tool (UNDP) and the Sustainable Development Goals (SDGs), among others.

The components of the methodological framework and respective lead organizations are as follows, with Appendix 1 providing further information about each of the 10 components:

- Sector-level accounting for GHG impacts:
    - Energy (VCS)
    - Transport (VCS, UDP)
    - Agriculture (VCS)
    - Forestry (VCS)
- Sustainable Development (WRI (lead), UDP (co-lead))
- Transformational Change (UDP (lead), WRI (co-lead))
- Stakeholder Participation (CCBA)
- Verification (RA)
- Finance (VCS)
- Non-State Action (WRI)

In addition, there will be a Framework Guide which will be the entry-point for users of the framework. The document will introduce the methodological framework and its objectives, and describe the various components of the framework and how they are used. The Sustainable Development component is budgeted with the largest level of effort, followed by the Sector-Level and Non-State Action components.

Development of the framework is guided by several principles, as follows:

- **Enabling and user-friendly:** The framework should be easy to use and should provide a toolbox of guidance that assists users in designing and evaluating their policies and actions. The framework should not introduce rules and requirements, or programmatic components that create unnecessary barriers or obstacles.
- **Flexible:** The framework should be non-prescriptive, such that it can be used by countries with different national circumstances, priorities and objectives. This may mean that guidance focuses on process rather than specific outcomes.
- **Optionality:** Users should be provided with options to select from, and it should not be obligatory to follow all steps, or use all components, in the framework.
- **Participatory:** The Framework should be developed through a participatory, transparent and inclusive process, to ensure a diverse set of expertise and perspectives contribute to the design of the framework.
- **Leveraging:** The framework should build upon and compliment other relevant work. The Initiative should reach out to other initiatives to ensure there is no duplication and that the framework is developed in a way that contributes to related work.

3. GOVERNANCE BODIES

The governance bodies relevant to delivery of the methodological framework are as follows:

- The **Pillar 1 Coordination Team** is responsible for ensuring the delivery of all Pillar 1 outputs, and therefore oversees the work of the component leads. The team consists of the three main implementation partners and is chaired by VCS.

- The Pillar 1 Coordination Team is accountable to the **Initiative Coordination Team (ICT)**. The ICT coordinates the work of Pillar 1 and Pillar 2 and is responsible for ensuring the delivery of all Initiative outputs.
- The ICT liaises with the **Donor Oversight Committee (DOC)** and helps facilitate the **Advisory Committee (AC)** activities. Where Pillar 1 work needs input from either of these bodies it can be requested via the Pillar 1 Coordination Team which will make the request of the ICT.

For all components, input from the AC will be sought at the following stages:

- Initial component design
- Draft guidance documents to be released to the Review Group (public consultation) and Pilot Test Group
- Final guidance documents (ie, before publication)
- Where a Technical Working Group cannot reach consensus on an issue

4. COMPONENT DEVELOPMENT, ROLES AND RESPONSIBILITIES

Development of the various components of the methodological framework will be led by the implementation partners and occur through an open, transparent, inclusive, multi-stakeholder process. The stakeholder groups will be balanced by including participation from diverse geographies and include a range of government, civil society, academia and business participants. All outputs will be subject to review by any interested stakeholders.

Each component is managed separately and the development process consists of five groups:

1. Secretariat
2. Drafting Team
3. Technical Working Group
4. Review Group
5. Pilot Testing Group

Each component of the framework has its own Secretariat, Drafting Team, Technical Working Group, Review and Pilot Test Group (the work of their components being coordinated by the Pillar 1 Coordination Team). The roles and responsibilities of these groups are described below, noting that these may vary a little from component to component.

4.1   Secretariat

The Secretariat runs the development process for the component and has ultimate responsibility for delivering the output. The Secretariat is managed by the component lead, who has the authority to make the decisions necessary to deliver the output (noting the oversight role of the Pillar 1 Coordination Team). Some components have a co-lead, whose role is to contribute to the strategic direction and conceptual development of the component.

Composition

- Component lead (the manager of the component, ultimately responsible for its development and delivery)
- Supporting staff, typically from the same organization as the component lead but can be from other partner organizations

Responsibilities

- Guide the strategic direction and conceptual development of the component, in collaboration with any co-lead or technical consultant, the Technical Working Group, and the governance bodies set out in Section 3 above
- Convene participants (see groups below)
- Facilitate and coordinate meetings of the Drafting Team and Technical Working Group
- Secure input from Governance Bodies, implementing countries and other stakeholders, where needed
- Assign and manage chapter leads, where needed
- Synthesize comments from Technical Working Group, Review Group, public comment period, and pilot testing, and work with Drafting Team and Technical Working Group to propose solutions
- Manage pilot testing of component
- Produce final publications taking into account feedback received to ensure high quality, consistency and user-friendliness across all chapters
- Contribute to ensuring that all components of the Framework form a coherent whole
- Deliver reports and other inputs required by Pillar 1 Coordination Team, and especially where needed for reporting to UNOPS and donors

4.2   Drafting Team

The Drafting Team develops text for the guidance document. The team includes individuals from the Secretariat team and the Technical Working Group. The Drafting Team can be seen as the core of the Technical Working Group; it is the core group of individuals that is developing proposals for the Technical Working Group and drafting text for the guidance document. The Drafting Team will be convened by the Secretariat once the Technical Working Group has been convened and its work is underway.

Composition

- Secretariat staff, including component lead (and co-lead, if applicable)
- Selected Technical Working Group members willing and qualified to contribute to drafting and serving as a chapter lead (to be appointed by the Secretariat (and co-lead, if applicable))

Responsibilities

- Produce a synthesis/summary of existing work relevant to the component
- Draft options papers and presentations on key technical topics as input to Technical Working Group discussions
- Draft guidance for review by relevant groups
- Play active role in Technical Working Group discussions, including leading discussions on key technical topics

4.3   Technical Working Group

Members of the Technical Working Group are identified at the outset of the Initiative and they contribute to the development of the technical content for the guidance document that comprises the component.

Composition

- Each group is expected to include approximately 10-20 experts from government, civil society, academia and business with technical backgrounds relevant to the component. The size of working groups is determined on a component-by-component basis.
- The Secretariat will chair the group

Responsibilities

- For the set of technical issues designated to the group:
  - Be familiar with relevant existing guidance, tools, methodologies and practices
  - Analyse the issues and challenges
  - Develop recommendations for content of the guidance document
- Assist Drafting Team, or participate in Drafting Team, to draft sections of text on the designated topics (optional) and review draft text at frequent intervals
- Receive and respond to feedback on draft chapters from the Governance Bodies and Review Group

Commitment

Technical Working Group members are requested to participate in the guidance development process from June 2016 to December 2018 (with the bulk of the group's discussions being in respect of developing the first draft of the guidance document from July 2016 through April 2017). This is expected to involve:

- Approximately one to two conference calls per month (1-2 hours each) during guidance drafting phases (see Section 5 below for timeline), unless fewer calls are necessary, with optional participation in additional conference calls in sub-groups or the Drafting Team as needed
- The necessary time to prepare and review materials (approximately 1-3 hours per call)

Acknowledgement

Members of the group will be acknowledged as Technical Working Group Members and listed by name and affiliation in the final publication.

4.4   Review Group

Members of the Review Group may join at any point during the Initiative and provide feedback on the draft guidance document produced through the Drafting Team and Technical Working Group process. The first and third draft guidance will be issued for public consultation and other stakeholders will be invited to provide such feedback (ie, even if they did not join the Review Group at the outset of the Initiative). The Secretariat, Drafting Team and Technical Working Group may also draw upon the Review Group while drafting the guidance document.

Composition

Any interested stakeholders, including from government, civil society, academia and business

Responsibilities

At the discretion of the individual participant, provide written feedback on the first and third (final) drafts of the guidance document. The Secretariat will ensure that due account is taken of all comments received.

Commitment

Review drafts of the guidance document. Provide written feedback at the discretion of the individual participant.

Acknowledgement

Stakeholders who provide comments on the content of the guidance document will be acknowledged and recognized as Reviewers, and listed by name and affiliation in the final publication.

4.5   Pilot Testing Group

The second draft of each guidance document will be pilot tested to ensure that it can be practically implemented, gather feedback for its improvement and serve as important case studies in the final publication. The Secretariat will provide technical support and guidance to pilot testers in implementing the draft guidance document.

Composition

- Representatives from the government departments from a subset of the 20 Pillar 2 participating countries that are most suitable for pilot testing the component (noting that not all components of the methodological framework will be tested with all countries)
- Other organizations may be selected as pilot testers (eg, multilateral organisations and others with an interest in a component of the framework)

Responsibilities

- Test the draft guidance document per timing set out in Section 5; the expected length of testing phase is six months
- Provide detailed, constructive feedback on the strengths and weaknesses of the draft guidance
- Assist with developing case studies to be included in the final guidance

Commitment

Commit to testing and implementing the draft guidelines and providing comprehensive feedback based on a pre-determined set of requirements.

Acknowledgement

Pilot testers will be recognized as Pilot Testers and listed by affiliation in the final publication.

5. TIMELINE FOR FRAMEWORK DEVELOPMENT

Development of the methodological framework will run from 2016 to mid-2019. There will be stages of drafting guidance documents, conducting public consultation and running pilot testing. Figure 1 below is the estimated timeline for developing and releasing the framework.

Figure 1: Estimated timeline for methodological frameowrk development

APPENDIX: DESCRIPTION OF COMPONENTS

Energy

This component will provide guidance for estimating greenhouse gas effects of policies and actions in the energy sector, in the form of detailed methodological accounting guidance for specific sub-sectors and/or policies and actions. The sub-sectors, policies and/or actions to focus on will be determined through Technical Working Group discussions and stakeholder feedback, and will be drawn from the following: renewable energy, fuel/feedstock switch, biofuels, industrial energy efficiency and energy efficiency in residential/commercial/industrial buildings.

The scope and approach for the guidance document will be determined early on in the preparation phase. The document will be compatible with and follow the structure set out in the WRI *Policy and Action Standard* which will inform its development by providing a stepwise guide. The component will provide guidance that builds on existing guidance and methods where possible, such as CDM and IPCC accounting methodologies. The guidance document will address the issues that are particular to the selected sub-sectors, policies and/or actions, and will be designed using the following steps: defining the GHG assessment boundary, estimating baseline emissions, estimating GHG effects ex-ante, monitoring performance over time, estimating GHG effects ex-post and assessing uncertainty.

Transport

This component will provide guidance for estimating greenhouse gas effects of policies and actions in the transport sector, with a focus on detailed methodological accounting guidance for specific sub-sectors and/or policies and actions. The sub-sectors, policies and/or actions to focus on will be determined through Technical Working Group discussions and stakeholder feedback, and will be drawn from the following: bus rapid transit, mass rapid transit, transit-oriented development, public transport fleet upgradation programmes, infrastructure for non-motorised transport, urban planning, transport demand management, fuel efficiency standards, emission standards, alternative fuels/biofuels, electric vehicles and freight.

The scope and approach for the guidance document will be determined early on in the preparation phase. The document will follow the structure set out in the WRI *Policy and Action Standard* which will provide a stepwise guide. The component will build upon existing methods where possible, such as the guidance developed by the GIZ TRANSfer project. The guidance document will address the issues that are particular to the selected sub-sectors, policies and/or actions, and will be designed using the following steps: defining the GHG assessment boundary, estimating baseline emissions, estimating GHG effects ex-ante, monitoring performance over time, estimating GHG effects ex-post and assessing uncertainty.

Agriculture

This component will provide step-wise methodological guidance for estimating the GHG effects of policies and actions in the agriculture sector. The component will be broadly compatible with the WRI *Policy and Action Standard*. The scope and type of guidance that is developed will be decided based on input from the Technical Working Groups and other interested stakeholders. Examples of agriculture sector mitigation actions include: reducing enteric fermentation, improving manure management, improving annual crop management, improving rice management, improving perennial crop management or agro-forestry.

The guidance will include all land-use emissions and through further analysis of needs, the guidance may also include relevant emissions from associated agricultural processes (eg, waste handling, processing, and transportation). Where appropriate, the guidance will support simplified and streamlined accounting methods using readily available tools or models. In addition to the responsibilities set out above, the Technical Working Group will consider how the agricultural sector guidance interacts with the forestry sector guidance. It will provide input on country circumstances; needs, gaps and challenges related to accounting; and data availability.

Forestry

This component will provide step-wise methodological guidance for estimating the GHG effects of policies and actions in the forestry sector. The component will be broadly compatible with the WRI *Policy and Action Standard*. The scope and type of guidance that is developed will be decided based on input from the Technical Working Groups and other interested stakeholders. Examples of forestry sector mitigation actions include: reforestation, non-forest land restoration (eg, shrublands and grasslands), timber management, and reducing deforestation and degradation.

The guidance will include all land-use emissions and through further analysis of needs, the guidance may also include relevant emissions from associated timber management processes (eg, waste handling, processing and transportation). Where appropriate, the guidance will support simplified and streamlined accounting methods using readily available tools or models. In addition to the responsibilities set out above, the Technical Working Group will consider how the forestry sector guidance interacts with the agriculture sector guidance. It will provide input on country circumstances; needs, gaps and challenges related to accounting; and data availability.

Sustainable Development

This component will develop guidance for assessing the sustainable development (ie, social, environmental, economic) impacts of policies and actions. The guidance will enable users to comprehensively assess not only greenhouse gas impacts but also all other impacts of interest in an integrated way. Examples of sustainable development impacts include air pollution, jobs, health, access to energy, poverty reduction, cost savings, and protection of ecosystems.

The guidance will support policy design and planning through ex-ante assessment of expected future impacts as well as ex-post evaluation of historical impacts to ensure intended results have been achieved. The focus will be on providing general guidance applicable to all types of sustainable development impact categories, all types of policies and actions, and all sectors. Limited impact-specific guidance will also be provided for 3-5 high priority sustainable development impact categories.

Transformational Change

This component will provide a methodological framework and step-wise guidance for assessing transformational change impacts of policies and actions. The aim of the component is to enable the assessment of how a policy or action is maximising its potential to phase out emissions over the long term, support policy design for a paradigm shift to sustainable development and assist in meeting financing criteria for transformational policies and actions.

The theoretical and practical approach taken will be determined based on the Technical Working Group discussions and stakeholder feedback. The structure of the guidance document will be compatible with

steps taken in the sector and sustainable development guidance documents, to form a coherent and integrated assessment framework. Existing concepts and methods to assess transformational change impacts of mitigation policies and actions, such as the UDP and NAMA Partnership publications *'Understanding transformational change in NAMAs'* and transformational change taxonomy will be complemented by a review of relevant literature and practical experience as a starting point to develop the guidance document. The guidance will be applicable to all types of policies and actions regardless of sectoral scope.

Stakeholder Participation

This component will provide guidance on concepts and methods to enhance stakeholder participation in the design of policies and actions as well in the assessment of the GHG, sustainable development and transformational change impacts. The guidance aims to support identification of the objectives of stakeholder participation and design of stakeholder participation strategies and plans in order to refine considerations of the country context and to build stakeholder understanding, shared ownership and support for climate action design, implementation and assessment.

The scope and approach taken will be determined in consultation with the Technical Working Group and stakeholder feedback, based on needs expressed by potential users of other components of the methodological framework. The guidance document will be designed to support and link with all the other framework components, each of which will highlight points where stakeholder participation could strengthen their use. Additional guidance will support assessment of the quality of stakeholder participation. The guidance will draw from existing guidance on good practices for stakeholder participation, making the approaches easily accessible and applicable for actors leading the design and assessment of policies and actions.

Finance

This component will help to ensure adequate finance can be accessed by countries to support and scale up successful policies and actions. It will provide guidance on attracting finance, both domestic and international, for the design, implementation and impact of policies and actions. It will consider the sources of finance (current and emerging) that are and will become available for funding or rewarding impacts of policies and actions. Guidance will be provided on key steps of the assessment process and how the needs of potential sources of finance may influence them. For example, where seeking sources of finance that would require results that have been third-party verified, this will impact the assessment/verification process a country should follow. The primary focus is likely to be on finance for GHG-focused impacts, but to the extent possible, it will also consider how to link finance to sustainable development impacts.

The full scope of the document will be determined in consultation with the Technical Working Group and through stakeholder feedback, based on needs expressed by potential users of other components of the methodological framework. The guidance document will support and link to the other framework components, providing guidance on where users of those components should consider the implications of the types of finance they are trying to attract.

Verification

This component will provide guidance for a range of approaches to verification or review of reported GHG, sustainable development or transformational change impacts based upon the expressed needs of users to verify results and to report on progress. The guidance will address how approaches to verification or review may vary depending on the user's objectives and it will discuss the existing literature and frameworks for verification or review, with some attention on historic developments, while mostly focusing on the current prevailing systems; especially those within and supporting of the UNFCCC approaches.

The guidance will describe the options for verification or review that governments may want to choose and the step by step processes and considerations depending upon the user (government or private entity), the extent of independence (first or third party) to the verification or review, and what type of attestation or assurance is sought (internal quality checks or public reporting). The guidance will characterize the dominant types or options for verification, which will be determined in consultation with the Technical Working Group and through stakeholder feedback.

Specific detailed guidance will be provided for each of the main steps of verification as they apply to the targets or impacts of the GHG, sustainable development and transformational change components of the framework. The guidance will examine issues of scope, historical emissions or baselines for non-GHG targets, data parameters, and recommended frequency of measurement or monitoring.

Good practice guidance will be provided for such topics as: the composition and qualifications of technical reviewers or verification bodies; types of accreditation or other oversight; methods for enhancing transparency in monitoring, review or auditing reports, both public and internal; as well as mechanisms to increase participation and respond to stakeholder concerns.

Non-State Action

This component will develop guidance on how to integrate the impacts of non-state and subnational action (ie, states and regions, cities, businesses, sectors) into national mitigation assessments. Non-state actions are often not considered when countries are determining their national contributions to climate change mitigation, even though they are becoming increasingly important. The Paris Agreement explicitly encourages non-state actors to scale up their climate actions.

National governments may be unaware of various non-state and subnational climate action undertaken by states and regions, cities, companies, and sectors, unsure about the extent to which those actions are a means toward achieving national climate targets or go beyond them, and unable to reflect the impact of those actions in national projections, policy development, and target setting. While monitoring of historic emission developments automatically reflects all emission reductions efforts undertaken within nation states, including those that are driven by non-state actors, developing accurate projections requires non-state actions to be explicitly taken into account.

In order to increase the accuracy of policy assessments and to gauge ambition, non-state action needs to be included in national analysis, whereas traditionally countries have focused their projections on the basis of national policies only. The guidance aims to fill this gap by helping countries include non-state actions in national GHG projections/assessments.