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Introductory Guide

Overview of the ICAT series of guidance documents

June 2019

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1. INTRODUCTION

The Paris Agreement marks a historic turning point in global climate action, committing all countries to limit global temperature rise, adapt to the changes already occurring and regularly increase efforts over time. Countries also agreed on a process to regularly update their Nationally Determined Contributions (NDCs), which outline the efforts such as policies and actions that each country intends to take to achieve the goals of the Paris Agreement. Mutual trust and confidence in the effective implementation of NDCs requires an enhanced transparency framework for action and support.

The Initiative for Climate Action Transparency (ICAT) aims to help countries assess the impacts of their climate actions and support greater transparency, effectiveness, trust and ambition in climate policies worldwide. ICAT integrates methodological guidance, capacity building and knowledge sharing to strengthen the transparency and effectiveness of climate policies and actions. The guidance documents are a collaboration with technical experts from around the world, providing methods for assessing the greenhouse gas, sustainable development and transformational impacts of policies and actions.

This document is the introductory document of the ICAT series of guidance documents and should be read before using the individual guidance documents. It introduces the guidance documents and describes how to use them, and helps users plan the assessment of the impacts of their policies and actions.

1.1 Purpose of the guidance documents

The ICAT series of guidance documents helps users assess the greenhouse gas (GHG), sustainable development and transformational impacts resulting from policies and actions. “Impacts” refers to changes that result from a policy or action. GHG impacts are changes in GHG emissions by sources and removals by sinks. Sustainable development impacts are changes in environmental, social or economic conditions, such as changes in economic activity, employment, public health, air quality, and energy security. Transformational impacts relate to a system change, leading to processes of change and outcomes of change at scale and sustained over time.

This document, the *Introductory Guide*, covers such topics as applicability of the guidance documents, intended users and relationship to other work. It describes the various guidance documents and how they can be used in an integrated way for undertaking impact assessments.

The guidance documents were developed with the following objectives in mind:

- **Assessment process; help users assess the greenhouse gas (GHG), sustainable development and transformational impacts of policies and actions in an integrated way.**
 The guidance documents can be used in combination, and there is additional guidance for assessing impacts of non-state and subnational action and process guidance on stakeholder participation and technical review.
- **Decision-making; help policymakers and other decision-makers develop effective and transformational strategies for achieving GHG mitigation and broader sustainable development objectives through a better understanding of the various impacts of policies and actions.** The guidance documents can help to identify and promote cost-effective policies and actions that maximize positive impacts, avoid or mitigate negative impacts, and contribute to multiple goals such as Nationally Determined Contributions and Sustainable Development Goals.

- 1 • **Reporting; support consistent and transparent reporting of GHG, sustainable development**
2 **and transformational impacts, and policy effectiveness.** This reporting may be done before,
3 during or after policy or action implementation. The guidance documents can support both
4 domestic and international (such as UNFCCC) reporting. It is through reporting that users can
5 demonstrate the results of their policies and actions to donor agencies, financial institutions and
6 other stakeholders, thereby building and broadening support for policies and actions.

7 These are the general objectives of the guidance documents. Each of the guidance documents also has
8 specific objectives set out in each document.

9 1.2 Intended users

10 This guidance documents are intended for a wide range of organizations, institutions and individuals.
11 Throughout the documents, the term “user” refers to the person implementing the guidance document.

12 The following examples show how different types of entities can use the guidance documents:

- 13 • **Governments:** Assess the various impacts of policies and actions to inform policy design,
14 monitor progress of implemented policies and actions, and retrospectively evaluate impacts to
15 learn from experience.
- 16 • **Donor agencies and financial institutions:** Assess the various impacts of finance provided,
17 such as grants or loans to support policies and actions, including results-based financing.
- 18 • **Businesses:** Assess the various impacts of private sector actions, such as voluntary
19 commitments, implementation of new technologies, or private sector financing, or assess the
20 impacts of government policies and actions on businesses and the economy.
- 21 • **Research institutions and non-government organizations (NGOs):** Assess the various
22 impacts of policies and actions to assess performance or provide support to decision makers.
- 23 • **Stakeholders affected by policies and actions, such as indigenous peoples and local**
24 **communities, and civil society organizations:** Participate more effectively in the design,
25 implementation and assessment of policies and actions to ensure their concerns and interests are
26 addressed.

27 1.3 Scope and applicability of the guidance documents

28 The guidance documents are intended to be flexible and enable users to apply the methodologies in the
29 context of their own objectives and circumstances. The core guidance documents are the impact
30 assessment methodologies, which provide sector guidance for GHG impacts (for policies and actions
31 within subsectors of renewable energy, buildings, transport, agriculture and forestry) and broadly
32 applicable methodologies for sustainable development and transformational impacts, as well as non-state
33 and subnational action. Methods are provided for identifying the scope of the assessment, defining
34 baseline and policy scenarios, and monitoring indicators and parameters for estimating policy impacts.
35 These core documents are supported by process guidance on stakeholder participation and technical
36 review.¹ Chapter 2 provides an overview of the various guidance documents.

¹ ICAT is also developing a methodological framework for adaptation.

1 The GHG methodologies do not cover all sectors, but rather focus on gaps in existing resources. Further,
 2 they focus on specific types of policies and actions, such as the methodology for the transport sector,
 3 which focuses on taxes, charges, subsidies and incentives rather than all transport sector actions. Other
 4 ICAT methodologies are more broadly applicable across the various types of policies and actions. While
 5 the methodologies can be applied to any policy type, data collection and estimation challenges may
 6 hinder a complete and credible assessment.

7 In this series of guidance documents, “policy or action” refers to interventions taken or mandated by a
 8 government, institution or other entity, as outlined in Table 1.1. In some places in the documents, the
 9 word *policy* is used as shorthand to refer to both policies and actions to aid readability.

10 *Table 1.1: Types of policies and actions*

Type of policy or action	Description
Regulations and standards	Regulations or standards that specify abatement technologies (technology standard) or minimum requirements for energy consumption, pollution output, or other activities (performance standard). They typically include penalties for noncompliance.
Taxes and charges	A levy imposed on each unit of activity by a source, such as a fuel tax, carbon tax, traffic congestion charge, or import or export tax.
Subsidies and incentives	Direct payments, tax reductions, price supports or the equivalent thereof from a government to an entity for implementing a practice or performing a specified action.
Voluntary agreements or actions	An agreement, commitment or action undertaken voluntarily by public or private sector actors, either unilaterally or jointly in a negotiated agreement. Some voluntary agreements include rewards or penalties associated with participating in the agreement or achieving the commitments.
Information instruments	Requirements for public disclosure of information. These include labeling programs, emissions reporting programs, rating and certification systems, benchmarking, and information or education campaigns aimed at changing behaviour by increasing awareness.
Emissions trading programs	A program that establishes a limit on aggregate emissions of various pollutants from specified sources, requires sources to hold permits, allowances, or other units equal to their actual emissions, and allows permits to be traded among sources. These programs are also referred to as emissions trading systems (ETS) or cap-and-trade programs.
Research, development, and deployment (RD&D) policies	Policies aimed at supporting technological advancement, through direct government funding or investment, or facilitation of investment, in technology research, development, demonstration, and deployment activities.
Public procurement policies	Policies requiring that specific attributes (such as social or environmental benefits) are considered as part of public procurement processes.
Infrastructure programs	Provision of (or granting a government permit for) infrastructure, such as roads, water, urban services and high-speed rail.

Implementation of new technologies, processes, or practices	Implementation of new technologies, processes or practices at a broad scale (e.g., those that reduce emissions compared to existing technologies, processes, or practices).
Financing and investment	Public or private sector grants or loans (for example, those supporting development strategies or policies such as development policy loans (DPLs) or development policy operations (DPOs) which includes loans, credits and grants).

1 Source: Adapted from WRI 2014, based on IPCC 2007.

2 The ICAT series of guidance documents is applicable to policies and actions:

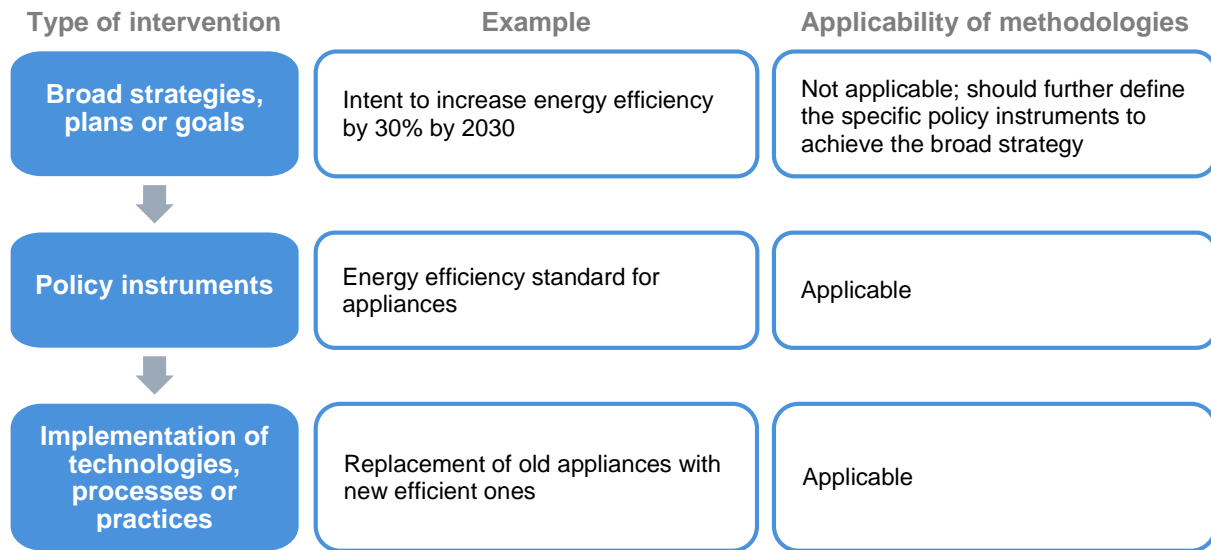
- 3 • At any level of government (national, subnational, municipal) in all countries and regions
- 4 • In any sector, such as energy industrial processes and product use (IPPU), agriculture, forestry
- 5 and other land use (AFOLU), waste, as well as cross-sector policy instruments (noting that the
- 6 ICAT GHG methodologies cover the subsectors described in Section 2.2)
- 7 • That are planned, adopted or implemented
- 8 • That are new policies or actions, or extensions, modifications or eliminations of existing policies
- 9 or actions

10 The focus of the methodologies is on assessing policies and actions that have an impact on climate
 11 change. This includes policies and actions implemented primarily to achieve climate goals, as well as
 12 policies and actions primarily implemented to achieve other environmental, social or economic objectives,
 13 but that have an impact, either positive or negative, on greenhouse gas emissions.

14 Policies and actions can refer to interventions at various stages along a policy-making continuum, from
 15 (1) broad strategies, plans or goals that define high-level objectives or desired outcomes; to (2) specific
 16 policy instruments to carry out a broad strategy, plan or goal; to (3) the implementation of technologies,
 17 processes or practices (sometimes called “measures”) that result from policy instruments. These are
 18 illustrated in Figure 1.1, which shows the range of interventions from more aspirational to more concrete.

19 The methodologies are primarily designed to assess specific policy instruments and the implementation
 20 of technologies, processes and practices. Users that intend to assess the impacts of broad strategies,
 21 plans or goals should first define the individual policy instruments or technologies, processes or practices
 22 that will be implemented to achieve the strategy or plan. Broad strategies or plans can be difficult to
 23 assess since the level of detail needed to assess impacts may not be available without further specificity,
 24 and different policies or actions used to achieve the same goal could have different impacts.

1 *Figure 1.1: Types of interventions along a policy-making continuum*



2
3 The methodologies target larger-scale actions, rather than smaller-scale, site-specific inventions such as
4 projects or programmes of activities implemented under the Clean Development Mechanism. While the
5 methodologies can be applied to these types of interventions, other methods and tools for the
6 assessment of their impacts already exist and are in wide use, and may be more suitable.

7 The methodologies are not intended as a tool for policy and action design. Its focus is instead on
8 assessing the impacts of policies and actions. However, the methodologies can support the design and
9 implementation of policies and actions by demonstrating the results they are likely to have or are having.
10 For example, where the assessment of a planned policy suggests that the policy may not achieve the
11 desired results, the user can revise the policy design and redo the assessment to see whether the revised
12 design is likely to be more successful.

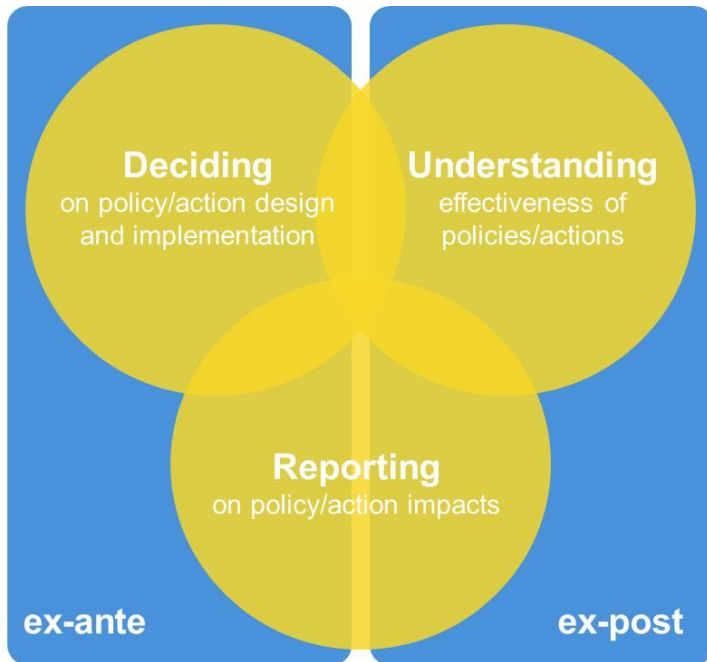
13 1.4 When to use the guidance documents

14 The guidance documents can be used at multiple points in time throughout a policy design and
15 implementation cycle, including:

- 16 • **Before policy implementation:** To assess the expected future impacts of a policy or action
17 (through ex-ante assessment)
- 18 • **During policy implementation:** To assess the achieved impacts to date, ongoing performance
19 of key performance indicators, and expected future impacts of a policy or action
- 20 • **After policy implementation:** To assess what impacts have occurred as a result of a policy or
21 action (through ex-post assessment)

22 This is further illustrated in Figure 1.2. The emphasis of ex-ante assessment is on *deciding* – that is,
23 expected future policy and action impacts are assessed to help select appropriate policies and actions
24 and improve their design and implementation. The emphasis of ex-post assessment is on *understanding*
25 – that is, actual impacts to date are assessed to understand how effective the policy or action has been
26 and whether its goals have been or are being achieved. Both ex-ante and ex-post assessment help with
27 reporting, which may be for a variety of audiences.

1 *Figure 1.2: Emphasis of ex-ante and ex-post assessment*



2

3 *Source:* Adapted from GIZ 2016.

4 The impact assessment documents provide methods for both ex-ante and ex-post assessment.

5 Depending on individual objectives and when the guidance document is applied, users can implement the
6 steps related to ex-ante assessment, ex-post assessment, or both. The most comprehensive approach is
7 to apply the guidance first before implementation, regularly during policy implementation, and again after
8 implementation.

9 Figure 1.3 outlines a simplified sequence of steps to monitor and assess impacts at multiple stages in a
10 policy design and implementation cycle. In the figure, the process is iterative such that insights from
11 previous experience inform improvements to policy design and implementation and the development of
12 new policies.

1 *Figure 1.3: Assessing impacts during a policy design and implementation cycle*

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4 1.5 Relationship to GHG inventories and national MRV systems

5 National, subnational and company/organizational GHG inventories are critical for tracking changes in
 6 overall GHG emissions at a national, subnational or organizational level. GHG inventories are also
 7 needed to identify and prioritize mitigation opportunities.

8 However, changes in GHG inventories over time do not explain why emissions have grown or declined
 9 over time or reveal the impacts of individual policies or actions. Emissions may change as a result of a
 10 variety of factors, such as a combination of many different policies that increase and decrease emissions,
 11 as well as a range of non-policy factors (e.g., changes in economic activity, energy prices or weather). By
 12 attributing changes in emissions to specific policies and actions, the guidance documents can inform
 13 policy selection and design and enable an understanding of policy effectiveness.

14 As part of their commitments under the UNFCCC, countries are responsible for reporting on their GHG
 15 emissions in their National Communications and Biennial Update Reports or Biennial Transparency
 16 Reports². National measurement, reporting and verification (MRV) systems allow countries to meet these

² Biennial Transparency Reports (BTRs) and their technical review process and multilateral consideration of progress will supersede the Biennial Update Report (BUR) requirements from December 2024.

1 commitments. The Intergovernmental Panel on Climate Change (IPCC) provides guidance to support this
2 process, including:

- 3 • 2006 IPCC Guidelines for National GHG Inventories³
- 4 • IPCC Good Practice Guidance for Land Use, Land-Use Change and Forestry
- 5 • IPCC Good Practice Guidance and Uncertainty Management in National GHG Inventories

6 Monitoring the impacts of policies can contribute to the collection of data and information needed for
7 UNFCCC reporting. Countries can use existing domestic MRV systems to monitor indicators and
8 parameters for assessing policies or create new institutional arrangements where they are lacking. Data
9 that is available in the national GHG inventory can be useful for assessing policy impacts, and conversely
10 data gathered to assess policy impacts can support the national GHG inventory.

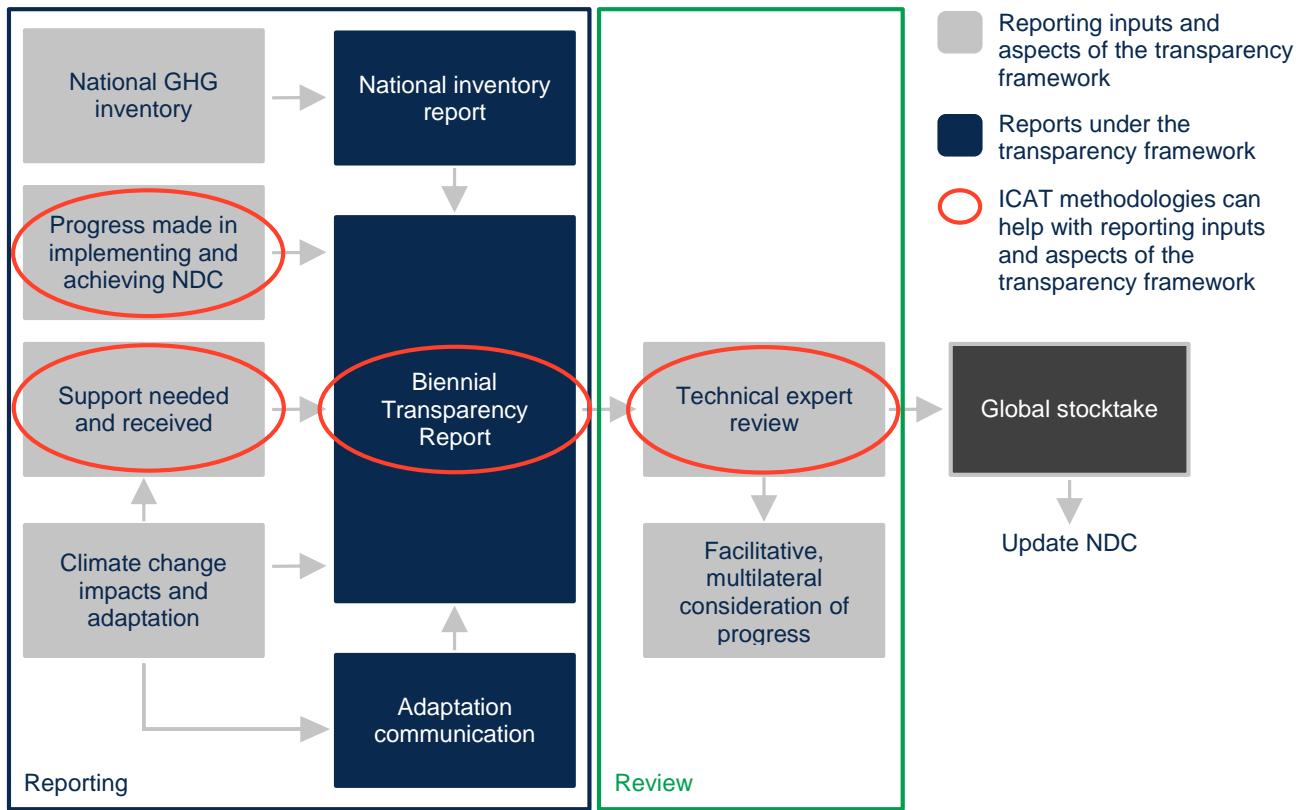
11 1.6 Relevance to Paris Agreement

12 The guidance documents can help support countries in fulfilling the accounting and reporting
13 requirements of the Paris Agreement and its enhanced transparency framework. Under Article 4, Parties
14 are required to account for their NDCs, which include GHG targets, non-GHG targets and actions.

15 Additionally, Article 13 of the agreement states that, “*Each Party shall regularly provide the following*
16 *information: (a) ... (b) Information necessary to track the progress made in implementing and achieving its*
17 *nationally determined contribution under Article 4.*” Specifically, the ICAT methodologies can help
18 countries understand the impacts of various policies and actions and monitor progress over time. This will
19 enable countries to account for their contributions, track progress, inform the reformulation of NDCs
20 toward enhanced ambition and provide the necessary information in their reports under the Paris
21 Agreement. ICAT methodologies can be used to prepare for technical expert review required under the
22 transparency framework and some methodologies can also be used to assess support needed or
23 received. Figure 1.4 provides a simplified diagram of where ICAT methodologies can help countries with
24 the reporting inputs and requirements of the transparency framework.

³ The enhanced transparency framework states that, “*Each Party shall use the 2006 IPCC Guidelines and any subsequent version or refinement of the IPCC Guidelines agreed upon by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA)*”.

1 **Figure 1.4: Linkages between ICAT guidance documents and the transparency framework**



2
3 Use of ICAT guidance documents is complementary to the principles of the transparency framework⁴ laid
4 out in Article 13.3 of the Paris Agreement. The guidance documents facilitate improved quality and
5 transparency of the information countries report. The voluntary, non-prescriptive nature of ICAT provides
6 flexibility for countries to select methods most appropriate for their national context that will enrich existing
7 systems rather than create any burden.

8 The guidance documents could also help support countries that engage in voluntary cooperative
9 approaches described in Article 6.2 and the mechanism to contribute to the mitigation of GHG emissions
10 and support sustainable development established under Article 6.4 of the Paris Agreement. Countries
11 that choose to participate in the exchange of internationally transferred mitigation outcomes to meet
12 nationally determined contributions must apply robust accounting methods to avoid double counting. The
13 ICAT series of guidance documents could support countries that intend to transparently assess the GHG
14 and sustainable development impacts of the policies and actions that may be transferred to another
15 country.

16 1.7 Alignment with Sustainable Development Goals

17 The guidance documents help to identify and promote policies and actions that address multiple priorities
18 across the environmental, social and economic dimensions, in particular through the *Sustainable*

⁴ The principles described in Article 13.3 are that the transparency framework will be: facilitative, non-intrusive, non-punitive, respectful of national sovereignty, and avoid placing undue burden on Parties.

1 *Development Methodology*, which is designed to be used alongside the GHG methodologies and the
 2 *Transformational Change Methodology*.

3 The *Sustainable Development Methodology* is informed by and compatible with the United Nations
 4 Sustainable Development Goals (SDGs) and is intended to help users assess the impact of policies and
 5 actions in relation to SDGs. It describes sustainable development impact categories that users can
 6 assess using this guidance document, which are consistent with the SDGs, and provides methods for
 7 monitoring progress toward SDGs.

8 1.8 Relationship to other guidance and resources

9 The guidance documents aim to complement and build upon existing methods and approaches. For
 10 example, the *Transformational Change Methodology* is informed by papers such as *From Theory to*
 11 *Practice: Understanding Transformational Change in NAMAs*.⁵ The *Sustainable Development*
 12 *Methodology* builds on resources such as *Framework for Measuring Sustainable Development in*
 13 *NAMAs*⁶ and the *CDM Sustainable Development Co-Benefits Tool*.⁷ The transport sector methodology
 14 focuses on pricing measures, which is the gap highlighted by the *Compendium on Baselines and*
 15 *Monitoring: Passenger and Freight Transport*.⁸ Each of the guidance documents highlights related
 16 methods, tools and resources.

17 The ICAT series of guidance documents is consistent with the Greenhouse Gas Protocol *Policy and*
 18 *Action Standard*,⁹ which provides methods to estimate the greenhouse gas impacts of policies and
 19 actions. In particular, the GHG methodologies and the *Sustainable Development Methodology* follow the
 20 same basic structure and series of steps and use many of the same concepts, while providing specific
 21 rather than general methods for various sectors. The guidance documents, including this *Introductory*
 22 *Guide*, adapt tables, figures and text from the *Policy and Action Standard* where relevant. For readability,
 23 not all text taken directly or adapted from the *Policy and Action Standard* is cited.

24 1.9 Process for developing the guidance documents

25 The ICAT series of guidance documents is being developed by ICAT through an inclusive, multi-
 26 stakeholder process. ICAT's Advisory Committee provides strategic advice to the initiative. More
 27 information about the development process, including governance of the initiative and the participating
 28 countries, is available on the ICAT website.

29

⁵ Wuppertal Institute, UNEP DTU Partnership; 2014. Available at: [http://www.unepdtu.org/-/media/Sites/Unepdtu/Publications%20\(Pdfs\)/Transformational-Change-in-NAMAs.ashx?la=da](http://www.unepdtu.org/-/media/Sites/Unepdtu/Publications%20(Pdfs)/Transformational-Change-in-NAMAs.ashx?la=da)

⁶ IISD and UNEP DTU Partnership; 2015. Available at: [http://www.namapartnership.org/-/media/Sites/NAMApartnership/Publications%20\(Pdfs\)/NAMA-SD-Framework_web.ashx?la=da](http://www.namapartnership.org/-/media/Sites/NAMApartnership/Publications%20(Pdfs)/NAMA-SD-Framework_web.ashx?la=da)

⁷ UNFCCC: Available at: <http://cdmcobenefits.unfccc.int/Pages/SD-Tool.aspx>

⁸ UNFCCC, 2017: Available at: http://namanews.org/news/wp-content/uploads/2017/04/Compendium_Volume-6_Transport_cover_impressum_v02.pdf

⁹ WRI, 2014: Available at <http://www.ghgprotocol.org/policy-and-action-standard>

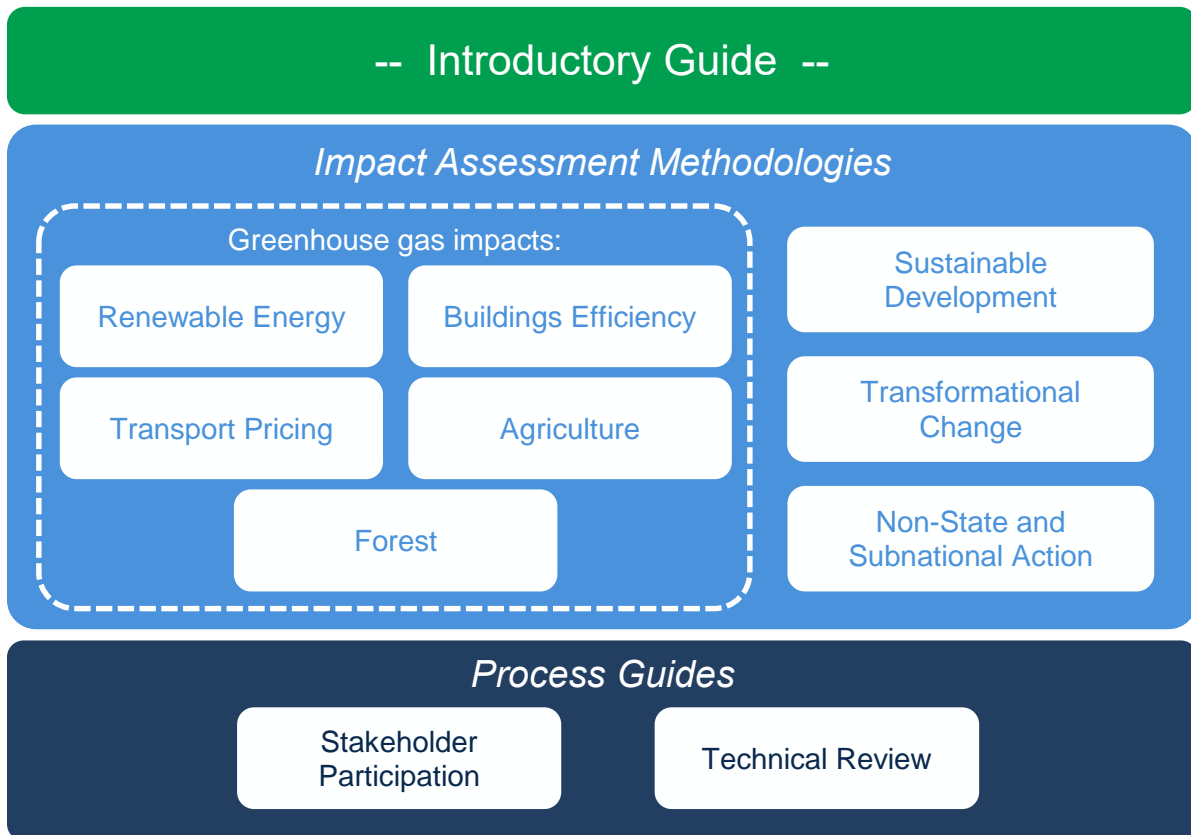
1 **2. OVERVIEW OF THE GUIDANCE DOCUMENTS**

2 *ICAT provides a series of guidance documents for users to apply in the context of their own objectives*
 3 *and circumstances. This chapter describes the various guidance documents.*

4 **2.1 Overview of the series of guidance documents**

5 ICAT provides a series of guidance documents for the assessment of the GHG, sustainable development
 6 and transformational impacts of policies and actions, shown in Figure 2.1. The core is the impact
 7 assessment methodologies (in light blue), which are supported by process guidance on stakeholder
 8 participation and technical review (in dark blue).

9 *Figure 2.1: ICAT guidance documents*



10
 11 The series of guidance documents is designed in a modular way and new guidance documents could be
 12 added in due course if there is demand and funding available. For example, a methodology for assessing
 13 GHG impacts for policies and actions in the waste sector could be developed. The scope of existing
 14 guidance documents could also be expanded to cover more subsectors or policies.

15 **2.2 Overview of each guidance document**

16 All the guidance documents are laid out in a similar way. The chapters are grouped into “parts” to help
 17 navigation. The first part contains introductory chapters, covering such topics as the purpose, scope,
 18 applicability and intended users of the document. The subsequent parts of the documents provide
 19 stepwise methods for the user to follow.

1 Chapter titles are similar across documents, though the content is specific to each document. The
 2 methods in each document can be used without needing to refer to other ICAT documents. The GHG
 3 methodologies, however, do not contain an exhaustive discussion of topics such as GHG accounting
 4 concepts and methods, which is available elsewhere. In particular, users assessing GHG impacts can
 5 find additional complementary methods in the *Policy and Action Standard*.

6 The sections below provide an overview of each guidance document. The GHG methodologies are
 7 designed to be applied in conjunction with the *Sustainable Development Methodology* and
 8 *Transformational Change Methodology*. The *Non-State and Subnational Action Guide* helps national
 9 governments identify and integrate the impact of non-state and subnational mitigation action into national
 10 or sectoral assessments. Users who would like to seek technical review can choose to apply the
 11 *Technical Review Guide*. The *Stakeholder Participation Guide* directly supports all of these documents.

12 Renewable Energy Methodology

13 The *Renewable Energy Methodology* provides a stepwise approach for assessing the GHG impacts of
 14 renewable energy policies, and specifically for estimating the effects of policy design characteristics,
 15 financial factors and other barriers on the potential for renewable energy policies to achieve their
 16 maximum implementation potential. Methods are provided on how to convert this implementation
 17 potential (expressed in terms of newly installed renewable energy capacity or generated electricity) into
 18 GHG emission reductions.

19 The methodology focuses on policies that target renewable energy deployment, specifically the following
 20 three types of policies, which form the core of many policy packages that countries use to promote
 21 renewable energy:

- 22 • Feed-in tariff policies (including feed-in premiums)
- 23 • Auctions policies (including tenders)
- 24 • Tax incentive policies

25 Buildings Efficiency Methodology

26 The *Buildings Efficiency Methodology*¹⁰ provides a stepwise approach for assessing the GHG impacts of
 27 energy efficiency policies in the buildings sector, and specifically for estimating the effects of policy design
 28 characteristics and other barriers on GHG impacts. The methodology primarily targets residential
 29 buildings, though it can also be used for commercial and public buildings. It is applicable to three building
 30 stock types: new buildings, existing buildings with retrofit, and existing buildings without retrofit.

31 The methodology is applicable to the following types of building policies:

- 32 • Regulatory policies (for new buildings):
 - 33 ○ Mandatory building codes
 - 34 ○ Voluntary building codes

¹⁰ At time of writing the *Buildings Efficiency Methodology* is an initial draft. ICAT is planning to revise the document to improve its usability and to address further needs the methodology might support.

- 1 ○ Minimum energy performance standards for appliances
- 2 ○ Mandatory labelling, certification and energy audits
- 3 • Financial support policies (for new and existing buildings):
- 4 ○ Direct financial incentives
- 5 ○ Fiscal measures

6 Transport Pricing Methodology

7 The *Transport Pricing Methodology* provides a stepwise approach for assessing the GHG impacts of
 8 pricing policies in the transport sector, and specifically a stepwise approach for estimating the impacts of
 9 higher fuel prices using price elasticities of demand. Additional methods are also provided on estimating
 10 the impacts of vehicle purchase incentives and road pricing measures.

11 The document provides general principles, concepts and methods for estimating the GHG impacts of
 12 following types of transport pricing measures:

- 13 • **Fuel subsidy removal:** Removal of subsidies that reduce the price of vehicle fuel below its fair-
 14 market cost
- 15 • **Increased fuel tax or levy:** Increase in the tax imposed on each unit of vehicle fuel, which can
 16 include general taxes that apply to many goods and special taxes specific to vehicle fuel
- 17 • **Road pricing (road tolls and congestion pricing):** Introduction of charges that motorists pay
 18 directly for driving on a particular roadway in a particular area. Road pricing has two general
 19 objectives; revenue generation and congestion management.
- 20 • **Vehicle purchase incentives for more efficient vehicles:** Increase in the fuel efficiency of the
 21 vehicle fleet and/or promotion of a shift to lower-carbon fuels by providing incentives for the
 22 purchase of selected vehicles. This measure is most applicable to electric, plug-in hybrid-electric,
 23 hydrogen-fueled and other vehicles that are not powered by gasoline or diesel, and is applied by
 24 governments through lower purchase taxes, purchase rebates, income tax credits and lower
 25 vehicle taxes.

26 Agriculture Methodology

27 The *Agriculture Methodology*¹¹ provides general principles, concepts and procedures for estimating GHG
 28 impacts of agricultural policies that mitigate GHG emissions from the following GHG sources and carbon
 29 pools:

- 30 • **Enteric fermentation:** Reduction of methane (CH₄) emissions in ruminant livestock through
 31 activities such as improving feeding strategies, improving herd management and breeding, and
 32 implementing silvopastoral systems.

¹¹ ICAT is planning to expand the scope of the *Agriculture Methodology* to include additional sources and carbon pools, and at time of writing is undertaking a scoping study to ascertain what methods exist and what further needs the methodology might support.

- 1 • **Soil carbon pool:** Increase in carbon sequestration in soils in pasture, grazing lands or croplands
2 through activities such as switching to no-till or conservation tillage agriculture, agricultural
3 residue management and agroforestry.

4 This methodology is designed for countries that have a GHG inventory for the agriculture sector. The
5 steps for estimating emission reductions and removals are based on the IPCC 2006 *Guidelines for*
6 *National Greenhouse Gas Inventories*.

7 Forest Methodology

8 The *Forest Methodology* provides general principles, concepts and procedures for estimating GHG
9 impacts of forest policies that increase carbon sequestration and/or reduce GHG emissions from the
10 following activities:

- 11 • **Afforestation and/or reforestation:** Increase in carbon sequestration and/or reduction in
12 emissions by establishing, increasing or restoring vegetative cover through the planting, sowing
13 or human-assisted natural regeneration of trees.
- 14 • **Sustainable forest management:** Increase in carbon sequestration and/or reduction in
15 emissions on forest lands managed for wood products such as sawtimber, pulpwood and
16 fuelwood by increasing biomass carbon stocks through improving forest management practices.
- 17 • **Avoided deforestation and/or degradation:** Reduction in net GHG emissions by preventing the
18 conversion of forest lands with high carbon stocks to forest or non-forest lands with lower carbon
19 stocks.

20 The steps in the methodology are broadly similar to the *Agriculture Methodology* and like that
21 methodology, are also based on IPCC 2006 *Guidelines for National Greenhouse Gas Inventories*.

22 Sustainable Development Methodology

23 Policymakers are interested in knowing the full environmental, social and economic impacts most relevant
24 to decision-making in the national or local context. These may include air quality, job creation, improved
25 health, access to energy, poverty reduction, protection of ecosystems, gender equality, and many other
26 types of impacts.

27 The *Sustainable Development Methodology* provides a stepwise approach to support integrating such
28 impacts into the assessment process. Policymakers and analysts can use the methodology to achieve
29 multiple objectives, such as: promoting integrated national planning by identifying policies and actions
30 that address multiple priorities; integrating climate policy into broader national development policy;
31 determining whether policies and actions are having the desired effects; and tracking and reporting on
32 progress towards NDCs and SDGs.

33 The methodology is applicable to all countries, sectors and types of policies and actions. The ICAT
34 website provides links to more specific tools and methodologies, organized by type of impact.¹²

¹² Available at: <http://www.climateactiontransparency.org/methodological-framework/sustainable-development/>.

1 Transformational Change Methodology

2 Transformational change is needed to shift paradigm from high-carbon and unsustainable pathways to
3 zero-carbon and sustainable development. Transformational impacts can result from processes and
4 outcomes of policies or actions that drive structural changes in society towards climate change mitigation
5 and sustainable development goals and targets, such as those envisioned in the Paris Agreement for
6 climate change and the 2030 Agenda for Sustainable Development.

7 The *Transformational Change Methodology* provides a stepwise approach to assess transformational
8 impacts of policies or actions. Policymakers and practitioners can use the methodology to achieve
9 multiple objectives, such as: assessing the extent of transformation expected or achieved by policies or
10 actions; developing effective strategies for transformational change through better understanding of how
11 policies or actions can set in motion processes that lead to transformational outcomes; and supporting
12 transparent and consistent reporting of transformational impacts.

13 The methodology is applicable to all countries, sectors and types of policies and actions.

14 Non-State and Subnational Action Guide

15 The challenge of climate change requires a concerted effort by national governments along with action
16 from a diverse range of non-state and subnational actors, such as states and cities, private entities and
17 civil society. National government, subnational and non-state action together can lead to ambitious
18 emission reductions and mutually reinforce each other.

19 National governments often do not yet fully consider the impacts of mitigation activities of these actors
20 when determining climate policies at the national or sectoral level. Better understanding of climate actions
21 at different scales and by different actors in a country can result in more realistic targets and effective
22 policy planning to achieve these targets. The *Non-State and Subnational Action Guide* provides a
23 comprehensive approach to integrate the impacts of non-state and subnational mitigation action in
24 national or sectoral GHG projections and targets.

25 Stakeholder Participation Guide

26 Stakeholder participation enhances policies and their assessment by raising awareness, enabling better
27 understanding, and building trust and support for policies. Effective stakeholder participation draws on
28 stakeholder insights to develop measures to reduce negative impacts and enhance benefits for all
29 stakeholder groups, enhancing the credibility, accuracy and comprehensiveness of assessment, and
30 generally enhancing transparency, accountability and legitimacy.

31 The *Stakeholder Participation Guide* provides practical guidance on planning and implementing effective
32 participatory processes and addresses the key elements of stakeholder participation including planning,
33 identifying and understanding stakeholders, establishing multi-stakeholder bodies, providing information
34 to stakeholders, designing and conducting consultations and establishing grievance redress mechanisms.

35 The guide is designed to support all other documents within the ICAT series of guidance documents.
36 Each of these guidance documents highlights the importance of engaging stakeholders at relevant points
37 and refers to the *Stakeholder Participation Guide* for recommended practices for engaging them.

1 Technical Review Guide

2 There is an increasing need to assess and communicate the multiple impacts of policies to ensure they
3 are effective in delivering a variety of sustainable development and climate change benefits. Technical
4 review of these assessments can play an important role in supporting learning and improvement of
5 assessments over time. Technical reviews can also help to enhance transparency, trust and confidence
6 in the implementation of policies and reporting of their impacts.

7 The *Technical Review Guide* provides guidance for planning and conducting technical review. The guide
8 outlines three different approaches for review and provides guidance for selecting the type of review
9 based on a set of considerations. The elements that define a credible review and the steps to follow when
10 pursuing or conducting review are discussed.

11 The guide is applicable to impact assessments that have followed the *key recommendations approach*
12 (described below in Section 3.3). The review evaluates an assessment report, which documents the
13 information that demonstrates how the key recommendations of the relevant ICAT guidance document(s)
14 were followed.

15

3. USING THE GUIDANCE DOCUMENTS

This chapter describes how the ICAT guidance documents can be used. The various documents are designed so they can be applied together. Users can choose to apply one or more guidance documents or selected steps or elements within one or more guidance documents.

3.1 Using the guidance documents

The guidance documents can be used in a number of ways. The simplest application of the documents is to use one of the guidance documents, or just certain steps or elements within one of them. For example, users that would like to assess the GHG impacts of a feed-in tariff policy can use the *Renewable Energy Methodology*. Similarly, users that would like to engage stakeholders in the design, implementation or impact assessment of a policy can use the *Stakeholder Participation Guide*, following all of it or certain elements of it.

A fuller application of the documents is to use two or more guidance documents. For example, a user that would like to assess the GHG impacts and the broader sustainable development impacts of a policy for improved pasture management and livestock production can apply the *Agriculture Methodology* and the *Sustainable Development Methodology*. Where they would also like to assess the extent to which the policy is transformational and to engage stakeholders along the way, they can also apply the *Transformational Change Methodology* and the *Stakeholder Participation Guide*. As a next step, they can use the *Technical Review Guide* to guide them towards an independent evaluation of the impact assessment.

Where two or more guidance documents are applied to a policy, users can develop a single or multiple impact assessment report(s). Each guidance document provides a list of information that is recommended for inclusion in an assessment report. However, general information (e.g., name of the policy assessed, the organization(s) that did the assessment, and the date of the assessment) and the policy description only need to be reported once.

The guidance documents are designed to be used in conjunction with other methods and tools. For example, the *Sustainable Development Methodology* provides a general process for assessing the impacts of policies and actions, but does not prescribe specific calculation methodologies or tools that should be used. Instead, users supplement the methodology with models, calculation tools, spreadsheets or other methods to carry out calculations. Likewise, the GHG methodologies draw upon other methods and tools, as presented in each document.

The series of guidance documents does not provide GHG methodologies for all sectors or policy/action types. In cases where methods are not provided for a particular sector or subsector, such as waste, IPPU or transport subsectors not covered by the *Transport Pricing Methodology*, the *Policy and Action Standard* can be used. Other ICAT guidance documents, such as *Stakeholder Participation Guide* and *Sustainable Development Methodology* can be used alongside the *Policy and Action Standard* in such an assessment.

3.2 Key recommendations

The guidance documents set out *key recommendations* that users can choose to follow. These key recommendations represent recommended steps or elements for users to follow when assessing and reporting the impacts of their policies and actions.

1 The key recommendations are set out in the ICAT guidance documents to assist users in producing
2 credible impact assessments that pursue high quality and are based on the principles of relevance,
3 completeness, consistency, transparency and accuracy. The key recommendations can be followed by
4 users, and consistency with the statements can be objectively evaluated.

5 In keeping with ICAT guidance documents being non-prescriptive, the key recommendations focus on key
6 steps or elements that users are recommended to follow. They help provide structure to the guidance
7 documents and convey the way in which the authors intended that the guidance documents be used most
8 effectively.

9 The methods and guidance that accompany each key recommendation provides suggested approaches,
10 models, tools, references, options and information that can help with the interpretation and
11 implementation of the key recommendations. The methods are not intended to be exhaustive and users
12 can identify and choose other ways to implement the key recommendations.

13 The key recommendations are also integral to the ICAT goal of supporting transparent, consistent and
14 comparable assessment and reporting of the GHG, sustainable development and transformational
15 impacts of policies and actions. Specifically, users that choose to conduct their impact assessments
16 consistent with the key recommendations will likely produce assessments that are more comprehensive
17 and consistent over time, and more comparable with assessments conducted by other users. The role of
18 the key recommendations in supporting consistency and comparability is discussed further in Section 3.3
19 below.

20 Key recommendations are indicated in the guidance documents by the phrase “It is a *key*
21 *recommendation* to...” All key recommendations are also compiled in a checklist at the beginning of each
22 chapter in the guidance documents.

23 3.3 Approaches to using the guidance documents

24 Users can choose to apply the guidance documents following one of two approaches:

- 25 • **Flexible approach:** A user applies the guidance documents in full or in part, as input for an
26 assessment, without necessarily following the key recommendations set out in each document. In
27 this scenario, the guidance documents are useful tools and the user is not seeking to make any
28 statement about consistency with the key recommendations set out in the guidance documents.
- 29 • **Key recommendations approach:** A user applies the guidance documents while ensuring
30 consistency with all the applicable key recommendations within them. Some key
31 recommendations may not be relevant or applicable in a given context and in such cases, users
32 do not have to follow them, provided that they explain and justify each key recommendation that
33 has not been followed.

34 The **flexible approach** is intended as a lower threshold to make the guidance documents useful to a
35 wide audience. Users who are seeking to use the methodologies to evaluate the impacts of a policy for
36 internal purposes only may wish to follow this approach. The flexible approach can also be an appropriate
37 place for new users to start and can be considered a stepping stone to the key recommendations
38 approach.

39 As a result of this flexibility, users applying the guidance documents and readers of the resulting impact
40 assessment reports should be aware of potential uncertainties when interpreting the results. For example,

1 users that intend to compare or aggregate the results of multiple impact assessments should be aware
 2 that differences in reported results may be a result of different methodological choices rather than real-
 3 world differences.

4 The **key recommendations approach** is targeted at those users who want to use the guidance
 5 documents in a more consistent and comprehensive way. This may be with an external audience in mind,
 6 such as demonstrating results to a donor agency or financial institution, or building support for policies
 7 and actions among local constituents and other stakeholders.

8 Each approach has a corresponding statement that the user can make about how it has applied the
 9 guidance document. The purpose of such statements is to lend transparency to the impact assessment
 10 undertaken by the user and allow the reader to form its own opinion about the impacts of the policy or
 11 action. Example statements are as follows:

- 12 • **Flexible approach:** “The ICAT *Agriculture Methodology and Sustainable Development*
 13 *Methodology* were used as inputs for the impact assessment...”
- 14 • **Key recommendations approach:** “The ICAT *Transport Pricing Methodology, Transformational*
 15 *Change Methodology and Stakeholder Participation Guide* were used as the basis for the impact
 16 assessment. The impact assessment is consistent with the key recommendations within these
 17 guidance documents. [The key recommendations listed below were not followed, for the reasons
 18 given: *[explain and justify...]*”

19 Where users follow the *Policy and Action Standard* for assessing the GHG impacts of their policy or
 20 action, the statement would relate to the requirements in the standard that the user chose to follow. That
 21 is, the user would make a statement regarding consistency with the *Policy and Action Standard*
 22 requirements, rather than with ICAT key recommendations, and likewise would explain and justify any
 23 requirements not followed.

24 The statement should be included in the user’s *assessment statement*, which is a summary of the
 25 assessment process and the results of the impact assessment (and included in the user’s assessment
 26 report).

27 Users who follow the key recommendations approach can go on to apply the *Technical Review Guide*.
 28 The criteria for technical review include evaluation of whether the user’s impact assessment is consistent
 29 with the key recommendation listed in the user’s assessment statement. The technical review thus
 30 provides a second opinion of the impact assessment. Users following the flexible approach cannot apply
 31 the *Technical Review Guide* in full, since there is not an assessment statement listing key
 32 recommendations on which to seek this second opinion. For more information, refer to the *Technical*
 33 *Review Guide*.

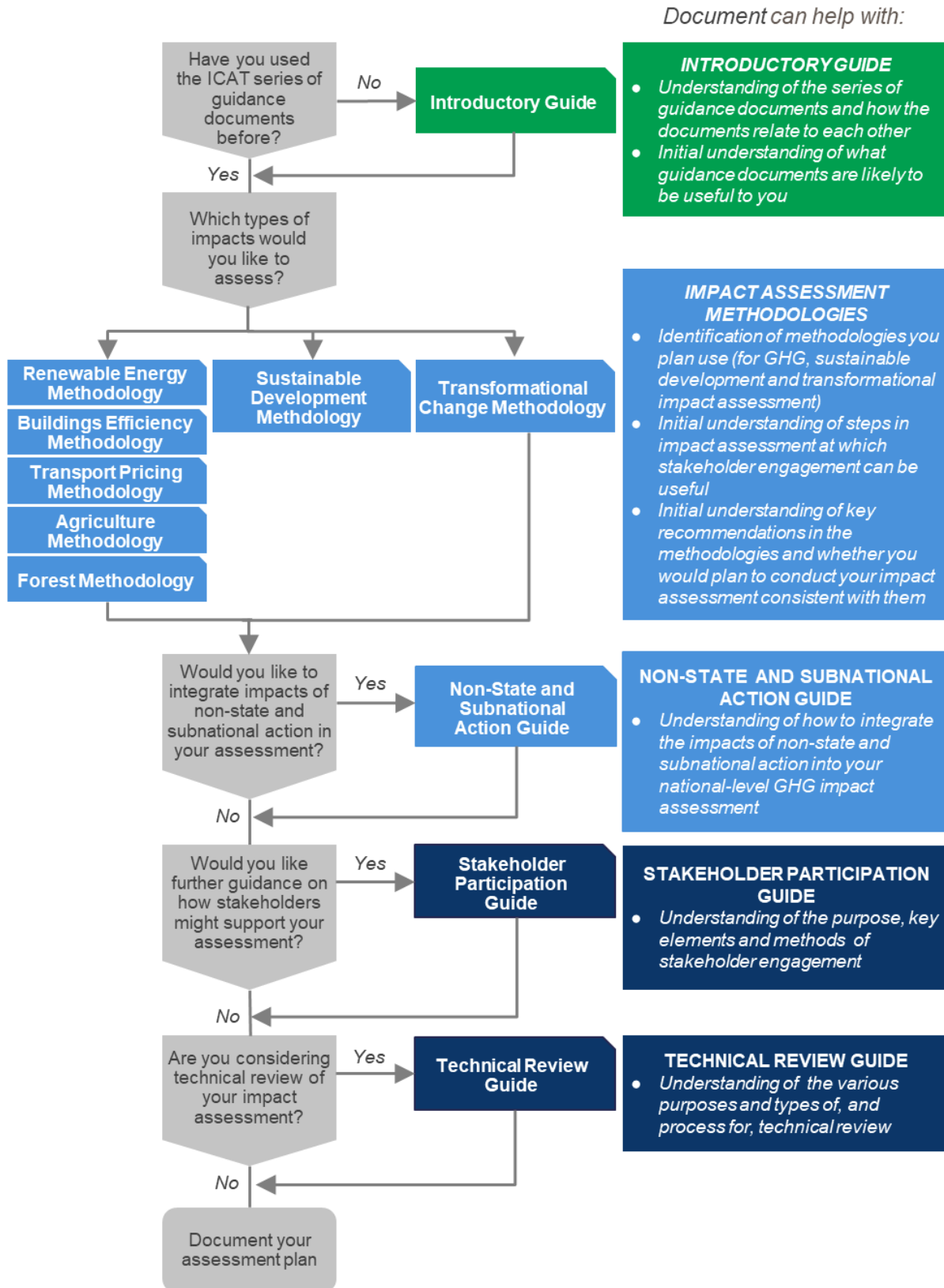
34 3.4 Planning the assessment

35 The decision tree set out in Figure 3.1 can help users plan their impact assessments and determine
 36 which guidance documents to apply. The series of guidance documents contains impact assessment
 37 documents and process guides, and it is important that users familiarize themselves with all the
 38 documents they plan to use before beginning their impact assessments.

39 For example, the impact assessment documents recommend that stakeholders are engaged at various
 40 steps. To this end, developing a stakeholder participation plan before beginning the impact assessment is

- 1 beneficial, and to do this well users should be familiar with both the impact assessment and stakeholder
- 2 participation guidance provided in the respective guidance documents.

1 Figure 3.1: Decision tool for using the ICAT series of guidance documents



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