

# Introductory Guide

## *Overview of the ICAT series of guidance documents*

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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.

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

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

## 1.2 Intended users

This guidance documents are intended for a wide range of organizations, institutions and individuals.

Throughout the documents, the term “user” refers to the person implementing the guidance document.

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

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

## 1.3 Scope and applicability of the guidance documents

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

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<sup>1</sup> ICAT is also developing a methodological framework for adaptation.

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

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

*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).

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

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

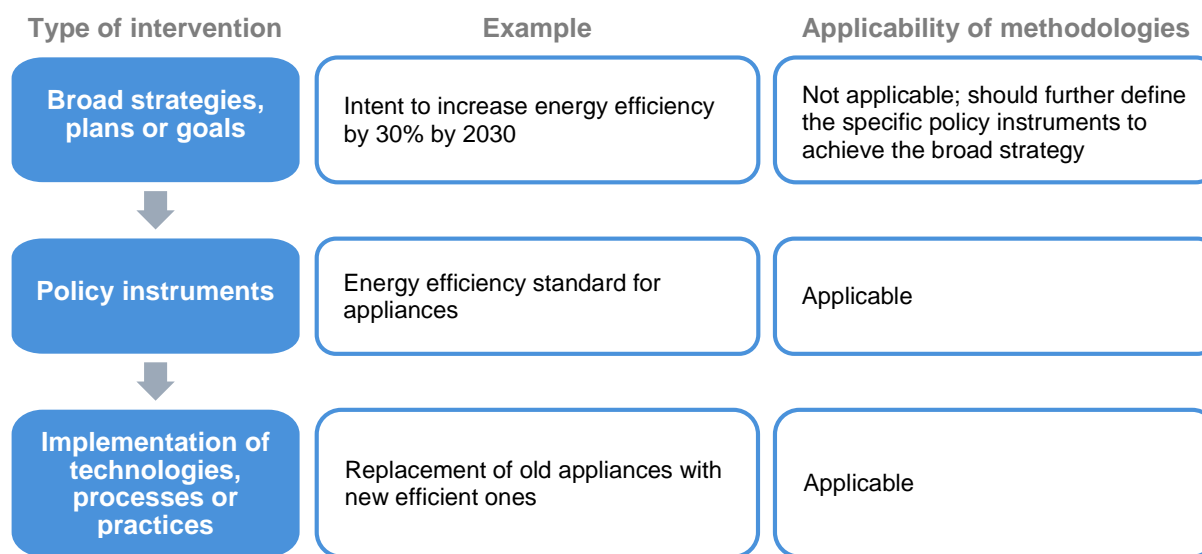
- At any level of government (national, subnational, municipal) in all countries and regions
- In any sector, such as energy industrial processes and product use (IPPU), agriculture, forestry and other land use (AFOLU), waste, as well as cross-sector policy instruments (noting that the ICAT GHG methodologies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

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

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

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

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



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

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

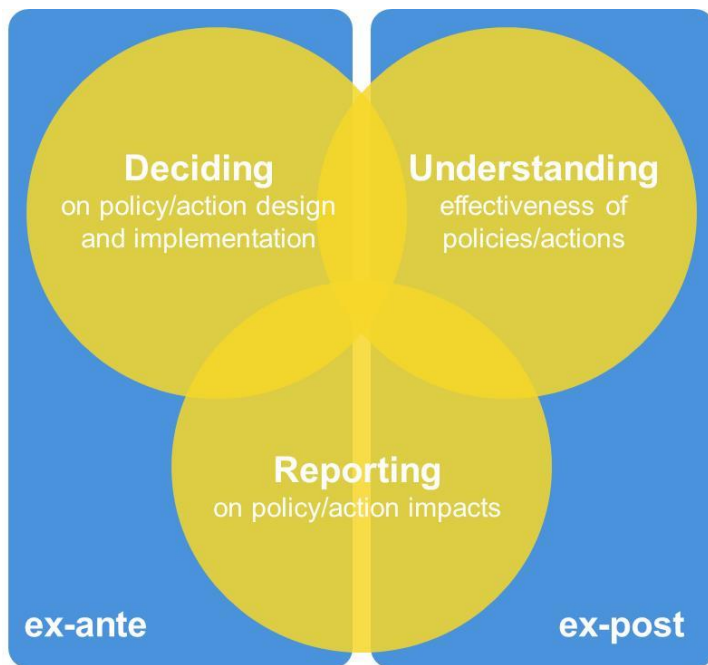
## 1.4 When to use the guidance documents

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

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

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

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



## 1.5 Relationship to GHG inventories and national MRV systems

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

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

As part of their commitments under the UNFCCC, countries are responsible for reporting on their GHG emissions in their National Communications and Biennial Update Reports or Biennial Transparency Reports<sup>2</sup>. National measurement, reporting and verification (MRV) systems allow countries to meet these

<sup>2</sup> 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.



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

- 2006 IPCC Guidelines for National GHG Inventories<sup>3</sup>
- IPCC Good Practice Guidance for Land Use, Land-Use Change and Forestry
- IPCC Good Practice Guidance and Uncertainty Management in National GHG Inventories

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

## 1.6 Relevance to Paris Agreement

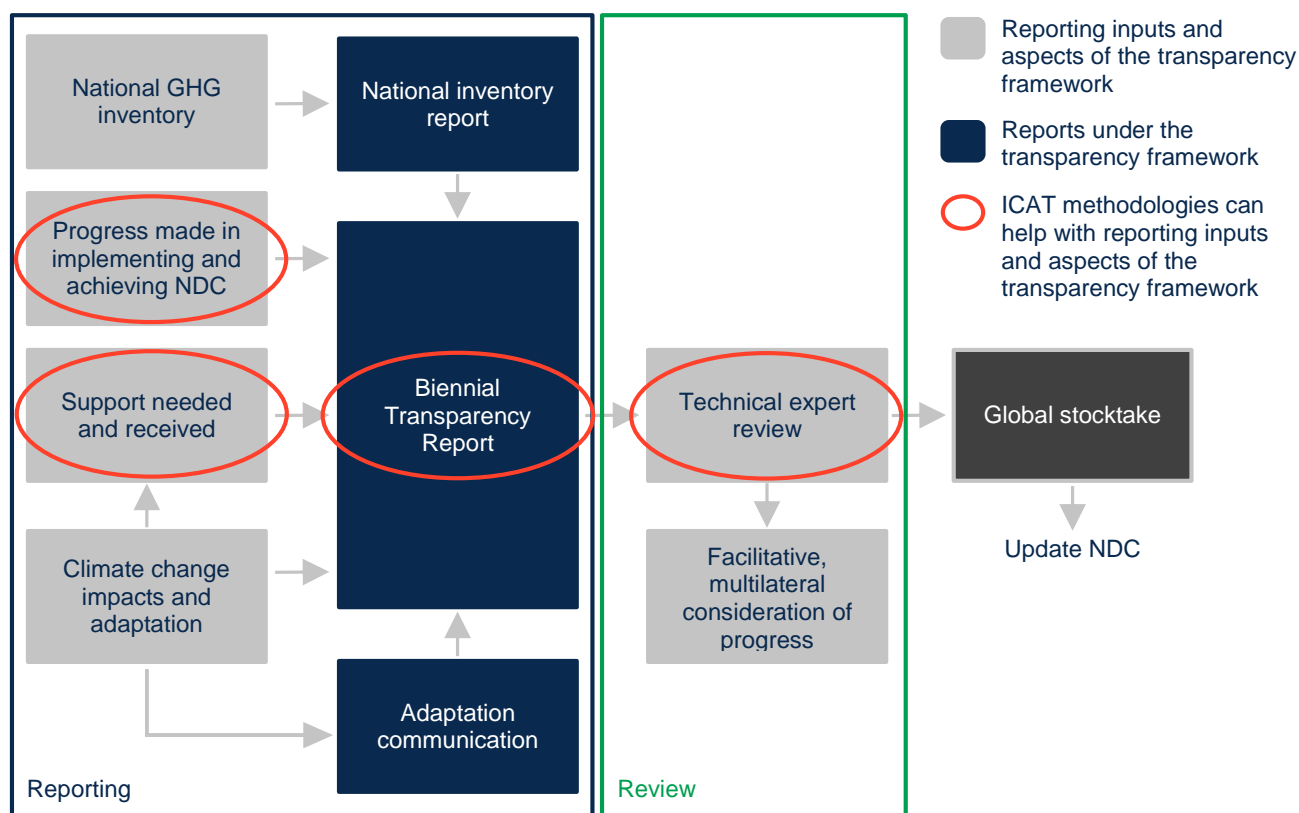
The guidance documents can help support countries in fulfilling the accounting and reporting requirements of the Paris Agreement and its enhanced transparency framework. Under Article 4, Parties are required to account for their NDCs, which include GHG targets, non-GHG targets and actions.

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

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<sup>3</sup> 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)*”.

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



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

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

## 1.7 Alignment with Sustainable Development Goals

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

<sup>4</sup> 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.

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

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

## 1.8 Relationship to other guidance and resources

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

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

## 1.9 Process for developing the guidance documents

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

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<sup>5</sup> 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)

<sup>6</sup> 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)

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

<sup>8</sup> UNFCCC, 2017: Available at: [http://namanews.org/news/wp-content/uploads/2017/04/Compendium\\_Volume-6\\_Transport\\_cover\\_impressum\\_v02.pdf](http://namanews.org/news/wp-content/uploads/2017/04/Compendium_Volume-6_Transport_cover_impressum_v02.pdf)

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

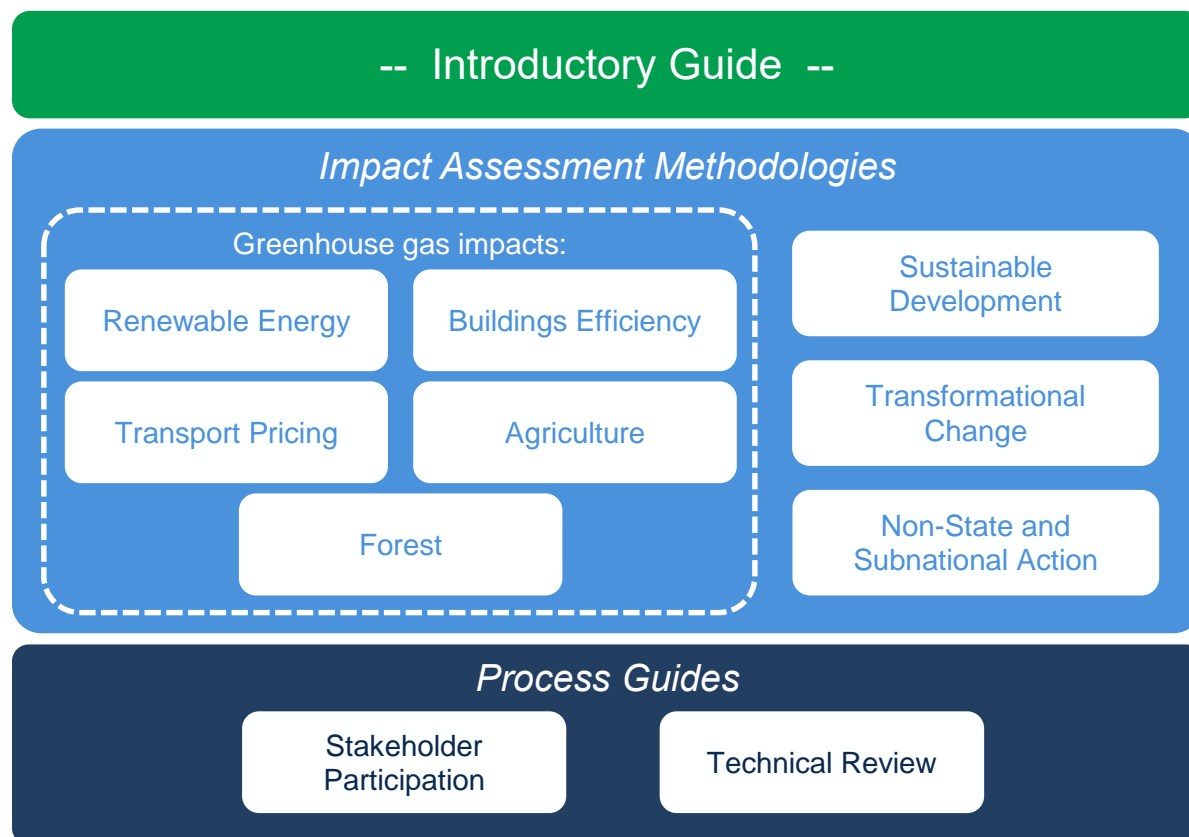
## 2. OVERVIEW OF THE GUIDANCE DOCUMENTS

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

### 2.1 Overview of the series of guidance documents

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

Figure 2.1: ICAT guidance documents



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

### 2.2 Overview of each guidance document

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

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

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

## Renewable Energy Methodology

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

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

- Feed-in tariff policies (including feed-in premiums)
- Auctions policies (including tenders)
- Tax incentive policies

## Buildings Efficiency Methodology

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

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

- Regulatory policies (for new buildings):
  - Mandatory building codes
  - Voluntary building codes

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<sup>10</sup> 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.

- Minimum energy performance standards for appliances
- Mandatory labelling, certification and energy audits
- Financial support policies (for new and existing buildings):
  - Direct financial incentives
  - Fiscal measures

## Transport Pricing Methodology

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

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

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

## Agriculture Methodology

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

- **Enteric fermentation:** Reduction of methane (CH<sub>4</sub>) emissions in ruminant livestock through activities such as improving feeding strategies, improving herd management and breeding, and implementing silvopastoral systems.

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<sup>11</sup> 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.

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

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

## Forest Methodology

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

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

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

## Sustainable Development Methodology

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

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

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

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

## Transformational Change Methodology

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

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

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

## Non-State and Subnational Action Guide

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

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

## Stakeholder Participation Guide

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

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

The guide is designed to support all other documents within the ICAT series of guidance documents. Each of these guidance documents highlights the importance of engaging stakeholders at relevant points 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.

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

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

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

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

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

### 3.3 Approaches to using the guidance documents

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

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

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

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

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

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

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

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

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

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

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

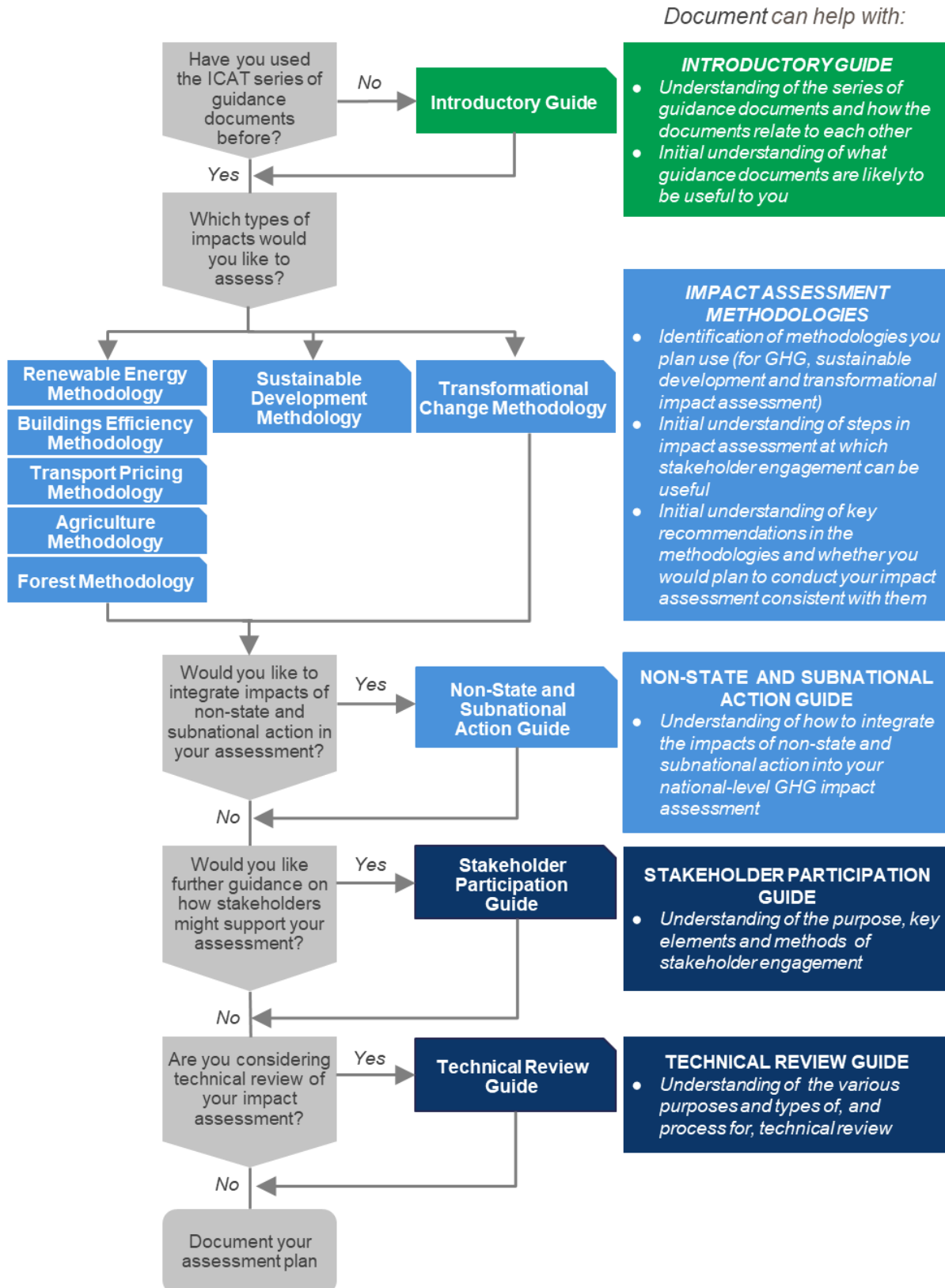
### 3.4 Planning the assessment

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

For example, the impact assessment documents recommend that stakeholders are engaged at various 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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