

INTRODUCTION TO THE ICAT ASSESSMENT GUIDES

*Assessing the Impacts of
Climate Policies and Actions*

ICAT SERIES OF
ASSESSMENT GUIDES



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How to use the assessment guides

This guide is part of a series developed by the Initiative for Climate Action Transparency (ICAT) to help countries assess the impacts of policies and actions. It is intended to be used in combination with other ICAT assessment guides and can be used in conjunction with other guidance.

SERIES OF ICAT ASSESSMENT GUIDES

Introduction to the ICAT Assessment Guides

Impact assessment guides

Greenhouse gas impacts:



Renewable Energy



Transport Pricing



Forestry



Agriculture



Buildings Efficiency



Sustainable Development



Transformational Change



Non-State and Subnational Action

Process guides



Stakeholder Participation



Technical Review

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1 Introduction

The unprecedented challenge of climate change requires rapid and deep transformations – in virtually all sectors and all parts of society – away from the prevailing carbon-intensive, high-emission modes of production and consumption. The urgency of policy action for a transition towards sustainable development and net zero global greenhouse gas (GHG) emissions was underlined in the 2018 special report Global Warming of 1.5°C¹ by the Intergovernmental Panel on Climate Change (IPCC). It is crucial that climate and development policies tackle GHG emissions effectively to ensure alignment with the Paris Agreement’s temperature goal and the United Nations Sustainable Development Goals (SDGs).

The Paris Agreement sets out an enhanced transparency framework for countries, to build mutual trust and confidence, and promote effective implementation. The Paris Agreement also requires countries to prepare nationally determined contributions (NDCs) and successively raise their ambition towards achieving the objectives of the Agreement. NDCs outline the policies and actions each country intends to take. Transparency through evidence-based policymaking can support effective implementation and accelerated climate action. In 2018, the Paris Agreement rulebook was adopted in Katowice, Poland. It sets out the procedures and mechanisms to operationalize the enhanced transparency framework.

In this context, the Initiative for Climate Action Transparency (ICAT) aims to help countries assess the impacts of their climate actions, and to support greater transparency, effectiveness, ambition and trust in climate policies. ICAT integrates methodological guidance, capacity-building and knowledge sharing to strengthen the transparency and effectiveness of climate policies and actions worldwide.

The ICAT assessment guides help policymakers assess the impacts of countries’ climate policies and actions. They can play a critical role in providing the information needed for effective policymaking, and for preparing reports under the enhanced transparency framework and for the SDGs.

This document is an introduction to the series of ICAT assessment guides and should be read before using the individual documents. It introduces the assessment guides 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 assessment guides

The series of ICAT assessment guides helps users assess the GHG, sustainable development and transformational impacts of 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 system changes, leading to processes of change, and outcomes at scale and sustained over time.

This document, the Introduction to the ICAT assessment guides, covers applicability of the assessment guides, intended users and relationship of the assessment guides to other work. It describes the various assessment guides and how they can be used in an integrated way to undertake impact assessments.

The assessment guides were developed with the following general objectives:

- **Assessment process. Help users assess the GHG, sustainable development and transformational impacts of policies and actions in an integrated way.** The assessment guides can be used in combination. They also provide guidance on assessing impacts of non-state and subnational action, and process guidance for 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 impacts of policies and actions.** The assessment guides 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 NDC targets and the United Nations SDGs.

1 Available at: www.ipcc.ch/sr15/.

- **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 policies or actions are implemented. The assessment guides can support both domestic reporting and international reporting (such as under the United Nations Framework Convention on Climate Change – UNFCCC). Through reporting, 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 assessment guides. Each of the assessment guides also has specific objectives, which are set out in each document.

1.2 Intended users

The assessment guides are intended for a wide range of organizations, institutions and individuals. Throughout the documents, the term “user” refers to the person implementing the assessment guide.

The following examples show how different types of entities can use the assessment guides:

- **Governments.** Assess the 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 impacts of finance provided, such as grants or loans to support policies and actions, including results-based financing.
- **Businesses.** Assess the impacts of private sector actions, such as voluntary commitments, implementation of new technologies, and private sector financing, or assess the impacts of government policies and actions on businesses and the economy.
- **Research institutions and non-governmental organizations.** Assess the impacts of policies and actions to assess their performance or provide support to decision makers.
- **Stakeholders affected by policies and actions, such as indigenous peoples,**

local communities and civil society organizations. Participate more effectively in the design, implementation and assessment of policies and actions to ensure that their concerns and interests are addressed.

1.3 Scope and applicability of the assessment guides

The assessment guides are intended to be flexible, and enable users to apply the methodologies in the context of their own objectives and circumstances. There are two types of core documents:

- The impact assessment methodologies provide sector guidance for GHG impacts, for policies and actions in the subsectors of renewable energy, buildings, transport, agriculture and forestry.
- Broadly (across sectors) applicable guides provide methodologies for the assessment of sustainable development and transformational impacts, and 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.² [Chapter 2](#) provides an overview of the assessment guides.

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. Although the methodologies can be applied to any policy type, challenges relating to data collection and estimation may hinder a complete and credible assessment.

In this series of assessment guides, “policy or action” refers to interventions taken or mandated by a government, institution or other entity, as outlined in [Table 1.1](#). To aid readability, “policy” is sometimes used as shorthand to refer to both policies and actions.

² ICAT is also developing a methodological framework for adaptation.

TABLE 1.1

Common types of policies and actions

Type of policy or action	Description
Regulations and standards	Regulations or standards that specify abatement technologies (technology regulation or standard), or minimum requirements for energy consumption, pollution output or other activities (performance regulation or standard). They typically include penalties for non-compliance.
Taxes and charges	Levies imposed on each unit of activity by a source – for example, 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 provided by governments to an entity for implementing a practice or performing a specified action.
Voluntary agreements or actions	Agreements, commitments or actions 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. They include labelling programmes, emissions reporting programmes, rating and certification systems, benchmarking, and information or education campaigns aimed at changing behaviour by increasing awareness.
Emissions trading programmes	Programmes that establish a limit on aggregate emissions of various pollutants from specified sources; require sources to hold permits, allowances or other units equal to their actual emissions; and allow permits to be traded among sources. These programmes are also referred to as emissions trading systems or cap-and-trade programmes.
Research, development and deployment policies	Policies aimed at supporting technological advances, 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 programmes	Provision of (or granting a government permit for) infrastructure, such as roads, water, urban services and high-speed rail.
Implementation of technologies, processes or practices	Implementation of technologies, processes or practices (e.g. those that reduce emissions compared with existing technologies, processes or practices).
Financing and investment	Public or private sector grants or loans – for example, those supporting development strategies or policies (e.g. development policy loans or development policy operations such as loans, credits and grants).

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

The series of ICAT assessment guides 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; agriculture, forestry and other land use; and waste; as well as cross-sector policy instruments (note 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 methodologies focus on assessing policies and actions that have an impact on climate change. These include policies and actions implemented primarily to achieve climate goals, as well as policies and actions implemented primarily to achieve other environmental, social or economic objectives, but

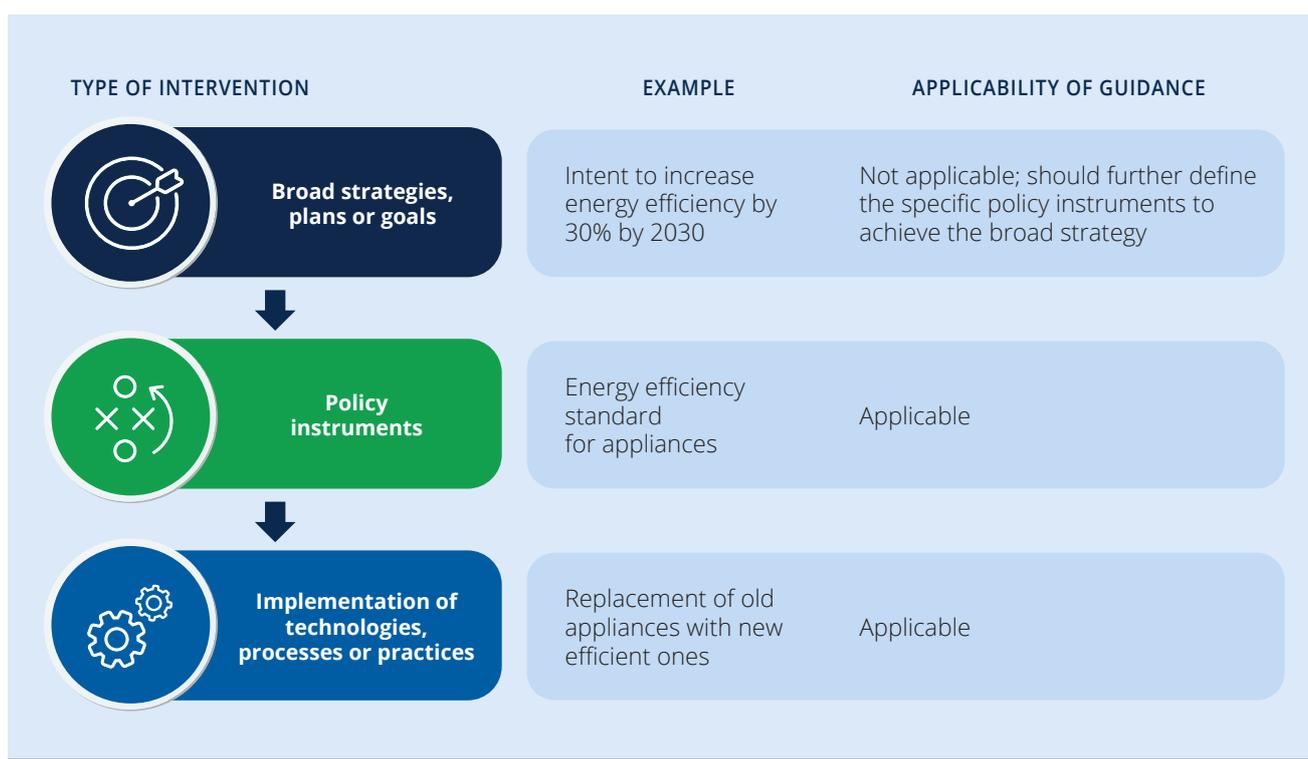
that have an impact (either positive or negative) on GHG emissions.

Policies and actions can refer to interventions at various levels of detail, 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 who intend to assess the impacts of broad strategies or plans 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 because the level of detail needed 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



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. Although the methodologies can be applied to these types of interventions, other methods and tools to assess their impacts already exist and are in wide use, and may be more suitable.

The methodologies are not intended as a tool for designing policies and actions. Their focus is instead on assessing the impacts of policies and actions. However, they can support the design and implementation of policies and actions by demonstrating the likely results. 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 repeat the assessment to see whether the revised design is likely to be more successful.

1.4 When to use the assessment guides

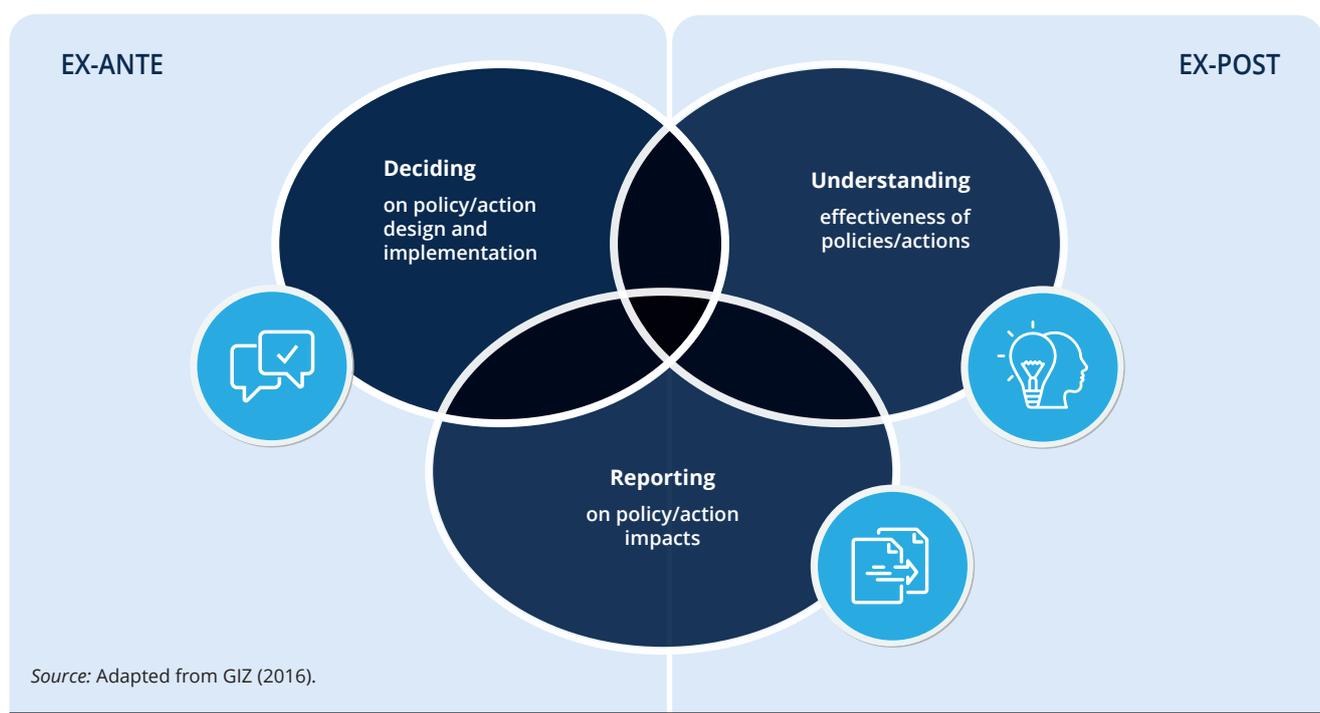
The assessment guides can be used at multiple points during a policy design and implementation cycle, including:

- **before policy implementation** – to assess the expected future impacts of a policy or action (through ex-ante assessment)
- **during policy implementation** – to assess the impacts achieved 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

FIGURE 1.2

Emphasis of ex-ante and ex-post assessment



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.

The impact assessment methodologies provide methods for both ex-ante and ex-post assessment. Depending on individual objectives and when the methodology is applied, users can implement the steps for ex-ante assessment, ex-post assessment or both. The most comprehensive approach is to apply the methodology before implementation, regularly during policy implementation and again after implementation.

[Figure 1.3](#) outlines a simplified sequence of steps to monitor and assess impacts at multiple stages in a policy design and implementation cycle. In the figure, the process is iterative – that is, insights from previous experience inform improvements to policy design and implementation, and development of new policies.

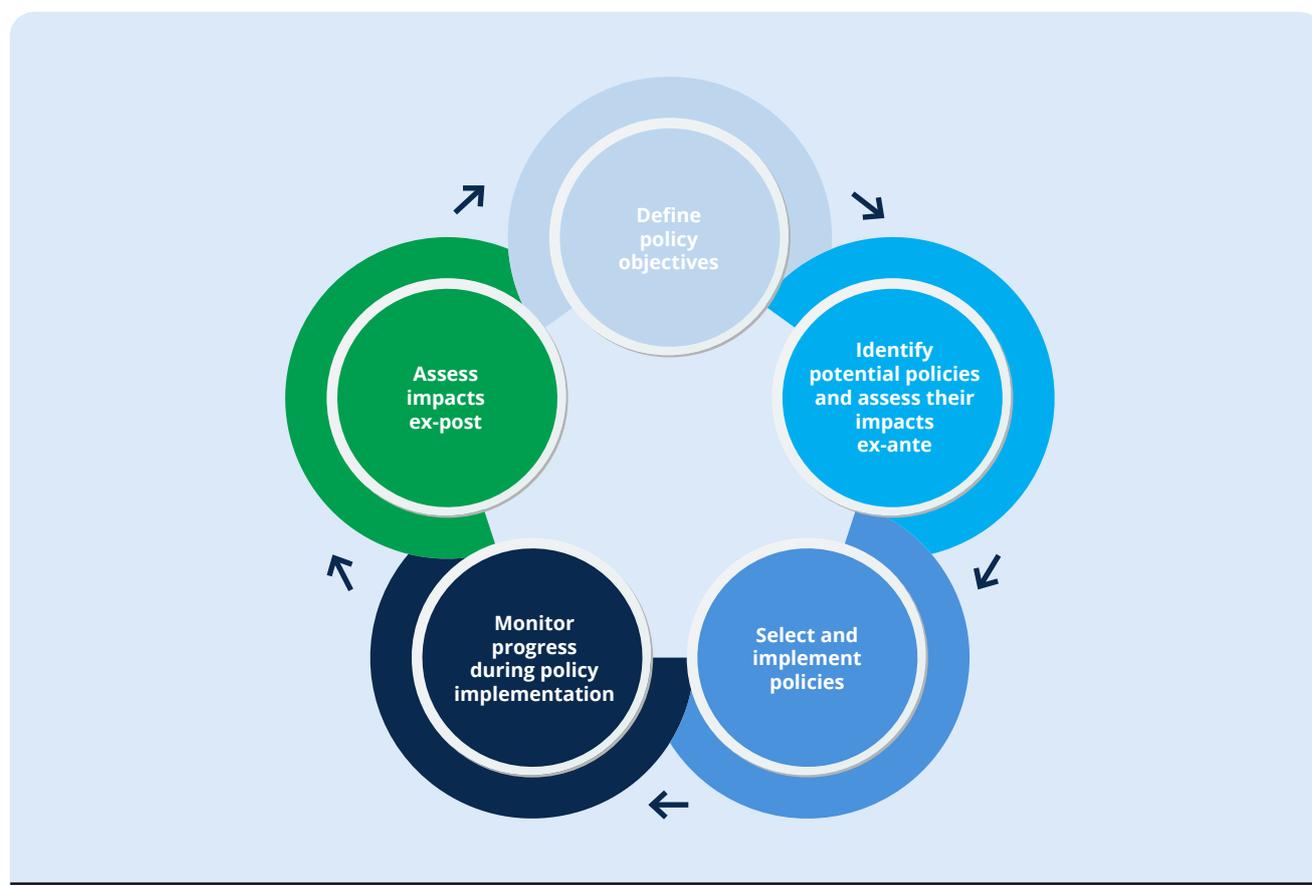
1.5 Relationship to GHG inventories and national monitoring, reporting and verification systems

National, subnational and company/organizational GHG inventories are critical for tracking changes in overall GHG emissions at each of these levels. 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 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 assessment guides can inform policy selection and design, and enable an understanding of policy effectiveness.

FIGURE 1.3

Assessing impacts during a policy design and implementation cycle



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.³ National monitoring, reporting and verification (MRV) systems allow countries to meet these commitments. The IPCC provides guidance to support this process, including:

- *2006 IPCC Guidelines for National Greenhouse Gas Inventories*⁴
- *Good Practice Guidance for Land Use, Land-Use Change and Forestry*⁵
- *Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories*.⁶

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 are available in the national GHG inventory can be useful for assessing policy impacts; conversely, data gathered to assess policy impacts can support the national GHG inventory.

1.6 Relevance to Paris Agreement

The assessment guides can help countries to fulfil 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.

³ Biennial transparency reports and their technical review process and multilateral consideration of progress will supersede the biennial update report requirements from December 2024.

⁴ Available at: www.ipcc-nggip.iges.or.jp/public/2006gl/index.html. 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)”.

⁵ Available at: www.ipcc-nggip.iges.or.jp/public/gp/lulucf/gp/lulucf.html.

⁶ Available at: www.ipcc-nggip.iges.or.jp/public/gp/english.

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 track progress, reformulate NDCs towards enhanced ambition and provide the necessary information in their reports under the Paris Agreement. ICAT assessment guides can be used to prepare for technical expert review required under the transparency framework; some methodologies can also be used to assess support needed. [Figure 1.4](#) is a simplified diagram that shows where ICAT methodologies can help countries with the reporting inputs and requirements of the transparency framework.

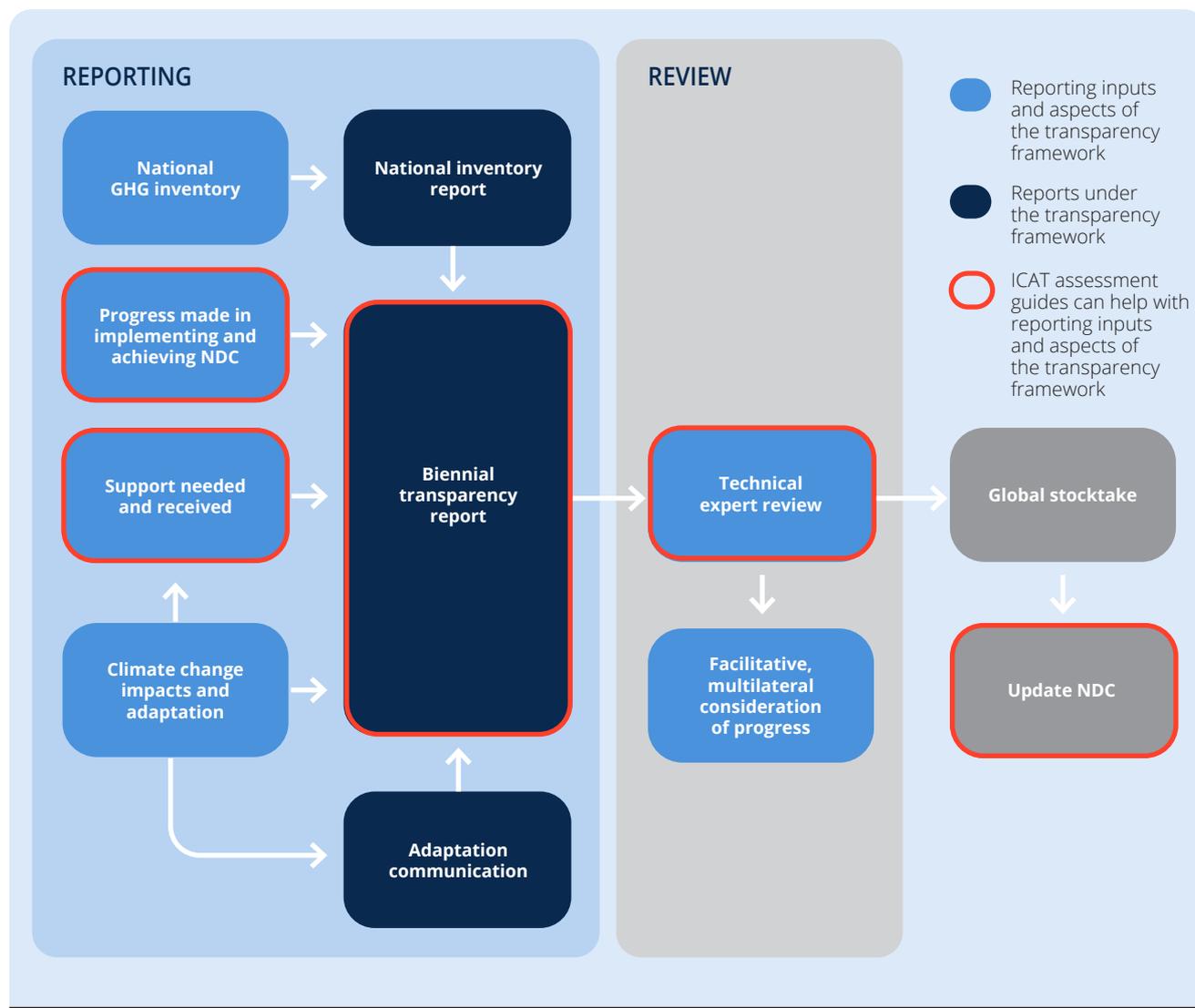
The ICAT assessment guides complement the principles of the transparency framework⁷ laid out in Article 13.3 of the Paris Agreement. The assessment guides facilitate improved quality and transparency of the information that countries report. The voluntary, non-prescriptive nature of ICAT provides flexibility for countries to select the methods that are most appropriate for their national context and will enrich existing systems rather than create any burden.

The assessment guides could also support countries that engage in voluntary cooperative approaches, as described in Article 6.2 of the Paris Agreement, and provide a mechanism to contribute to mitigation of GHG emissions and support sustainable development, under Article 6.4. Countries that choose to participate in the exchange of internationally transferred mitigation outcomes to meet NDCs must apply robust accounting methods to avoid double counting. The series of ICAT assessment guides 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.

⁷ The principles described in Article 13.3 are that the transparency framework will be facilitative, non-intrusive, non-punitive and respectful of national sovereignty, and avoid placing undue burden on Parties.

FIGURE 1.4

Linkages between ICAT assessment guides and the transparency framework



1.7 Alignment with the Sustainable Development Goals

The assessment guides help to identify and promote policies and actions that address multiple priorities across the environmental, social and economic dimensions, in particular through the *Sustainable 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 SDGs, and is intended to help users assess the impact of policies and actions in relation to the SDGs. It describes sustainable development impact categories that users can assess using the methodology, which are consistent with the SDGs, and provides methods for monitoring progress towards the SDGs.

1.8 Relationship to other guidance and resources

The assessment guides 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*.⁸ The *Sustainable Development Methodology* builds on resources such as *Framework for Measuring Sustainable Development in NAMAs*⁹ and the Sustainable Development co-Benefits Tool of the Clean Development Mechanism.¹⁰ The transport sector methodology focuses on pricing measures, which is the gap highlighted by the *Compendium on Greenhouse Gas Baselines and Monitoring: Passenger and Freight Transport*.¹¹ Each of the documents highlights related methods, tools and resources.

⁸ Available at: <https://unepdtu.org/publications/from-theory-to-practice-understanding-transformational-change-in-namas>.

⁹ Available at: <https://unepdtu.org/publications/framework-for-measuring-sustainable-development-in-namas>.

¹⁰ Available at: <http://cdmcobenefits.unfccc.int/Pages/SD-Tool.aspx>.

¹¹ Available at: www.uncclearn.org/learning-resources/library/19933.

The series of ICAT assessment guides is consistent with the Greenhouse Gas Protocol *Policy and Action Standard*,¹² which provides methods to estimate the GHG 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 assessment guides, including this *Introduction to the ICAT Assessment Guides*, 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 assessment guides

The series of ICAT assessment guides was developed by ICAT through an inclusive, multi-stakeholder process. The first draft of each document was developed by drafting teams, consisting of a subset of a broader Technical Working Group (TWG) and the document lead(s). The TWGs consist of experts and stakeholders from a range of countries identified through a public call for expressions of interest. A Review Group provided written feedback on the first draft of each guide during a 60-day public consultation.

The second draft of each guide was applied by ICAT participating countries and other non-state actors to ensure that it can be practically implemented. The final version of the guides was informed by the feedback gathered from that experience and by comments received during a second, 30-day, public consultation.

The ICAT 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.

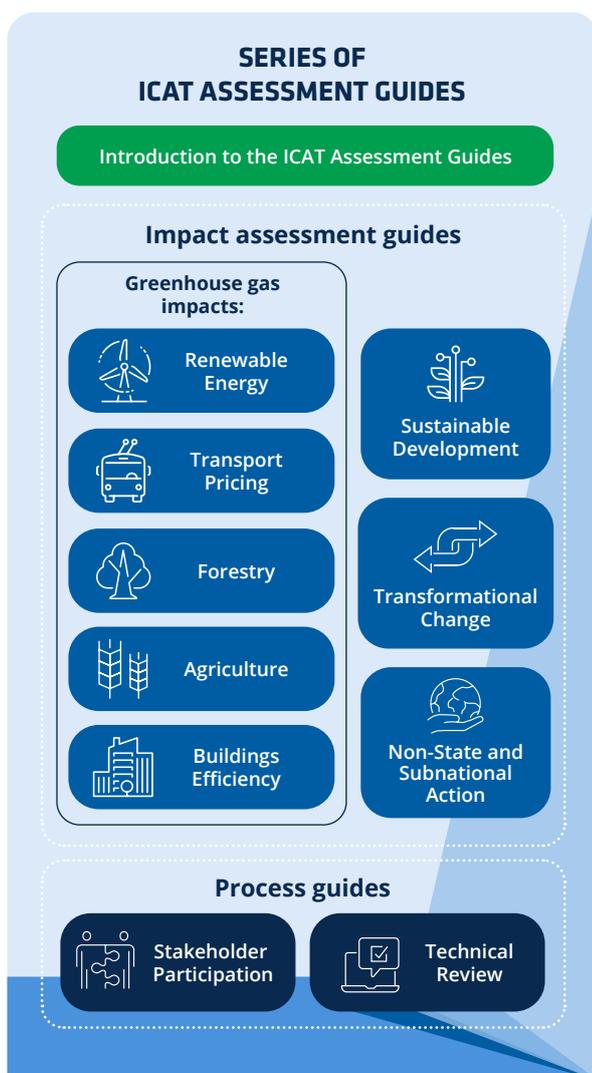
¹² Available at www.ghgprotocol.org/policy-and-action-standard.

2 Overview of the assessment guides

This chapter describes the assessment guides that ICAT provides for users to apply in the context of their own objectives and circumstances.

FIGURE 2.1

ICAT assessment guides



2.1 Overview of the series

Figure 2.1 shows the individual guides in the ICAT series, including this document, the impact assessment methodologies and the process guides. The core of the ICAT series is the impact assessment methodologies for assessment of the GHG, sustainable development and transformational impacts of policies and actions (in light blue), which are supported by process guides on stakeholder participation and technical review (in dark blue). The series is further supported by complementary tools and templates that can be accessed on the ICAT website.

The series of assessment guides is designed in a modular way. New guides could be added later, given sufficient demand and funding. For example, a methodology for assessing GHG impacts for policies and actions in the waste sector could be developed. The scope of existing assessment guides could also be expanded to cover more subsectors or policies.

2.2 Overview of each assessment guide

All the assessment guides 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, although the content is specific to each document. The methods in each document can be used without a need 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 assessment guide. 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 Assessment Guide* helps national governments identify and integrate the impact of non-state and subnational mitigation actions 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. Specifically, it provides an approach 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 emissions 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)**
- **auction policies (including tenders)**
- **tax incentive policies.**

Buildings Efficiency Methodology

The *Buildings Efficiency Methodology*¹³ provides a stepwise approach for assessing the GHG impacts of energy efficiency policies in the buildings sector. Specifically, it provides an approach for estimating the effects of policy design characteristics and other barriers on GHG impacts. The methodology primarily targets residential buildings, although 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.

¹³ At the 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 that the methodology might support.

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

- **regulatory policies (for new buildings)**
 - mandatory building codes
 - voluntary building codes
 - 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. Specifically, it provides 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 the 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 both 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-fuelled 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*¹⁴ 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 (CH₄) emissions in ruminant livestock through activities such as improving feeding strategies, improving herd management and breeding, and implementing silvopastoral systems
- **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 emissions reductions and removals are based on the *2006 IPCC 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*. They are also based on the *2006 IPCC Guidelines for National Greenhouse Gas Inventories*.

Sustainable Development Methodology

Policymakers are interested in knowing the full environmental, social and economic impacts that are 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
- 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.¹⁵

¹⁴ ICAT is planning to expand the scope of the *Agriculture Methodology* to include additional sources and carbon pools, and at the time of writing is undertaking a scoping study to identify methods and further needs that the methodology might support.

¹⁵ Available at: www.climateactiontransparency.org/methodological-framework/sustainable-development/.

Transformational Change Methodology

Transformational change is needed to shift the 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 envisaged in the Paris Agreement and the 2030 Agenda for Sustainable Development.

The *Transformational Change Methodology* provides a stepwise approach to assessing 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
- 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 Assessment 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 actions together can lead to ambitious emissions 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 Assessment 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 increase benefits for all stakeholder groups. This increases the credibility, accuracy and comprehensiveness of assessment, and thereby raises transparency, accountability and legitimacy.

The *Stakeholder Participation Guide* provides practical guidance on planning and implementing effective participatory processes. It 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 in the series of ICAT assessment guides. Each of these assessment guides highlights the importance of engaging stakeholders at relevant points and refers to the *Stakeholder Participation Guide* for recommended practices for engaging them.

Technical Review Guide

There is an increasing need to assess and communicate the impacts of policies to ensure that the policies are effective in delivering sustainable development and climate change benefits. Technical review of assessments can play an important role in supporting learning and improving assessments over time. Technical reviews can also help to increase transparency, trust and confidence in the implementation of policies and reporting of their impacts.

The *Technical Review Guide* provides guidance for planning and conducting technical reviews. The guide outlines three different approaches for review and provides guidance on selecting the most appropriate type of review. The elements that define a credible review and the steps to follow when pursuing or conducting a review are discussed.

The guide is applicable to impact assessments that have followed the key recommendations approach (described in [Section 3.3](#)). The review evaluates an assessment report, which documents how the key recommendations of the relevant ICAT assessment guide(s) were followed.

3 Using the assessment guides

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

3.1 Background to using the assessment guides

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

A fuller application of the documents is to use two or more assessment guides. For example, a user who 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 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 assessment guides are applied to a policy, users can develop a single or multiple impact assessment report(s). Each assessment guide 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 assessment guides 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 assessment guides does not provide GHG methodologies for all sectors or types of policies and actions. The *Policy and Action Standard* can be used where methods are not provided for a particular sector or subsector, such as waste, industrial processes and product use, or transport subsectors not covered by the *Transport Pricing Methodology*. Other ICAT assessment guides, such as the *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 assessment guides set out key recommendations that users can follow. The key recommendations are recommended steps or elements for users to follow when assessing and reporting the impacts of their policies and actions.

The key recommendations help users produce credible and high-quality impact assessments that are based on the principles of relevance, completeness, consistency, transparency and accuracy. Consistency with the key recommendations can be objectively evaluated.

In keeping with the approach used in the ICAT assessment guides, the key steps or elements in the key recommendations are non-prescriptive. They help provide structure to the assessment guides and convey the way in which the authors intended that the documents be used most effectively.

The methods and guidance that accompany each key recommendation provide 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 who choose to conduct their impact assessments in a way that is consistent with the key recommendations are likely to 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](#).

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

3.3 Approaches to using the assessment guides

Users can apply the assessment guides following one of two approaches:

- **Flexible approach.** Users apply the assessment guides 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 assessment guides are useful tools and the user is not seeking to make any statement about consistency with the key recommendations set out in the assessment guides.
- **Key recommendations approach.** Users apply the assessment guides while ensuring consistency with all the applicable key recommendations within them. Some key recommendations may not be relevant or applicable in a given context. In these cases, users do not have to follow them, provided that they explain and justify why they have not followed a particular key recommendation.

The **flexible approach** is intended as a lower threshold, to make the assessment guides useful to a wide audience. Users who are using 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 assessment guides and readers of the resulting impact assessment reports should be aware of potential uncertainties when interpreting the results. For example, users who 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 users who want to use the assessment guides 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 they have applied the document. The purpose of such statements is to lend transparency to the impact assessment undertaken by the user and allow the reader to form their 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 assessment guides. 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 followed. 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 their reasons for not meeting particular requirements.

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 recommendations 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 no assessment statement listing key recommendations on which to seek this second opinion. For more information, refer to the *Technical Review Guide*.

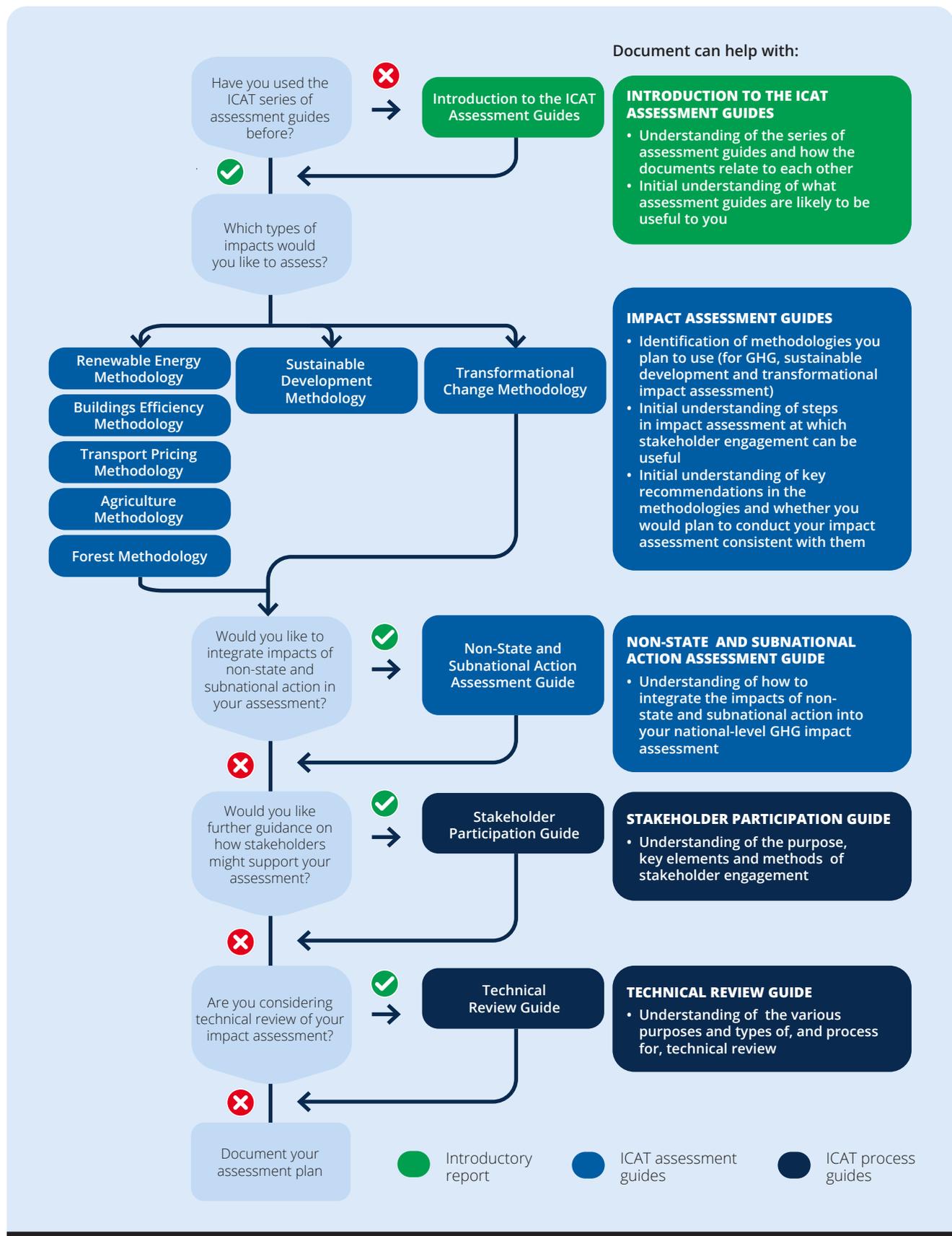
3.4 Planning the assessment

The decision tree set out in [Figure 3.1](#) can help users plan their impact assessments and determine which assessment guides to apply. The series of assessment guides 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 beneficial. To do this well, users should be familiar with both the impact assessment and stakeholder participation guidance provided in the respective documents.

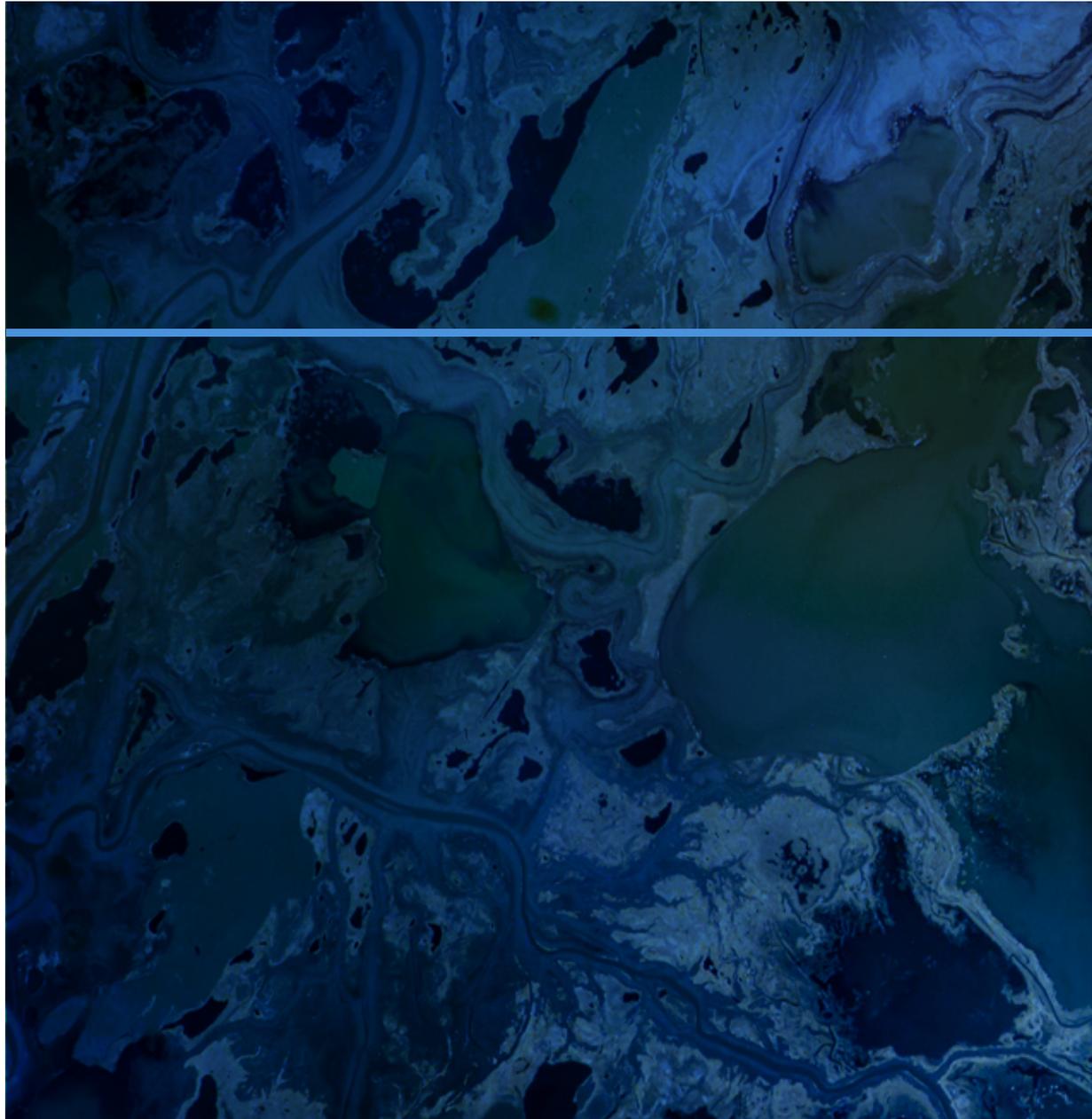
FIGURE 3.1

Decision tool for using the series of ICAT assessment guides



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