3 Key concepts, steps and planning the assessment

This chapter introduces key concepts in the methodology, provides an overview of the steps involved in assessing sustainable development impacts of policies, and provides guidance on planning the assessment.

Checklist of key recommendations

- Base the assessment on the principles of relevance, completeness, consistency, transparency and accuracy

3.1 Key concepts

This section describes key concepts that are relevant to several chapters in the methodology. It introduces concepts and steps that are elaborated in more detail in later chapters. It is intended as an overview, but not to provide practical guidance, which begins in Chapter 4.

3.1.1 Sustainable development dimensions, impact categories and specific impacts

Impact assessment is the qualitative or quantitative assessment of impacts resulting from a policy. In this methodology, sustainable development impacts include all types of impacts across three overarching "dimensions": environmental, social and economic.

Within each dimension are various "impact categories", which are types of sustainable development impacts affected by a policy, such as air quality, health, jobs, poverty reduction, access to energy, gender equality, biodiversity, and energy independence, among others outlined in Chapter 5. Users choose which impact categories to include in the assessment in Chapter 5.

Finally, a "specific impact" is a more specific change (within a selected impact category) that results from a policy, such as an increase in jobs in the solar photovoltaic (PV) manufacturing industry resulting from a solar PV incentive policy. Users identify specific impacts of the policy (within selected impact categories) in Chapter 6. Users are encouraged to include both positive and negative impacts to enable decision makers to understand the full range of impacts and maximize net benefits resulting from policies.

3.1.2 Indicators and parameters

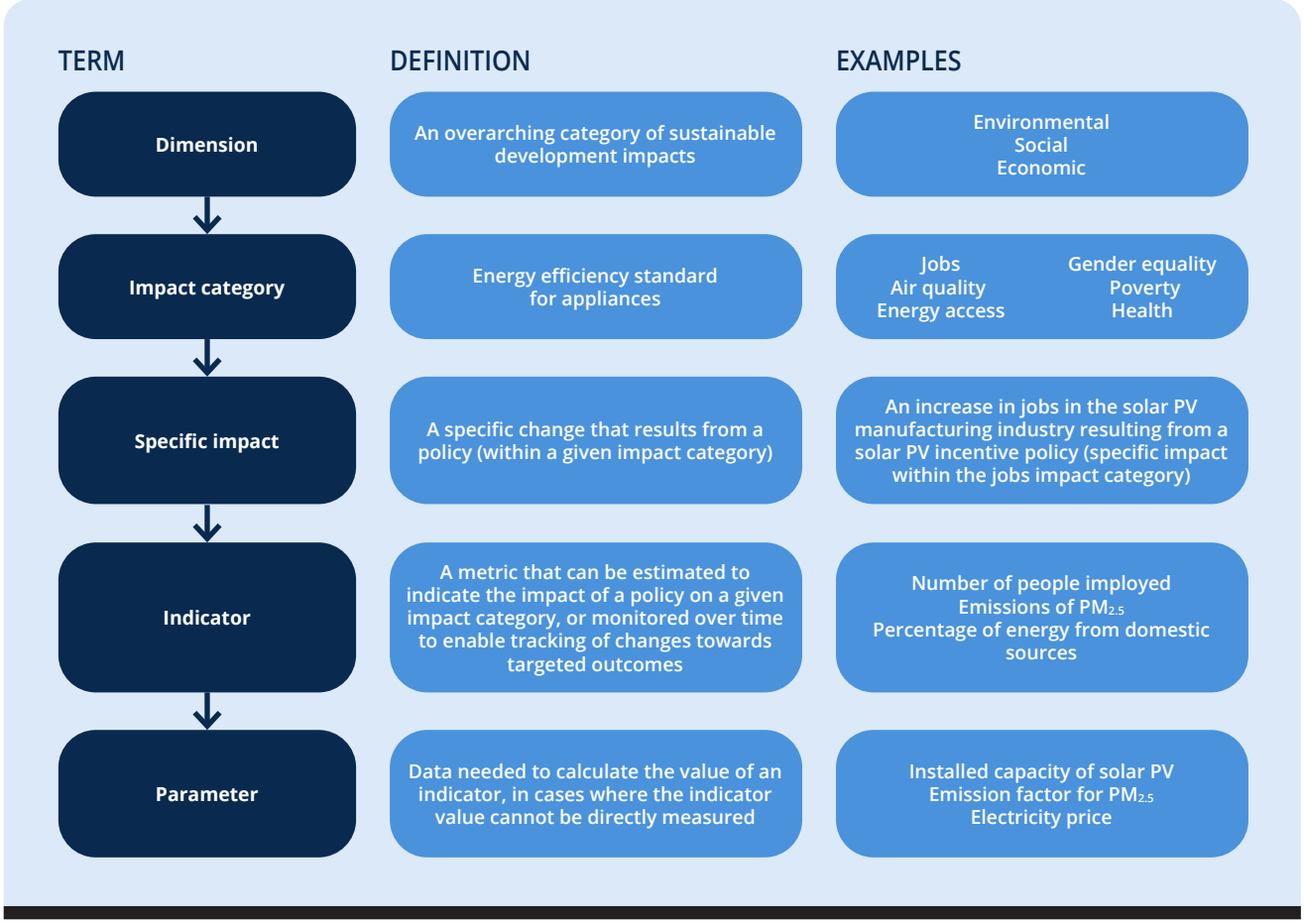
An "indicator" is a metric that can be estimated to indicate the impact of a policy on a given impact category, or can be monitored over time to enable tracking of changes towards targeted outcomes. For example, to measure the impact of a policy on jobs, a key indicator is "number of people employed". Indicators are what the user aims to calculate to assess the impacts of the policy.

Calculating the impact of a policy on a given indicator may require collecting data on multiple parameters. "Parameters" are the data needed to calculate the value of an indicator, in cases where the indicator cannot be directly measured. In some cases, indicators are sufficient, and additional parameters are not necessary. For example, it may be possible to measure the indicator "number of people employed" directly. In other cases, parameters are necessary to measure the indicator value. For example, estimating household cost savings from an energy efficiency programme requires estimating the electricity price and the quantity of energy consumed in the baseline scenario and policy scenario. In this example, "household cost savings" is the indicator, while "electricity price" and "quantity of energy consumed" are parameters. These two parameters are not themselves indicators of interest, but are necessary to calculate the value of the indicator of interest (i.e. household cost savings). Whether a given metric is labelled an indicator or a parameter depends on the specific context. In the previous example, "quantity of energy consumed" would be an indicator rather than a parameter if the user intends to assess the impact of the policy on energy use.

Figure 3.1 provides a summary of these concepts. In the figure, the level of detail, specificity and disaggregation increases from the top of the figure (dimensions) to the bottom (parameters).

FIGURE **3.1**

Overview of sustainable development dimensions, impact categories, specific impacts, indicators and parameters



3.1.3 Assessment boundary and assessment period

The assessment boundary defines the scope of the assessment in terms of the range of dimensions, impact categories and specific impacts that are included in the assessment. The assessment boundary may be broader than the geographic and sectoral boundary within which the policy is implemented.

Chapter 7 provides guidance on defining the qualitative assessment boundary. Chapter 8 provides guidance on defining the quantitative assessment boundary. All specific impacts identified in Chapter 6 should be included in the qualitative assessment boundary, whereas the quantitative assessment boundary should include all significant impacts, where feasible.

The assessment period is the time period over which impacts resulting from the policy are assessed. The assessment period may differ from the policy implementation period, which is the time period during which the policy is in effect. Chapters 7 and 8 provide more information on defining the assessment period.

3.1.4 Attribution of impacts to policies and actions

This methodology can support users in attributing sustainable development impacts to a specific policy (or package of policies) and understanding how effective policies are in achieving desired results, which supports the objectives listed in Chapter 2.

Attributing impacts to specific policies is difficult, since changes in the world are the result of many factors, including (1) the policy being assessed, (2) other policies that directly or indirectly affect the same impact categories, and (3) various external drivers that affect the same impact categories. To overcome this challenge, it is helpful to define a baseline scenario that represents what is most likely to happen in the absence of the policy being assessed.

For example, a city may implement a green jobs programme and then observe that the following year jobs have declined. However, the fact that jobs declined does not mean that the policy was unsuccessful or caused the decrease in jobs. A correlation between a policy being implemented and a decline in jobs is not sufficient to establish causation. Instead, jobs may have declined because of a broader economic downturn. The policy may still have been effective in increasing jobs relative to a baseline scenario.

Attribution of impacts is embedded in the quantitative impact assessment method included in this methodology. To estimate an impact resulting from a policy, users follow three basic steps:

1. Define the baseline scenario and estimate baseline scenario conditions (Chapter 8).

2. Define the policy scenario and estimate policy scenario conditions (Chapters 9 and 10).

3. Subtract the baseline scenario value from the policy scenario value to estimate the impact of the policy (Chapters 9 and 10).

Attributing impacts to policies is also part of the qualitative impact assessment method, which involves identifying impacts through a causal chain that illustrates the cause-and-effect relationships between a policy and impacts.

In complex situations, a causal link between a given policy and a given result cannot always be demonstrated with a high degree of certainty or accuracy. Users and stakeholders should exercise caution in interpreting the assessment results, which are only as reliable as the data and methods used. In situations with high complexity or uncertainty, it may be more appropriate to conclude that a policy contributes to achieving a desired outcome than to attribute a specific change to the policy.

3.1.5 Tracking progress of indicators over time

An alternative to attributing impacts to specific policies is to track trends in overall national statistics or monitor indicators over time relative to historical values, goal values, and values at the start of policy implementation (detailed in Chapter 12).

Monitoring trends in indicators highlights changes in the targeted outcomes of a policy, which is helpful in understanding whether a policy is on track. Monitoring key indicators is also necessary to assess progress towards goals and see whether desired results are being achieved. For example, to track the progress of an energy efficiency policy, a user may track electricity consumption over time from the date the policy was implemented and observe whether energy consumption is declining.

However, tracking indicators does not explain why changes have occurred or demonstrate cause-and-effect relationships between interventions and impacts, since it does not involve defining a baseline scenario. For example, if energy consumption declines from one year to the next, the change could be the result of the energy efficiency policy or the result of a mild winter, which reduces demand for home heating. To attribute impacts to a policy, a baseline scenario is needed.

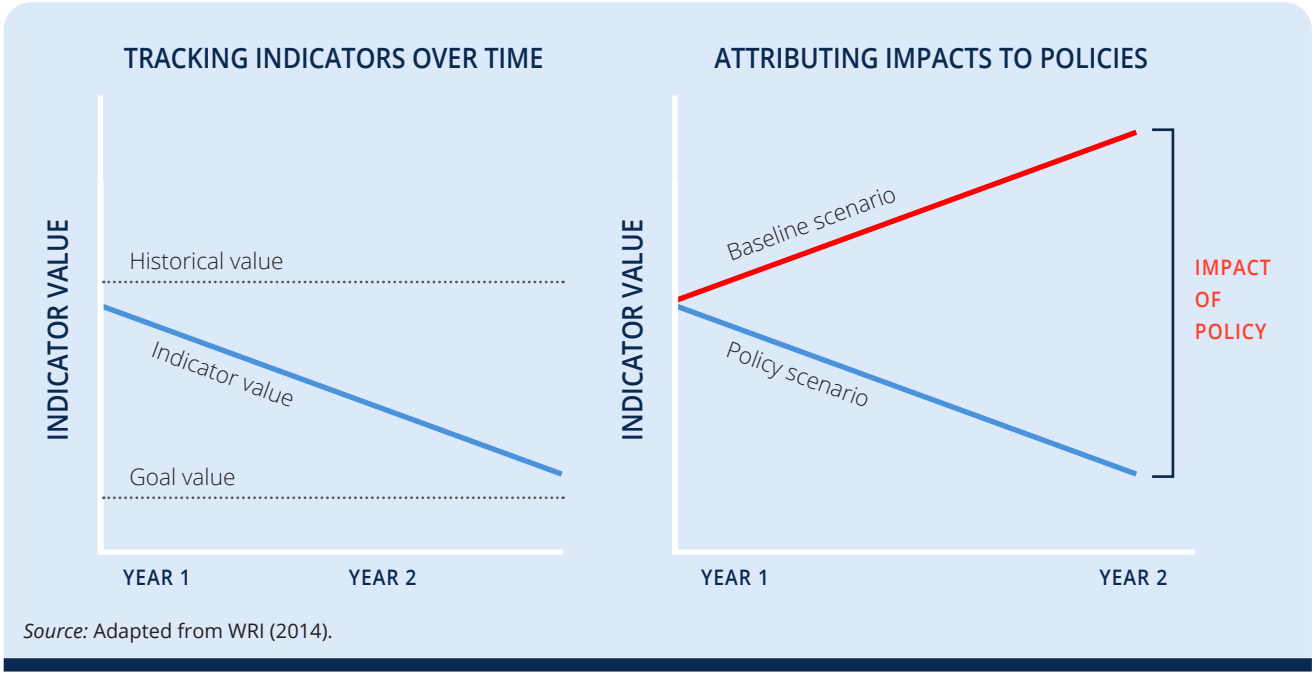
Figure 3.2 illustrates the difference between attributing impacts to specific policies relative to a baseline scenario and tracking changes in indicators over time relative to historical values. Users can follow the attribution approach, the approach of tracking indicators over time, or both approaches. Section 3.3.1 provides guidance on choosing an approach.

3.1.6 Qualitative and quantitative approaches to impact assessment

Impacts can be assessed qualitatively and/or quantitatively. Qualitative assessment involves describing the impacts of a policy in descriptive terms. This can be useful for concepts that are harder to measure, such as quality, behaviour or experiences. Quantitative assessment involves estimating the impacts of a policy in numerical terms, using measured or estimated data.

FIGURE **3.2**

Tracking indicators over time versus attributing impacts to policies and actions



Source: Adapted from WRI (2014).

These approaches are further described in Section 3.3.1. Guidance on the qualitative approach to impact assessment is provided in Part III, and guidance to the quantitative approach is provided in Part IV. The quantitative approach involves first following the qualitative approach in Part III as a precursor step to identify and prioritize impacts, before quantifying significant impacts in Part IV.

3.1.7 Baseline scenario and policy scenario

A baseline scenario, or reference case against which change is assessed, needs to be established to attribute impacts to a policy. The baseline scenario represents the events or conditions most likely to occur in the absence of the policy being assessed. The baseline scenario is an assumption about conditions that would exist over the assessment period if the policy were not implemented. These conditions include other policies that are implemented, as well as external drivers and market forces that affect the impact category being assessed.

In contrast to the baseline scenario, the policy scenario represents the events or conditions most likely to occur in the presence of the policy being assessed. The policy scenario is the same as the baseline scenario except that it includes the policy (or package of policies) being assessed. The difference between the policy scenario and the baseline scenario represents the impact of the policy (see Figure 3.3).

The baseline scenario can be higher or lower than the policy scenario, depending on the situation. In the case of a policy that reduces air pollution, the baseline scenario would be higher than the policy scenario, since emissions are lower in the policy scenario than in the baseline scenario. In the case of a policy that increases jobs, the baseline scenario would be lower than the policy scenario, since the number of jobs is greater in the policy scenario than in the baseline scenario.

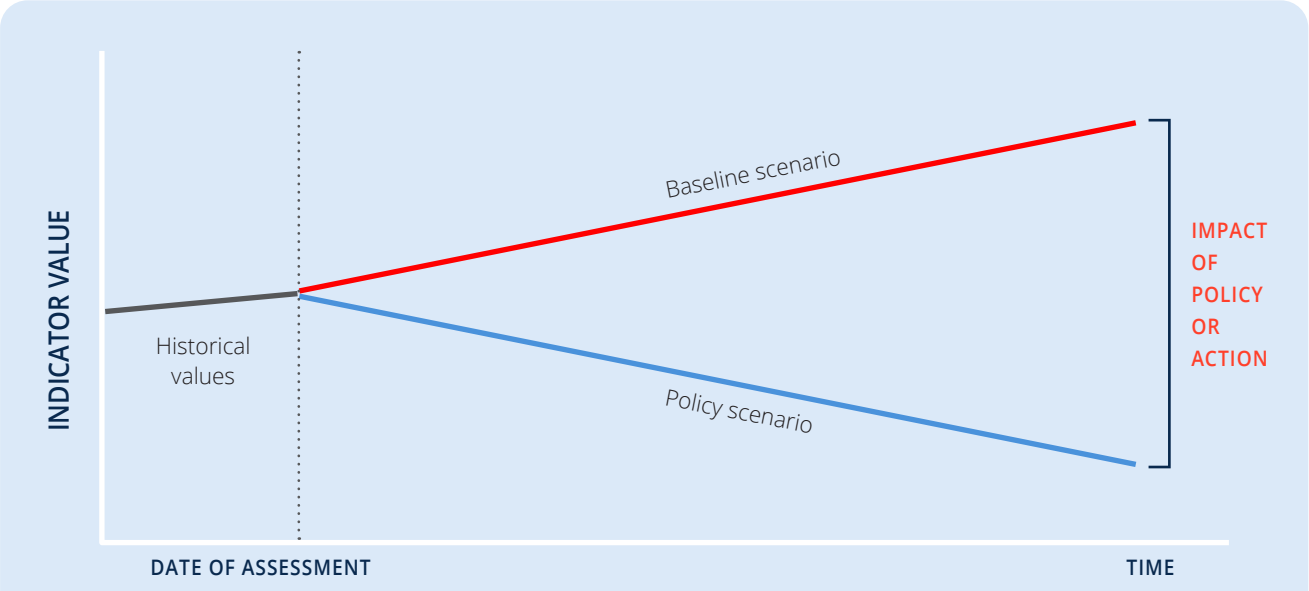
Chapter 8 provides guidance on developing the baseline scenario. Chapters 9 and 10 provide guidance on developing the policy scenario, either ex-ante or ex-post.

3.1.8 Ex-ante and ex-post assessment

An assessment is classified as either ex-ante or ex-post depending on whether it is prospective (forward-looking) or retrospective (backward-

FIGURE **3.3**

Baseline and policy scenarios



Source: Adapted from WRI (2014).

looking). Ex-ante assessment is the process of assessing expected future impacts of a policy. Ex-post assessment is the process of assessing historical impacts of a policy. Ex-ante assessment can be carried out before or during policy implementation, while ex-post assessment can be carried out during or after policy implementation.

3.1.9 Distributional impacts

In many cases, it may be important to separately assess the impacts of policies on different groups in society, such as men and women, people of different income groups, people of different racial or ethnic groups, people of different education levels, people from different geographic regions, and people in urban versus rural locations. This allows users to understand distributional impacts on different groups, manage trade-offs in cases where policies have positive impacts on some groups and negative impacts on other groups, and avoid situations where policies would be discriminatory or have adverse effects on disadvantaged or vulnerable populations. For example, a tax policy may be regressive by imposing more costs on poorer people than on wealthier people.

In several steps throughout the methodology, users should collect disaggregated data and assess impacts separately for different groups, where relevant, in addition to assessing total impacts based on aggregated data. For example, users could collect data on socioeconomic status separately for women and men.

3.2 Overview of steps

This document is organized according to the steps a user follows in assessing the sustainable development impacts of a policy (see Figure 1.1). Users can skip certain parts or chapters depending on their objectives, when the methodology is applied and the methodological approach chosen. Users who only want to assess impacts qualitatively without quantifying any impacts can skip Part IV. Within Part IV, users assessing impacts ex-post but not ex-ante should skip Chapter 9, while users assessing impacts ex-ante but not ex-post should skip Chapter 10. Users who only want to track indicators over time without assessing impacts either qualitatively or quantitatively can skip Part III, IV and VI. Figure 3.4 provides an example of following the steps for a solar PV incentive policy.

FIGURE **3.4**

Example of following the steps for a solar PV incentive policy

Part I: Understand background and define objectives

Determine the objectives of the assessment (Chapter 2): The primary objective is to improve the design of the policy and maximize its net benefits by understanding the environmental, social and economic impacts of various policy design options.

↓

Part II: Defining the assessment

Clearly describe the policy to be assessed (Chapter 4): The policy is the Grid-Connected Solar Rooftop Programme (elaborated in Table 4.1)
Choose which impact categories and indicators to assess (Chapter 5): The following impact categories are relevant and significant, and will be assessed: climate change mitigation; air quality and health; waste; renewable energy generation; access to clean, affordable and reliable energy; capacity, skills and knowledge development; quality and safety of working conditions; jobs; income; new business opportunities; energy independence (see Table 5.2). Indicators for each impact category are selected.

↓

Part III: Qualitative approach to impact assessment

Identify specific impacts of the policy within chosen impact categories (Chapter 6): Many specific impacts are identified, such as reduced GHG emissions and air pollution from fossil fuel–based power plants; increased access to clean, affordable and reliable electricity; increased jobs and business opportunities in the solar manufacturing, installation, operation and maintenance sectors; decreased business opportunities in the fossil fuel extraction and related sectors; and increased energy independence from reduced imports of fossil fuels (see Table 6.3).
Qualitatively assess each specific impact (Chapter 7): Each specific impact is assessed based on its likelihood of occurring, its expected magnitude (major, moderate or minor), and the nature of the change (positive or negative) (see Table 7.5).

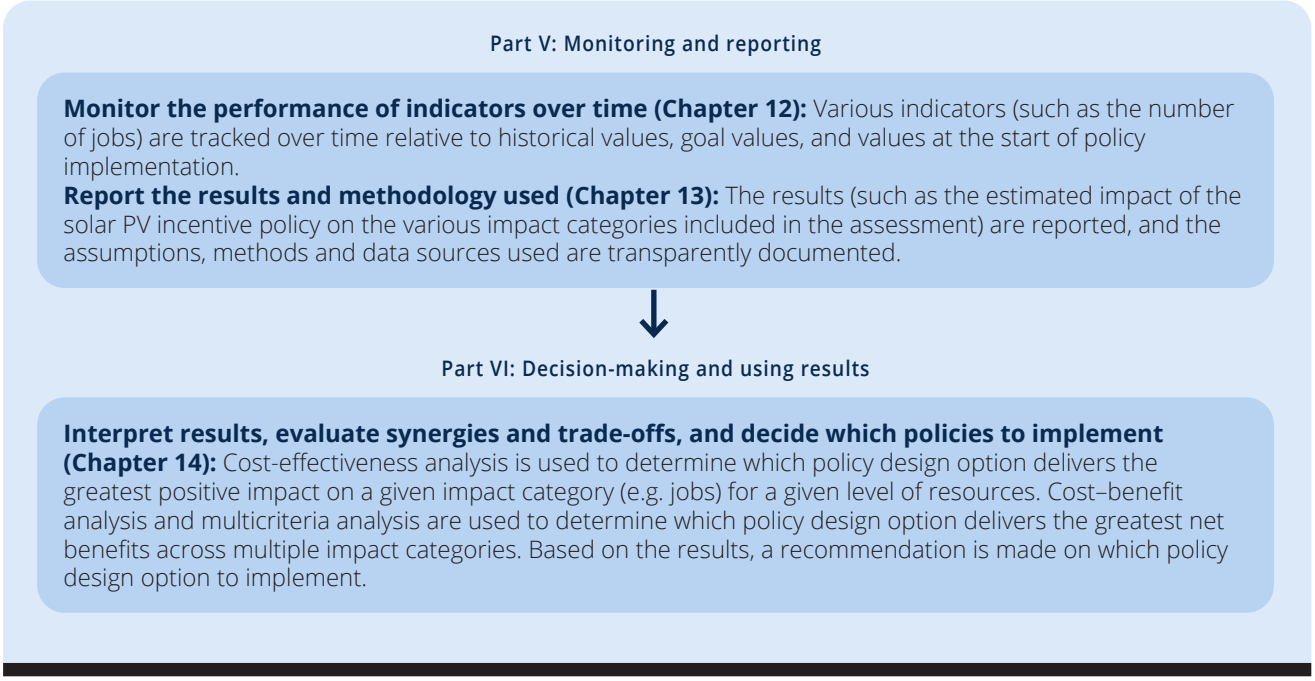
↓

Part IV: Quantitative approach to impact assessment

Estimate baseline values for impacts included in the quantitative assessment boundary (Chapter 8): For each indicator in the quantitative assessment (e.g. number of jobs), baseline scenario values (the conditions most likely to occur in the absence of the policy) are estimated, such as 100,000 jobs in the solar sector per year over the assessment period (2020–2030).
Estimate policy scenario values and policy impact (ex-ante) (Chapter 9): For each indicator in the assessment (e.g. number of jobs), policy scenario values (i.e. the conditions most likely to occur in the presence of the policy) are estimated, such as 200,000 jobs in the solar sector per year over the assessment period (2020–2030). The policy impact is estimated by subtracting baseline values from policy scenario values (in this case, a forecasted increase of 100,000 jobs per year resulting from the policy).
Estimate policy scenario values and policy impact (ex-post) (Chapter 10): After the policy is implemented, the baseline scenario is revised for each indicator (e.g. there would have been 125,000 jobs per year without the policy in place, due to costs of solar panels falling more than expected, leading to higher demand for solar electricity). The actual number of jobs with the policy in place is determined (such as 250,000 jobs in the solar sector), and the policy impact is estimated by subtracting baseline values from policy scenario values (e.g. an increase of 125,000 jobs per year resulting from the policy). (See Table 9.1.)
Assess uncertainty (Chapter 11): Uncertainty and sensitivity of the results are assessed, resulting in an uncertainty range or description (e.g. the policy is expected to create 100,000 ± 25,000 jobs per year).

FIGURE **3.4,** continued

Example of following the steps for a solar PV incentive policy



3.3 Planning the assessment

Users should review this methodology and plan in advance the steps, responsibilities and resources needed to meet their objectives for assessing sustainable development impacts. The time and human resources required to carry out an impact assessment depend on a variety of factors, such as the complexity of the policy being assessed, the range of sustainable development impact categories included in the assessment, the extent of data collection needed and whether relevant data have already been collected, whether analysis related to the policy has previously been done, and the desired level of accuracy and completeness needed to meet the user's objectives. Users should document their plans for the assessment.

3.3.1 Choosing an overarching approach to applying the methodology

Users should decide how to apply the methodology in the context of their objectives and available resources. The methodology contains steps related to (1) qualitative impact assessment, (2) quantitative impact assessment, and (3) tracking progress of indicators over time:

- **Qualitative impact assessment** involves describing and characterizing the expected or achieved impacts of a policy on selected impact categories using qualitative classifications of likelihood, magnitude and the nature of the change (positive or negative). This approach is covered in Part III.
- **Quantitative impact assessment** involves estimating the quantitative impacts of a policy on selected impact categories relative to a baseline scenario. Quantification includes qualitative impact assessment as a preliminary step. This approach is covered in Part IV.
- **Tracking progress of indicators over time** involves monitoring trends in key indicators over time relative to historical values, goal values and values at the start of policy implementation. This approach is covered in Part V.

Each approach is useful for different purposes. The recommended approach is to follow all chapters and therefore use all three approaches in combination.

This involves qualitatively assessing all identified impacts, and then quantifying the subset of impacts that are determined to be significant and feasible to quantify. However, users can choose to follow only certain steps and approaches, depending on their objectives. Table 3.1 outlines advantages and disadvantages of each approach. Box 3.1 provides more information on choosing an approach based on the assessment objectives.

To ensure proper interpretation of the results, users should report whether the assessment consists of a qualitative impact assessment, a quantitative impact assessment, and/or tracking progress of indicators over time.

TABLE **3.1**

Advantages and disadvantages of different approaches for applying the methodology

Approach	Advantages	Disadvantages
Assess impacts qualitatively only	• Gives an understanding of expected impacts in descriptive rather than numerical terms • Easier; simpler; and requires less time, resources and capacity	• Does not enable a quantified estimate of the impacts of a policy, which limits the range of objectives the assessment can meet • Risk of oversimplification or limited understanding of relevant impact drivers
Assess impacts quantitatively (which includes qualitative assessment as a first step)	• Enables more robust and accurate understanding of the impacts of policies • Enables the best understanding of trade-offs between impact categories • Meets wider set of objectives (related to understanding policy impact) • Meets widest set of stakeholder needs	• Increased time, cost, data and capacity needs, depending on approach taken (simpler to more complex)
Track progress of indicators over time only	• Enables understanding of whether indicators of interest are moving in the right direction in relation to goal levels, such as SDGs • Easier; simpler; and requires less resources and capacity • In some cases, sufficient to meet objectives, such as tracking progress towards national goals	• Does not enable an estimate of "impact" of a policy, because changes in indicators are not attributed to individual policies, which limits the range of objectives the assessment can meet
Use all three approaches in combination (the default approach presented in the methodology)	• Meets widest set of objectives (related to understanding policy impact and tracking progress of indicators over time) • Provides flexibility to use the most appropriate method for various impacts	• Increased time, cost, data and capacity needs, depending on approach taken (simpler to more complex)

BOX **3.1**

Choosing an approach based on objectives

If the user's objective is to understand policy impacts to meet a variety of objectives – such as informing policy design, improving policy implementation, evaluating policy effectiveness, reporting on policy impacts and attracting finance based on policy impacts – the user should assess impacts qualitatively and/or quantitatively, rather than only tracking indicators over time. Such users should also track progress of indicators over time, where relevant.

Whether to follow a qualitative or quantitative approach (or both) should be guided by the nature of impacts being assessed, and the user's objectives, capacity and resources. For some types of impacts, quantitative analysis will yield the most meaningful results (for impacts best measured in numerical terms), whereas qualitative assessment may be most appropriate for impacts that are not easily measured numerically or for which qualitative information provides more meaningful results.

Some objectives may be achieved with a qualitative approach, such as gaining an understanding of a wide variety of impacts in a short amount of time to guide decision-making. Other objectives may require a more rigorous quantitative approach, such as attracting public or private financing to implement an intervention and achieve specific results. The quantitative approach to impact assessment better supports several objectives, but generally requires more time and resources. The qualitative approach is less resource-intensive, but may not fully meet all of a user's objectives. In cases where quantification would yield the most meaningful results, users should quantify significant impacts of the policy, where feasible, and qualitatively assess impacts where quantification is not feasible.

If the objective is to track national or subnational progress over time, track progress towards goals such as SDGs, or track progress of indicators to understand whether the policy is being implemented as planned, users should track progress of indicators over time. Such users can also assess impacts qualitatively and/or quantitatively. Monitoring indicators is useful for understanding overall progress over time and progress towards meeting goals (such as SDGs or various national goals). It also enables an understanding of whether indicators are moving in the right direction in relation to goal levels (if relevant). However, it does not allow changes in indicators to be attributed to individual policies.

3.3.2 Choosing a desired level of accuracy based on objectives

This methodology provides a range of approaches to allow users to manage trade-offs between the accuracy of the results and the resources, time and data needed to complete the assessment, based on individual objectives. Some objectives require more detailed assessments that yield more accurate results (to demonstrate that a specific change in a sustainable development outcome is attributable to a specific policy, with a high level of certainty), while other objectives may be achieved with simplified assessments that yield less accurate results (to show that a policy contributes to improving a sustainable development outcome, but with less certainty around the magnitude of the impact).

Users should choose methods that are sufficiently accurate to meet the stated objectives of the assessment and ensure that the resulting claims are appropriate – for example, claims that a policy contributes to achieving an outcome or that a certain outcome can be attributed to a policy. Two key choices in this regard are whether to apply a qualitative or quantitative approach (or both), and what types of data and methods to use. The range of approaches is summarized in Table 3.2 and further described in the following sections.

Data constraints may limit the scope of the assessment and therefore the objectives served by the assessment results. Users should consider data availability when determining the assessment objectives and scope. Given the uncertainties resulting from the range of data and methods that can be used, assessment results should be interpreted as "estimates" of the impact of policies.

TABLE **3.2**

Advantages and disadvantages of different approaches for applying the methodology

Methodological options	Less robust results; fewer resources required	Intermediate results; intermediate resources required	More robust results; more resources required
Number of impact categories to assess	Relatively few impact categories are assessed	Multiple impact categories are assessed, but not all relevant and significant impact categories are assessed	All relevant and significant impact categories are assessed
Qualitative versus quantitative impact assessment	Most or all impact categories are assessed qualitatively; only the most significant impact categories, or no impact categories, are assessed quantitatively	Some impact categories are assessed qualitatively; some are assessed quantitatively	Most impact categories are assessed quantitatively; impacts where quantification is not feasible are assessed qualitatively
Data	Data are largely sourced from international defaults or proxy data from other regions; data quality is relatively low	Mix of data sources with varying quality is used	Data are locally specific; new values are estimated specific to the local context; data quality is relatively high
Methods	Simplified calculation methods and assumptions are used	Mix of methods is used	More sophisticated calculation methods and assumptions are used

3.3.3 Planning data collection

Collecting data is a key step in the assessment process. Data needs will vary, depending on the impact categories selected for the assessment in Chapter 5 and the methods used to quantitatively or qualitatively assess impacts in Chapters 6–11. Users should identify data needs and collect the necessary data as early as possible in the process. Where possible, data collection should begin before policy implementation to demonstrate before and after trends in key indicators, especially for ex-post assessments. Chapter 12 provides further guidance on collecting data and preparing a monitoring plan.

In some cases, the availability of certain data and the lack of other data will dictate which methods can be used. Table 3.3 outlines different options for applying the methodology, depending on the range of data available. In cases of low data availability, users should consider whether new data collection is possible to allow a more rigorous assessment. To guide the types of data that should be collected, users should consider the intended level of accuracy and completeness of the assessment, based on the objectives of the assessment, and on the time, resources and capacity available for the assessment.

TABLE **3.3**

Range of approaches for applying the methodology, based on data availability

Chapter	Approaches requiring less data	Approaches requiring more data
Chapter 2: Objectives	• Limit the objectives to those that can be achieved with fewer data requirements.	• Choose from a wider range of objectives, including those for which a more accurate and complete assessment is needed.
Chapter 5: Choosing which impact categories and indicators to assess	• Include a more limited set of impact categories and indicators in the assessment.	• Include a wider set of impact categories and indicators in the assessment.
Chapter 6: Identifying specific impacts within each impact category	• Use simplified or subjective methods to identify specific impacts.	• Use evidence-based and objective methods to identify specific impacts.
Chapter 7: Qualitatively assessing impacts	• Use simplified or subjective methods to qualitatively assess impacts.	• Use evidence-based and objective methods to qualitatively assess impacts.
Chapter 8: Estimating the baseline	• Quantify fewer impacts and indicators; assess more impacts and indicators qualitatively. • Use baseline values from published data sources or proxy data from other regions. • Use simplified baseline assumptions and methods. • Include fewer drivers in the baseline scenario.	• Quantify a wider set of impacts and indicators. • Estimate new baseline values specific to the local context. • Use more sophisticated baseline assumptions and methods. • Include more drivers in the baseline scenario.
Chapter 9: Estimating impacts ex-ante	• Use policy scenario values from published data sources or proxy data from other regions. • Use international default values or national-average data. • Use simplified assumptions and methods.	• Estimate new policy scenario values specific to the local context. • Use locally specific data. • Use more sophisticated assumptions and methods.
Chapter 10: Estimating impacts ex-post	• Use international default values or national-average data. • Use simplified calculation methods.	• Use locally specific data. • Use more sophisticated calculation methods.
Chapter 11: Assessing uncertainty	• Use qualitative uncertainty methods. • Use sensitivity analysis for a more limited set of indicators.	• Use quantitative uncertainty methods. • Use sensitivity analysis for a wider set of indicators.
Chapter 12: Monitoring performance over time	• Monitor a more limited set of indicators. • Monitor indicators less frequently.	• Monitor a wider set of indicators. • Monitor indicators more frequently.
Chapter 13: Reporting	• Report on all assumptions, data sources, methods and limitations to ensure transparency. • Ensure that the uncertainty of the results is communicated clearly, given data limitations.	• Report on all assumptions, data sources, methods and limitations to ensure transparency.
Chapter 14: Evaluating synergies and trade-offs, and using results	• Use less data-intensive evaluation methods, such as CEA and MCA, rather than CBA. • Apply these methods to a more limited set of impact categories and indicators.	• Use a wider set of evaluation methods, such as CEA, CBA and MCA. • Apply these methods to a wider set of impact categories and indicators.

Abbreviations: CBA, cost–benefit analysis; CEA, cost-effectiveness analysis; MCA, multi-criteria analysis

3.3.4 Planning stakeholder participation

Stakeholder participation is recommended in many steps throughout the methodology. It can strengthen the impact assessment, and the contribution of policies to sustainable development in many ways, including by:

- providing a mechanism through which people who are likely to be affected by, or can influence, a policy have an opportunity to raise issues and have these issues considered before, during and after policy implementation
- raising awareness and enabling better understanding of complex issues for all parties involved, building their capacity to contribute effectively
- building trust, collaboration, shared ownership and support for policies among stakeholder groups, leading to less conflict and easier implementation
- addressing stakeholder perceptions of risks and impacts, and helping to develop measures to reduce negative impacts and increase benefits for all stakeholder groups, including the most vulnerable
- increasing the credibility, accuracy and comprehensiveness of the assessment by drawing on diverse expert, local and traditional knowledge and practices – for example, to provide inputs on data sources, methods and assumptions
- increasing transparency, accountability, legitimacy and respect for stakeholders' rights
- enabling enhanced ambition and finance by strengthening the effectiveness of policies and credibility of reporting.

Various sections throughout this methodology explain where stakeholder participation is recommended – for example, in choosing which impact categories to assess (Chapter 5), identifying specific impacts within each impact category (Chapter 6), qualitatively assessing impacts (Chapter 7), monitoring performance over time (Chapter 12), reporting (Chapter 13), and making decisions, evaluating trade-offs and interpreting results (Chapter 14).

Before beginning the assessment process, users should consider how stakeholder participation can support their objectives, and include relevant activities and associated resources in their assessment plans. It may be helpful to combine stakeholder participation for sustainable development impact assessment with other participatory processes involving similar stakeholders for the same or related policies, such as those being conducted for assessment of GHG and transformational impacts, and for technical review.

It is important to conform with national legal requirements and norms for stakeholder participation in public policies. Requirements of specific donors, and of international treaties, conventions and other instruments that the country is party to should also be met. These are likely to include requirements for disclosure, impact assessments and consultations. They may include specific requirements for certain stakeholder groups (e.g. United Nations Declaration on the Rights of Indigenous Peoples, International Labour Organization Convention 169) or specific types of policies (e.g. UNFCCC guidance on safeguards for activities that reduce emissions from deforestation and degradation in developing countries).

During the planning phase, users should identify stakeholder groups that may be affected by, or may influence, the policy. Appropriate approaches should be identified to engage with stakeholder groups, including through their legitimate representatives. Effective stakeholder participation could be facilitated by establishing a multi-stakeholder working group or advisory body consisting of stakeholders and experts with relevant and diverse knowledge and experience. Such a group may advise and potentially contribute to decision-making; this will ensure that stakeholder interests are reflected in design, implementation and assessment of policies, including on stakeholder participation in the assessment of sustainable development impacts of a particular policy. It is also important to ensure that stakeholders have access to a grievance redress mechanism to protect their rights related to the impacts of the policy.

Refer to the ICAT *Stakeholder Participation Guide* for more information, such as how to plan effective stakeholder participation (Chapter 4), identify and analyse different stakeholder groups (Chapter 5), establish multi-stakeholder bodies (Chapter 6), provide information (Chapter 7), design and conduct consultations (Chapter 8), and establish grievance redress mechanisms (Chapter 9). Appendix B of this document summarizes the steps in this methodology

where stakeholder participation is recommended and provides specific references to relevant guidance in the *Stakeholder Participation Guide*.

3.3.5 Planning technical review (if relevant)

Before beginning the assessment process, users should consider whether technical review of the assessment report will be pursued. The technical review process emphasizes learning and continual improvement, and can help users identify areas for improving future impact assessments. Technical review can also provide confidence that the impacts of policies have been estimated and reported according to ICAT key recommendations. Refer to the ICAT *Technical Review Guide* for more information on the technical review process.

3.4 Assessment principles

Assessment principles underpin and guide the impact assessment process, especially where the methodology provides flexibility. It is a *key recommendation* to base the assessment on the principles of relevance, completeness, consistency, transparency and accuracy, as follows:[12]

- **Relevance.** Ensure that the assessment appropriately reflects the sustainable development impacts of the policy and serves the decision-making needs of users and stakeholders – both internal and external to the reporting entity. Applying the principle of relevance depends on the objectives of the assessment, broader policy objectives, national circumstances and stakeholder priorities. This principle should be applied, for example, when choosing which impact categories to assess in Chapter 5.

- **Completeness.** Include all significant impacts – both positive and negative – in the assessment boundary. Document and justify any specific exclusions. This principle should be applied when identifying impact categories and specific impacts in Chapters 5 and 6.

- **Consistency.** Use consistent assessment approaches, data-collection methods and calculation methods to allow meaningful performance tracking over time. Transparently document any changes to the data sources, assessment boundary, methods or any other relevant factors in the time series.

- **Transparency.** Provide clear and complete information for stakeholders to assess the credibility and reliability of the results. Document all relevant methods, data sources, calculations, assumptions and uncertainties, as well as the processes, procedures and limitations of the assessment, in a clear, factual, neutral and understandable manner. The information should be sufficient to enable a party external to the assessment process to derive the same results if provided with the same source data. Chapter 13 provides a list of recommended information to report to ensure transparency.

- **Accuracy.** Ensure that the estimated impacts are systematically neither over nor under actual values, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users and stakeholders to make appropriate and informed decisions with reasonable confidence about the integrity of the reported information. If accurate data for a given impact category are not currently available, strive to improve accuracy over time as better data become available. Accuracy should be pursued as far as possible, but, once uncertainty can no longer be practically reduced, conservative estimates should be used. Box 3.2 provides guidance on conservativeness.

In addition to the principles above, users should follow the principle of comparability if it is relevant to the assessment objectives – for example, if the objective is to compare multiple policies based on their sustainable development impacts, or to aggregate the results of multiple impact assessments and compare the collective impacts with national goals (described further in Box 3.3).

- **Comparability.** Ensure common methods, data sources, assumptions and reporting formats, such that the estimated impacts of multiple policies can be compared.

[12] Adapted from WRI (2014).

BOX **3.2**

Conservativeness

Conservative values and assumptions are more likely to overestimate negative impacts or underestimate positive impacts resulting from a policy. Whether to use conservative estimates and how conservative to be depends on the objectives and the intended use of the results. For some objectives, accuracy should be prioritized over conservativeness, to obtain unbiased results. The principle of relevance can help guide what approach to use and how conservative to be.

BOX **3.3**

Applying the principle of comparability when comparing or aggregating results

Users may want to compare the estimated impacts of multiple policies – for example, to determine which has the greatest positive impacts. Valid comparisons require that assessments have followed a consistent methodology – for example, regarding the assessment period; the types of impact categories, impacts and indicators included in the assessment boundary; baseline assumptions; calculation methods; and data sources. Users should exercise caution when comparing the results of multiple assessments, since differences in reported impacts may be a result of differences in methodology rather than real-world differences. To understand whether comparisons are valid, all methods, assumptions and data sources used should be clearly reported, following the principle of transparency. Comparability can be more easily achieved if a single person or organization assesses and compares multiple policies using the same methodology.

Users may also want to aggregate the impacts of multiple policies – for example, to compare the collective impact of several policies in relation to a national goal. Users should likewise exercise caution when aggregating the results if different methods have been used and if there are potential overlaps or interactions between the policies being aggregated. Chapter 4 provides more information on policy interactions.

In practice, users may encounter trade-offs between principles when developing an assessment. For example, a user may find that achieving the most complete assessment requires using less accurate data for a portion of the assessment, which could compromise overall accuracy. Users should balance trade-offs between principles depending on their objectives. Over time, as the accuracy and completeness of data increase, the trade-off between these principles will likely diminish.