

Overview - Initiative for Climate Action Transparency

11 May 2016

OVERVIEW

The Initiative for Climate Action Transparency (ICAT) puts into practice the request stated at the Paris Agreement to strengthen national institutions to meet enhanced transparency requirements. ICAT is a neutral, multi-donor fund designed to improve the capacity of developing countries to assess the impacts of their actions to meet their INDCs and bring greater quality, trust and ambition to climate policies worldwide.

The United Nations Office for Project Services (UNOPS) in Copenhagen hosts the administrative and governance structures for the Initiative. Four donors, two philanthropic organisations and two bilateral agencies, have already joined the Initiative, committing more than \$16 million over four years. These organizations are the Children's Investment Fund Foundation (CIFF), the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), the Italian Ministry of the Environment and ClimateWorks Foundation. The Initiative is structured in a way that allows additional donors (government, philanthropic and others) to join and contribute at any time and be part of the Donor Oversight Committee (see below for further details).

The Initiative aims to facilitate effective decision making and policy design, rooted in credible data. The Initiative will provide tools for policymakers and stakeholders to collect more robust and consistent data on emissions, mitigation and adaptation efforts, capacity building and support. Better availability and quality of data will allow for assessment of the impact and effectiveness of domestic climate policies and set in motion an upward spiral of ambition and implementation. In addition to providing the guidance and tools for policy evaluation, the Initiative will create a space for countries to share their experiences and lessons learned.

EXPECTED OUTCOMES OF THE INITIATIVE

ICAT is designed to finance activities at the country, regional and global levels to drive immediate and long-term impacts that will result in sustained improvements to the administrative, legislative and institutional transparency infrastructure within countries. The activities will include guidance and other supporting tools, technical assistance, and regional and international networking through peer exchange.

Expected outcomes of the Initiative include:

1. **Improved national MRV systems supported by sustainable institutional and legislative arrangements.** Partnering with existing institutions to improve their current capabilities will ensure that the capacity they build remains within a country after ICAT's engagement ends. In order to build strong national systems, ICAT will work with organisations and stakeholders at all levels and across diverse networks, including in the private sector, academia and civil society. Working with universities in particular will serve the dual purpose of educating and training MRV professionals while simultaneously harnessing the potential of these institutions to serve as centres of national data collection and statistical analysis.
2. **Reliable and accurate data collection.** ICAT aims to leverage new approaches to data collection that become more readily available as technology advances. Efforts to incorporate the latest research, analysis and innovation will improve the reliability and accurateness of data.
3. **Learning feedback loop for policy design.** Creating a space for countries to share experiences and best practices with one another will foster an environment where countries can use lessons learned from their peers to improve their own policy design and increase the ambition of their actions over time.

SYNERGIES WITH EXISTING INITIATIVES AND UNFCCC PROCESSES

Synergy with other initiatives

There are many capacity building and MRV-related initiatives that already exist. These initiatives have played an important role in improving the quality of country data. However, many have been limited in scope, focusing largely on policy preparation and reporting of actions to help countries fulfil their most urgent international reporting requirements. Thus, many of these efforts have fallen short of facilitating implementation of robust and sustainable MRV systems, especially given the lack of coherent methodologies, tools and limited long-term funding.

ICAT's longer-term funding will ensure that previously overlooked aspects of MRV systems, such as building domestic institutions and retaining human resource capacity, receive adequate attention and are expanded upon to meet the universal transparency requirements under the UN Framework Convention on Climate Change (UNFCCC). The Paris Agreement established the *Capacity Building Initiative for Transparency* to strengthen countries' transparency capacity; provide tools, training and assistance to meet Agreement requirements; and assist in implementation of transparency over time. Given the similar aims, we expect natural synergies between ICAT and the UNFCCC initiative, allowing them to work in tandem and complement each other.

ICAT will also leverage the work and outputs of various existing partnerships (eg, the LEDS Global Partnership, the International Mitigation and MRV Partnership, and the NAMA Partnership) and build upon the experience and lessons learned from implementation agencies like UN Environment Programme (UNEP) and UN Development Programme (UNDP), as well as UNFCCC financial bodies such as the Global Environment Facility (GEF) and Green Climate Fund (GCF). The Initiative will also leverage existing guidance and tools for evaluating climate policies and actions, such as the Greenhouse Gas Protocol *Policy and Action Standard* developed by the World Resources Institute (WRI).

At the country level, implementers will undertake a mapping exercise to identify the activities and projects already being planned and implemented to understand what they are doing and identify gaps that remain. This will enable ICAT to pinpoint how the Initiative can add value and spur more transformative and ambitious action. ICAT will undertake this work with the UNFCCC Focal Point in order to coordinate with relevant international, regional, local and bilateral institutions; multilateral development banks; and others working in these areas.

Synergy with international guidelines and UNFCCC processes

In order to support the development of an international MRV framework under the UNFCCC, ICAT will work to fill existing methodological and capacity gaps to help countries report in accordance with internationally agreed upon requirements. Enhancing reporting capacity will feed into the preparation and implementation of countries' INDCs. The scope of activities under ICAT will be broad enough to help developing countries fulfil their MRV requirements for mitigation and adaptation actions, as well as finance, technology transfer and capacity building. The depth of activities and support to developing countries will, however, be dependent upon additional financial support.

ICAT will build on existing knowledge and feedback from developing countries to create guidance and tools that can then be applied to a wide range of circumstances and establish requirements that encourage transparent and reliable estimates of impacts. ICAT will closely follow the discussions under the UNFCCC to ensure consistency and usefulness of materials, methodologies and tools they develop to provide timely input on the design of international MRV guidelines.

ICAT's work will closely follow the requirements of the Convention's financial mechanisms, GCF and GEF in order to integrate their MRV requirements into tools and guiding materials. Doing so will enable developing countries to acquire the relevant methodologies and advice to help access additional funding.

To ensure that the Initiative remains closely related to the international process, the UNFCCC secretariat is invited to sit both on the Donor Oversight Committee (DOC) and on the Advisory Committee (AC) of ICAT. As explained in further detail below, these two committees are designed to provide the overall strategic direction and delivery of ICAT.

GOVERNANCE

ICAT aims for neutrality and the creation of a public good that can be used by anyone.

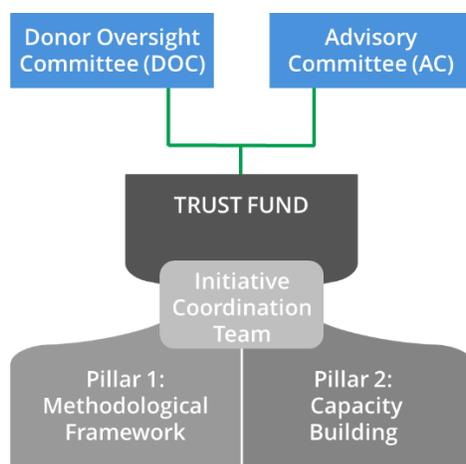
At the core of the governance structure of ICAT are the DOC and AC (see Figure 1 below). The DOC is the decision-making body, while the AC provides strategic input to ICAT's work.

The DOC steers the work of ICAT by providing overall strategic direction, approving work plans, reviewing finances, taking stock of progress and recommending changes to the Initiative's work. The DOC will be comprised of two individuals from each donor (a member with voting rights and an alternate) and representatives from UNOPS and UNFCCC (no voting rights). The DOC will meet in-person at least twice per year.

The AC will advise the DOC on strategic decisions and the overall direction of ICAT. AC representatives will review progress, reassess needs and advise on the development of guidance and tools, capacity-building elements of the Initiative, and expansion opportunities through partnerships and fundraising. The AC will be comprised of leading experts in MRV-related fields, and will represent a diversity of regional thought leaders and representatives from NGOs, think tanks, multilateral organisations and donors. Integral to the AC is balanced representation of geographic regions, subject area expertise, organisations and gender.

Three organisations, UNDP DTU Partnership (UDP), Verified Carbon Standard (VCS) and World Resources Institute (WRI) will serve as members of the Initiative Coordination Team (ICT) to implement ICAT. As detailed in the section below, each organisation brings a unique area of expertise that will help guide the work of the Initiative. The ICT will serve the AC and DOC by providing inputs and support to the two governing entities.

Figure 1: Governance Structure of ICAT



INITIAL SCOPE OF WORK

The focus of the first phase of the Initiative's implementation will be on strengthening the transparency systems in 20 countries by building their domestic capacity and providing guidance and tools for strengthening the assessment of policies and actions. The initial funding will facilitate the set-up of the basic structure, tools, scoping studies and mapping of existing frameworks.

For this purpose, the Initiative is organised into two workstreams, or pillars. Pillar 1 will create a methodological framework with a toolbox of guidance for effectively evaluating the impact of climate policies and actions. Pillar 2 will build countries' capacities to strengthen their domestic MRV systems and capacities to conduct MRV of their policies and actions using the toolbox developed under Pillar 1. The pillars will work in tandem to create an interactive learning cycle and trigger a third set of activities that

involve communication, knowledge sharing and learning through case studies and webinars to enhance the technical capacity of national stakeholders.

Pillar 1: Develop a methodological framework for assessing the impacts of climate policies and actions

The outcome of Pillar 1 will be a flexible framework that enables countries to credibly assess and report the greenhouse gas, sustainable development and transformational impacts of their climate policies and actions. The framework will accommodate different needs and national circumstances to ensure it is widely applicable and broadly supported. The framework will provide options to select from and it will not be obligatory to follow all steps or use all components of the framework – it will be a non-prescriptive toolbox of guidance.

It will build on existing methods and approaches, such as the WRI *Policy and Action Standard*, Clean Development Mechanism sectoral baseline guidance, Framework for Measuring Sustainable Development in Nationally Appropriate Mitigation Actions (UNEP DTU Partnership, International Institute for Sustainable Development), NAMA Sustainable Development Evaluation Tool (UNDP) and the Sustainable Development Goals (UN), among others. ICAT will provide guidance on specific sectors, sustainable development, transformational change, stakeholder participation and verification. The work will also draw upon the experience gained through the use of market mechanisms such as the Clean Development Mechanism (CDM) and other voluntary market programs.

Pillar 2: Strengthen national MRV capacity

Pillar 2 will work with 20 developing countries to strengthen their domestic MRV systems in a sustainable way to enhance the quality of data and better support national decision-making processes. To achieve this, the Initiative will assess developing countries' needs, facilitate country engagement and build on national institutional arrangements, as appropriate. In-country work will also build capacity in tools and methods for MRV of policies and actions using the guidance developed under Pillar 1 and provide feedback based on its application on the ground on ongoing mitigation policies and actions being developed in countries. The lessons learned will inform and improve the outputs of Pillar 1 and also enhance capacity to apply these outputs.

The capacity-development activities will be implemented in close collaboration with national stakeholders and with their full involvement. The Initiative will engage national expertise, especially research/academic institutions, in the assessment, analysis and deployment of capacity-development programmes guided by international expertise, when relevant.

In order to select the initial set of 20 countries, ICAT developed a set of criteria, including:

- **Leadership and championing potential:** What is the country's leadership position on MRV issues within the region? Will the country be willing to commit financial or in-kind resources to the implementation of the Initiative?

- **Country buy-in:** Are there any ongoing efforts or championship on MRV within the country? Are such efforts supported nationally? Does such effort require national as well as international support?
- **Existing relationship:** Do ICAT members have an existing relationship with this country?
- **Geographical balance:** How many countries do we have from Africa, Asia and Latin America & Caribbean?

As outlined below, the scope of work is defined in a way that leaves opportunities to meaningfully expand the Initiative when additional financial resources are available. While all donors are encouraged to participate as “core donors” that support DOC-defined activities and administration, there is also the option for donors to earmark their contributions for specific activities that go beyond the original list defined by DOC. Additional funding will contribute to the long-term success of the initiative.

To improve and sustain countries’ ownership for enhanced transparency and actions, the Initiative will carry out the following activities, as appropriate, based on countries’ national circumstances:

- **Develop guidance and tools (Pillar 1):** These will be developed through a broad and participatory process that includes implementing countries and experts through technical working groups, review groups and pilot testing. Country involvement will ensure that the methodological framework is designed to meet country’s needs and will foster a sense of shared ownership over the end product.
- **Select partner countries:** In the start-up phase, the Initiative will focus on countries that demonstrate ongoing efforts to build their MRV systems and are willing to champion such efforts. In this regard, the process of creating country ownership is as important as the expected output.
- **Work with countries to co-develop action plans:** To secure countries’ ownership and retention of capacity-building efforts, ICAT will work with countries to understand their specific needs and develop action plans. Together, they will build on past successes and enhance existing projects, programmes and institutional arrangements. This will be important for building and strengthening institutional, administrative and regulatory arrangements, and will ultimately help countries retain trained employees and create a trajectory for sustained capacity building.
- **Recognise the critical role of UNFCCC National Focal Points:** Strengthening the coordinating role of the UNFCCC Focal Points is expected to help identify areas for possible national, subnational, regional and international cooperation, as well as identify and strengthen the synergies between projects from various designated entities. Furthermore, it should help build synergies with other multilateral agreements and enable better coordination for the preparation of national reports.
- **Build sustainable knowledge and institutional frameworks:** The submission of INDCs and assessment of countries’ progress towards achieving them will occur on a regular basis at the international level, and will also serve as a driver for strengthening MRV capacities. To build and sustain institutional frameworks, ICAT will make efforts to: (a) contextualise the international obligations on transparency and explore how they relate to national policymaking and

implementing processes; (b) set up partnerships with national research/academic institutions and regional centres of excellence to increase understanding of MRV requirements and processes; (c) agree on procedures for developing and applying MRV methodologies; and (d) encourage MRV regulatory systems that anchor institutional capacity development and incorporate data and analysis from national institutes into the decision-making process to ensure sustainability beyond the start-up phase.

The following implementing organisations, recognised for their expertise and knowledge in the field, have been chosen as the ICAT implementation partners for the initial scope of work:

- *UNEP DTU Partnership (UDP)* is leading on the in-country capacity-building work of Pillar 2. UDP has been working closely with developing countries in supporting institutional and individual capacities for addressing climate change over the last two decades. UDP has extensive experience in capacity building, tools for mitigation, the CDM, NAMAs, as well as working closely with national institutions in developing countries.
- *Verified Carbon Standard (VCS)* is leading on the framework development of Pillar 1. VCS creates and manages standards frameworks that provide the clarity and confidence needed to drive policies and investment in actions that protect the environment and promote sustainable development in the context of climate change.
- *World Resources Institute (WRI)* will provide support across both pillars of work as well as for the launch of ICAT. WRI has extensive experience in MRV negotiations under the UNFCCC; 15 years' of experience developing GHG accounting and reporting standards, guidance and tools under the Greenhouse Gas Protocol; and experience on MRV capacity building in developing countries.

UDP, VCS and WRI are members of the Initiative Coordination Team (ICT), which coordinates and oversees the Pillar 1 and Pillar 2 work.