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Introductory Guide

Overview of the ICAT series of guidance

First Draft, 26 July 2017

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1. INTRODUCTION

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

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

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

1.1 Purpose of the guidance

The ICAT series of guidance helps users assess the greenhouse gas, sustainable development and transformational impacts resulting from policies and actions. This document, the *Introductory Guide*, covers such topics as applicability of the guidance, intended users and relationship to other work. It describes the various guidance documents and how they can be used in an integrated way for undertaking impact assessments.

The guidance helps answer the following questions:

- What impacts is a given policy or action likely to have in the future?
- Is a given policy or action on track and delivering expected impacts?
- What impacts has a given policy or action had to date?

The guidance was developed with the following objectives in mind:

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

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

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

9 1.2 Intended users

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

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

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

26 1.3 Scope and applicability of the guidance

27 The guidance is intended to be flexible and enable users to apply the guidance in the context of their own
28 objectives and circumstances. The core guidance documents are the impact assessment documents,
29 which provide sector guidance for GHG impacts (for policies and actions within subsectors of renewable
30 energy, buildings, transport, agriculture and forestry) and broadly applicable guidance for sustainable
31 development and transformational impacts. These guidance documents are supported by further
32 guidance documents on stakeholder participation, technical review, and non-state and subnational
33 action.¹ Chapter 3 provides an overview of the various guidance documents.

¹ ICAT is also planning to develop guidance for adaptation and at time of writing is undertaking a scoping study to ascertain what guidance exists and what further needs any ICAT guidance might support.

1 In this series of guidance, “policy or action” refers to interventions taken or mandated by a government,
 2 institution or other entity,² as outlined in Table 1.1. In some places in the guidance, the word *policy* is
 3 used as shorthand to refer to both policies and actions, to aid readability of the guidance. The GHG
 4 guidance focuses on specific types of policies and actions. For example, the guidance for the transport
 5 sector focuses on taxes, charges, subsidies and incentives, rather than all transport sector actions. The
 6 other ICAT guidance documents are more broadly applicable across the various types of policies and
 7 actions. While the guidance can be applied to any policy type, data collection and estimation challenges
 8 may hinder a complete and credible assessment.

9 *Table 1.1: Types of policies and actions*

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

² Throughout this guidance, where the word “policy” is used without “action,” it is used as shorthand to refer to both policies and actions.

| | |
|---|---|
| Infrastructure programs | Provision of (or granting a government permit for) infrastructure, such as roads, water, urban services and high-speed rail. |
| Implementation of new technologies, processes, or practices | Implementation of new technologies, processes or practices at a broad scale (e.g., those that reduce emissions compared to existing technologies, processes, or practices). |
| Financing and investment | Public or private sector grants or loans (for example, those supporting development strategies or policies such as a development policy loans (DPL) or development policy operations (DPO) which includes loans, credits and grants). |

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

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

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

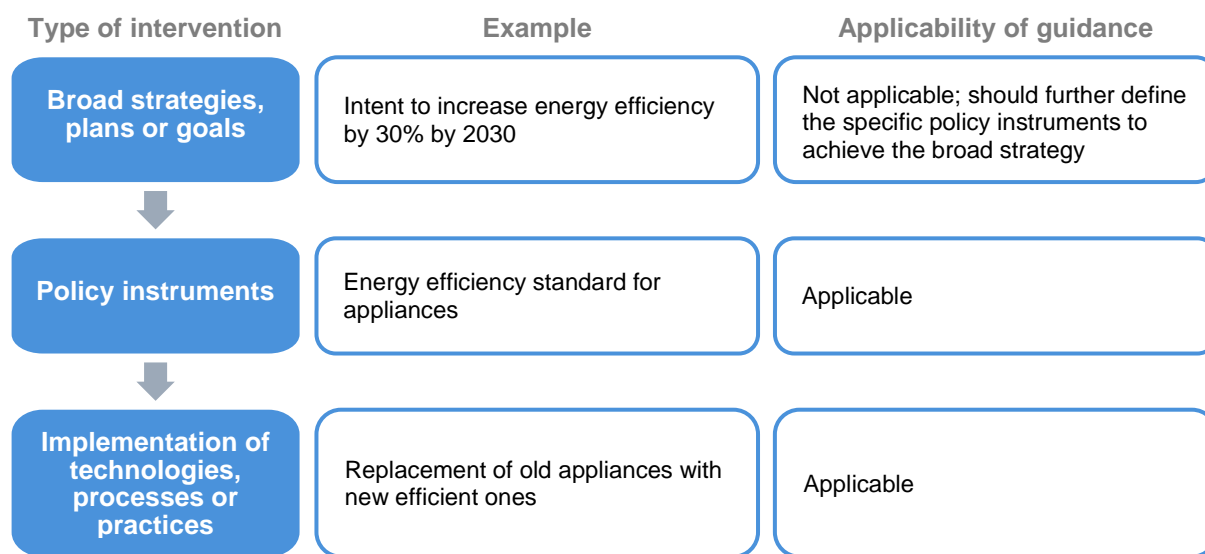
10 The focus of the guidance is on assessing policies and actions that have an impact on climate change.
 11 This includes policies and actions implemented primarily to achieve climate goals, as well as policies and
 12 actions primarily implemented to achieve other environmental, social or economic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

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

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

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



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

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

13 1.4 When to use the guidance

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

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

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

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



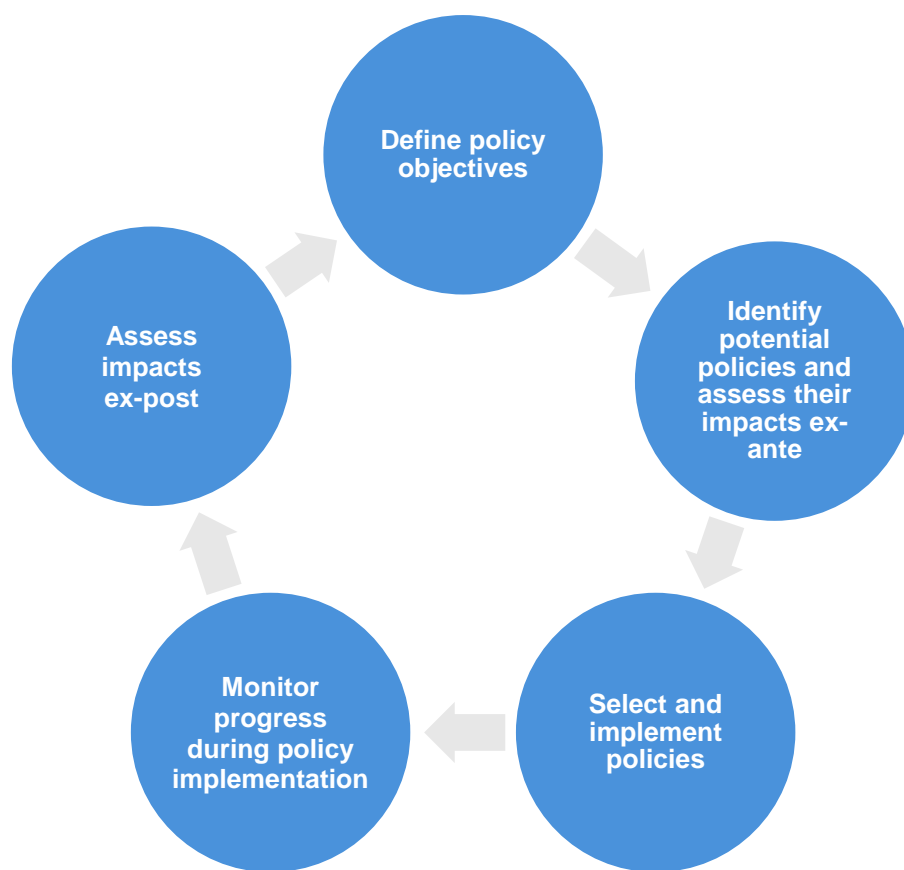
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3 *Source:* Adapted from GIZ 2016.

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

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

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



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3 **1.5 Relevance to Paris Agreement**

4 ICAT guidance can help support the Paris Agreement’s transparency mechanism. Article 13 of the
 5 agreement states that, “*Each Party shall regularly provide the following information: (a) ... (b) Information*
 6 *necessary to track the progress made in implementing and achieving its nationally determined*
 7 *contribution under Article 4.*” Specifically, the guidance for assessing the impacts of policies and actions
 8 can help countries track this progress and support the process of developing their Biennial Update
 9 Reports.

10 The guidance could also help support the implementation of the market mechanisms described in Articles
 11 6.2 and 6.4 of the Paris Agreement. These articles introduce the concepts of *internationally transferred*
 12 *mitigation outcomes* and *a mechanism to contribute to the mitigation of greenhouse gas emissions and*
 13 *support sustainable development*, respectively. The details of these approaches will be built out over
 14 time, but the ICAT series of guidance could potentially help support countries in using these approaches
 15 by providing guidance for assessing both the GHG and sustainable development impacts of the policies
 16 and actions.

17 **1.6 Relationship to GHG inventories and national MRV systems**

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

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

7 As part of their commitment under the UNFCCC, countries are responsible for reporting on their GHG
8 emissions in their National Communications and Biennial Update Reports. National measurement,
9 reporting and verification (MRV) systems allow countries to meet these commitments. The
10 Intergovernmental Panel on Climate Change (IPCC) provides guidance to support this process, including:

- 11 • Revised 1996 IPCC Guidelines for National GHG Inventories
- 12 • 2006 IPCC Guidelines for National GHG Inventories
- 13 • IPCC Good Practice Guidance for Land Use, Land-Use Change and Forestry
- 14 • IPCC Good Practice Guidance and Uncertainty Management in National GHG Inventories

15 ICAT provides guidance for monitoring the impact of policies that mitigate climate change in subsectors
16 within energy, transport, agriculture and forestry. The series of guidance sets out methods for identifying
17 the scope of the assessment, defining baseline and policy scenarios, and estimating the GHG emission
18 reductions or removals of a policy. Guidance is provided for monitoring indicators and parameters for
19 estimating emission reductions or removals during and after policy implementation. Monitoring the
20 impacts of policies can contribute to enhancing the collection of data and information needed for
21 UNFCCC reporting.

22 Countries can use existing domestic MRV systems to monitor indicators and parameters for assessing
23 policies or create new institutional arrangements where they are lacking. Data that is available in the
24 national GHG inventory can be useful for assessing policy impacts, and conversely data gathered to
25 assess policy impacts can support the national GHG inventory.

26 1.7 Alignment with Sustainable Development Goals

27 The guidance helps to identify and promote policies and actions that address multiple priorities across the
28 environmental, social and economic dimensions, in particular through the *Sustainable Development*
29 *Guidance*, which is designed to be used alongside the GHG guidance documents and the
30 *Transformational Change Guidance*.

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

1 1.8 Relationship to other guidance and resources

2 The guidance aims to complement and build upon existing methods and approaches. For example, the
 3 *Transformation Change Guidance* is informed by papers such as *From Theory to Practice: Understanding*
 4 *Transformation Change in NAMAs*.³ The Sustainable Development Guidance builds on resources such as
 5 *Framework for Measuring Sustainable Development in NAMAs*⁴ and the *CDM Sustainable Development*
 6 *Co-Benefits Tool*.⁵ The transport sector guidance focuses on pricing measures, which is the gap
 7 highlighted by the *Compendium on Baselines and Monitoring: Passenger and Freight Transport*.⁶ Each of
 8 the guidance documents highlights related methods, tools and resources.

9 The ICAT series of guidance is consistent with the Greenhouse Gas Protocol *Policy and Action*
 10 *Standard*,⁷ which provides guidance on how to estimate the greenhouse gas impacts of policies and
 11 actions. In particular, the GHG guidance documents and the *Sustainable Development Guidance* follow
 12 the same basic structure and series of steps and use many of the same concepts, while providing specific
 13 rather than general guidance for various sectors. The guidance documents, including this *Introductory*
 14 *Guide*, adapt tables, figures and text from the *Policy and Action Standard* where relevant. For readability,
 15 not all text taken directly or adapted from the *Policy and Action Standard* is cited.

16 1.9 Process for developing the guidance

17 The series of guidance is being developed by ICAT through an inclusive, multi-stakeholder process. The
 18 timeline for the work is shown in Figure 1.4 below and explained further in Box 1.1.

19 ICAT's Advisory Committee provides strategic advice to the initiative. More information about the
 20 guidance development process, including governance of the initiative and the participating countries, is
 21 available on the ICAT website.

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³ Wuppertal Institute, UNEP DTU Partnership; 2014. Available at: [http://www.unepdtu.org/-/media/Sites/Unepdtu/Publications%20\(Pdfs\)/Transformational-Change-in-NAMAs.ashx?la=da](http://www.unepdtu.org/-/media/Sites/Unepdtu/Publications%20(Pdfs)/Transformational-Change-in-NAMAs.ashx?la=da)

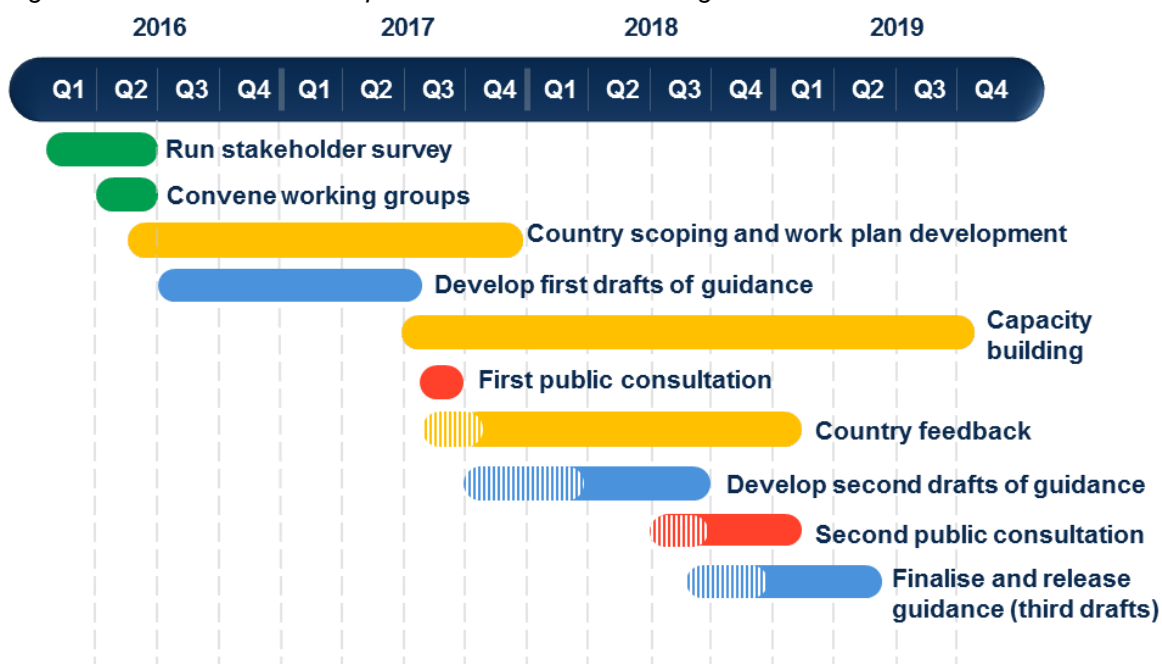
⁴ IISD and UNEP DTU Partnership; 2015. Available at: http://www.namapartnership.org/-/media/Sites/NAMApartnership/Publications%20Pdfs/NAMA-SD-Framework_web.ashx?la=da

⁵ UNFCCC: Available at: <http://cdmcobenefits.unfccc.int/Pages/SD-Tool.aspx>

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

⁷ WRI, 2014: Available at <http://www.ghgprotocol.org/policy-and-action-standard>

1 **Figure 1.4: Timeline for development of the ICAT series of guidance**



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3 **Box 1.1: Process for development of the ICAT series of guidance**

In April 2016 a survey was issued to gather input to inform the design of the guidance. A total of 358 responses were received from civil society, non-government organisations, the private sector, the public sector, international agencies and academia in more than 60 countries. A synopsis of the results is available on the ICAT website.⁸

In May 2016 an open call was issued to invite participation in the Technical Working Groups and Review Groups. A Technical Working Group was convened for each guidance document⁹, each one being led by an ICAT implementing or supporting partner. Each group has 15-25 members representing a diverse set of perspectives, experience and expertise. Members of the groups contribute to the development of technical content for the guidance through participation in regular meetings and written comments.

The first drafts of the various ICAT guidance documents are the product of this technical working group process. The Review Groups are now providing written feedback on these drafts, and the drafts are also being circulated for public consultation more broadly.

The first drafts are now being tested with ICAT participating countries. Anyone else who would like to use the guidance is invited to do so and is encouraged to get in touch with the ICAT team.

Following the review and public consultation, and country feedback, the guidance documents will be revised. The second drafts will be issued for a final consultation from mid-2018 onwards (it is expected that documents will be issued as and when they are ready, rather than all documents being issued at the same time). These consultations final revisions will be made and the third and final versions of the guidance documents issued in the first half of 2019.

⁸ Available at: <http://www.climateactiontransparency.org/stakeholder-survey-results/>

⁹ Noting that the Energy Technical Working Group has developed two guidance documents - for renewable energy and buildings efficiency

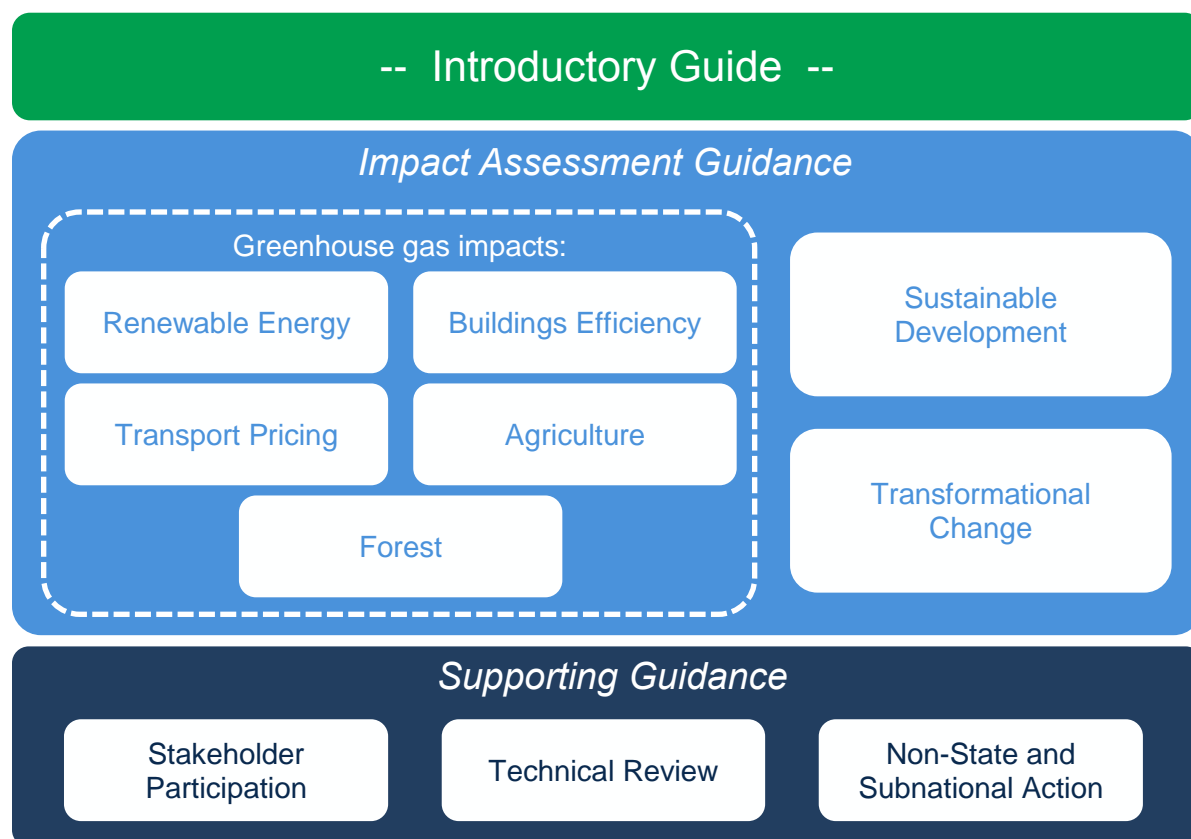
2. OVERVIEW OF THE GUIDANCE DOCUMENTS

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

2.1 Overview of the series of guidance

ICAT provides a toolbox of guidance for the assessment of the GHG, sustainable development and transformational impacts of policies and actions. The series of guidance is comprised of a number of guidance documents, which are shown in Figure 2.1. The core is the impact assessment guidance (in light blue), which is supported by further guidance on stakeholder participation, technical review, and non-state and subnational action (in dark blue).

Figure 2.1: ICAT guidance documents



The *Introductory Guide* (this document) provides an introduction to the guidance. Unlike the other guidance documents, it does not contain guidance for users to follow – rather, it provides an overview of the guidance and information about using individual the guidance documents.

The series of guidance is designed in a modular way and new guidance documents could be added in due course if there is demand and funding available. For example, guidance for assessing GHG impacts for policies and actions in the waste sector could be developed.

“Impacts” refers to changes that result from a policy or action. GHG impacts are changes in GHG emissions by sources and removals by sinks that result from a policy or action. Sustainable development impacts are changes in environmental, social, or economic conditions that result from a policy or action,

1 such as changes in economic activity, employment, public health, air quality, and energy security.
 2 Transformational impacts relate to a system change that results from a policy or action, leading to
 3 processes of change and outcomes of change at scale and sustained over time.

4 2.2 Overview of each guidance document

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

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

14 The sections below provide an overview of each guidance document. The GHG guidance documents
 15 provide guidance for assessing GHG impacts. These are designed to be applied in conjunction with the
 16 *Sustainable Development Guidance* and *Transformational Change Guidance*. As a subsequent step,
 17 users who would like to seek technical review can choose to apply the *Technical Review Guidance*. The
 18 *Stakeholder Participation Guidance* directly supports all of these documents, providing guidance for
 19 engaging stakeholders in their impact assessments and technical reviews. The *Non-State and*
 20 *Subnational Action Guidance* helps national governments identify and integrate the impact of non-state
 21 and subnational mitigation action into national or sectoral assessments.

22 Renewable Energy Guidance

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

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

- 32 • Feed-in tariff policies (including feed-in premiums)
- 33 • Auctions policies (including tenders)
- 34 • Tax incentive policies

35 Buildings Efficiency Guidance

36 The *Buildings Efficiency Guidance* provides a stepwise approach for assessing the GHG impacts of
 37 energy efficiency policies in the buildings sector, and specifically for estimating the effects of policy design
 38 characteristics and other barriers on GHG impacts. The guidance primarily targets residential buildings,

1 though it can also be used for commercial and public buildings. It is applicable to three building stock
2 types: new buildings, existing buildings with retrofit, and existing buildings without retrofit.

3 The guidance is applicable to the following types of building policies:

- 4 • Regulatory policies (for new buildings):
 - 5 ○ Mandatory building codes
 - 6 ○ Voluntary building codes
 - 7 ○ Minimum energy performance standards for appliances
 - 8 ○ Mandatory labelling, certification and energy audits
- 9 • Financial support policies (for new and existing buildings):
 - 10 ○ Direct financial incentives
 - 11 ○ Fiscal measures

12 Transport Pricing Guidance

13 The *Transport Pricing Guidance* provides a stepwise approach for assessing the GHG impacts of pricing
14 policies in the transport sector, and specifically a stepwise approach for estimating the impacts of higher
15 fuel prices using price elasticities of demand. Additional guidance is also provided in less depth on
16 estimating the impacts of vehicle purchase incentives and road pricing measures.

17 The guidance provides general principles, concepts and method for estimating the GHG impacts of
18 following types of transport pricing measures:

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

32 Agriculture Guidance

33 The *Agriculture Guidance* provides general principles, concepts and procedures for estimating GHG
34 impacts of agricultural policies that mitigate GHG emissions from the following GHG sources and carbon
35 pools:

- 1 • **Enteric fermentation:** Reduction of methane (CH₄) emissions in ruminant livestock through
2 activities such as improving feeding strategies, improving herd management and breeding, and
3 implementing silvopastoral systems.
- 4 • **Soil carbon pool:** Increase in carbon sequestration in soils in pasture, grazing lands or croplands
5 through activities such as switching to no-till or conservation tillage agriculture, agricultural
6 residue management and agroforestry.

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

10 Forest Guidance

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

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

23 The steps in the guidance are broadly similar to the *Agriculture Guidance* and like that guidance
24 document, are also based on IPCC 2006 *Guidelines for National Greenhouse Gas Inventories*.

25 Sustainable Development Guidance

26 Policymakers are interested in knowing not only the GHG impacts of policies and actions, but also the
27 broader environmental, social and economic impacts most relevant to decision-making in the national or
28 local context. These may include air quality, job creation, improved health, access to energy, poverty
29 reduction, protection of ecosystems, gender equality, and many other types of impacts.

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

1 The guidance is general and applicable to all countries, sectors and types of policies and actions. To
2 complement the general guidance, the ICAT website provides links to more specific tools and
3 methodologies, organised by type of impact.¹⁰

4 Transformational Change Guidance

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

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

16 The guidance is applicable to all types of policies or actions affecting climate change mitigation in all
17 countries. It provides a general approach including principles, concepts and procedures that users can
18 follow when assessing a policy or action.

19 Stakeholder Participation Guidance

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

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

30 The guidance is designed to support all other guidance within the ICAT series of guidance. Each of these
31 guidance documents highlights the importance of engaging stakeholders at relevant points and refers to
32 the *Stakeholder Participation Guidance* for recommended practices for engaging them.

33 Technical Review Guidance

34 There is an increasing need to assess and communicate the multiple impacts of policies to ensure they
35 are effective in delivering a variety of sustainable development and climate change benefits. Independent
36 technical review of these assessments can play an important role in supporting learning and improvement

¹⁰ Available at: <http://www.climateactiontransparency.org/methodological-framework/sustainable-development/>.

1 of assessments over time. Technical reviews can also help to enhance transparency, trust and
2 confidence in the implementation of policies and reporting of their impacts.

3 The *Technical Review Guidance* provides guidance for planning and conducting technical review fit for
4 the objectives of review. The guidance outlines three different approaches for review and provides
5 guidance for selecting the type of review based on a set of considerations. The elements that define a
6 credible review and the steps to follow when pursuing or conducting review are discussed.

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

11 Non-State and Subnational Action Guidance

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

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

22

3. USING THE GUIDANCE

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

3.1 Using the guidance documents

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

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

The guidance documents are designed to be used in conjunction with other methods and tools. For example, the *Sustainable Development Guidance* 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 guidance with models, calculation tools, spreadsheets or other methods to carry out calculations. Likewise, the GHG guidance documents draw upon other methods and tools, as presented in each document.

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

3.2 Key recommendations

The guidance documents provide guidance rather than requirements and are non-prescriptive to accommodate various national circumstances. The documents also set out *key recommendations* that users can choose to follow. These key recommendations represent recommended steps or elements for users to follow when assessing and reporting the impacts of their policies and actions.

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

1 In keeping with ICAT guidance being non-prescriptive, the key recommendations focus on key steps or
 2 elements that users are recommended to follow, rather than on any specific methods, models or tools
 3 they might use. They help provide structure to the guidance documents and convey the way in which the
 4 authors intended that the guidance documents be used most effectively.

5 Put another way, the key recommendations propose “what” the user does rather than “how” they do it.
 6 The guidance that accompanies each key recommendation delves into the “how” and provides methods,
 7 approaches, references, options, information and suggestions that can help with the interpretation and
 8 implementation of the key recommendations. This guidance is not intended to be exhaustive and users
 9 can identify and choose other ways to implement the key recommendations.

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

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

20 3.3 Approaches to using the guidance

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

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

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

35 As a result of this flexibility, users applying the guidance and readers of the resulting impact assessment
 36 reports should be aware of potential uncertainties when interpreting the results. For example, users that
 37 intend to compare or aggregate the results of multiple impact assessments should be aware that
 38 differences in reported results may be a result of different methodological choices rather than real-world
 39 differences.

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

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

8 Example statements are as follows:

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

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

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

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

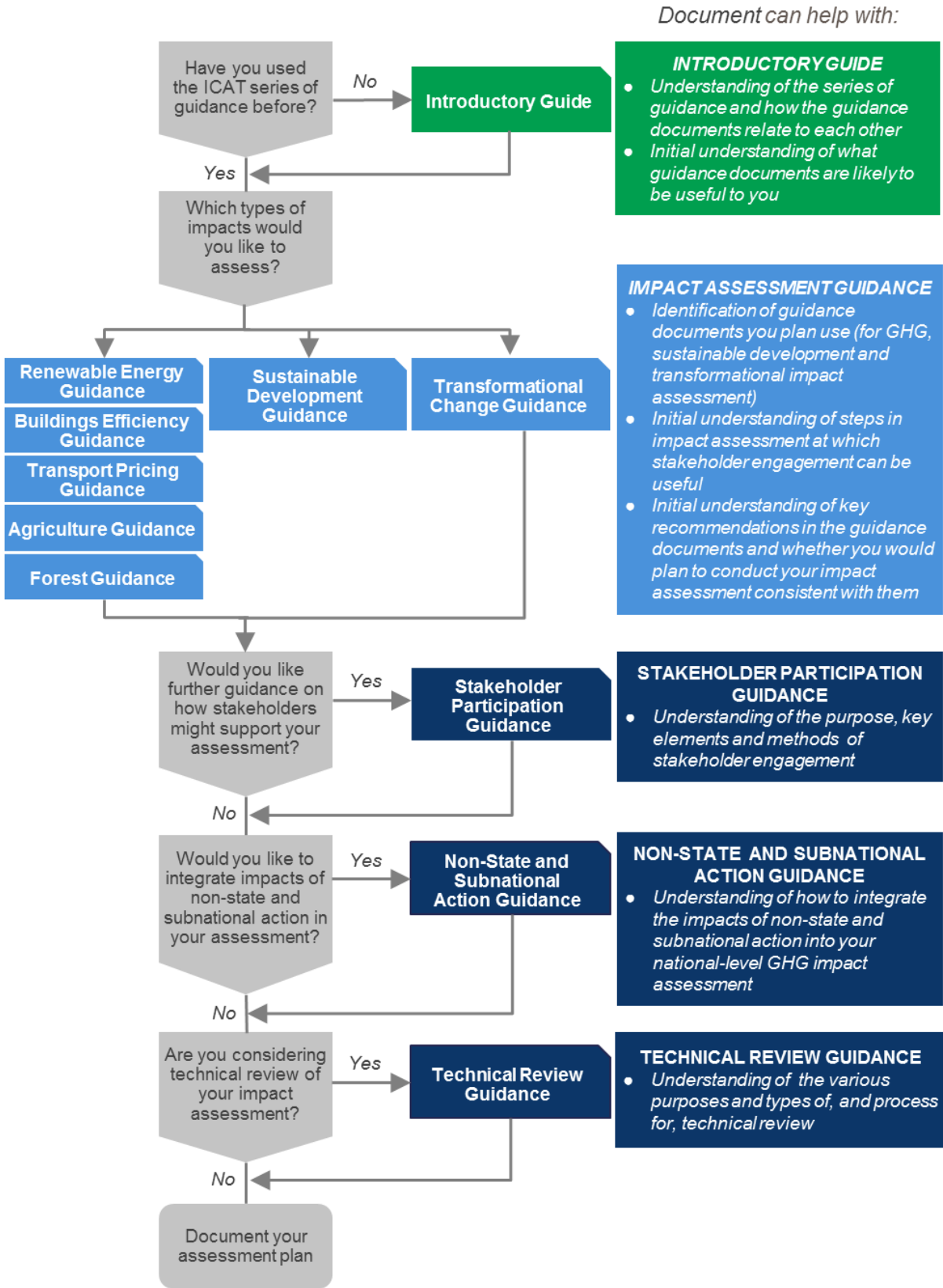
31 3.4 Planning the assessment

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

36 For example, the impact assessment documents recommend that stakeholders are engaged at various
 37 steps. To this end, developing a stakeholder participation plan before beginning the impact assessment is
 38 beneficial, and to do this well users should be familiar with both the impact assessment and stakeholder
 39 participation guidance provided in the respective guidance documents.

- 1 The decision tree in Figure 3.1 walks users through the various guidance documents and helps users
- 2 understand whether a document is relevant to their assessment and should be read before they begin
- 3 their assessment. The last step of the decision tree is for the user to document their assessment plan.

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



2

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