GUIDANCE FOR THE IDENTIFICATION OF IMPACTS AND INDICATORS FOR ACTIVITY LEVEL SDG IMPACT REPORTING

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ABOUT GOLD STANDARD:

This document was authored by Gold Standard, with support and advice from the above acknowledged organisations and individuals. Gold Standard is known for its robust and highly credible approaches that ensure the highest levels of environmental integrity, appropriate safeguards, and drive sustainable development in the communities where projects take place. Since 2003, the Gold Standard has developed standards, methodologies, tools and guidance to ensure that sustainable development impact assessment including MRV is the core of its emissions reduction projects.

Building on approximately 15 years' work developing standards and certifying over 1700 projects around the world, Gold Standard launched 'Gold Standard for the Global Goals' (GS4GG) in 2017. The standard enables robust and credible quantification and certification SDG contributions of the climate actions by providing SDG impact quantification tools and MRV methodologies.

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DEFINITIONS

Article 6	Article 6 of the Paris Agreement establishes a mechanism to contribute to the mitigation of GHG emissions and supports sustainable development and environmental integrity.
Monitoring indicators and parameters	Indicators are metrics to monitor and track changes and progress towards targeted impacts, outcomes and outputs over the defined period. Parameters are data needed to calculate the value of an indicator, in cases where the indicator cannot be directly used to measure the change. In some cases, indicators are sufficient, and additional parameters are not necessary.
Nationally Determined Contributions	The national climate-related strategies, policies and actions to reduce emission reductions required for signatory countries by the Paris Agreement - known as NDCs.
Project	The activity or action being implemented to reduce, avoid or remove GHGs emissions reductions.
Sustainable Development Goals (SDGs)	Sustainable Development Goals, also known as the "Global Goals," are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. These 17 Goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality,

	innovation, sustainable consumption, peace and justice, among other priorities.
SDG indicators	A framework of 230+ indicators corresponding to 17 SDGs and 169 associated targets to monitor the progress towards 2030 Agenda for Sustainable Development.
SDG impact reporting tools	Tools that contains pre-identified impacts and SDG indicators that can be used to credibly quantify, monitor, report and verify the impacts claimed.
SDG washing	SDG washing refers to cases where SDG impact claims are made from a project or initiative without adequate safeguarding and inclusivity or are false or falsely exaggerated.

1. OVERVIEW AND PURPOSE

This document presents guidance for climate action projects[1] to identify SDG impacts and monitoring indicators for meaningful and credible performance reporting. It uses a principles-based approach to facilitate SDG impact and indicator identification and informs the development of project-specific SDG tools[2] that can report on project impact in a consistent and structured way.

1.1 Applicability

This guidance is 'project-type neutral.' It can be used to identify impacts and indicators and to inform tool development for a wide range of project types, such as renewable energy, energy efficiency, waste management, agriculture, forestry, water management; sectors such as urban development.

The guidance is also 'standard neutral' and therefore applicable under a variety of standards schemes, such as Gold Standard for the Global Goals (GS4GG) or future mechanisms under Article 6 of the Paris Agreement. The guidance can be applicable in the context of climate market mechanisms (such as voluntary or compliance market mechanisms), voluntary reporting (for example by companies) or for establishing national and subnational MRV systems.

[1] The document refers to Projects throughout the text; this may be read as climate actions in other contexts as the principles and approach presented in this framework can be applied to individual activities and or programmes of different sizes and scales. Note that projects may be used interchangeably with activity or action in some cases.

[2] A tool that contains pre-identified impacts and indicators that can be used to credibly quantify, monitor, report and verify the impacts claimed. The tools would also allow some flexibility for further impacts and indicators to be added for example in the case of an innovative approach or extension of an action to achieve benefits not typically associated with a given project type.

1.2 Intended Users

The guidance is primarily intended for standards, such as Gold Standard and others that will ultimately be included as part of the Paris Agreement, Article 6 mechanisms (market and non-market). It is also intended to inform proponents who are interested in the monitoring of SDG contributions of climate actions in an independent, robust and standardised way, for example, proponents of projects and programmes, funders and investors, national and subnational governments and NGOs. Examples are provided in Table 1.

Table 1 – Intended users

TYPE	DESCRIPTION	EXAMPLES
Climate action project proponents	Projects and programmes of action that result in positive climate mitigation outcomes (reduced or enhanced removals) can use this guidance to design their impact MRV approach.	• Renewable energy (wind, solar etc) • Forestry – afforestation/reforestation or improved forest management • Agriculture – soil organic carbon or livestock management • Community projects – improved cookstoves, WASH
Standards scheme	Standards schemes can use this guidance to identify impacts and indicators and develop tools for proponents to apply.	Guidance for the selection of impacts and indicators and tool development (or recognition of third party tools)
Verifiers	Verifiers can use this guidance as a basis for assessing projects SDG impacts, including for significance.	
Policy makers	Policy makers can apply the guidance to identify national or sub-national impacts and indicators in line with reporting priorities.	Guidance for how to build national or sub-national approaches to SDG reporting, including as complementary to Nationally Determined Contributions.

Civil society	NGOs can use this guidance as a reference framework for assessing programmes for credibility and rigour.	Provides framework to track progress towards intended impacts of the projects.
Tool developers	This document also provides further guidance on how to develop tools to capture the reporting of SDG Impacts.	Provides a principles-led approach to inform content of tools (credible impacts and indicators)

2. SDG IMPACT MONITORING AND REPORTING FOR CLIMATE ACTION

The Paris Agreement and the Agenda 2030 recognize potential synergies and set the foundation and aspiration to achieve sustainable, low-carbon and resilient development. The implementation of climate action and sustainable development in an integrated and coherent manner presents an enormous opportunity to maximize the benefits at all levels and sectors. The following sections discuss the synergies between climate action and SDGs and outlines the approach for development of SDG impact monitoring tool for climate action.

2.1 Background and Context – Climate and the SDGs

The SDGs and the Paris Agreement on Climate Change call for profound structural change in every country; requiring complementary actions by governments, civil society, and businesses. Governments, with support from science, engineering, and public policy disciplines, need to set medium-term targets with time horizons of 10-30 years (i.e., 2030 for the SDGs and 2050 for the Paris Agreement) and to develop detailed policy pathways for achieving those targets. (Annex 1)

Time-bound benchmarks and reporting approaches are therefore needed to track progress and contributions towards those targets. Such benchmarks should offer clarity—for the corporate sector, governments and others—on how to implement

major transformations[3]. As such, connecting activity level data with the national pathways and benchmarks will give clarity on how specific activities and projects contribute to national long-term targets for the SDGs.

Lessons learned from sustainable development assessment in compliance and voluntary carbon markets under the Kyoto Protocol show that transparency and integrity concerning the sustainable development contributions of projects can significantly boost market credibility, while the reverse is true in the absence of such provisions.[4]

It is critically important to learn from past experiences and ensure that the implementation of the SDGs is underpinned by a robust Monitoring, Reporting and Verification (MRV) framework.

The contrast between the consensus-led-nature of the SDGs and the 'bottom-up' nature of designing implementation actions introduces a risk for erroneous reporting or misleading claims made about actual progress toward SDG targets. This is further complicated because SDG targets and indicators were designed for national stocktaking rather than subnational or non-state projects and programmes, where most implementation takes place.

Voluntary actions from non-state actors such as projects by sectors, cities, companies or investors are therefore developing individual solutions to implement and report on progress achieved, with little guidance as to what is credible. These diffuse approaches leave room for interpretation of the impact of subnational and individual actions, meaning that their contributions to countries' SDG achievements are not captured consistently.

Voluntary actions by non-state actors must play a significant role to achieve both Paris Agreement and the 2030 Agenda. Such actions could emerge in response to policy changes in relevant sectors in the host country, through voluntary or compliance carbon markets, non-market mechanisms (such as Article 6.2 of the Paris Agreement[5]) or as a result of voluntary action linked to a

[3] https://unstats.un.org/sdgs/report/2019/The-Sustainable-DAevelopment-Goals-Report-2019.pdf

[4] Sustainable Development from Kyoto to Paris and beyond; Marion Verles, 2016

[5] https://unfccc.int/resource/bigpicture/#content-the-paris-agreement

company's CSR strategy or general community development work through non-governmental organisations.

As the SDGs operate at global, national, sub-national/regional and project levels, consistent SDG assessment approaches are needed for different entities in disparate regions and contexts to enable coherent integration into higher level reporting, for example how projects contribute to national targets.

2.2 SDG Impact Reporting Principles

This document presents a best practice, principles-led approach to identifying SDG impacts and indicators as well as guiding principles to develop SDG impact reporting tools for consistent and meaningful reporting on SDG contributions.

GUIDING PRINCIPLES

1. **Credibility:** Ensure the credibility and integrity of SDG impact claims by using an independent, robust and standardised way to quantify, monitor and report the SDG impacts at the project level.

2. **Efficiency:** Increase MRV efficiency by selecting relevant indicators and targets based on project type, methodology and sector. Linking SDG indicators and proxies (wherever feasible) to existing GHG Reduction and Removal methodologies and the parameters already being monitored reduces monitoring efforts and overcomes potential disincentive to report on multiple SDGs.

   In the design of SDG monitoring and reporting processes, developments in technology and data collection should be leveraged to facilitate measuring, quantifying and certifying sustainable development impacts.

3. **Comparability:** Facilitate consistency and aggregation of SDG impacts for reporting at a portfolio level and for comparability within sectors and in value chain interventions.

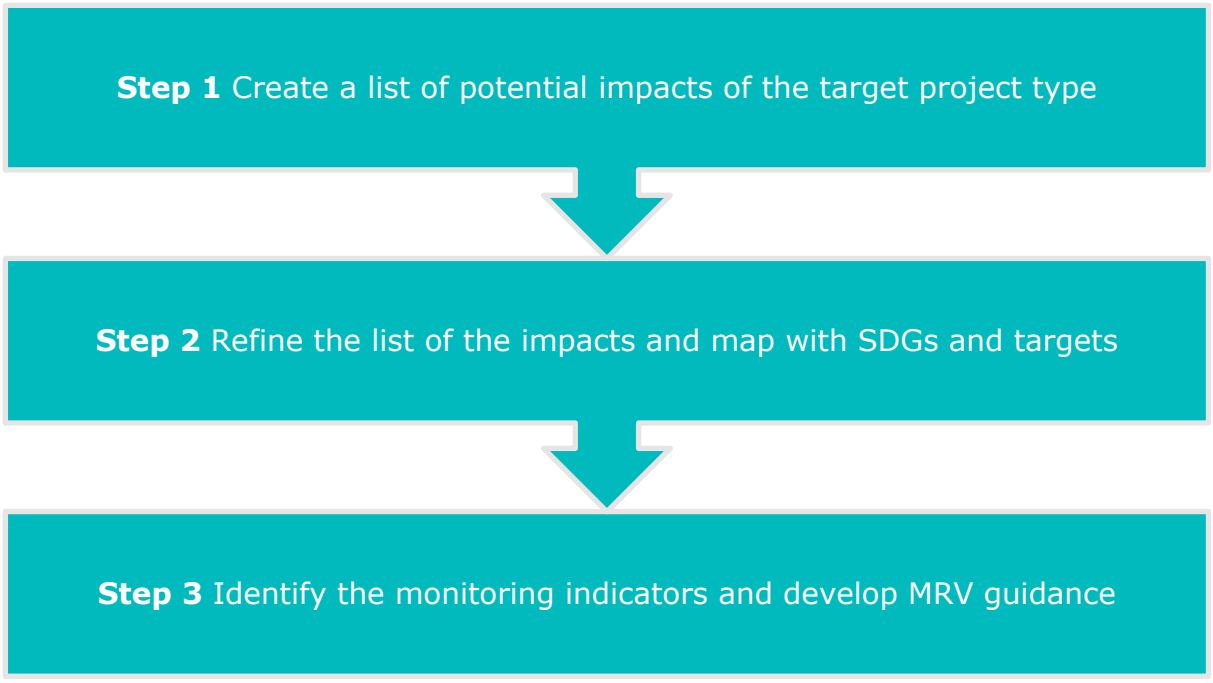
4. **Flexibility:** Allow flexibility for innovation, including additional SDG impacts that would not be typically envisaged for a given activity or to adapt for the provision of national-level indicators, where these exist.

5. **Compelling:** Enhance the communication of SDG impacts by having a transparent, consistent yet clear and compelling way to report on and visualise the impacts for each intervention.

2.3 Impact and Indicator selection process

The following simple three-step approach helps identify the impacts and monitoring indicators to develop the SDG tools. (More detail on each step is provided later in this section.):

Figure 1 – Impact and indicator selection



Step 1 – Create a list of potential impacts

Beneficial impacts: Positive impacts typically created by the project-type. This list of impacts should highlight the significant contributions of the activity, as assessed by experts in the specific area under review. The impacts should be

those that are universally applicable to the activity type and be both a **primary** benefit (i.e., the project is the main driver of the change) and **significant** (recurring/lasting, affecting the primary stakeholders and/or the local environment in a direct, measurable way). The identified impacts should be grouped under impact categories to help user prioritise the impacts and make an informed decision following considerations as discussed in the next sections.

Negative impacts: It is not credible to report on positive SDG impacts without following rigorous safeguards to prevent negative ones. The same sources of data apply to identify potential negative impacts as for positive, adding that recognised safeguarding standards such as the safeguarding elements of Gold Standard for the Global Goals Safeguarding Principles[6] (recommended) or UNDP's Social and Environmental Standards (SES), UNEP's Environmental, social and economic sustainability framework or IFC's Environmental and Social Performance Standard. The potential negative impacts or risks should be evaluated at the project level (for example, GS4GG provides specific requirements) and reviewed by competent assessors to ensure adequacy.

The process should start with a list of potential impact categories resulting from a broad range of actions, both positive and negative, encompassing three dimensions of the sustainable development, i.e., environmental, social and economic impacts. Examples of impact categories include climate change mitigation, climate change adaptation, air quality, water quality, quantity and service, soil quality, jobs, gender equality, energy access, economic growth, biodiversity, health and nutrition and others.

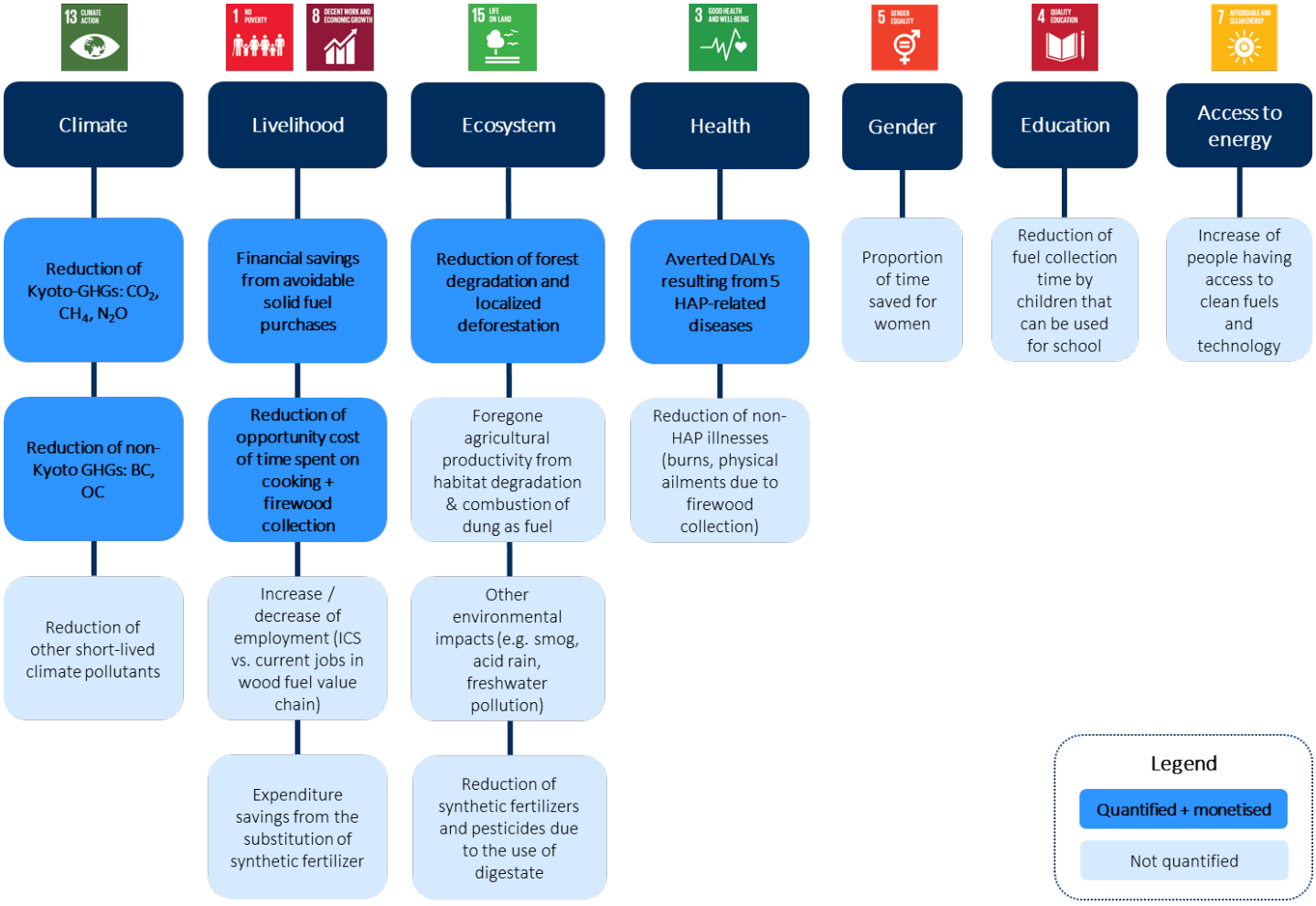
The purpose of the list of impact is to help user identify the **likely, direct and significant impacts of the projects (Fig 2)**. Though, the user should assess and identify those impacts which are significant outcomes of the proposed project activity, keeping the local context in mind. Significance, as defined in 2.5.2, should be assessed at the project level based on the level of impact as measured by one of the pre-identified indicators and (recommended) verified by a competent, independent assessor.

[6] Gold Standard for the Global Goals Safeguards were designed with reference to UNDP, UNEP and IFC standards and provided further safeguarding considerations beyond

The potential impacts of the project activity may be identified through a number of sources, including:

— Literature review – For example peer-reviewed research papers and reports.
— Expert input – Experts with relevant experience of the activity can advise on credible potential impacts
— Experience – In the context of established standards, such as Gold Standard, a portfolio of information that can inform impact selection can be drawn upon.
— Stakeholder input – Where possible, impacts should be subject to feedback and ongoing review, allowing tool users (i.e., those closest to the project implementation) to provide insights.

Figure 2 – Overview of the impact (top row) and the key drivers for a Improved Cookstove project



Reference: Valuating the benefits of improved cooking solutions, Gold Standard, 2019

Step 2 – **Refine the list of impacts and map against the SDGs**.

There is no upper limit to the number of SDG contributions. However, each contribution should be mapped to the SDG Goals and then the SDG Targets. It is preferable to assign the benefit to its primary, most relevant SDG Target (Fig.2).

All indicators should be assessed and vetted against the data quality criteria such as validity, integrity, precision, reliability, and timeliness.

With regards to development of tools as outlined in section 3.0, the list of impacts; both positive and negative along with monitoring indicators mapped with SDGs and SDG targets should be included within the tool. The tool should provide flexibility for the project developers to add new impact type and monitoring indicators where none is available or when a project introduces new and innovative monitoring approaches.

Figure 3 – Mapping of the impact and monitoring indicators to the most relevant SDG and its targets for improved cookstove projects

Impact area	ICS impact driver	Most relevant SDG-target	Corresponding SDG
Climate	tCO2equivalent reduced by the project (both Kyoto and non-Kyoto GHGs), and the social cost of carbon associated with that	Target 13.2: Integrate climate change measures into national policies, strategies and planning	Goal 13: Climate Action
Livelihood	Financial savings from avoided fuel purchase	Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.	Goal 1: No Poverty
	Time saved in cooking and collecting wood	Target 8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries	Goal 8: Decent work and economic growth
Ecosystem	Number of tons of wood saved by the project	Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.	Goal 15: Life on land
Health	Reduction of DALYs due to respiratory illnesses	Target 3.9 : By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.	Goal 3: Good health and well-being
Gender	Proportion of time saved in cooking and collecting wood for women, which can be redeployed for income-generating or non-income generating activities (household chores, time spent with family, etc.)	Target 5.4: Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.	Goal 5: Gender equality
Education	Proportion of children that have more time to do homework and to attend school, due to reduction of time spent collecting fuel	Target 4.5: By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.	Goal 4: Quality Education
Access to energy	Proportion of population with primary reliance on clean fuels and technology	Target 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services	Goal 7: Affordable and clean energy

Reference: Valuating the benefits of improved cooking solutions, Gold Standard, 2019

Step 3 – Identify the monitoring indicators

Identifying monitoring indicators can be approached in multiple ways:

— Directly using the SDG indicators as monitoring indicators if they are practically applicable at the project level.
— Assessing whether any of the applicable GHGs Reduction methodology parameters make reasonable proxies for SDG indicators and applying them. This requires the rationale to be recorded transparently.
— Identifying a new proxy indicator where none are suitable. This also requires the rationale to be clearly recorded.

Impacts should be reviewed and mapped to relevant SDG Targets. Where no relevant SDG Target exists, then the impact (and selected indicator, see below) can be assumed to be a general proxy for the SDG Goal (though wherever possible the Target level mapping should be the focus).

In the case of multiple relevant targets or with multiple impacts (and indicators, see below) the project should only use a single indicator for demonstrating one SDG impact, to avoid double or over claiming.

Robust monitoring indicators provide relevant metrics and information to enable the meaningful tracking of results toward the intended impact of the project activity. Monitoring indicators ideally shall allow the project proponent applying the approach to assess and demonstrate "how" and "what" impacts a project will deliver, preferably in a quantitative manner (though not disallowing qualitative metrics where they are valuable).

To arrive at a standard set of monitoring indicators that are relevant within the impact categories identified, follow the principles below.

Table 2 – Principles[7] for monitoring indicator selection and justification

PRINCIPLES	JUSTIFICATION
Relevant	The selected indicators should be relevant to the impact categories identified in Step One.
Limited in number and consistent	A common and limited set of indicators across geographies and sectors will ensure consistent application and better consolidation of results to evaluate impact.
Simple, single-variable indicators, with straightforward policy implications	Simple to compile and easy to interpret and communicate.
Allow for high-frequency monitoring	At least annual monitoring with the possibility of more frequent monitoring should be sought.
Consensus based, in line with international standards and system-based information	Indicators should be based on international standards, recommendations, and best practices. Where possible, indicators should be broadly consistent with systems of national/sub-national accounting, systems of environmental economic accounting, and other systems-based information.
Constructed from well-established data sources	Indicators should draw on well-established sources of public and private data and be consistent to enable measurement over time.
Disaggregated	Preference should be given to indicators that lend themselves to disaggregation to track inequalities in SDG achievement.

[7] Adapted from "Figure 3:Ten principles for Global Monitoring Indicators 3"; Indicators and a Monitoring Framework for the Sustainable Development Goals prepared by Sustainable Development Solutions Network (SDSN), 2015 referring to UN Development Group (UNDG) handbook and the Conference of European Statisticians Recommendations on Measuring Sustainable Development

Universally applicable, locally relevant	The ability of indicators to be localised is particularly important to encourage active implementation of the agenda within subnational or project levels.
Mainly outcome-focused	As with SDG targets, it is generally preferable for indicators to track outcomes (or the ends) rather than means. The choice between input and outcome measures must be handled pragmatically. In some cases, input metrics can play a critical role in driving and tracking the changes needed for sustainable development.
Science-based and forward-looking	Indicators must be designed in such a way to account for changing global dynamics and to anticipate future changes. The indicator framework must also be flexible and allow for new indicators to replace outdated ones.
A proxy for broader issues or conditions	A single indicator cannot measure every aspect of a complex issue, but well-chosen monitoring indicators can track broader concepts.

Key considerations that should be accounted for preparing the default list of monitoring indicators:

— The purpose of monitoring indicator is to estimate and enable tracking of changes toward intended impact.

— Monitoring indicators should ideally provide enough information and clarity to track real changes; however, monitoring indicators may also rely on multiple monitoring parameters to calculate the value of monitoring indicators. Quantification methods should be provided in a clear, transparent manner.

— Monitoring indicators should clearly map with the relevant SDG targets and corresponding SDGs, following a standardised approach.

- Monitoring indicators may differ from the official SDG indicators as reasonable proxies or additional indicators can be more valuable than those for national level.
- Each indicator should be accompanied by information and guidance on measurement units, preferably with quantification approach and reference data sources.
- Multiple indicators for the same impact category should be provided to allow data disaggregation as and when disaggregation may be useful for effective monitoring and assuring the contributions. For example, along with the total number of jobs created, the number of men and women employed will allow project developer to demonstrate the impacts by gender.
- A default list of monitoring indicators covering different aspects of the impact categories identified should be provided. Users should be able to select specific indicators considering the local context, data availability and other relevant criteria.
- Indicator selection should allow for the possibility of both ex-ante/ expected impacts and ex-post/actual impacts monitoring.

2.4 The role of national, sectoral or local level indicators

The way SDGs will be reported in different places will vary greatly. Countries have flexibility on how to approach this and there are many examples of cities, sub-national regions and sectors (amongst others) developing their own priorities and indicators.

Although efforts are underway to map indicators globally, this will likely remain an ongoing process due to the diversity of viewpoints and local contexts. Impact and indicator selection and reporting tools could however adapt to the need for localised indicators in several ways:

- Project developers and other entities can propose specific indicators based on relative priority.
- As part of the project design, project developers should be encouraged to assess national priorities, often published by the government or civil society where they exist. Though alignment with national priorities may not be mandatory, it will help developers understand the local context and raise ambition.

- Country, sector, city-specific and other categories of impact and indicators can be developed over time to better include localised priorities.
- Finally, impacts and indicators can be adapted to highlight where a contribution relates to the host country's priority, such that the project can make claims accordingly. Such claims should placed in narrative context (for example, "the project contributes to SDG 6.3, which has been identified as a national priority by the host government").

2.5 Guarding against SDG washing

2.5.1 Sustainable Development

SDG washing occurs where claims made about a project's SDG impacts are made without adequate safeguarding and stakeholder inclusivity, are false, or are exaggerated. To guard against SDG washing, follow these recommendations:

- **Identify and mitigate negative effects** – It is not credible to make SDG impact claims without addressing negative effects. Safeguarding principles that are built from standards such as IFC and UNDP are recommended, with the addition of latest best practice and activity-specific elements (for example applying Gold Standard for the Global Goals). Negative effects and their mitigation should be transparently monitored, reported and verified.
- **Engage stakeholders** – It is not credible to make SDG impact claims concerning a project if stakeholders have not been engaged in the design and provided with a mechanism to share concerns. A gender-sensitive approach is recommended. Also, engagement of the most vulnerable members of a community is recommended to ensure that the project leaves no one behind.
- **Practice good governance** – Impacts should be monitored, reported and verified under a competent, experienced scheme, such as Gold Standard for the Global Goals. It is recommended that standards scheme that are members of the ISEAL Alliance (or equivalent United Nations programme) are followed to ensure good governance.

2.5.2 Assessing significance

To avoid SDG washing, projects should also claim only 'significant' impacts. For example, it would not be credible to carry out an ineffectual project but claim an SDG impact through a minor addition to the development. Significance is a subjective term and should therefore be assessed at the project level based on the magnitude of impact as measured by one of the pre-identified indicators and verified by a competent, independent assessor (recommended). The following guidance can help assessors inform their quality management plans.

The significance of an impact is dependent on the **likelihood** of the impact occurring and **magnitude,** including duration and importance of the impact occurring within the context of the project (geographic scope, setting, and scale). Therefore, the significance of each identified impact must be judged and weighed keeping these criteria in mind. Only significant impacts should be selected for monitoring and reporting. Note that an experienced assessor may choose to apply this guidance in cases where significance is questionable or not obvious but otherwise may rely on their own review findings.

Likelihood (ex-ante assessment only):

Given the nature and context of the project, some of the potential impacts will very likely occur while others are uncertain. The verifier should assess the likelihood of impact occurring as follows;

- **Likely:** Impact will most likely occur for a given project type.
- **Possible:** Impact is possible but may not occur given the project context.
- **Unlikely:** Impact has little chance of occurring for a given project type.

To determine the likelihood of the impact, the verifier should assess the evidence to the extent possible - such as published literature, prior experience from similar activities, expert judgment, Environmental Impact Assessment (EIA)/Life Cycle Assessment (LCA) or similar study methods. The verifier should also consult the local stakeholders on the likelihood of the selected impact to make an informed decision. If the developer cannot determine the likelihood of a specific impact, it should be classified as "possible."

Magnitude

The verifier should assess the magnitude of each impact as **major**, **moderate**, or **minor** category - representing the level of change resulting or expected to occur due to the project activity. The magnitude of change should be assessed relative to the baseline situation of the selected monitoring indicators in the project context. If no reference data or evidence exists, expert judgment and stakeholder consultation should be used to determine the magnitude of impact as a major, moderate or minor.

In some cases, consideration of the duration of the change in terms of the length of time over which impacts may be important, such as: Short term (up to 5 years), Medium term (5 to 15 years) and Long term (greater than 15 years) could be useful to determine the magnitude of the impact. Similarly, the organisation's strategic focus on a specific impact category might be relevant in determining the magnitude of the impact.

Once the likelihood and magnitude have been determined, the following table can be used to determine the significance of the impact.

Table 3 – Significance of impact based on likelihood and magnitude (Adapted from Greenhouse Gas Protocol, Policy and action standard, 2014)

LIKELIHOOD	**MAGNITUDE**		
	Minor	Moderate	Major
Likely		**significant**	
Possible	Insignificant		
Unlikely			

Depending on the context and assessment objectives, the verifier may adopt other approaches to determine the significance of impacts, such as considering unlikely impacts that are major or moderate to be significant. However, the selected approach should be consistently applied to determine the significance across all impacts.

Standards operators should review and adapt the above guidance to be fit for purpose within their own schemes. Other methods and guidance for verifiers may be useful and practical.

3. DEVELOPING SDG REPORTING TOOLS

The following section provides an outline structure for standardised SDG impact reporting tools. Tool developers can use the proposed blueprint to inform the tool development.

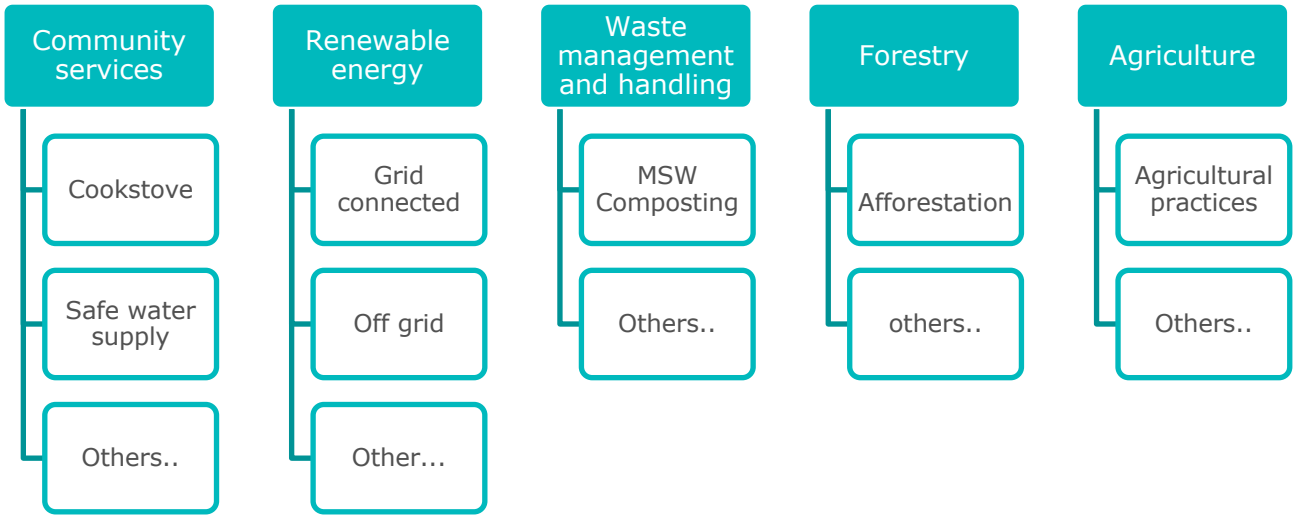
3.1 Modular approach

The SDG tools should be simple, user-friendly and practical to support project developers in identifying the relevant monitoring indicators for monitoring and reporting SDG contributions.

- SDG tools should follow a modular approach, such that modules can be developed and used in isolation for an individual project activity or a group of similar projects to facilitate user monitoring and reporting of the SDG contributions at project, programme, fund or portfolio level.
- Modules should be developed in consideration of the standards schemes under which they will apply. For example, standards such as Gold Standard for the Global Goals or the Clean Development Mechanism have specific requirements that should be adhered to and reflected in tool development.
- Modules should seek to streamline MRV with existing GHG reduction methodologies, where required and practical (for example, for use by voluntary carbon market projects). This allows users to take advantage of synergies and efficiencies and avoid additional monitoring wherever possible.
- Modules should follow a common structure outlined in the next section and adopt common monitoring indicators as much as possible to keep the number of monitoring indicators minimal and consistent across project types.
- The level of rigour for the tools should be in line with the expectations of the standards they serve.
- It is not expected that different project types will always be directly comparable with each other; however, projects of the same type will become more standardised in their claims as a result of SDG tools. For example, the water (SDG 6) benefits of a WASH project versus an agriculture project are likely very different, but two WASH projects should be comparable.

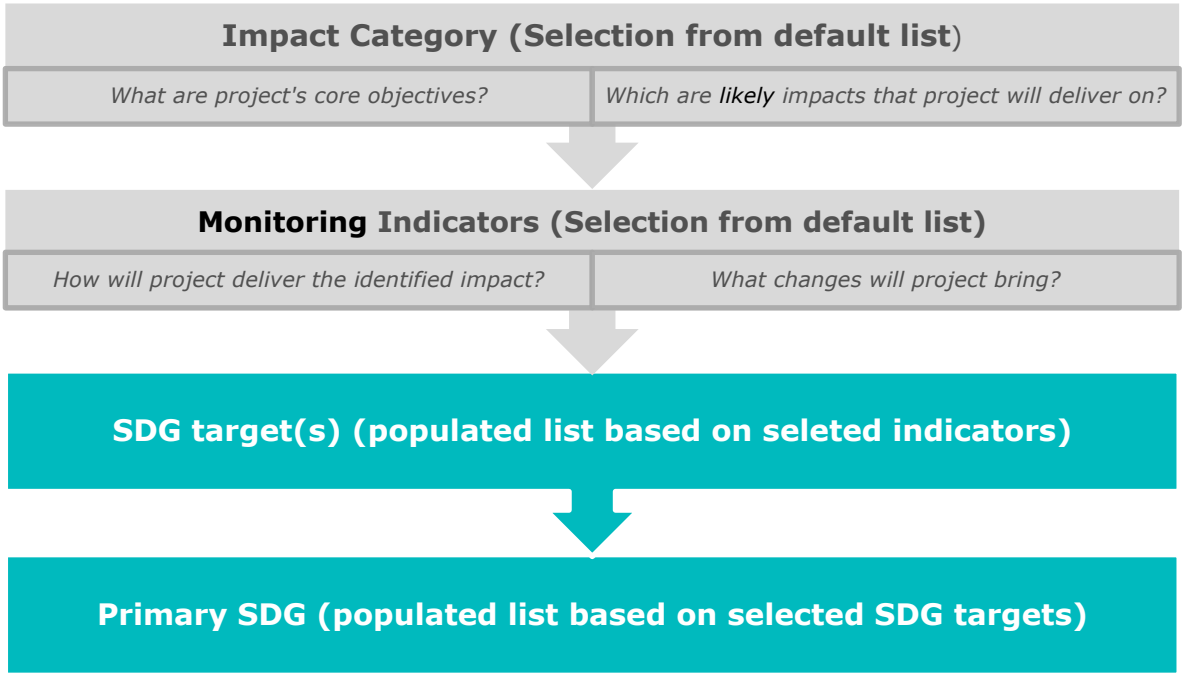
Note that while SDG tools should focus on positive SDG impact reporting, it is reiterated that it is not credible to make claims concerning positive impacts without also including robust stakeholder engagement, strong safeguards and credible verification.

Figure 4 – Modular structure



Each module should be developed following the common structural elements as depicted in the diagram below.

Figure 5 – Proposed structure and key elements for SDG tools



The tools require user input to select impact category and monitoring indicators. SDG targets should be assigned to individual monitoring indicators as part of the tool development. The tool should also have built-in flexibility to allow a user to identify the monitoring indicators by selecting SDGs rather the impact category.

Tools should be accompanied by a set of guidance on monitoring indicators to help a user understand the monitoring requirements and make an informed decision.

CONCLUSIONS

This report has presented principles and guidance for the identification of SDG impacts and indicators for climate action, which can be applied in the context of carbon markets or other non-market related activities. While the primary intention is inform the development of robust tools to support climate action, it is equally feasible to use this guidance to the benefit of other actions whose primary focus may be in other SDG areas.

The authors acknowledge that SDG impact reporting and tool creation is a developing area. As such this document will be revisited based on experience in developing tools and in learning from other research and initiatives.

As SDG tools for different activity types are developed following this guidance, working groups will seek opportunities to 'digitise' the tools (e.g., create accessible online versions) and enable efficiencies in MRV through innovative technologies such as Internet of Things, blockchain, and artificial intelligence as relevant and practical. The tools and lessons learned will be made available for wider adoption and for further improvements and development.

ANNEX -1 RELATIONSHIP BETWEEN SDGS AND PARIS AGREEMENT

The following table[8] summarises the relationship between Agenda 2030 and Paris Agreement.

Table 1.1 – Relationship between SDGs and Paris Agreement

	AGENDA 2030	PARIS AGREEMENT
Global coverage	Adopted by 193 countries in September 2015.	Adopted by 195 countries in December 2015.
Synergies between climate change and development	Achievement of SDGs premised on effectively combating climate change (SDG 13), with at least 11 other SDGs directly or indirectly linked to climate change.	Emphasises the intrinsic relationship that climate change has with equitable access to sustainable development and poverty alleviation.
Time frame	To be implemented 2015–2030.	Current NDCs generally have timeframes running up to 2025 or 2030, but with successive and updated NDCs being submitted every five years.
Nationally determined targets	The SDGs are universally applicable, with each government setting its own national targets guided by the global level of ambition but taking into account national circumstances. Each government will also decide how these targets should be incorporated in national	The Paris Agreement is to be implemented in accordance with the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances and will involve countries ratifying and implementing their own NDCs.

[8] Adapted from https://www.cdkn.org/ndc-guide/book/planning-for-ndc-implementation-a-quick-start-guide/ndcs-and-the-sustainable-development-goals/

	planning processes, policies and strategies.	
Policy coherence and mainstreaming	Premised on the effective mainstreaming of the SDGs into regional, national and subnational development frameworks, as well as requiring coherent policy and planning.	Premised on the effective mainstreaming of climate change into national, subnational and regional policy frameworks, as well as coherent policy and planning.
National reporting	Annual reporting	The new transparency (reporting) regime under the Paris Agreement is yet to be determined but is likely to build on current MRV arrangements.