Zukunft Umwelt Gesellschaft

IKI INTERNATIONAL CLIMATE INITIATIVE

Q&A Document

Standard Indicator 1 - Mitigation

Version 3 (April 2026)

M&E Unit / IKI Office

Content

1 Target setting, adjusting and report flexibility 1
1.1 Adjustment of targets after project start 1
1.2 Overestimation of targets already set 1
1.3 Lack of data for target setting 1
2 Emission Categories and Reporting 2
2.1 Interventions, that will be implemented after the projects ends 2
2.2 Mitigation effects, that happen after the project ends 2
2.3 Development of policy framework and its implementation 2
3 Scope 3 emissions 4
3.1 Emissions that occur in upstream/downstream activities 4
3.2 Life-cycle assessments 4
3.3 Calculation of Scope 3 emissions in Annex 7 4
4 Leakage emissions 5
5 Data availability 6
5.1 Prioritization of data 6
5.2 Use of external sources 6
5.3 Data on policy frameworks 6
6 Reporting and data validation 7
6.1 Frequency of reporting 7
6.2 Plausibility check of data 7
6.3 Dynamic baseline scenario 7
6.4 Expected emission reduction targets 8
6.5 Threshold values 8
7 Tools and Guidelines 8
7.1 Use of GHG accounting tools 8
7.2 Methodology for modal shift in transport 9
8 General remarks 10

1 Target setting, adjusting and report flexibility

1.1 Adjustment of targets after project start

Q: Can we adjust our emission reduction targets after the project has already started implementation?

A: Yes, target adjustments are allowed, especially during early stages of implementation. Justification and transparency are key. Use the section *Documentation of Changes Made to the Standard Indicator* in Annex 7 to detail the reason for changes (e.g., incorrect assumptions, methodological updates). Save older versions for reference and always inform the IKI Help Desk when submitting adjusted targets.

1.2 Overestimation of targets already set

Q: What if we realize during implementation that our initial targets were overestimated? Should we adjust them downwards?

A: Yes, but provide a clear justification. Conservative but realistic estimates are preferred. If you gather better data over time or your activities change scope, it's appropriate to revise your targets accordingly—especially if done transparently and with sound reasoning.

1.3 Lack of data for target setting

Q: We have a project that focuses on improving the EE in manufacturing of construction materials. How do we define the potential target for emission reductions? Currently, we don't know which industry will be selected for the project, hence, we don't know the companies yet that will be involved in the pilot project. Also, we don't have any baseline in the absolute figures. How do we approach calculation/reporting and how can we set the target?

A: There is no point in calculating a target using fictive numbers. Instead, we recommend writing down all relevant available data/information in the in IKI SI Report Excel Tool / Annex 7 Excel tool (in a rather qualitative manner) and then try to estimate a "ballpark figure" in terms of emissions until you know with which companies you will be working with. Once you know which companies were selected for your pilot, do the actual calculations in the Excel tool, and subsequently start reporting. Generally, we would recommend describing at least any potential rebound effects, e.g. in the case of EE, the energy demand and thus energy costs would be reduced and consequently more energy consumption could occur. Hence, you have a rebound effect. Describe such potential rebound effects for projects in the Excel tool in a transparent manner.

1.4 Quantification when future measures or investments are not yet known

Q: Our project is still designing a financing or investment programme, and we do not yet know which specific mitigation measures will be financed. Should we already quantify SI1?

A: Only once there is a sufficiently clear understanding of the types of measures or investments to be supported. If the intervention portfolio is still too uncertain, report qualitatively for the time being and add a quantified estimate later once the relevant information is available

2 Emission Categories and Reporting

2.1 Interventions, that will be implemented after the projects ends

Q: Our project involves designing an Urban Development Plan and structuring specific interventions that will only be implemented after the project ends. Can we still report emission reductions, and how should these activities be categorized?

A: If your project does not implement mitigation measures within its timeframe, then no emission reductions should be reported under Standard Indicator 1—your value would be zero at project completion. However, you can include example estimations of future impacts, provided these are well-justified.

For categorization: the Urban Development Plan should be reported under *Category 3 (Enhanced Policy Frameworks)*, as it contributes to long-term strategies. The structured interventions (e.g., pre-investment or feasibility studies) may fall under *Category 2 (Indirect Mitigation),* if there is credible evidence that they will be implemented post-project. All assumptions should be clearly documented in Annex 7.

Q: Our project has carried out coordination, advocacy, or planning activities, but no tangible mitigation measure has yet been implemented. Should we report SI1 this year?

A: If no tangible mitigation activity has yet occurred, no SI1 mitigation value should be reported for that reporting year. The activities can still be described qualitatively in the narrative report. A planned target may be added later once concrete mitigation measures, and a justified estimation basis exist.

2.2 Mitigation effects, that happen after the project ends

Q: How do we report/approach reporting when mitigation effect happens after project lifetime?

A: Within reporting, we expect only ex post values. If mitigation effects arise after project lifetime, please fill in estimates in IKI SI Report Excel Tool / Annex 7 for the years 2030, 2040 and 2050 in respective fields.

2.3 Development of policy framework and its implementation

Q: Our project supports the development of a national strategy or NDC (which falls under Category 3), but we also begin implementing some of its components during the project. How should we report mitigation impacts in this case?

A: In this case, you should report the two components under different categories in Annex 7. The formulation of the strategy or NDC should be reported under *Category 3 (Enhanced Policy Frameworks)*, since it contributes to long-term systemic change and enables future mitigation. However, if the project supports implementing specific levers or measures from the strategy (e.g., a pilot energy efficiency program, regulatory instruments, or a financing mechanism), these can be reported under *Category 2 (Indirect Mitigation)* - or even *Category 1 (Direct Mitigation)* if actual implementation and investments are financially supported by the project with IKI funds.

You should clearly separate the reporting of these components in the Excel tool, describe the causal links between the strategy and the implemented measures, and provide assumptions and sources for both categories. This dual reporting is encouraged, as it reflects both the enabling framework and early action being undertaken.

2.4 Carbon-credit activities and their classification under SI1

Q: How do we report/approach reporting when mitigation effect happens after project lifetime?

A: Within reporting, we expect only ex post values. If mitigation effects arise after project lifetime, please fill in estimates in IKI SI Report Excel Tool / Annex 7 for the years 2030, 2040 and 2050 in respective fields.

Q: Our project supports mitigation activities that generate carbon credits. How should these be reported under SI1?

A**:** This depends on the project's role. If the project only provides technical assistance and does not finance implementation, impacts are typically reported under indirect mitigation. If IKI funds directly finance implementation of the mitigation activity, the impact can qualify as direct mitigation. Where available, validated mitigation activity design documents and accepted carbon methodologies may be used as the methodological basis for SI1 reporting.

2.5 Biodiversity-finance activities with mitigation co-benefits

Q: Our project supports biodiversity-credit or nature-finance activities. Can mitigation effects still be reported under SI1?

A: Yes, if the activity also leads to measurable emission reductions or carbon removals. In such cases, the mitigation effect can be reported under SI1 as a co-benefit, provided a sound methodology is used and the project's role in financing or enabling the activity is clearly described.

2.6 Attribution of mitigation impacts in blended-finance projects

Q: Our project is a fund or blended-finance facility that combines IKI finance with other sources. How should we report mitigation under SI1?

A: If IKI funds directly finance tangible mitigation activities, these can be reported under direct mitigation. Quantify the mitigation effect of the financed activity, then report only the share attributable to IKI funding using the relevant funding or investment factor.

2.7 Minimum co-financing share for direct mitigation

Question: If IKI finances only a small share of an investment, can we still report direct mitigation? Is there a minimum threshold?

A: There is no minimum threshold. If IKI directly co-finances a mitigation investment, the activity can still be reported under direct mitigation, but only in proportion to the actual IKI funding share. Projects should avoid double counting when considering whether part of the same activity is also indirect.

2.8 Mitigation reporting without an explicit national target

Q: Can we report mitigation from a project activity even if there is no explicit mitigation target in the country's NDC or policy framework?

A: Yes. If the project activity itself leads to measurable emission reductions or removals, it can be reported under SI1 even if it is not linked to a quantified national target. The project should provide a sound methodological basis and evidence for the calculation.

3 Scope 3 emissions

3.1 Emissions that occur in upstream/downstream activities

Q: Do we need to account for emissions occurring during the production of RE/EE equipment (e.g., the solar panels) which will be installed through the action? What about potential decommissioning/recycling beyond the project lifetime of equipment installed?

A: Emissions related to manufacturing of RE/EE equipment are so-called Scope 3 upstream emissions. Most methodologies, including CDM, only consider the operational phase of a project, thus reporting Scope 3 emissions is not a must for your project. For renewables, Scope 3 is expected to have a rather small impact compared to operational phase emission savings. Nevertheless, its best practice to include it.

Emissions related to decommissioning are considered Scope 3 downstream emissions. As with Scope 3 upstream emissions, Standard Indicator 1 does not prescribe the inclusion of those emissions.

3.2 Life-cycle assessments

Q: What is the relevance of life life-cycle assessments? Do we need to include them in the emission assessments?

A: It is best practice to include complete life-cycle emissions. However, because of limited data availability, calculations often focus on the "usage" or "operational" phase. This means that calculations exclude up-stream emissions associated with, e.g., vehicle production, and the end-of-life phase. Most of the CDM do not include up-stream emissions. If data on life-cycle emissions is available, it should be included since it makes the assessment more accurate.

Regarding vehicles: The emissions caused by battery and vehicle manufacturing strongly depend on the geographic location of the manufacturing facility. Considering a medium-sized vehicle over 16 years and 240,000 km, the manufacturing and end-of life phase are responsible for ca. 30% (for an EV) and 16% (for an ICEV) of the vehicle's life-cycle emissions. For more information, see, e.g., Life Cycle Emissions: EVs vs. Combustion Engine Vehicles or Comparative life-cycle GHG emissions of a mid-size BEV and ICEV – IEA.

3.3 Calculation of Scope 3 emissions in Annex 7

Q: Do you have calculation Excel tables for the Scope 3 Material inflow embodied energy and GHG?

A: There is no ready to use Excel table for this purpose. Some of the tools we have referred to (e.g., the IFC EDGE tool for the building sector) provide the needed methodologies and values for estimating embodied GHG emissions. If you want to include these Scope 3 calculations, please add an extra spreadsheet in the Excel tool.

4 Leakage emissions

Q: How are leakage emissions to be determined?

A: First, you need to define the leakage scenario. Leakage emissions refer to the additional emissions that occur outside the boundaries of the mitigation action project as a result of implementing that project. This may happen when equipment replaced by the mitigation project continues to be used outside the project boundaries, leading to increased emissions. In the energy sector example case, 20% of the replaced generators will be used outside project boundary for additional energy consumption where gensets have not been in place before. Do plausible assumptions (even if you don't have information) and always apply a conservative approach.

Q: The government fleet will be replaced. Our project allows the purchase of EVs (without the project, the government would purchase new ICEVs). The old government vehicles will continue to be used by households on the island. Do we need to consider leakage emissions?

A: The EVs will be purchased instead of new ICEVs. Since the old government vehicles would be continued to be used by households anyway (in both the baseline and the project scenario) you do not need to consider leakage emissions.

Leakage emissions should be considered in the following scenario: The project replaces government ICEVs which would still be used by the government without the project (i.e., the government keeps its "old" ICEVs in the baseline scenario). Only because the government receives EVs in the project scenario, the government's ICEVs can be used by households in the project scenario thus causing leakage emissions.

5 Data availability

5.1 Prioritization of data

Q: As a third-party, de-risking product provider, we do not always have full visibility on the projects that we are associated with / help realize. Is there any guide on how to go about data availability issues? E.g., what type of sources to prioritize or a step-by-step process of elimination?

A: Hierarchy of data

1) Project data
2) Local and national default values and/or references cases from project country or sector
3) Global data and default values defined by UNFCCC

Make assumptions and data sources clear! Indicate uncertainties so the IKI Helpdesk can judge how accurate the data used is. When in doubt, leave it out and report in a qualitative manner and/ or write a comment ("left out b/c of uncertainty"). Be transparent and conservative.

5.2 Use of external sources

Q: We work on a transport project in an urban informal settlement where data availability is limited. Can we use statistics (e.g., from the city) that we assume to get the closest to our setting?

A: Any data which allows for a plausible calculation approach is better than no data. Projects should work with plausible assumptions, apply a conservative approach, and transparently show sources, assumptions, and calculations.

5.3 Use of external sector tools and consistency of assumptions

Q: We are using an external sector tool such as ECAM or EX-ACT. Is this acceptable, and what should we consider when transferring results into Annex 7?

A: Yes. Recognised external tools may be used if they suit the project design. However, assumptions and parameters should be consistent with Annex 7 where relevant, for example global warming potentials, and the calculation must be fully traceable. Please clearly show how figures from the external tool were derived and transferred into Annex 7.

5.4 Data on policy frameworks

Q: I find it difficult to measure numerically what effect the technical support of policy elaboration has had. How exactly does the IKI envision the measurement of emission reduction through policy support?

A: For policy support we do not require projects to quantify the mitigation effects as these are effects that would only arise after the project has ended and would consequently be too hypothetical of an estimation. Projects providing policy support need to list the policies they support. If the policy itself has a quantified mitigation target, you can list the official target in Annex 7. No calculations are necessary here.

6 Reporting and data validation

6.1 Frequency of reporting

Q: How often do we have to send Annex 7?

A: Please use IKI SI Report Excel Tool / Annex 7 and submit together with your project proposal your initial estimations/target values. Then report your GHG calculation figures once a year with regular interim reports. Please also hand in the updated and final version of Annex 7 together with your final report when your project ends.

6.2 Submission of supporting calculation files and explanatory notes

Q: Can we submit additional explanation notes, spreadsheets or auxiliary calculations together with Annex 7?

A: Yes. Supporting documents are welcome if they improve understanding of the calculation. Key figures used for quantification should still be traceable in Annex 7, and any figures taken from external files should be clearly referenced so reviewers can identify the source quickly.

6.3 Difference between planned target estimates and reporting projections

Q: What is the difference between the "planned target estimate" and the projected values in the reporting section? Aren't both projections?

A: Yes, both can be ex-ante projections. The "planned target estimate" is the initial forward-looking estimate made during planning. The reporting section is updated over time using real project information, such as commissioning dates, measured output, or improved assumptions. This allows future projections to become more realistic as implementation progresses.

6.4 Plausibility check of data

Q: Do we need third party expert to verify the emission reduction number in our project that we put in annex 7?

A: We expect projects to hand in numbers they are confident about with your best knowledge. We do not require projects to hire experts. However, please plan for this in project budget for M&E, in case you already know that external party is needed. We do not verify your numbers in detail but rather check for plausibility.

Q: How will the review of the calculations from the IKI side take place?

A: Together with colleagues from Perspectives and the greenwerk the calculations will be checked for plausibility. The evaluation of mitigation calculations considers whether it involves the i) financing of a mitigation measure with direct mitigation effects or ii) an indirect one.

6.5 Dynamic baseline scenario

Q: How to work with dynamic baseline scenarios?

A: The Excel sheet differentiates between the "planned target estimate" which is estimated in the planning phase ex-ante project implementation and "reporting". If necessary, assumptions for the baseline emissions should be adjusted. Considering, e.g., the grid emission factor: The grid emission factor is likely to change over time and thus needs to be updated to accurately

capture the project's mitigation impact. These updates will be captured in the reporting section of Annex 7.

6.6 Expected emission reduction targets

Q: Is there any emission reduction number/percentage we should achieve in a project?

A: No. It depends on the context of the project. With Standard Indicators conservative, yet realistic estimates are considered. For IKI it's Important to make emission (reductions) visible.

6.7 Threshold values

Q: Does IKI have a threshold value for absolute emissions to determine which investment projects to be reported or assessed in detail?

A: No, we do not use a threshold value for mitigation / emissions as such that determines when the project should calculate mitigation effects. If projects implement concrete mitigation activities falling under the definition of direct or indirect mitigation, the overall mitigation should be calculated. In case you are unsure whether it is necessary to calculate mitigation effects in your project, you can always reach out to us at the IKI Standard Indicator Helpdesk (iki-si-helpdesk@z-u-g.org) and we can discuss your specific case in more detail.

7 Tools and Guidelines

7.1 Use of GHG accounting tools

Q: How to make use of GHG accounting tools, e.g., FAO's Ex-ACT Tool?

A: The usage of widely recognized GHG accounting tools like FAO's Ex-ACT Tool is recommended. Please transfer the calculation results in Annex 7 and share information about the calculation (e.g., composition of the figures) to ensure transparency.

Q: Do you have documents with the methodologies for calculating emission reductions?

A: Yes, we will provide separate guidelines accompanying each of the four online seminars as well as the sample calculations online on our IKI website here Online Seminars on "IKI Standard Indicator 1 – Mitigation" | IKI. The guidelines also refer to further relevant sources for your own calculations incl. various methodologies and default values.

Q: We are using different calculators across project components. How do we ensure consistency?

A: Agree on common assumptions and parameters rather than focusing solely on harmonizing tools. Consistency in underlying data is more important. Customizing tools with project-specific data, when possible, is recommended.

Q: What if buildings have different sizes/types?

A: Break the calculation down in different calculations. If needed, you can add rows in IKI SI Report Excel Tool / Annex 7 to outline different calculations. In the online seminar, the calculation was just a simple example to convey a general idea about the calculation approach using a simplified example.

Q: Are there platforms to exchange emission estimation methods and experiences with other IKI projects?

A: While no official peer-to-peer platform currently exists, the IKI Standard Indicator Helpdesk can connect projects with similar setups or challenges. Reach out for potential networking or examples from other sectors (e.g., mining, energy, transport).

7.2 Use of self-developed methodologies and models

Q: What if existing tools do not fit our project well and we need to build our own calculation model?

A: This is possible. Where feasible, use Annex 7 directly for simpler calculations. If a separate model or self-developed methodology is necessary, document the methodology transparently and ensure that all values transferred into Annex 7 can be traced back to their source.

7.3 Methodology for modal shift in transport

Q: We want to calculate emissions avoided in the project city, but not from shifting right now from, e.g., existing cars to public transport, but to avoid people getting cars in future. On what data can we base the calculations?

A: The switch from roads to more sustainable transport modes (e.g., public transport or bicycles) is known as a modal shift in transport. Please find the relevant CDM methodological tool here Baseline emissions for modal shift measures in urban passenger transport. However, several parameters required for the calculation, e.g., passenger numbers and shares of passengers who shifted the mode of transport as well as average trip distance per passenger, require detailed project data incl. surveys. MRV approaches can provide further guidance on estimating and gathering the required data.

8 General remarks

1. Clearly **differentiate between direct and indirect mitigation impact**.

Direct impact: GHG emission reduction through financing of mitigation measures.

Indirect impact: GHG emission reduction through technical support.

It might be the case that in your project area(s), some interventions have a direct impact while others have an indirect impact. Please make sure you correctly assign your project's impacts.

2. Define the **baseline scenario** correctly.

The baseline scenario describes what would most likely occur in the absence of your project.

3. Provide **sources for assumptions**.

In Annex 7 sheet SI 1 I Mitigation you should list all parameters and assumptions which you require to determine your project's direct and indirect mitigation potential. Please indicate the sources for all parameters and assumptions, e.g., studies, surveys, national or municipal data, a similar project's documentation etc. In case the source is an expert's assessment or perception, please name the expert and their professional background if possible.

4. Clearly **divide the Excel spreadsheets**.

If a project consists of several geographic areas and/or different components, it is important to clearly indicate the calculations for each component separately. You can add as many rows as you deem necessary in the respective areas (e.g., on sheet SI1 I Mitigation in the "Parameters and assumptions" section). Please insert headlines for a better overview.

5. Add an **Excel sheet for auxiliary calculations**.

For auxiliary calculations which are necessary to understand the mitigation calculations but which you consider too detailed for the calculation tables of sheets SI1 I 1, SI 1 I 2 and SI 1 I CSE, you can add one (or more, if necessary) Excel sheets in Annex 7