

PROJECT FRAME

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Paper 3: Impact Methodology Landscape

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About

Project Frame is a collaboration of investors in climate solutions who are working together to build frameworks and tools to assess the impact that today's climate investments will have on global greenhouse gas emissions in the future.

In this brief, we provide a high level overview of the landscape of organizations working in different capacities to improve how investors and other capital providers assess the impact of their investments. While we do broadly include projects assessing impact across overlapping environmental & social issues, our inquiry focuses on answering these questions:

- Which existing efforts meet the unique assessment needs of investors directing capital to early technologies that intend to reduce future greenhouse gas (GHG) emissions? How and why are these efforts different from each other?
- Where the needs of investors supporting early stage technologies are not being met, how can Frame fill the gap?

We'll explore the overall landscape, go into detail on some influential methodologies, and briefly describe how they are tackling topics including attribution, technology diffusion, and baselines. Frame revisits content annually or as needed to respond to emerging ideas. See the "last edited" date for recency and visit our [evolving glossary](#) for terms in **blue** referenced in this report.

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Overview

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Frame discovered that there are many organizations developing impact assessment related to climate and environment. Within this landscape, we categorized efforts by types of impact and assessment activities.

Impact Types

Footprint: Efforts to assess outcomes, associated with GHG emissions or other environmental factors that have already occurred.

Planned or Potential Impact: Efforts to assess what may change in the future compared to a status quo. Of these efforts, 4 existing frameworks assess from the point of view of investors directing capital to early stage solutions. They focus on assessing a general technology or specific company, without necessarily helping investors decide which processes may be best to use in any given circumstance. Frame hopes to fill this gap.

Types of Assessment Activities

There are a spectrum of strategies to advance assessment, from providing voluntary frameworks, to aggregating and advocating for public data to increase accountability. Frame is currently focusing on providing voluntary principles, frameworks, and best practices, but may expand its focus over time.

While not all efforts are reflected in this brief, we're continuing to refine our landscape assessment process to stay connected to related efforts.

There is likely an existing methodology that comes close to what investors might need: From forward and backwards looking impact assessment to scope 1 & 2 emissions, many frameworks exist to help investors and entrepreneurs quantify and communicate their impact.

Navigating a complex assessment landscape requires a tour guide. The concepts tackled in Frame are not new. Investors have been using established methodologies since the turn of the 21st Century. But with billions of dollars in private capital now flowing into early climate tech — increasing rapidly in the last few years alone — investors are hoping to improve quickly to direct capital to solutions with the greatest potential to support the change our world needs. However, those who are just entering the space can feel overwhelmed by a labyrinth of acronyms and 200 page documents. Frame hopes to make it easier to navigate.

Audience matters: Every methodology has a specific audience in mind. A methodology created for an entrepreneur may not be useful for an investor and vice versa. Frame is focused on helping investors more easily assess future emissions of individual early stage climate tech companies and hopes its activities will also be useful to entrepreneurs.

Good data and tools are essential: While many of the methodologies are brilliant and robust, the inputs are critical. The output of any methodology will only be as good as the data used.

This is a fast moving space: The landscape map will be even more crowded in a year, particularly if and when regulations require greater disclosure around emissions. Frame will strive to keep this assessment up to date, with a particular focus on planned and potential impact. While the regulatory tailwind has not yet affected forward-looking assessment, this may change.

Landscape Classification System

With many initiatives overlapping in many areas, Frame developed this classification system to understand the landscape of organizations seeking to assess and reduce GHG emissions resulting from specific activities. This landscape assessment exercise was designed to ensure that

Frame and its activities were needed and additive to the field. Therefore, this exercise doesn't provide an exhaustive picture of all environmental or ESG impact assessment efforts.

Impact Categories

Impact

Within Frame, this term refers to the planned or potential change caused by an innovation compared to a status quo. Typically, it refers to an intended positive change. We looked at activities focused on GHG emissions but reviewed at adjacent areas in environment.

Footprint

Within Frame, this term refers to actual outcomes in absolute figures, such as GHG emissions. These figures are not relative to a status quo or baseline. As regulations around emissions require more disclosure from companies, these efforts are likely to expand and evolve quickly.

Types of Assessment Activities

Developing principles

Offering high-level standards to begin aligning investors around behaviors.

Assessment & internal reporting

Organizing common metrics & methodological guidances.

Defining targets

Defining strategies around specific impact goals, such as net zero.

Collecting & disclosing data

Advocating for and/or facilitating data transparency.

Standardizing evaluation

Independent 3rd party evaluation based on publicly available data

Developing principles

Assessment & internal reporting

Defining targets

Collecting & disclosing data

Standardizing evaluation

Impact

GHG emissions

FRAME aims to cover the general principles and guidelines of **planned** and **potential** GHG emissions impact

Environment

Footprint

GHG emissions

Environment

Landscape: GHG Emissions Footprint

Developing
principles

Assessment &
internal reporting

Defining targets

Collecting &
disclosing data

Standardizing
evaluation

Footprint

These efforts seek to better assess outcomes, like absolute emissions, to improve investment decisions. They are typically concerned with Scope 1, 2 & 3 emissions. (E.g. GHG emissions produced from manufacturing and operating EVs.)



We're starting to see emissions reporting become a requirement for many businesses. The [SEC](#) has proposed new rules in 2022 that could make disclosure the law.



The IFRS has established the International Sustainability Standards Board (ISSB) which is developing global baseline of climate disclosures for capital markets

Frame Focus: GHG Emissions Impact

Developing
principles

Assessment &
internal reporting

Defining targets

Collecting &
disclosing data

Standardizing
evaluation

Impact

These efforts seek to assess relative GHG benefits that an organization or product can provide when compared to a status quo (E.g., for an EV manufacturer this could be GHG emissions reduction from future sales of EVs and assuming they replace Combustion Engine Vehicles).



Avoided Emissions (AE) Framework



Emission Reduction Potential (ERP) Framework



Emerging Climate Technology (ECT) Framework

FRAME will build on the current methodologies to provide a simple and accessible GHG emissions impact methodology for forward-looking emissions.

GHG Emissions Impact Methodologies

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Early-Stage Companies

Commercial/Growth-Stage
Companies

Late-Stage Companies

Evaluating
Specific
Company /
Project



Emerging Climate
Technology (ECT)
Framework



Evaluating
General
Technology



Avoided Emissions
(AE) Framework



Emission Reduction
Potential (ERP)
Framework

Comparing Methodologies

	Mission Innovation Avoided Emissions	Prime NYSERDA Emission Reduction Potential	Breakthrough CDP - Catalyst Emerging Climate Technology	GHG Protocol Project Accounting
Who should use	Companies / Investors / Policy Makers	Companies / Investors / Policy Makers	Companies / Project Finance Investors / Policy Makers	Companies / Investors
Applicability	Growth to late stage company or tech	Early stage tech	Early stage tech / project	Specific Project
Characteristic	Flexible - can be modified for planned or potential approach	Market view Potential Impact approach	Covers catalyzed emissions / attribution	Planned Impact provides specific guidelines at project level
Topics Not Covered	Technology adoption	Specific company impact	Looks to Mission Innovation for emissions reduction methodology	Attribution / Technology adoption

Subject	Quick Answer
Where to find?	Prime Coalition
Approach to Assessment	Emissions Reduction Potential - GHG assessment (avoided/reduced) of a technology, not business model
What is the taxonomy most similar to?	Global Impact Investing Network/IRIS
What is the baseline the innovation is compared to?	Status quo – reductions are compared against the product being displaced
How is technology adoption covered?	Follows standard s-curve
Provides recommendations on how to spread impact across multiple investors or technologies in interdependent systems?	Not covered – this methodology is not company specific
When to use?	When assessing early stage technologies

Subject	Quick Answer
Where to find?	GHGProtocol
Approach to Assessment	GHG avoided/reduced by a specific project versus a defined status quo baseline
What is the taxonomy most similar to?	Acted as inspiration to many (Global Impact Investing Network / Mission Innovation / Breakthrough/CDP)
What is the baseline the innovation is compared to?	Status quo – absence of project
How is technology adoption covered?	Not covered - the focus is on specific projects where you are very clear about parameters
Provides recommendations on how to spread impact across multiple investors or technologies in interdependent systems?	Not covered - focus on specific project
When to use?	When assessing growth or late stage project / company

Subject	Quick Answer
Where to find?	Mission Innovation
Approach to Assessment	Avoided/reduced GHG emissions of enabling solution/ specific product
What is the taxonomy most similar to?	GHGProtocol
What is the baseline the innovation is compared to?	Status quo – absence of enabling solution/ specific product
How is technology adoption covered?	Based on volume data selected by analyst
Provides recommendations on how to spread impact across multiple investors or technologies in interdependent systems?	Gives options but no suggestion
When to use?	Flexible but mainly when assessing early to growth stage company or tech

Subject	Quick Answer
Where to find?	CDP
Approach to assessment	Emissions reduction potential of specific technology; Reduction in “Green Premium*”; “catalyzed emissions reduction*”
What is the taxonomy most similar to?	Uses Avoided Emissions methodology; similar to GHGProtocol
What is the baseline the innovation is compared to?	Baseline is identified as the “reference scenario” — the assessment takes place against the absence of intervention
How is technology adoption covered?	Measures investment required to accelerate diffusion
Provides recommendations on how to spread impact across multiple investors or technologies in interdependent systems?	This is the key purpose of this methodology
When to use?	When assessing early stage tech

*Definitions can be [found here](#) (page 4-5)