



ADAPTATION BENEFITS MECHANISM GUIDEBOOK

FEBRUARY 2025

Compilation of Guidelines for ABM Activity Developers

African Development Bank, based on
guidelines by the Interim Adaptation
Benefits Mechanism Executive
Committee



**GEF/African Climate Technology
and Finance Center and Network**

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Foreword

The purpose of this booklet is to guide developers of Adaptation Benefits Mechanism (ABM) activities on how to prepare ABM activity proposals, including new ABM baseline and monitoring methodologies and Activity Description Documents (ADD).

The ABM is the first UNFCCC-recorded non-market approach and the first cooperative approach for adaptation. It is recorded under the Platform for non-market approaches (NMA Platform) under Article 6.8 of the Paris Agreement on a framework for non-market approaches as a cooperative mechanism applicable in Africa, though it is potentially applicable in all regions¹. Hence, it is one of the tools officially available to all Parties for implementing their NDCs, specifically the adaptation component, requiring international cooperation and support.

The ABM is a results-based financing mechanism for mobilizing public and private sector resources for enhancing the resilience of vulnerable communities and ecosystems. It can contribute to scaling up significantly the global finance flows for resilience by engaging new actors and tapping on new sources of finance.

The ABM activities deliver Certified Adaptation Benefits, which provide project-specific quantified, measurable, reportable, and verified (MRV) information on progress towards resilience compared to business-as-usual due to the application of an adaptation technology or solution; other co-benefits and adaptation finance. This information can be used for transparency under the Paris Agreement or other reporting schemes, such as on the Sustainable Development

Goals, reporting under other Environmental Conventions, Environmental, Social and Governance investing schemes, the Global Compact and the Global Reporting Initiative.

ABM activity developers can conclude contracts for payments upon delivery of Certified Adaptation Benefits with parties that need the project results for transparency and reporting. These payments will create a (new) revenue stream for adaptation projects that would otherwise not be feasible, obtaining access to capital markets to fill in the finance gap for implementation. This is expected to create a strong incentive for private sector engagement in adaptation, which is currently lacking. At the same time, the ABM will help to fill the current gap for robust adaptation methodologies, indicators and metrics.

The demand for MRV information on adaptation comes from governments, private sector and philanthropies with reporting obligations or commitments on climate change adaptation or finance, contributions to the Sustainable Development Goals, mitigation and other co-benefits or positive impacts resulting from adaptation actions.

The African Development Bank is piloting the ABM with demonstration projects and interim institutional arrangements in Africa since 2019. An independent interim ABM Executive Committee (ABM EC) is overseeing the operationalization of the ABM, preparing guidelines and tools for ABM activity developers, approving new ABM methodologies, requests for registration of ABM activities and requests for issuance of Certified Adaptation Benefits. It also provides recommendations to the African

¹ The submission is available on the UNFCCC website at: <https://unfccc.int/process-and-meetings/the-paris-agreement/cooperative-implementation/Article-6-8/nma-platform/main/non-market-approaches/ad2f0eae-8ca2-ef11-a81c-000d3adab56e>

Development Bank on the ABM Pilot Phase and beyond. The ABM EC has decided that project developers from all regions may submit new ABM methodologies, requests for registration and issuance, subject to availability of finance. The ABM EC is supported by an ABM Methodology Panel and a Roster of Experts, a secretariat within the African Development Bank, a Team for Validation and Verification² and an online platform³.

The ABM can also be one of the mechanisms local governments use to engage the private sector in implementing their locally-led adaptation plans. It is complementary to other non-market approaches under preparation and works with various financial instruments, such as climate and sustainable bonds and guarantees.

The ABM's design and pilot phase were funded since 2016 by, among others, the Climate Investment Funds, the Africa Climate Change Fund, the Africa NDC Hub, the Facility for African Private Sector Assistance, the GEF-funded Climate Technology and Finance Center and Network, the Africa Adaptation Acceleration Programme under the Global Center for Adaptation and the Korea-Africa Economic Cooperation fund, KOAFEC. It is eligible for support from other funds within the African Development Bank, such as the Urban and Municipal Development Fund and the Climate Action Window. However, the African Development Bank considers establishing a dedicated facility for results-based adaptation action in collaboration with governments and reputable private sector organizations to fully showcase the working of the mechanism and de-risk it for broader use.

On 5 November 2024, during the 12th World Urban Forum in Cairo, Egypt, the African Development Bank (AfDB) was awarded the Special Jury Grand Prix at the inaugural Finance Your Cities (FYC) Innovation Awards hosted by Global Fund for Cities Development for its groundbreaking ABM. The prestigious award, supported by the French Ministry of Ecological Transition, the French Agency for Ecological Transition, United Cities and Local Governments, and the European Commission, recognizes the ABM as the most inspiring innovation in urban climate adaptation finance.

The ABM was submitted to the UNFCCC by Uganda during [COP29](#) in Baku in November 2024, with initial support from Nigeria, Kenya, Madagascar, Benin, Gambia and Guinea. International organizations, corporations and government agencies also backed the move, including the West-African Development Bank ([BOAD](#)), the Center for International Forestry Research and World Agroforestry ([CIFOR-ICRAF](#)), the Senegal Waste Management Authority ([SONAGED](#)), [SLAMDAM B.V.](#), SaniTap, [Allcot](#) and [Perspectives Climate Research GmbH](#). Other countries are invited to join upon designation of an Article 6.8 focal point, as well as other organizations involved in the ABM by submitting a request for joining the mechanism to the Article 6.8 focal point of Uganda⁴.

More information on the ABM and examples of approved ABM methodologies can be found on: www.abmechanism.org

² Under establishment, expected in the course of 2025.

³ www.abmechanism.org

⁴ The list of national Article 6.8 focal points is available on the UNFCCC website at: <https://unfccc.int/process-and-meetings/the-paris-agreement/nma-platform/list-of-NFPs-A6-8>

Introduction

The ABM is a results-based mechanism for resilience. It comprises a set of rules that help to showcase the added value of adaptation actions and a business model for rewarding the efforts to contribute to meeting the needs and priorities of the host countries for adaptation and support, while advancing sustainable development and poverty alleviation. The ABM requires the preparation of an ABM activity document (ADD) and the application of an approved ABM baseline and monitoring methodology. A new ABM methodology has to be developed in conjunction with a real candidate ABM activity seeking funding by the ABM activity developers. Once approved by the interim ABM Executive Committee, the methodology would be available in the public domain and can be used for similar activities free-of-charge. The approval of new ABM methodologies during the ABM Pilot Phase is also free-of-charge for the ABM activity developers, unless otherwise agreed. All ABM methodologies, whether they are approved, rejected or under further consideration, are published on the ABM platform: www.abmechanism.org with the view to facilitating learning by doing. The ABM platform contains also all documents cited in this guidebook.

ABM ADDs have to be validated by an independent validator, approved by the host country, and approved and be registered by the interim ABM Executive Committee. During implementation the activity has to be monitored periodically conform the applied ABM methodology. Monitoring reports are verified by an independent verifier. Upon successful verification, a request for issuance of Certified Adaptation Benefits has to be approved by the interim ABM Executive Committee. During the ABM Pilot Phase, no

fees are charged for validation, verification, and issuance of Certified Adaptation Benefits. Those costs are covered by the African Development Bank via various sources.

Stakeholder consultations and inclusiveness are important for the preparation and implementation of ABM activities. The ABM Activity Cycle and the ABM Environmental and Social Safeguards contain guidance on how to minimize any negative environmental, social and economic impacts of ABM activities and on minimum stakeholder consultations to be conducted.

Chapter I of this guidebook explains the ABM Activity Cycle to generate Certified Adaptation Benefits, following a robust methodological approach and approval process.

Chapter II provides concise summaries of key guidelines and procedures of the interim ABM Executive Committee for the development of a new ABM methodology by November 2022, including:

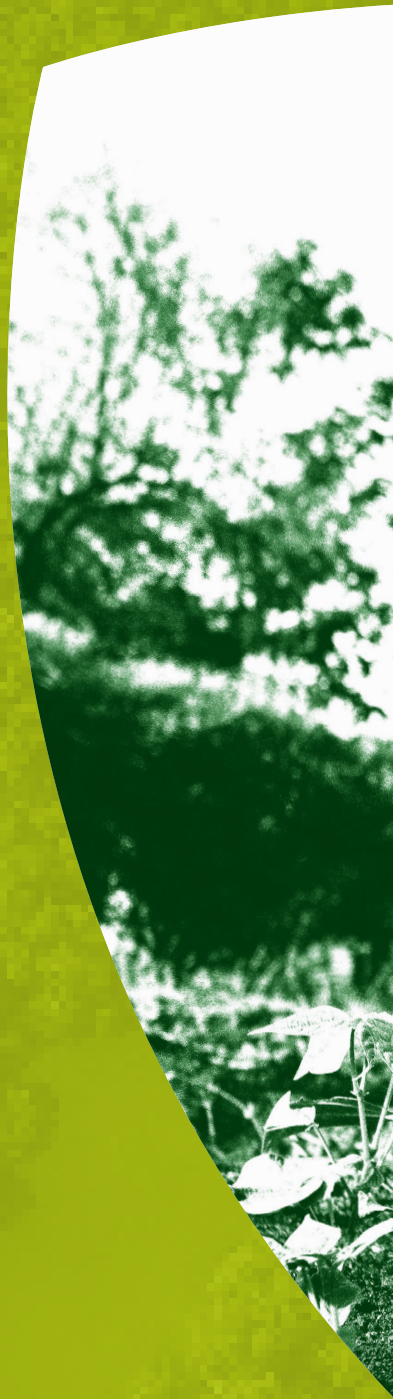
- 2.1. ABM Methodology Guidelines
- 2.2. ABM Typology
- 2.3. Principles, criteria, and indicators regarding the determination of adaptation benefits
- 2.4. How to determine that an ABM activity is not a business as usual?
- 2.5. ABM social and environmental safeguards
- 2.6. How to submit a new ABM methodology, methodological tool, or request for clarification
- 2.7. ABM Grievance mechanism

Chapter III contains an ABM Glossary of terms and abbreviations.



1.

ABM Activity Cycle





1.1. ABM Activity Cycle

1.1.1. Background

The ABM Activity Cycle describes the steps to take by ABM activity participants during the ABM Pilot Phase, with the view to obtaining Certified Adaptation Benefits, which can be exchanged for climate finance or co-finance with various actors directly via the ABM website or through direct ABM purchase agreements.

This sub-chapter contains inserts from the “Guidelines on the Adaptation Benefits Mechanism Activity Cycle procedure for developers of Adaptation Benefits Mechanism activities”⁵ (ABM Activity Cycle) of the ABM EC.

1.1.2. Objectives

The purpose of the ABM Activity Cycle is to provide ABM activity participants with comprehensive guidance on the steps to take for obtaining certified adaptation benefits. Figure 1 in Annex 1 illustrates the eight key steps to take in the ABM activity cycle and describes the roles of the different actors involved. Clarifications regarding each step are provided in the next sections.

1.1.3. Definitions

The following terms apply to the ABM Activity Cycle:

- (a) «Shall» is used to indicate requirements to be followed;
- (b) «Should» is used to indicate that among several possibilities, one course of action is recommended as particularly suitable;
- (c) «May» is used to indicate what is permitted;
- (d) “ADD” is an abbreviation for an ABM Activity Description Document;
- (e) “CAB” is an abbreviation for certified adaptation benefits. Adaptation Benefits (AB) are quantified and / or equivalently defined outputs or outcomes of an adaptation activity registered under the ABM (ABM activity). Upon successful certification and issuance in the ABM Registry, following the process described in these guidelines, the adaptation benefits become certified adaptation benefits.
- (f) “ABM activity participants” are public, private or non-profit entities involved in an adaptation activity, seeking registration in the ABM registry during the ABM Pilot Phase.

More definitions can be found in the ABM Glossary of terms in Chapter III.

⁵ Document ABM EC/2022/14/4

1.1.4. Guidelines

This section describes the eight key steps to take in the ABM Activity Cycle in order to obtain certified adaptation benefits from an ABM activity. More information on the roles of the different actors involved in the ABM Activity Cycle and a diagram visualizing the steps to take are included in Annex 1.

STEP 1: ACTIVITY IDENTIFICATION

The first step of the ABM activity cycle is identifying a candidate ABM activity. The ABM activity participants should identify an adaptation activity, which they envisage suitable for further development under the ABM⁶. In accordance with the ABM Methodology Guidelines and the ABM Additionality Guidelines in Chapter I, the activity shall not be business-as-usual and shall not be feasible without additional efforts designed specifically to overcome the barrier(s) to implementing the activity. Some of those barriers may be overcome with finance or co-finance raised through the ABM.

The ABM activity participants may optionally draft a concept note or a project idea note to facilitate an eligibility check by an approved independent third party, as referred to in Step 4 below, and/or to assist with resource mobilization, prior to entering Step 2 below.

STEP 2: ACTIVITY DESCRIPTION DOCUMENT PREPARATION

The ABM activity participants shall describe the candidate ABM activity in an ABM Activity Description Document (ADD), including application of an approved ABM methodology, as referred to under Step 3 below. The ADD is the main document to be prepared by ABM activity participants. It will be needed in the

next steps, where it will be made publicly available. The ADD consists of the following elements:

- (a) ABM activity description;
- (b) Methodology;
- (c) Statement on envisaged co-benefits;
- (d) Description of the stakeholder consultations;
- (e) Financial model.

The description of the ABM activity shall include, among others, a baseline description; a theory of change and a results framework with outcomes, outputs, activities, targets, indicators, verification means, activity duration, timelines for implementation; and a budget, showing clearly the incremental costs for the intervention, any co-finance and in-kind support envisaged, and the ABM financial contribution needed to make the activity financially feasible and sustainable.

The outcomes and outputs of an ABM activity should be synchronized with the ABM methodology to reflect what comprehensive adaptation benefits the activity will generate compared to baseline, in terms of enhancing adaptive capacity and/or strengthening resilience and/or reducing

⁶ Best practice is that high-impact adaptation activities with multiple co-benefits for the most vulnerable communities and groups are more attractive to potential investors and off-takers.

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The outcomes and outputs of an ABM activity should be synchronized with the ABM methodology to reflect what comprehensive adaptation benefits the activity will generate compared to baseline, in terms of enhancing adaptive capacity and/or strengthening resilience and/or reducing vulnerability to climate change with a view to contributing to sustainable development and poverty eradication, and ensuring an adequate adaptation response in the context of the temperature goal referred to in Article 2 of the Paris Agreement. The needs and priorities for adaptation of the host country may be described in its most recent Nationally Determined Contribution, National Adaptation Plan or other public documents. The outcomes and outputs may also describe any other social, environmental, and economic benefits to be generated by the activity, such as for the achievement of the Sustainable Development Goals, other environmental treaties and priorities of the host country, as appropriate.

The ABM activity participants shall conduct a local stakeholder consultation, in accordance with the requirements of the host country and the ABM Social and Environmental Safeguard (ABM SES) included in Chapter I. The stakeholder consultations should involve key stakeholders, including the final beneficiaries and any vulnerable groups that

would be affected by or will benefit from the activity, as well as relevant local and national authorities.

ABM activity participants shall apply the ABM SES as early as possible during the activity preparation and at latest during the preparation of an ABM Activity Design Document (ADD) for validation (Step 4) and during construction/installation. ABM participants shall continue to monitor, address and report on relevant negative social and environmental impacts throughout the implementation of the activity.

The ABM participants may conduct pre-feasibility studies, gender and social assessment and action plan, or any other studies and prepare documents that may strengthen their ABM activity description. The ABM participants may also start consulting with potential off-takers or funders of the activity preparation costs, if applicable.

STEP 3: METHODOLOGY DESIGN AND APPLICATION

In describing the ABM activity, as referred to under Step 2 above, ABM activity participants shall apply an ABM baseline and monitoring methodology approved by the ABM EC. Approved ABM methodologies are available on the ABM website.

In the absence of a suitable approved ABM methodology, the ABM activity participants shall design and submit for approval to the ABM EC a new ABM methodology or a revised

approved ABM methodology, following the ABM Methodology Guidelines and process described in Chapter II.

The proposed new ABM methodology shall be submitted by the ABM participants to the ABM EC for review and approval, prior to completion of the ADD and Step 4 below.

The stakeholder consultations referred to under Step 2 above, may include consultations on the new ABM methodology and/or the application of the approved ABM methodology⁷.

Already at this stage, ABM activity participants may consult with the national authority⁸ responsible for cooperative approaches under Article 6 of the Paris Agreement on obtaining a Letter of Approval or equivalent for the candidate ABM activity. A Letter of Approval contains an authorization of the ABM activity participants to participate in a candidate ABM activity under Article 6.8 of the Paris Agreement and an approval of the potential contribution of the candidate ABM activity to the national priorities of the host country for climate change adaptation, poverty eradication and sustainable development. UNFCCC guidance regarding the role of national governments for cooperative activities under Article 6 of the Paris Agreement will be followed for the ABM. In the absence of such guidance and/or national institutional arrangements for Article 6 under the Paris Agreement, during the ABM Pilot Phase any equivalent issued by a relevant national authority, including by a sub-national government, to which this role has been delegated, will be acceptable.

⁷ Based on best practices with adaptation, it is envisaged that local stakeholders may provide valuable reflection and insights on the potential adaptation benefits of the activity.

⁸ The national UNFCCC focal point is responsible for designating a national authority for Article 6. All UNFCCC focal points and national authorities are listed on the UNFCCC website. In the absence of UNFCCC guidance and national arrangements for Article 6, during the ABM Pilot Phase, any equivalent to a Letter of Approval will be acceptable, such as a letter of no objection /acceptance/endorsement/confirmation that the activity is in line with national priorities or similar in the form of a letter or an e-mail expressing the support of the government for implementing the ABM activity.

STEP 4: ACTIVITY DESCRIPTION DOCUMENT VALIDATION

Validation is the independent ex-ante assessment of a proposed ABM activity, based on an ADD, including application of an approved ABM methodology, which shall ensure that the proposed ABM activity meets all requirements of the ABM EC.

The ABM participants shall submit the ADD, as described in Steps 2 and 3 above, for validation to the independent Validation & Verification Roster of Experts managed by the ABM secretariat per e-mail: abmechanism@afdb.org. During the ABM Pilot Phase, validation is free of charge. Guidance on the ADD validation process can be found on the ABM website.

The ADD validation process contains a period of 30 days of stakeholders' consultations on the ADD, during which the ADD and the draft validation report will be made publicly available. Upon successful completion of the validation process, a validation report will be issued, addressed to the ABM EC, which shall be made publicly available.

A host country Letter of Approval or equivalent, as referred to under Step 3 above, has to be obtained at latest upon successful validation of the ADD and prior to submitting a request for registration under Step 5 below.

STEP 5: ACTIVITY REGISTRATION

The ABM activity participants shall submit a request for registration of the successfully validated activity as an ABM activity to the ABM EC. The request should contain the ADD, the Letter of Approval or equivalent of the

host country, as referred to under Steps 3 and 4 above, and modalities for communication, in accordance with the "Guidelines on the procedure for submission of a request for registration and issuance of an Adaptation Benefits Mechanism activity"⁹, which is available on the ABM website.

The ADD registration process consists of a completeness check by the ABM secretariat and a 15-days period for consultations with Parties involved in the ABM activity.

The ABM EC shall consider the validation report, as referred to under Step 4 above, and the comments made by all stakeholders. If there is no objection from a Party involved in the ABM activity and/or at least three members of the ABM EC, the request for registration of the activity in the ABM Registry on the ABM website will be approved by the ABM EC. Otherwise, the request will undergo a review to allow for further consultations and clarifications. Following the review, it may be approved or rejected. Any stakeholder of the candidate ABM activity may rebut the decision of the ABM EC through the ABM Grievance and Redress mechanism contained in Chapter I above.

STEP 6: ACTIVITY IMPLEMENTATION

The ABM activity, registered under Step 5 above, shall be implemented with the view to generating adaptation benefits, which could be certified and issued under Steps 7 and 8 below respectively. The adaptation benefits generated, and other relevant information should be captured in a monitoring report, as further explained under Step 7 below. The time period covered by the monitoring report will be further referred to as a "verification

⁹ Document ABM EC/2022/16/15

period". The length of the verification period is determined by the ABM activity participants.

The ABM activity participants shall monitor the implementation of the ABM activity in accordance with the approved ABM methodology. The frequency of monitoring and the length of the verification periods may be elaborated in the ABM methodology and in the financial model in the ADD.

STEP 7: MONITORING REPORT VERIFICATION

Verification is the independent review and ex-post determination of the adaptation benefits generated as a result of the implementation of an ABM activity during the verification period and the associated finance in terms of incremental costs, co-finance, finance leveraged, contributions in kind, etc., as relevant.

Certification is the written assurance by the verifier that during the specified verification period the ABM activity has applied the relevant ABM Methodology and has:

- (a) Achieved a number of adaptation benefits, as defined in the application of the relevant ABM Methodology in the ADD;
- (b) Addressed the outcomes of the stakeholder consultation and, if applicable, the outcomes of the environmental impact assessment;
- (c) Contributed to the claimed environmental, social and economic co-benefits;
- (d) achieved any other parameters, as specified in the methodology.

The ABM participants shall prepare a monitoring report for a defined¹⁰ verification period, containing justification of the elements above and submit it for verification to the independent Validation & Verification Roster of Experts managed by the ABM secretariat per e-mail: abmechanism@afdb.org. During the ABM Pilot Phase, verification is free of charge. Guidance on the ADD verification process can be found on the ABM website.

The verification process contains a period of 30 days of stakeholders' consultations on the monitoring report, during which the ADD, the monitoring report and the draft verification report will be made publicly available.

Upon successful completion of the verification process, a verification report will be issued, including a certification statement addressed to the ABM EC, and the verified monitoring report, both of which shall be made publicly available on the ABM website.

STEP 8: ISSUANCE OF CERTIFIED ADAPTATION BENEFITS

The ABM activity participants shall submit the verification report referred to in Step 7 above to the ABM EC via the ABM secretariat per e-mail: abmechanism@afdb.org, in accordance with the "Guidelines on the procedure for submission of a request for registration and issuance of an Adaptation Benefits Mechanism activity"¹¹, which is available on the ABM website.

The issuance process contains a completeness check by the ABM secretariat and a 15-days period for consultations with Parties involved in the ABM activity.

¹⁰ The activity participants shall define an appropriate monitoring period.

¹¹ Document ABM EC/2022/16/15

The ABM EC shall consider verification report, and the comments made by all stakeholders. If there is no objection from a Party involved in the ABM activity and/or at least three members of the ABM EC, the certified adaptation benefits are issued in the ABM Registry on the ABM website. Otherwise, the request will undergo a review. Any stakeholder of the candidate ABM activity may rebut the decision of the ABM EC through the ABM Grievance and Redress Mechanism, contained in Chapter I above.

Certified adaptation benefits shall be issued in the ABM Registry on the ABM website. Each certified adaptation benefit (CAB) will have a unique code number (CAB Code), which will be sent to the ABM activity participants, in accordance with the modalities for

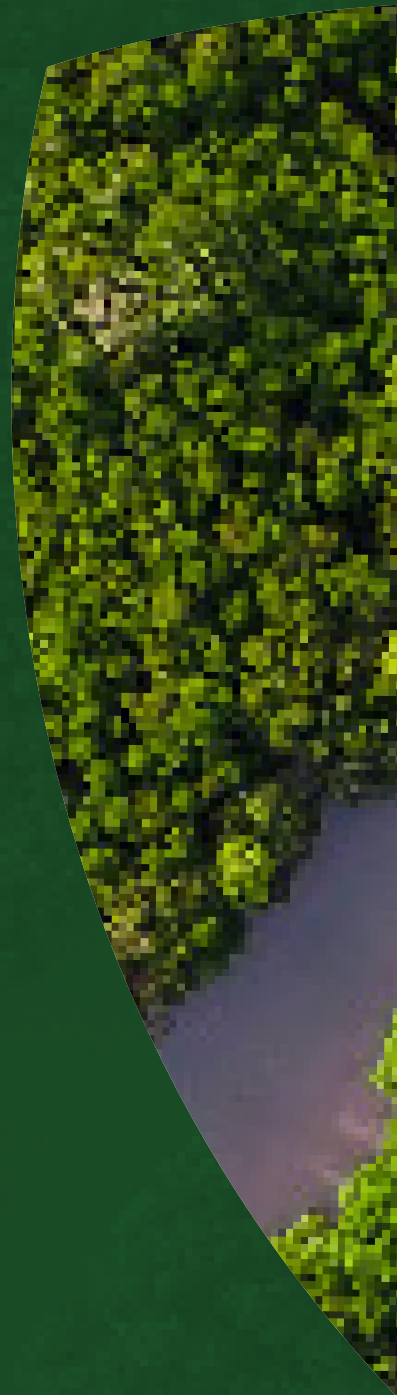
communication, as submitted together with the request for registration under Step 5 above. They can be claimed by the activity participants, forwarded to an off-taker or purchased by a buyer and can be used only once. The CABs provide verified information for transparency under the Paris Agreement or other reporting. All Parties involved will receive relevant information.

ABM Activities with multiple verification periods should continue implementation of the ABM activities during and upon verification, and issuance of the CABs with the view to preparing subsequent monitoring reports. The process for issuance of certified adaptation benefits shall be repeated from Steps 6-8 above.



2.

Toolkit For ABM Methodology Developers





2.1. ABM Methodology Guidelines

2.1.1. Background

ABM activities have to apply an ABM methodology approved by the interim ABM Executive Committee (ABM EC). Proposals for new ABM methodologies are submitted to the ABM EC by the ABM activity participants. This sub-chapter contains inserts from the “Guidelines on the development of an Adaptation Benefits Mechanism Methodology”¹² (ABM Methodology Guidelines) of the ABM EC. .

output and eventual outcomes or impacts needs to be demonstrated.

An ABM methodology serves to quantify the number of ABs created by an ABM activity, by specifying a baseline and activity scenario. It defines metrics, which appropriately reflect the principles for the activity type the methodology is applied to, as referred in section 2.1.4 B below. A methodology shall define the time period, for which ABs accrue to an activity. More definitions can be found in Chapter III.

2.1.2. Objectives

The purpose of these guidelines is to provide Adaptation Benefits Mechanism(ABM) activity participants with comprehensive guidance for the preparation of an ABM Baseline and Monitoring Methodology (ABM methodology).

2.1.3. Definitions

An Adaptation Benefit (AB) as a quantified and / or equivalently defined output or outcome of an adaptation activity registered under the ABM (ABM activity), on the basis of measurable and verified information on progress towards adaptation and/or resilience achieved through an ABM activity against a baseline scenario. In case an output is to be defined as AB, a robust link between this

2.1.4. Guidelines

A. GENERAL

Any ABM activity needs to apply an ABM methodology approved by the ABM EC.

Activity participants can submit an ABM methodology proposal to the ABM EC at any time. Until a template is made available on the ABM website, methodology submissions can be format-free. Any methodology submission shall be accompanied by a document describing the design of the activity. Until a template is made available on the ABM website, the ABM Activity Description Document (ABM ADD) can be format-free. The assessment of the methodology submission does not include an assessment of the appropriateness of the activity described in the design document, only the applicability of the methodology.

¹² Document ABM EC/2022/16/15

B. PRINCIPLES UNDERLYING METHODOLOGY DEVELOPMENT

The following principles shall be fulfilled by an ABM methodology:

- a. **Transparency:** assumptions are explicitly explained, and choices are substantiated;
- b. **Conservativeness and internal consistency:** in the case of doubt, values shall be used that show lower climate impacts in the baseline or generate a lower quantity of ABs. Time periods for AB generation shall be conservatively estimated;
- c. **Appropriateness and adequacy** of calculations and assumptions;
- d. **Accuracy** and/or **reliability** of data; uncertainties shall be limited and evidence in form of references to relevant sources shall be provided;
- e. **Measurability:** measurements (quantitative and/or qualitative) are preferred over using estimates. Default values are allowed subject to the condition that a solid rationale for their use and their appropriateness is provided;
- f. **Comparability:** in similar ecological, environmental, social, and economic contexts ABM methodologies shall achieve similar levels of ABs. Activities of similar types shall apply similar methodological approaches and metrics.
- g. **Demonstration of a theory of change:** the methodology should include a generic theory of change, which should be consistently addressed throughout the methodology.

The ABM methodology shall also be guided by the principles and elements reflected in the following UNFCCC documents and any other relevant UNFCCC CMA decisions and guidance:

- (a) Article 6 of Paris Agreement, paragraphs 8-9;
- (b) Decision 1/CP.21, paragraph 39;
- (c) Decision 4/CMA.3, paragraphs 1-3;
- (d) Decision 8a/CMA.5, paragraphs 6-11.

C. INDICATION OF THE APPLICABILITY OF THE METHODOLOGY

The potential applicability of the ABM methodology in terms of economic sector, type of intervention, geographical or administrative region, etc., as appropriate, shall be indicated. Eligibility criteria for the use of the proposed methodology shall be specified¹³. See section 2.3 for more information.

D. DEMONSTRATION THAT THE ACTIVITY IS NEW AND NOT A BUSINESS AS USUAL

An ABM activity shall show that it is new and not business as usual, e.g. not mandated by law or common practice¹⁴. If the ABM activity does not generate revenues sufficient to fully fund the activity and if its promoter declares that no entity has provided or will be requested to provide budget fully funding the activity within the next five years of the activity registration date, it is deemed to be new and not business as usual. Any ABM methodology shall include a related justification.

E. ACTIVITY BOUNDARY

Any ABM methodology shall specify an activity boundary. The activity boundary, which may be defined in spatial or technological terms shall encompass all parameters under the control of the activity participants that are significant and reasonably attributable to the ABM activity.

¹³ See Document ABM EC/2022/14/6 - "Guidelines on principles, criteria, and indicators regarding the determination of adaptation benefits".

¹⁴ See Document ABM EC/2022/15/11 "Glossary of terms for the Adaptation Benefits Mechanism". See also the "Guidelines on demonstrating that an ABM activity is new and not Business-as-Usual", as referred to above.

F. TIME PERIOD

Any ABM methodology shall specify and justify a maximum time period, for which ABs accrue, dependent on the activity type.

G. BASELINE METHODOLOGY

The baseline for an ABM activity is the scenario that reasonably represents the situation that would occur in the absence of the ABM. A baseline shall cover the adaptation baseline, which should include all relevant parameters that define the adaptation context, not only projected climate trends¹⁵ but also the projected social, ecological, economic and environment conditions in the activity area. The adaptation baseline shall capture the major parameters relevant to the activity within the activity boundary, as referred to in the section on Activity Boundary above.

A baseline shall be established:

- a. By activity participants in accordance with provisions for the use of approved and new methodologies, building on approved methodologies as far as possible, as contained in sub-chapter 2.6 below and other relevant decisions of the ABM EC;
- b. Respecting the principles and elements laid out principles for the activity type the methodology is applied to, as referred in section B above;
- c. Taking into account relevant regional, national, sub-national and/or sectoral policies and circumstances, such as Adaptation Communications (AC), Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), sectoral reform initiatives and the economic situation in the activity sector. Policies and measures mandating the implementation of adaptation

technologies implemented within five years of the activity registration date shall not be considered;

- d. On an activity-specific basis or in accordance with a national or regional baseline.

In developing a baseline methodology for an ABM activity, activity participants shall select from among the following approaches the one deemed most appropriate for the activity, taking into account any existing best practices for similar activities, as well as guidance by the UNFCCC and the ABM EC, and justify the appropriateness of their choice:

- a. Existing actual or historical level of indicator used, as applicable; or
- b. Indicator values, taking into account an adaptation technology that represents an economically attractive course of action, considering barriers to investment; or
- c. The average indicator values of similar adaptation activities¹⁶ undertaken without public funding in the previous five years, in similar ecological, social, economic, environmental, and technological circumstances. The indicator shall be consistent with the metric chosen for the methodology as per the principle for Comparability, referred to in section B above; or
- d. Any other approach approved by the ABM EC.

In case the methodology is expected to be used for activities that may result in greenhouse gas emissions or have a mitigation potential, the methodology should propose a method for calculation of the estimated greenhouse gas emissions by referring to an internationally approved Clean Development Mechanism (CDM) or Paris Agreement Article 6.4 methodology. If for the

¹⁵ A climate scenario up to 2050- 2100 is typically used.

¹⁶ The ABM EC may provide definitions of similar activities in the future. Until then, if no such information is publicly available, the methodology developer may disregard this requirement as irrelevant.

given activity no CDM or Paris Agreement Art. 6.4 methodology is available, a methodology from a voluntary carbon market standard shall be used. Only as a last resort should a new methodology be proposed.

The proponent should take into account that ABM activities may not result in the transfer of any mitigation outcomes but will remain in the host country and may be used by the host country towards their own mitigation ambitions and commitments.

H. MONITORING METHODOLOGY

Each ABM methodology shall include a Monitoring, Reporting and Verification (MRV) procedure, in line with the principles specified in section B above, adequate to the proposed ABM activity. In case a more conservative outcome in terms of ABs generated can credibly be achieved, a Monitoring and Evaluation (M&E) and reporting procedure can replace the MRV procedure. The accompanying document describing the design of the activity, as referred to in section A above, needs to explain how the MRV/M&E and reporting procedure is implemented by the activity developer.

An ABM methodology shall define a monitoring period not less than the maximum time period, for which ABs accrue. Long-term commitment to monitor activity implementation outcomes shall be demonstrated in the accompanying document, describing the design of the activity, as referred to as referred in B above.

I. BENEFIT PERIOD

The maximum benefit period must not be longer than the technical lifespan.

J. FINANCIAL MONITORING

The financial modeling would not be specified in the ABM methodology but will be part of the Activity Design Document (ADD). However, it will be taken into account when assessing a proposed new ABM methodology.

K. USE OF INDICATORS

Each ABM methodology shall specify the indicators used for calculating the baseline, which are also used in the MRV/M&E procedure. Indicators shall respect the principles listed in section B above. They may be derived from Adaptation Communications (ACs)¹⁷, Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), National Communications to the UNFCCC (NatComs) or other relevant publicly available national documents; the UN Sustainable Development Goals (SDGs); or other sustainable development priorities of the host country¹⁸. A detailed explanation on the rationale and use of the indicators shall be provided as part of the methodology submission.

Improvements in indicator values shall be adjusted for deterioration of such values elsewhere (leakage/maladaptation), in accordance with the monitoring and verification provisions.

Indicators to determine mitigation co-benefits as well as generic sustainable development co-benefits of the adaptation activity may be included in an ABM methodology, as relevant.

¹⁷ Including under other relevant international treaties, such as the Biodiversity Convention, the UN Convention for Combating Desertification and the Sendai framework for Disaster Risk Reduction.

¹⁸ Including under other relevant international treaties, such as the Biodiversity Convention, the UN Convention for Combating Desertification, and the Sendai framework for Disaster Risk Reduction.

2.2. ABM Typology

2.2.1. Background

The ABM aims to mobilize public and private sector funding to scale up adaptation action and contribute to closing the significant adaptation finance gap. To this end, it is crucial that ABM activities focus on addressing negative impacts of climate change and support activities which increase the resilience of the most vulnerable and/or reduce climate-related risks.

To clearly distinguish adaptation to climate change from other purposes such as general development, the classification of ABM activity types defines types of adaptation activities based on weather and climate parameters, and their related impacts.

This sub-chapter contains inserts from the “Guidelines on activity types under the Adaptation Benefits Mechanism”, including tables on the “ABM adaptation activities typology”¹⁹ (ABM Typology Guidelines) of the ABM EC.

The typology is built on a three-level approach: the highest level differentiates between the two main manifestations of climate change - sudden extreme events and slow onset events. The mid-level describes the climate parameter causing the effect: precipitation, wind, temperature, and the lowest level defines the negative impacts to which humans need to adapt.

2.2.2. Objectives

The typology of ABM adaptation activities clusters adaptation activities, which yield comparable Adaptation Benefits (ABs) and provides guidance to both project developers and climate finance providers to understand what kind of activities are conceivable under the ABM. Potential ABM activity developers can thus easily identify approved ABM methodologies suitable for their climate change related problem.

2.2.3. Definitions

Sudden extreme events are events in which the value of a weather or climate variable exceeds (or falls below) a threshold value near the upper (or lower) ends of the range of observed values of the variable. Relevant variables include, inter alia, temperature, precipitation, windspeed, humidity and sunshine.

Slow onset events are due to incremental changes occurring over many years or an increased frequency or intensity of recurring weather events. Relevant slow onset events include, inter alia, sea level rise, increasing average temperatures, ocean acidification, glacial retreat, salinization, land and forest degradation, loss of biodiversity and desertification. More definitions can be found in Chapter III.

¹⁹ Document ABM EC/2022/15/12

2.2.4. Guidelines

Activity developers who wish to develop an ABM activity are asked to choose the type of activity and associated ABM methodology according to the «Typology of ABM Adaptation Activities» presented in Tables 1 and 2. In case an activity type listed in the typology does not have an approved ABM methodology, activity developers can develop a methodology themselves and submit it to the ABM EC for approval. They may also request the ABM EC to develop a methodology for the activity type, which the ABM EC may undertake through its Methodology Panel and Roster of Experts, subject to availability of financial resources.

The “Typology of ABM Adaptation Activities” does not aspire to be exhaustive but rather covers the most relevant and common activity types based on state-of-the-art literature and practice. In case of doubt, stakeholders are invited to submit suggestions for improvement or questions, specifically regarding the classification, to the ABM secretariat. The ABM EC will revise the typology on a regular basis.

Table 1 presents the ABM typology for sudden extreme events and **Table 2** – for slow onset events.

TABLE 1. TYPOLOGY OF ABM ADAPTATION ACTIVITIES FOR HIGH-LEVEL CLUSTER OCCURRENCE SUDDEN EXTREME EVENTS

LOW-LEVEL CLUSTER: Negative impacts to which humans/ecosystems need to adapt	ADAPTATION ACTIVITY TYPE CATEGORIES	EXAMPLES OF ADAPTATION ACTIVITY TYPES
Mid-level cluster Climate parameter causing the effect: PRECIPITATION		
Flooding (fluvial, pluvial, ground water, lake incl. glacial lake outbursts) Secondary impacts: - soil erosion	Physical implementation	i. River dike building ii. Mobile flood barriers iii. Realigning / dredging / clearing / expanding water natural courses or drains; controlled drainage of glacial lakes iv. Introduction of early precipitation/flood warning systems, including for Glacial Lake Outburst Floods (GLOF) v. Inundation resilient agriculture technologies or infrastructure vi. Wet floodproofing measures allowing water to enter buildings to avoid structural damages and retrofit construction materials in basements to become water resistant. vii. Adjustment of culvert design based on climate projections, allowing higher water volumes to be accommodated within a short period of time viii. Floating infrastructures ix. Relocation of people and assets from flood-prone zones x. Increasing vegetation cover to reduce runoff and prevent erosion xi. Minimizing/reducing tillage in depth, degree, and frequency.
	Capacity development	i. Community training programmes on flood preparedness and response (developing a flood response strategy) ii. Inundation resilient agriculture training iii. Development and management of flood insurance mechanisms iv. Development and implementation of incentives like reduced wastewater fees to increase rainwater retention by households, e.g. through green roofs (esp. in urban areas)

Landslides/ mudslides/ avalanche	Physical implementation	<p>i. Hybrid green/grey measures: stabilization of slopes through trees plantation on the slopes (green) combined with retaining walls (grey) - prevent negative impacts from landslides</p> <p>ii. Relocation from landslide prone areas</p> <p>iii. Improving surface and subsurface drainage (channeling water in a lined drainage ditch or sewer pipe)</p> <p>iv. Introduction of landslide early warning system</p>
	Capacity development, financial instruments, and policy advice	<p>i. Community training programmes on landslide/mudslide/avalanche preparedness and response</p>
Drought Secondary impact: - climate change induced wildfires	Physical implementation	<p>i. Implementation of water-efficient technologies for irrigation, e.g. drip irrigation and/or groundwater replenishment during periods of greater water availability and/or change to drought resistant varieties (e.g. amaranth, cowpeas), sprinkle irrigation</p> <p>ii. Introduction of water efficient technologies for buildings such as water saving faucets, showers and toilets</p> <p>iii. Introduction of drought resistant crops, Introduction of new livestock species that are better adapted to water scarcity</p> <p>iv. Introduction of early warning systems / hydro met data and long-term weather forecasting</p> <p>v. Groundwater replenishment, e.g. through improved natural rainwater retention and aquifer recharge solutions.</p> <p>vi. Relocation of valuable movable assets based on climate-risk assessments.</p> <p>vii. Wildfire prevention based on a bundle of measures such as changes in tree species composition, regular pruning and removal of undergrowth, forest grazing, or clearing of grass.</p>
	Capacity development, financial instruments, and policy advice	<p>i. Awareness raising on efficient use of water for irrigation and household use (campaigns to reduce water consumption during droughts)</p> <p>ii. Livelihood diversification (e.g. production of solar energy for commercial purposes)</p> <p>iii. Development and management of climate insurance mechanisms</p> <p>iv. Developing a wildfire response strategy.</p> <p>v. Implementation of fire preventing forest management including establishment of water extraction points, improved roading infrastructure, introduction of fire break lines, and forest fire monitoring system which combined can prevent a fire from growing before it develops into a wildfire.</p>

Mid-level cluster Climate parameter causing the effect: WIND		
Destruction by wind (tornado, storms, cyclone, hurricane, typhoon, blizzards, dust, and sandstorms)	Physical implementation	i. Strengthening / construction of physical infrastructure / shelters ii. Implementation of windbreakers.
	Capacity development, financial instruments, and policy advice	i. Adjustment of forest management plans by introduction of storm-resistant tree species, inclusion of silvicultural treatments, and strategies for damage recovery to decrease expected impacts after a tornado. ii. Introduction of early warning systems iii. Implementation of insurance mechanisms
Storm surge (coastal areas)	Physical implementation	i. Building of seawalls ii. Introduction of early warning systems iii. Construction of storm surge gates and flood barriers iv. Building of flood shelters v. Maintenance or recovery of coastal buffer zones e.g., mangrove forests or sandy beaches vi. Increasing strengths of buildings vii. Relocation
	Capacity development, financial instruments, and policy advice	i. Evacuation planning
Mid-level cluster Climate parameter causing the effect: TEMPERATURE		
Heat wave (Air/ Water)	Physical implementation	i. Introduction of cool chain and cold storage technologies ii. Construction of new buildings under energy efficiency performance standards or under specific design favouring natural cooling to reduce heat uptake. iii. Introduction of heat tolerant crops and livestock iv. Implementation of PV systems with heat-resistant cells and modules and improved airflow. v. Providing shade for livestock. Insulation and improved ventilation of stables. vi. Shifting from water to dry cooling systems in thermal power generation
	Capacity development, financial instruments, and policy advice	i. Forest and land use management to protect biodiversity from impacts of heat waves ii. Evacuation planning

Cold wave/frost	Physical implementation	<ul style="list-style-type: none"> i. Adjustment of building insulations to cope with cold waves ii. Use of frost protection measures like water efficient sprinklers to avoid leaf and bud damages of perennial crops or change to frost resilient plant species (e.g., sorrel, sunchokes). iii. Introduction of cold/frost tolerant crops and livestock
	Capacity development, financial instruments, and policy advice	<ul style="list-style-type: none"> i. Development and implementation of incentives for climate resilient building insulations

TABLE 2. **TYPOLGY OF ABM ADAPTATION ACTIVITIES FOR HIGH-LEVEL CLUSTER OCCURRENCE SLOW ONSET EVENTS**

LOW-LEVEL CLUSTER: Negative impacts to which humans/ecosystems need to adapt	ADAPTATION ACTIVITY TYPE CATEGORIES	EXAMPLES OF ADAPTATION ACTIVITY TYPES
Mid-level cluster Climate parameter causing the effect: PRECIPITATION		
Desiccation	Physical implementation	i. Introduction of efficient water use technologies ii. Long distance water provision to water scarce areas iii. Change in cropping patterns iv. Water storage techniques (households, agriculture) v. Relocation of people and animals vi. The implementation of alternative cooling processes in geothermal energy plants, such as recirculating tower cooling and dry cooling to reduce water consumption
	Capacity development	i. Awareness raising on efficient use of water for irrigation and household use
Waterlogging	Physical implementation	i. Pumping of excess water ii. Change in cropping patterns iii. Relocation iv. Improved drainage
	Capacity development, financial instruments, and policy advice	i. Development and implementation of incentives for changing cropping patterns
Mid-level cluster Climate parameter causing the effect: WIND		
Changing wind patterns	Physical implementation	i. Implementation of windbreakers ii. Updating wind turbine technology to accommodate higher wind speeds iii. Installation of micro-scale wind turbines to accommodate for lower wind speeds
	Capacity development, financial instruments, and policy advice	i. i. Community training programmes on the impacts of changing wind patterns and response

Mid-level cluster Climate parameter causing the effect: TEMPERATURE		
Exceedance of tolerance thresholds (crops, animals, humans)	Physical implementation	<ul style="list-style-type: none"> i. Change in cropping patterns ii. Introduction of climate resilient agriculture iii. Relocation of people and animals iv. Wetland restoration by planting trees in proximity to wetland to reduce local temperature, or by assisted species migration and managed translocation v. Changing locations of datacenters from on land operation to underwater resulting in a decrease the amount of energy needed for cooling and avoidance of server failure etc. due to overheating.
	Capacity development, financial instruments, and policy advice	<ul style="list-style-type: none"> i. Development and implementation of incentives for shift of crop types / relocation
Temperature variability	Physical implementation	<ul style="list-style-type: none"> i. Diversification by introduction of new tree species that are better adapted to the changing climate parameters would allow to reduce the risk of tree dieback in forests (natural, reforested, afforested) ii. Diversification by introduction of new crop species that are better adapted to the changing climate parameters would allow to reduce the risks of harvest losses
	Capacity development, financial instruments, and policy advice	<ul style="list-style-type: none"> i. Development and implementation of incentives for shift of tree/crop types
Glacier melting	Physical implementation	<ul style="list-style-type: none"> i. Temporary adjustment of irrigation systems (Beware of maladaptation) ii. Artificial snow for tourism / mountain sports
	Capacity development, financial instruments, and policy advice	<ul style="list-style-type: none"> i. Development and implementation of incentives for temporary expansion of irrigation
Permafrost melting	Physical implementation	<ul style="list-style-type: none"> i. Reinforcement of foundations ii. Installation of thermosiphons, which allow heat to escape from the ground and keep it cold, so that the soil supporting the facility does not shift enough to endanger their integrity.
	Capacity development, financial instruments, and policy advice	<ul style="list-style-type: none"> i. Adapting building codes to withstand potential permafrost degradation

Mid-level cluster Climate parameter causing the effect: SEA-LEVEL RISE		
Coastal inundation and erosion	Physical implementation	<ul style="list-style-type: none"> i. Dyke building ii. Relocation or elevation of infrastructure where possible to move them out of the zone at risk of flooding iii. Relocation of transmission and distribution lines to areas with lower risk and/or raising of transmission and distribution lines can prevent erosion and damage to infrastructure. iv. Restoration of natural coastal buffers: nourishment and restoration of beaches and dunes (e.g., increasing the volume of a beach or dune by adding sediment of similar grain size or slightly coarser, from an offsite source).
	Capacity development, financial instruments, and policy advice	<ul style="list-style-type: none"> i. Development and implementation of incentives for relocation
Saline intrusion	Physical implementation	<ul style="list-style-type: none"> i. Anti-salt dykes ii. Recharge wells iii. Polders for surface saltwater intrusion iv. Transition to salt-resilient agricultural species
	Capacity development, financial instruments, and policy advice	<ul style="list-style-type: none"> i. Development and implementation of incentives for shifts in cropping

2.3. Principles, Criteria, and Indicators Regarding the Determination of Adaptation Benefits

2.3.1. Background

In order to promote effective and meaningful ABM activities, a clear vision of what constitutes an Adaptation Benefit (AB) is needed, as well as guidelines clarifying the principles, criteria, and indicators on which ABs should be based. Upon successful certification and issuance in the ABM Registry by the ABM EC, an AB becomes a Certified Adaptation Benefit (CAB).

This sub-chapter contains inserts from the “Guidelines on principles, criteria, and indicators regarding the determination of adaptation benefits”²⁰.

2.3.2. Objectives

The principles, criteria and indicators aim to inform ABM activity developers in identifying adaptation benefits (ABs) for their ABM activities and to contribute to a common understanding of ABs among stakeholders.

2.3.3. Definitions

An Adaptation Benefit (AB) is a quantified output, outcome or impact of an adaptation activity registered under the ABM (“ABM activity”), on the basis of measurable and verified information on progress towards adaptation and/or resilience achieved through an ABM activity against a baseline scenario. In case an output is to be defined as AB, a strong, convincing, and demonstrable link between this output and eventual outcomes or impacts needs to be demonstrated.

2.3.4. Guidelines

A. ELIGIBILITY CRITERIA FOR ABM ACTIVITIES

The eligibility criteria for ABM activities are defined as follows:

¹⁹ Document ABM EC/2022/14/6

1. An ABM Activity has to take place in a climate change vulnerability context

- (a) The human or natural system targeted by the activity is subject to existing or expected negative impacts due to changing climatic parameters:
 - (i) Loss or reduced amount of asset available (ha of land, km of road, tonnes of crop) due to changing climatic parameters;
 - (ii) Loss or reduced quality of environmental and socio-economic parameters (such as disability adjusted life years, poverty, food security, health, ecosystem services, etc.) due to changing climatic parameters

2. The ABM Activity is addressing the climate change vulnerability context

- (a) There is a clear, direct, and coherent link between the activity and the climate change vulnerability context in terms of its demonstrable results chain:
 - (i) Negative impacts of the changing climate parameters;
 - (ii) Logical demonstration of how these impacts will be mitigated (Difference between baseline and project scenario).

3. The ABM Activity increases the adaptive capacity and resilience

- (a) The ability of a system to adjust to potential damage, to take advantage of opportunities, or to respond to accommodate, or recover from the effects of climate change in a timely and efficient manner is at least maintained, including its essential basic structures and functions:
 - (i) Type and extent of assets (ha of land, km of road, tonnes of crop) strengthened and/or better managed to withstand the negative impacts of climate change;

- (ii) Environmental and socio-economic parameters (e.g., disability adjusted life years) protected or improved against changing climatic parameter.

4. The ABM Activity avoids maladaptation

- (a) Generation of an ABs should under no circumstances increase the vulnerability of the targeted or non-targeted human or natural systems during and after the end of the intervention, with regard to:
 - (i) Assets;
 - (ii) Environmental status;
 - (iii) Socio-economic status, including gender and social inclusion issues.

5. The ABM Activity avoids harm

- (a) Potential negative environmental, social, or economic impacts of generating an AB in a given context are addressed and prevented. Potential environmental, social, or economic harm and measures to address them are identified and steps are taken to mitigate any harm.

6. The ABM activity is in line with the needs and priorities of the host country and targeted human system

- (a) Increased level of contribution to country's priorities for climate-resilient development identified in national climate strategies or plans, such as Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), Adaptation Communications (AC), Long-term Strategy (LTS) or other relevant national sustainable development priorities, including Sustainable Development Goals (SDGs):
 - (i) Indicators identified in formal documents including NDCs, NAPs, ACs and LTSs or other relevant national sustainable development priorities.

B. PRINCIPLES, CRITERIA AND INDICATORS TO ENSURE THE INTEGRITY OF ADAPTATION BENEFITS

The principles, criteria and derived indicators to ensure the integrity of the ABs are defined as follows:

1. Transparency

- (a) Assumptions underlying the determination of an AB are explicitly explained and choices are substantiated. Relevant documents are made available:
 - (i) All indicators required by the relevant methodology are publicly available.

2. Conservativeness and internal consistency

- (a) Key parameters used in a methodology need to be conservative, i.e. they do not overestimate the success of an intervention. In the case of doubt, values shall be used that show lower climate impacts in the baseline or generate a lower quantity of ABs. Time periods for AB generation shall be conservatively estimated;
- (b) Internal consistency of the parameters applied needs to be ensured.

3. Appropriateness and adequacy of calculations and assumptions

- (a) The approach and methodology on how to determine and quantify adaptation benefits are appropriate and adequate in the given context:
 - (i) Use of an approved ABM methodology;
 - (ii) Assurance that the ABM methodology has been used in an appropriate manner.

4. Accuracy and/or reliability of data

- (a) Data used need to be relevant and measured with a sufficient degree of accuracy:
 - (i) Provision of scientific evidence that used data was fit for purpose.

5. Consider uncertainty

- (b) Uncertainties shall be identified, limited as much as possible and evidence in form of references to relevant sources shall be provided:
 - (i) Each parameter used needs to be accompanied by an assessment of uncertainties considered and assumptions made.

6. Measurability

- (a) Adaptation Benefits must be measurable (quantitative and/or qualitative). Context-specific default values or estimates are allowed, subject to the condition that a solid rationale for their use and their appropriateness is provided:
 - (i) Parameters measured / estimated need to be listed.

7. Comparability

- (a) In similar social, economic, and ecological and/or environmental contexts, it must be possible to generate a comparable AB.
 - (i) Relate applicability of indicators to previous uses in similar circumstances.

2.4. How to Determine that an ABM Activity is not a Business as Usual?

2.4.1. Background

The “Guidelines for the Development of an Adaptation Benefits Mechanism methodology” in sub-chapter 2.1. above provide generic guidance on conditions to demonstrate that an ABM activity is new and not business as usual. The guidance states that “an ABM activity shall show that it is new and not business as usual, e.g., not common practice or mandated by law. If the ABM activity does not generate revenues sufficient to fully fund the activity and if its promoter declares that no entity has provided and will be requested to provide budget fully funding the activity within the next five years of the activity registration date, it is deemed to be new and not business as usual.” With the view to assisting ABM activity participants with preparing their ABM ADDs, the ABM EC has provided additional guidance. This sub-chapter contains inserts from the “Guidelines on demonstration that an Adaptation Benefits Mechanism activity is new and not Business as Usual” (ABM Additionality Guidelines)²¹.

2.4.2. Objectives

The objectives of the ABM Additionality guidelines are to provide ABM activity participants with the following:

- (a) Guidance in a stepwise approach on how to demonstrate that the ABM activity is new and not business as usual;

- (b) Applicable benchmarks or thresholds for specific steps.

2.4.3. Definitions

The following terms apply in these procedures:

- (a) **«Shall»** is used to indicate requirements to be followed;
- (b) **«Should»** is used to indicate that among several possibilities, one course of action is recommended as particularly suitable;
- (c) **«May»** is used to indicate what is permitted;
- (d) **“Widely enforced laws or regulations”** means that the degree of compliance to such law or regulation is more than 50% in the host country;
- (e) **“Full funding”** means either a grant or loan covering implementation of the full ABM activity;

Further definitions can be found in the ABM Glossary of terms in Chapter III below.

2.4.4. Guidelines

STEP 1: NDC CHECK

Activity participants shall demonstrate that the ABM activity is not included in the unconditional component of host country’s NDC. If the ABM activity is included in the unconditional component of the host

²¹ Document ABM EC/2022/15/13

country's NDC then the **ABM activity is not additional**. If the NDC does not specify any conditionality or if the activity is not included in the national budget or if the NDC does not provide a clear identification of the activities included in its unconditional component, then proceed to step 2.

STEP 2: LAWS AND REGULATIONS CHECK

Activity Participants shall demonstrate that the ABM activity is not **mandated by widely enforced laws** or regulations. If the ABM activity is mandated by widely enforced laws or regulations, then the **ABM activity is not additional**. Otherwise proceed to the next step.

In demonstration of the above condition, widely enforced laws and regulations should be assessed based on official or conducted surveys by the ABM activity promoter in the host country where the ABM activity is to be implemented.

STEP 3: COMMON PRACTICE CHECK

Activity participants shall demonstrate that similar activities do not constitute a common practice in the target region. If the activity participant can demonstrate this condition, then proceed to the next step.

STEP 4: BARRIERS DEMONSTRATION

Activity participants shall demonstrate at least one of the following barriers.

Step 4.a: Investment Barriers

If the ABM activity does not generate revenues and if the activity participants can show that no entity has committed budget fully funding the activity within the next five years of the activity registration date, then the activity is additional.

If the ABM activity generates revenues, then conduct an investment benchmark analysis by estimating the Internal Rate of Return (IRR) of the activity without any benefits from the ABM mechanism. In conducting the analysis, the revenues and any funding from an entity having committed to provide budget funding the activity within the next five years shall be considered as benefits to the activity participants. If the IRR is above the benchmark, then proceed to step 4.b. If the **IRR is below the benchmark**, then the **ABM activity is additional**. Activity participants may either use the rate of the central bank in the host country or any benchmarks provided by the ABM EC.

Step 4.b: Technology or practice Barrier

Demonstrate that the ABM activity faces a technology or practice barrier that prevents its implementation in the host country. This may include unavailability of technology in the host country and high risks of operating the technology. An example would be the high risks of technologies for identification and adoption of alternative crops resistant to high temperature in the host country. If it can be demonstrated that the **ABM activity faces technology barrier**, then it is **additional**. If it cannot be demonstrated that the ABM activity faces technology barrier, then proceed to step 4.c.

Step 4.c: Access to Finance Barrier

Demonstrate that the ABM activity faces an access to finance barrier. This may be done by demonstrating that no public or private capital is available from domestic or international sources due to real or perceived risks associated with investment in the country where the ABM activity is to be implemented. If it can be demonstrated that the **ABM activity faces access to finance barrier**, then it is **additional**. If it cannot be demonstrated that the ABM activity faces finance barrier, then the activity is not additional.

2.5. ABM Social and Environmental Safeguards

2.5.1. Background

This sub-chapter contains inserts from the “Guidelines on Environmental and Social Safeguards for Adaptation Benefits Mechanism Activities”²² (ABM SES) of the ABM EC.

2.5.2. Introduction

The intention of the ABM Pilot Phase is to demonstrate the mechanism through adaptation activities that do not result in any adverse economic, social, and environmental impacts that have not been adequately addressed and that will enhance the resilience of the targeted communities and/or ecosystems.

The ABM SES contain mandatory safeguards including classification of ABM activities based on size and environmental impact and the safeguards that apply to each category. The ABM SES also contain simplified safeguards for small- and medium scale activities with no or limited and manageable negative social and environmental impacts. For full-scale activities and activities with significant social and environmental impacts, the ABM SES

require the application of the environmental and social safeguard policies and tools of the Green Climate Fund²³ and any additional requirements of the co-financing institution. See Table 3 in below for a summary of the applicable rules for all categories of activities.

2.5.3. Objective

The aim of this document is to provide guidance to the ABM activity participants on the minimum social and environmental safeguards to be applied for ABM activities during the ABM Pilot Phase.

The objective of the ABM SES is to ensure the social and environmental integrity of ABM activities in a manner that meets the needs of the stakeholders involved, while ensuring, among others, the empowerment of women and children, the environment, ecosystems, biodiversity, human rights, labour rights, cultural heritage, and poverty alleviation; and avoiding maladaptation and significant greenhouse gas emissions. The SES requirements will be reviewed as the ABM evolves from a pilot phase into a full-implementation phase. Include extra para on lists.

²² Document ABM EC/2022/15/14

²³ <https://www.greenclimate.fund/projects/safeguards/ess>

2.5.4. Guidelines

A. SCOPE AND APPLICABILITY

The scope of the ABM SES covers all candidate ABM activities and ABM activities, which are registered in the ABM Registry (ABM Activities).

B. REQUIREMENTS FOR ALL ABM ACTIVITIES

All ABM activities shall comply with the following requirements:

- (a) For each ABM activity, the ABM participants shall identify all material positive and negative social and environmental impacts, including through stakeholder consultations, and take adequate mitigation measures to prevent, minimize and, where possible avoid negative environmental, economic, and social impacts or compensate for them, where they cannot be avoided;
- (b) ABM activities shall comply with all applicable domestic laws and appropriate relevant international laws related to Social and Environmental Safeguards, including social and environmental policies and requirements of the host country²⁴ at national, federal, and local level, as well as those for the relevant sector, geographical area or social group and attach the relevant documentation to the ADD. reflect this in an environmental and social commitment plan attached to the ADD;
- (c) ABM activities shall comply with relevant guidance on non-market approaches for adaptation under the UNFCCC²⁵, including to be conducted in a manner that respects, promotes and considers respective obligations of Parties involved, including the host country, on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity²⁶;
- (d) ABM activities shall comply with the Social and Environmental Safeguards requirements of the entity through which the project funding is channeled;
- (e) ABM activities shall contribute, in addition to adaptation, to sustainable development and poverty eradication²⁷, as well as, as appropriate, to mitigation, finance, technology development and transfer and capacity-building²⁸;
- (f) ABM activity participants shall apply the ABM SES as early as possible during the activity preparation and at latest during the preparation of an ABM Activity Design Document (ADD), which must be prior to construction/installation. ABM participants shall continue to monitor, address and report on relevant negative social and environmental impacts throughout the implementation of the activity;

²⁴ in some jurisdictions some activities, depending on size and type, such as very small-scale or soft-measures activities might be exempted from implementing an environmental impact assessment. It is recommended to consult the national legislation on this aspect for any exemptions and further guidance.

²⁵ Such as Article 6.8 of the Paris Agreement and decision 4/CMA.3.

²⁶ Consistent with the 11th preambular of the Paris Agreement and paragraph 3.(e) of the Annex of Decision 4/CMA.3.

²⁷ Consistent with paragraph 2.(b)(ii) of the Annex of Decision 4/CMA.3.

²⁸ Consistent with paragraph 2.(b)(i) of the Annex of Decision 4/CMA.3.

- (g) The ABM activity participants shall ensure that measures are in line with national environmental and social management systems²⁹³⁰;
- (h) The ABM activity participants shall disclose information and relevant environmental and social (safeguards) documents;
- (i) The ABM activity participants shall develop stakeholder engagement plans and conduct local stakeholder consultations prior to validation of the approaches, as referred to in paragraph 21 below;
- (j) ABM participants shall ensure that benefits accrue to disadvantaged or vulnerable individuals;
- (k) The ABM activity participants shall address the outcomes of the stakeholder consultations and, if applicable, the outcomes of the environmental impact assessment with adequate measures and shall define the approaches for addressing these outcomes in the ADD;
- (l) The ABM validator shall include in their written validation report an assessment of the adequacy of the stakeholder consultations and how the ABM participants have addressed the outcomes thereof, and if applicable, the outcomes of the Environmental and Social Impact Assessment; footnote ref to text in the Activity Cycle;
- (m) The ABM verifiers shall include in their written assurance (certification of adaptation benefits) whether during the specified verification period the ABM activity has, among others, been consistent with the approaches defined in the ABM ADD to address the outcomes of the stakeholder consultations and, if applicable, the outcomes of the Environmental and Social Impact assessment; ref to the text in the Activity Cycle;
- (n) The ABM verifier shall include in their written assurance an assessment of the compliance with all applicable requirements, as referred to in the “Guidelines on the Adaptation Benefits Mechanism Activity Cycle procedure for developers of Adaptation Benefits Mechanism activities”;
- (o) ABM participants shall ensure that ABM activities align with the goals and provisions of the Paris Agreement³¹.

For each ABM activity, the ABM participants may conduct pre-feasibility studies, gender and social assessment and action plan, or any other studies, and prepare documents that may strengthen their ABM ADD.

C. TYPES AND CATEGORIES OF ABM ACTIVITIES

Three types of ABM activities are distinguished in accordance with the activity size, based on the level of the required investment:

- (a) Small-scale adaptation activity requiring up to US\$ 1 million investment;

²⁹ Consistent with paragraph 3.(f) of the Annex of Decision 4/CMA.3.

³⁰ The positive impacts, subject to monitoring, verification, and certification, may be included in the ABM methodology with corresponding indicators and metrics. The remaining positive impacts may be listed in an Annex to the ADD as co-benefits, considering that they will be subject to monitoring and verification.

³¹ Consistent with paragraph 38 of the Annex of Decision 3/CMA.3.

- (b) Medium-scale adaptation activity requiring an investment between US\$ 1 million and US\$ 10 million;
- (c) Large-scale adaptation activity requiring an investment above US\$ 10 million.

The ABM participants shall indicate for each ABM activity the appropriate size in the ABM ADD.

Three categories of ABM Activities are distinguished, based on the social and environmental impacts footnote the ABM EC may consider based on experience to define low and high-risk lists for specific adaptation technologies:

- (a) **Category I** activity, which has no or minimal adverse social and environmental impacts;
- (b) **Category II** activity, which has limited and manageable social and environmental impacts;
- (c) **Category III** activity, which has significant social and environmental impacts. The guiding principles for Category III include the magnitude and scale of the impacts considering the level of impacts, the longevity of the impacts, the extent of the impacts in terms of the area affected, the number of people affected by the impacts, the reversibility of the impacts, among other considerations.

The ABM activity participants shall indicate the appropriate category in the ABM ADD and shall justify the categorization³².

D. SIMPLIFIED REQUIREMENTS

For small-scale and for medium-scale ABM activities, which are also category I or II activities, the ABM participants shall conduct at minimum a simplified social and environmental pre-assessment of the negative social and environmental impacts following the template provided in Annex 2 and include this pre-assessment as an annex to the ADD. However, they may conduct more detailed assessments, risk management and stakeholder consultations, in particular if they intend to mobilize finance through the ABM for replication and expansion of the activity and minor risks are likely to accumulate to more significant risks.

E. REQUIREMENTS FOR OTHER ACTIVITIES

Large-scale ABM activities in all categories and medium-scale activities in category III are required to conduct at minimum one of the following assessment types: either Environmental and Social Impact Assessment (ESIA) or a Strategic Environmental and Social Assessment (SESA); AND either Environment and Social Management Framework (ESMF), or Environmental and Social Management Plan (ESMP). AND if relevant, a Resettlement action plan (RAP). The document chosen needs to be elaborated following the national requirements and legislation, the guidelines of the African Development Bank Group or any other reputable organization. The assessment and plan(s) are to be provided as annexes to the ADD, including a disclosure by the national authority(ies), if applicable. Table 3 below summarizes the social and environmental safeguard requirements for the different ABM activities per size and category.

³² For categorization and justification of ABM activities, the ABM EC recommends the use of the Green Climate Fund (GCF) "Sustainability guidance note screening and categorizing GCF-financed activities", whereby ABM category I activities correspond with GCF category C projects, ABM category II activities correspond with GCF category B projects and ABM category III activities correspond with GCF category A projects. The GCF guidance note is available on the Internet: <https://www.greenclimate.fund/sites/default/files/document/sustainability-guidance-note-screening-and-categorizing-gcf-financed-activities.pdf>

TABLE 3: SUMMARY OF SES REQUIREMENTS FOR ABM ACTIVITIES

Category/Size	Small-scale(<US\$ 1 million)	Medium-scale (US\$ 1 – 10 million)	Large-scale (> US\$10 million)
Category I	Simplified SES	Simplified SES	Simplified SES
Category II	Simplified SES	Simplified SES	ESIA or SESA AND ESMP or ESMF, and RAP if relevant
Category III	ESIA or SESA AND ESMP or ESMF, and RAP if relevant	ESIA or SESA AND ESMP or ESMF, and RAP if relevant	ESIA or SESA AND ESMP or ESMF, and RAP if relevant

F. REQUIREMENTS FOR STAKEHOLDER CONSULTATION

Local stakeholder consultation shall be conducted with the aim of ensuring that all relevant local stakeholders are informed and have full understanding of the proposed ABM activity and impacts, and that any stakeholders affected by the activity are provided with the opportunity to give a free, prior and informed consent. To the extent possible ABM activities shall seek to secure ownership by the final beneficiaries. Ref to Guidelines on Stakeholder consultation and engagement for ABM activities

Local consultation shall involve key stakeholders, including the final beneficiaries and any vulnerable groups that would be affected by or will benefit from the ABM activity, as well as relevant local and national authorities. Local consultation shall be conducted as early as possible in the ABM activity development before validation.

The stakeholder consultation may include consultation on a new ABM methodology and/or the application of the approved ABM methodology³³.

In accordance with the ABM Activity Cycle³⁴, global consultation with stakeholders shall be conducted during the stages of validation and verification. For this purpose, the validator or verifier shall publish, respectively, the ADD or the monitoring report on the ABM website for the period of 30 days.

In the ABM Activity Cycle, during the stages of registration and issuance, the ABM secretariat will publish, respectively, the validation report and the ADD or the verification report and the monitoring report for consultation with Parties³⁵ involved in the ABM activity only for the period of 15 days.

³³ Based on best practices with adaptation, it is envisaged that local stakeholders may provide valuable reflection and insights on the potential adaptation benefits of the activity

³⁴ Document ABM EC/2021/9/5

³⁵ Parties to the Paris Agreement, which are government(s), including the Host country government.

2.6. How to Submit a New ABM Methodology, Methodological Tool, or Request for Clarification

2.6.1. Background

One of the basic rules of the ABM is that ABM activities shall apply a baseline and a monitoring methodology approved by the ABM EC. If a proposed ABM activity intends to apply a new methodology, such methodology shall be approved by the ABM EC prior to the submission of a request for registration of the ABM activity to the ABM EC. Likewise, a revision of an approved methodology shall also be approved by the ABM EC prior to its application to a proposed ABM activity. If one or more aspects of an approved methodology are in doubt, a clarification may be sought from the ABM EC.

This sub-chapter contains inserts from the “Guidelines on the procedure for approval of a new, revision of an existing, or request for clarification concerning an Adaptation Benefits Mechanism Methodology”³⁶ (ABM Methodology Guidelines) of the ABM EC.

2.6.2. Objectives

The purpose of these guidelines is to provide ABM activity participants with comprehensive guidance on the procedure and process for submitting a new ABM Baseline and Monitoring Methodology (ABM methodology) for approval by the ABM EC,

a request for revision of an already approved ABM methodology before applying it to an ABM activity or a request for clarification of an ABM methodology.

2.6.3. Definitions

In addition to the definitions in the ABM Glossary of terms” presented in Chapter III, the following terms apply in these procedures:

- (a) «Shall» is used to indicate requirements to be followed;
- (b) «Should» is used to indicate that among several possibilities, one course of action is recommended as particularly suitable;
- (c) «May» is used to indicate what is permitted;
- (d) “ABM Roster of Experts” denotes methodology experts who provide advisory functions. The ABM Secretariat issues periodically calls for candidacies upon request of the ABM EC. The Chair and Vice-Chair of the ABM Methodology Panel decide by consensus which candidates shall be listed on the roster. Once listed, an expert cannot be removed from the roster, except through consensus. The roster shall be developed over time to cover expertise on all relevant adaptation activity types and strive to reflect gender and geographical balance.

³⁶ Document ABM EC/2020/6/4

2.6.4. Guidelines

A. SCOPE AND APPLICABILITY

This procedure defines the processes for the development of new ABM methodologies and methodological tools, for the revision of approved ABM methodologies and methodological tools, and for clarification requests on approved ABM methodologies and methodological tools.

B. SUBMISSION PROCESS

Proposals for new ABM methodologies/methodological tools, revisions of approved ABM methodologies/methodological tools and clarification requests may be submitted to the ABM secretariat at any time by submitting the following documents to the ABM secretariat through the dedicated interface on the ABM website or per email to the ABM secretariat³⁷ :

- (a) New ABM methodology or methodological tool:
 - (i) The proposed new ABM methodology / methodological tool;
 - (ii) The draft description of the planned ABM activity that intends to apply the proposed new ABM methodology, including application of the proposed ABM baseline and monitoring methodology to the activity.
- (b) Revision of an approved ABM methodology or methodological tool:
 - (i) Current approved ABM methodology/ tool showing the proposed changes in a Track-Changes mode³⁸ ;

- (ii) The draft description of the planned ABM activity that intends to apply the revised ABM methodology/ tool, including application of the revised ABM baseline and monitoring methodology to the activity;

- (iii) An additional paper justifying the proposed change(s);

- (c) Request for clarification of an approved ABM methodology or methodological tool:

- (i) A communication clearly articulating the nature of the clarification requested, accompanied by a commented version of the ABM methodology/tool in question;
- (ii) Detailed analysis of the issues, options, and implications of the requested clarification.

No fixed fee shall be payable to the ABM secretariat for the submission of a new ABM methodology, a request for revision or a clarification until further notice.

C. COMPLETENESS CHECK

As soon as possible after the receipt of a submission, but not longer than 10 working days after the date of receipt, the ABM secretariat shall initiate a completeness check of the received proposal and liaise with the Submitting Party (SP), in a facilitative manner, to receive any missing or additional information.

If the ABM secretariat finds that the submission is incomplete and the information requested from the SP is not forthcoming within 10 working days of the date of transmission,

³⁷ E-Mail: ABMechanism@afdb.org

³⁸ Approved methodologies shall be made available on the ABM website: <https://abmechanism.org>

the ABM secretariat shall conclude that the submission is incomplete, and the proposal shall not be further processed.

The ABM secretariat shall inform the SP of the conclusion of the completeness check. If the submission is concluded as incomplete, the ABM secretariat shall communicate the underlying reasons to the SP. In this case, the SP may resubmit their request with revised documentation at any time.

D. INITIAL ASSESSMENT AND APPOINTMENT OF AN ACTIVITY METHODOLOGY PANEL

Upon positive conclusion of a completeness check, the ABM secretariat shall forward the complete set of documentation for an initial assessment to the Chair and Vice-Chair of the Methodology Panel.

In the case of a revision or a clarification request, if both the Chair and Vice-Chair agree that the request is simple, non-controversial or unambiguously justified, they may recommend the approval of the revision, or issue a clarification directly to the ABM EC³⁹. The further procedure is described from paragraph 23 onwards.

For all other submissions, the Chair and Vice-Chair shall convene an Activity Methodology Panel (AMP), drawing from the Roster of Experts as needed, to undertake the review of the request, and inform the ABM secretariat. The ABM secretariat shall contact the experts, inviting them to join the AMP. The invited AMP members shall accept or reject the invitation within five working days. In the event of rejection, the Chair and Vice-Chair shall identify an alternative until a complete panel is formed.

The AMP shall include, in addition to the Chair or Vice-Chair of the Methodology Panel – who shall chair the AMP and ensure consistency across all approved methodologies, members of the Roster of Experts.

The AMP shall consist of minimum five experts, covering the following areas of expertise:

- (a) Technical expertise with knowledge of the technology / activity type;
- (b) Financial expertise with knowledge of project finance;
- (c) Adaptation expertise (indicators and metrics);
- (d) Monitoring and evaluation expertise;
- (e) Expertise regarding transparency under the Paris Agreement and reporting;
- (f) Sustainable Development Goals (SDGs) expertise;

2. Additional expertise can be added to the AMP on a temporary or permanent basis through consensus of the AMP.

If, during this initial assessment, the Chair and Vice-Chair identify any minor issues in the submission, they shall request the SP to submit the missing or revised documents and/or information within 10 working days of receipt of the request. If the SP does not submit the requested documents and/or information by this deadline, the submission shall be considered incomplete.

Under the guidance of the Chair of the AMP, the AMP shall meet virtually, or in person, subject to availability of resources, as frequently and as expeditiously as possible in order to complete their review on the requested activity. The first meeting should be within 15 working days of the appointment of the AMP. Brief minutes shall be recorded

³⁹ Typical examples could be factual errors in the ABM methodology, editorial issues, etc.

of the AMP meeting(s). From the nomination of an AMP to the completion of the initial assessment, no more than 25 working days shall pass.

E. PREPARATION OF DRAFT RECOMMENDATION

The AMP shall reach a conclusion through a qualified majority of members and prepare a recommendation as follows:

- (a) Ask the ABM EC to approve the request ("A case"); or
- (b) Ask the ABM EC to reject the request ("C case"); or
- (c) To request further information from the SP, in case the methodology could be brought to a level, which could lead to a subsequent approval ("B case").

3. The recommendation shall include substantiation for the proposed decision.

4. The abm secretariat shall forward

the recommendation and accompanying documentation to the ABM EC for approval either on a Lapse of Time Basis (LoTB)⁴⁰ or for consideration at the next ABM EC meeting.

F. CONSIDERATION BY THE ABM EC

Under LoTB approval, if no ABM EC member objects to the recommendation by the AMP, it shall be deemed final after 15 working days. If the recommendation is tabled on the agenda for an ABM EC meeting, the ABM EC shall decide to either:

- (a) Approve the recommendation ("A case", "B case" or "C case");
- (b) Request the AMP to review the recommendation ("B case" or "C Case") to the ABM EC and provide guidance on the issues for review. The AMP shall address the request from the ABM EC, as per the timeline specified in paragraph 20 above and resubmit a decision recommendation for consideration by the ABM EC.

If the ABM EC approves an "A Case" recommendation of the AMP, the ABM secretariat shall format and publish the decision on the ABM website within five working days of the approval.

If the ABM EC approves a "C Case" recommendation of the AMP, the ABM secretariat shall publish the decision, without specifying the identity of any entity involved, and inform the SP accordingly, providing reasons for rejection of the request.

If the ABM EC approves a "B Case" recommendation of the AMP, the ABM secretariat shall inform the SP to provide a revision of the methodology based on requests for revision/clarification of the AMP within 10 working days. After the SP has resubmitted the methodology, the AMP shall reconvene, and the procedure shall resume from paragraph 21.

If the ABM EC has requested a revision of the recommendation of the AMP and no agreement can be reached between the ABM EC and the AMP after this revision, the ABM EC finalizes the revision and issues a final decision. The ABM secretariat shall inform the SP about the ABM EC decision as appropriate.

⁴⁰ LoTB is preferred if the next ABM EC meeting is more than 1 month away.

2.7. ABM Grievance Mechanism

2.7.1. Background

Being a new mechanism, the rules for the ABM are still in the make and may be revised periodically, based on lessons learned, best practices and guidance by the UNFCCC. The ABM activities implemented during the pilot phase are regular adaptation activities, which are testing the conceptually new business model for adaptation introduced through the ABM, namely generating certified adaptation benefits with the view to obtaining finance from various sources for adaptation activities that would not be implemented otherwise. The set of rules and the approval process are designed by the interim ABM Executive Committee (ABM EC), which is an independent senior expert body hosted by the African Development Bank, while candidate ABM activities and ABM activities registered in the ABM Registry, serving as ABM demonstration projects, could be funded through various sources. In general, the activity participants bear the core responsibility for the impacts of their activities, while the ABM EC bears responsibility for the ABM rules and procedures and the African Development Bank bears responsibility for activities funded by the Bank. It also bears the ultimate responsibility for the work of the ABM EC and the implementation of the ABM Pilot Phase.

Despite that the intention of the ABM Pilot Phase is to demonstrate the ABM through adaptation activities that do not result in any adverse economic, social and environmental impacts that have not been adequately addressed, it is possible that

individuals, communities or entities may be affected by decisions of the ABM EC or the implementation ABM activities. For this reason, in its 2021 work plan, the interim Adaptation Benefits Mechanism Executive Committee (ABM EC) decided to introduce a grievance mechanism for decisions of the ABM EC and impacts of ABM activities.

The ABM Grievance and Redress mechanism allows affected parties to submit grievances and seek redress for any matters that might be directly attributed to decisions of the ABM EC or the implementation of ABM activities. It is oriented towards finding the root causes of problems and addressing them with adequate interventions. The overall approach for addressing grievances during the ABM Pilot Phase is to first try to find an informal resolution through consultation with the ABM EC, the ABM activity participants, affected communities, stakeholders, or individuals, as relevant. If the consultation and review process does not provide sufficient resolution, the grievance may be submitted formally to the ABM EC, while appeals to resolutions of the ABM EC could be submitted to the management of the African Development Bank, which shall rule on a course of action.

The redress measures may include tailored individual resolutions, such as communication with the ABM participants or a review of a specific decision of the ABM EC; systemic changes, such as a new guidance by the ABM EC, request to the ABM activity participants to undertake corrective measures or, in the worst case, suspending certification of certified adaptation benefits or removing an activity from the ABM Registry.

This sub-chapter contains inserts from the “Grievance and Redress Mechanism for decisions of the interim Adaptation Benefits Mechanism Executive Committee and impacts of Adaptation Benefits Mechanism activities”⁴¹ (ABM Grievance and Redress Mechanism) or the ABM EC.

2.7.2. Objectives

The aim is to establish a credible ABM Grievance and Redress Mechanism for receiving, facilitating, and following up on the resolution of grievances and concerns regarding the decision-making of the ABM EC and the impacts of ABM activities during the ABM Pilot Phase. Its objective is to resolve specific grievances in a manner that meets the needs of the affected parties, while preserving the integrity of the ABM.

2.7.3. Scope

The scope of the ABM Grievance and Redress Mechanism covers all decisions by the ABM EC and any adverse impacts of ABM activities registered in the ABM Registry.

2.7.4. Eligibility

The following parties are eligible to submit grievances to the ABM Grievance and Redress Mechanism if they can demonstrate that their rights or interests have been or are likely to be adversely affected by ABM EC decisions or ABM activities:

- (a) Two or more persons, such as ABM activity participants, a community of persons, an organization, association, society or other grouping of individuals;
- (b) Qualified representative of the affected parties;
- (c) Representatives of the host country's federal or local government or of other governments involved in an ABM activity;
- (d) Other entities that are able to establish legitimate rights or interests.

2.7.5. Procedure

All grievances should be sent to the ABM EC through the ABM secretariat per e-mail at: ABMEchanism@afdb.org mentioning as a subject: **GRIEVANCE TO THE ABM EC.**

A grievance shall contain the following information:

- (a) Name(s);
- (b) Title, function, address and other contact information;
- (c) Role in relation to the contested ABM EC decision or ABM activity, including in relation to the eligibility criteria in paragraph 10 above;
- (d) Grievance, containing a reference to the project or the contested decision, stating all the relevant facts, including the harm suffered by or threat to the affected parties and description of how the parties have been or are likely to be materially

⁴¹ Document ABM EC/2021/12/5

and adversely affected by the ABM EC or an ABM activity act or omission, and what rights or interests of the parties were directly affected; when requesting a compliance review, an explanation of how the ABM EC's or ABM activity's policies, procedures or contractual documents were violated;

- (e) An indication if there has been any previous communication between the affected parties and the ABM EC or ABM activity, as relevant, concerning the issue(s) raised in the grievance;
- (f) Proposed resolution;
- (g) Other information supporting the grievance, such as evidence, documents or visual materials, including relevant correspondence with the ABM EC or the ABM activity, a description of the location of the affected parties or area affected by the ABM activity. If some of the information listed above cannot be provided, an explanation should be included in the request;
- (h) Signature(s).

The ABM secretariat shall conduct a completeness check within 15 calendar days and may approach the submitter(s) for clarifications and additional information within this period to complete the submission. Incomplete submissions shall be rejected and may be resubmitted once complete. Submissions from ineligible parties shall be rejected.

Upon successful completion of the completeness check, the ABM secretariat shall forward the grievance to the ABM EC.

The ABM EC shall review the grievance and attempt to address the concerns within 45 calendar days, including through consultation with the parties involved through the ABM secretariat, and decide on a ruling, such as a rejection of the grievance or measures to address the grievance, including any redress measures, as relevant. At latest, at the end of this period, the ABM EC shall send an official reply to the submitter per e-mail through the ABM secretariat, containing its ruling.

In case the submitter is not satisfied with the resolution by the ABM EC, an appeal can be submitted to the African Development Bank through the ABM secretariat per e-mail, mentioning as a subject: **APPEAL TO THE RULING OF THE ABM EC ON A GRIEVANCE.**

An appeal to a ruling of the ABM EC on a grievance shall contain the information mentioned in paragraph 13 above. In addition, it should contain the appeal to the ruling of the ABM EC or parts thereof, containing substantiation for the appeal and any new supportive information, as well as the proposed final solution.

The ABM secretariat shall conduct a completeness check within 15 calendar days and may approach the submitter(s) for clarifications and additional information within this period to complete the submission. Incomplete submissions shall be rejected and may be resubmitted once complete.

Depending on the nature of the request, if eligible, the submitter will be notified to submit the appeal to the Compliance Review and Mediation Unit of the African Development Bank, following its procedures⁴² for a grievance. In all other cases, the request will be forwarded to the management of the African Development Bank⁴³.

For cases forwarded to the management of the African Development Bank, it shall review the appeal and decide on a ruling, such as a rejection of the appeal or measures to address the appeal, including any redress measures,

as relevant. The management of the African Development Bank shall send an official reply to the submitter per e-mail through the ABM secretariat, containing its decision on the course of action.

This mechanism may be reviewed based on experiences and best practices.

With the view to enhancing the transparency and learning-by-doing, all grievances and appeals, and the outcome thereof will be made publicly available on the ABM website, omitting names of individuals, and any other information that may infringe on their privacy.

⁴² <https://www.afdb.org/en/independent-review-mechanism/management-of-complaints/how-to-file-a-complaint>

⁴³ The manager representing the African Development Bank is the Director of the Climate Change and Green Growth Department of the African Development Bank, and ultimately the Vice-President Power, Energy, Climate Change and Green Growth, unless otherwise decided.



The background is a solid teal color. On the right side, there is a white, curved, semi-circular shape that reveals a photograph of a natural landscape. The photograph shows a body of water in the foreground, a dense line of green trees in the middle ground, and a bright, hazy sky in the background.

3.

**ABM
Glossary
of Terms**



3.1. Abbreviations Used in this Booklet

AB	Adaptation Benefit
ABM	Adaptation Benefits Mechanism
ABM EC	Interim Adaptation Benefits Mechanism Executive Committee
ABOA	Adaptation Benefits Mechanism Off-take Agreement
ADD	ABM Activity Description Document
AMP	Activity Methodology Panel
CAB	Certified Adaptation Benefit
LoTB	Approval on a Lapse-of-Time Basis
ABM MP	Interim ABM Methodology Panel
MRV	Measurable, reportable, and verifiable
NAP	National Adaptation Plan
NDC	Nationally Determined Contribution under the Paris Agreement
SP	Submitting party
SDG	Sustainable Development Goals
UNFCCC	United Nations Framework Convention on Climate Change

3.2. Interpretation of Wording Used

LANGUAGE	ADAPTATION BENEFIT
May	Indicates what is permitted.
Shall	Indicate requirements to be followed.
Should	Indicate that among several possibilities, one course of action is recommended as particularly suitable.

3.3. Glossary

TERMS	FULL TEXT
ABM	A results-based finance mechanism that channels resources to projects enabling communities, economies and ecosystems to adapt and build resilience to the negative climate change impacts. The ABM creates an incentive for private sector investment in adaptation activities by facilitating payments upon delivery of adaptation results, thereby generating a new and additional source of revenue for adaptation. The ABM is intended to be a non-market mechanism. It will assist developing countries with achieving their adaptation priorities set out in their NDCs that are conditional on international cooperation and support.
ABM activity	An activity aiming at generation of Adaptation Benefits. Activities can include projects, programmes combining various project and policy interventions.
ABM activity boundary	Encompasses all parameters under the control of the activity participants that are significant and reasonably attributable to the ABM activity. It may be defined in spatial or technological terms.
ABM baseline	The baseline for an ABM activity is the scenario that reasonably represents the situation that would occur in the absence of the proposed activity. A baseline covers the adaptation baseline, which should include the ecological, social, economic and/or environmental context, and a climate baseline, which should include climate change trends and projections over the activity period and beyond (a climate scenario up to 2050-2100 is typically used). The adaptation baseline shall capture the major parameters relevant to the activity within the activity boundary.
ABM activity cycle	The ABM Activity Cycle describes the eight steps to take by ABM activity participants during the ABM Pilot Phase (2019-2023), with the view to obtaining certified adaptation benefits, which can be exchanged for climate finance or co-finance with various actors directly via the ABM platform ⁴⁴ or through ABM purchase agreements.

⁴⁴ This platform is under development.

ABM activity types and categories	<p>The ABM EC distinguishes three types of ABM activities in accordance with the activity size based on the level of the required investment:</p> <ul style="list-style-type: none"> (a) Micro-scale adaptation activity requiring up to US\$ 1 million investment; (b) Small-scale adaptation activity requiring an investment between US\$ 1 million and US\$ 10 million; (c) Full-scale adaptation activity requiring an investment above US\$ 10 million. <p>The ABM EC also distinguish three types of ABM activities based on the social and environmental impacts:</p> <ul style="list-style-type: none"> (a) Category I activity, which has no or minimal adverse social and environmental impacts; (b) Category II activity, which has limited and manageable social and environmental impacts; (c) Category III activity, which has significant social and environmental impacts <p>The activity type and category must be indicated in the ADD.</p>
ABM EC	<p>The interim Adaptation Benefits Executive Committee is an independent senior expert body formed by the African Development Bank in October 2019 to oversee and execute the rules for the ABM Pilot Phase.</p>
ABM Grievance and redress mechanism	<p>The ABM Grievance mechanism allows affected parties to submit grievances and seek redress for any matters that might be directly attributed to decisions of the ABM EC or the implementation of ABM activities.</p>
ABM methodology	<p>An ABM baseline and monitoring methodology serves to quantify or equivalently define the number of ABs created by an ABM activity, by specifying a baseline and activity scenario. It defines metrics for MRV and the time period for which ABs accrue to an activity.</p>
ABM Methodology Panel	<p>Advisory body to the ABM EC providing recommendations on ABM methodological matters.</p>
ABOA	<p>A legal contract between the ABM activity participants and an entity (ies) who buys CABs upon delivery.</p>

ABM Methodology Roster of Experts	Methodology experts providing advisory functions to the ABM Methodology Panel.
ABM Pilot Phase	The African Development Bank is piloting the ABM in the period 2019-2023.
ABM secretariat	A team of experts provided by the African Development Bank to facilitate the work of the ABM EC.
Activity boundary	Any ABM methodology shall specify an activity boundary. The activity boundary which may be defined in spatial or technological terms shall encompass all parameters under the control of the activity participants that are significant and reasonably attributable to the ABM activity.
Activity developer	Entity responsible for the design of the ABM activity.
Activity participant	Entity involved in the implementation of an ABM activity
Activity Description Document	A document describing an ABM activity, including, among others, a baseline description; a theory of change; a results framework with outcomes, outputs, activities, targets, indicators, verification means, activity duration, timelines for implementation; and a budget, showing clearly the incremental costs for the intervention, any co-finance and in-kind support envisaged and the ABM financial contribution needed to make the activity financially feasible and sustainable.
Activity Methodology Panel	A team composed of members from the ABM Roster of Experts formed by the Chair or Vice-Chair of the Methodology Panel to undertake review of requests by SPs on which the ABM Methodology Panel is providing recommendations to the ABM EC.
Adaptation Benefit	A quantified output, outcome or impact of an adaptation activity registered under the ABM, on the basis of measurable and verified information on progress towards adaptation and/or resilience achieved through an ABM activity against a baseline scenario. In case an output is to be defined as AB, a convincing link between this output and eventual outcomes or impacts needs to be demonstrated.
Adaptation costs	Costs of planning, preparing for, facilitating, and implementing adaptation and resilience activities.
Adaptation to climate change	Action to moderate the negative effects of climate change on humankind or exploit beneficial opportunities.
Adaptation gap	Vulnerability to current climatic variability.

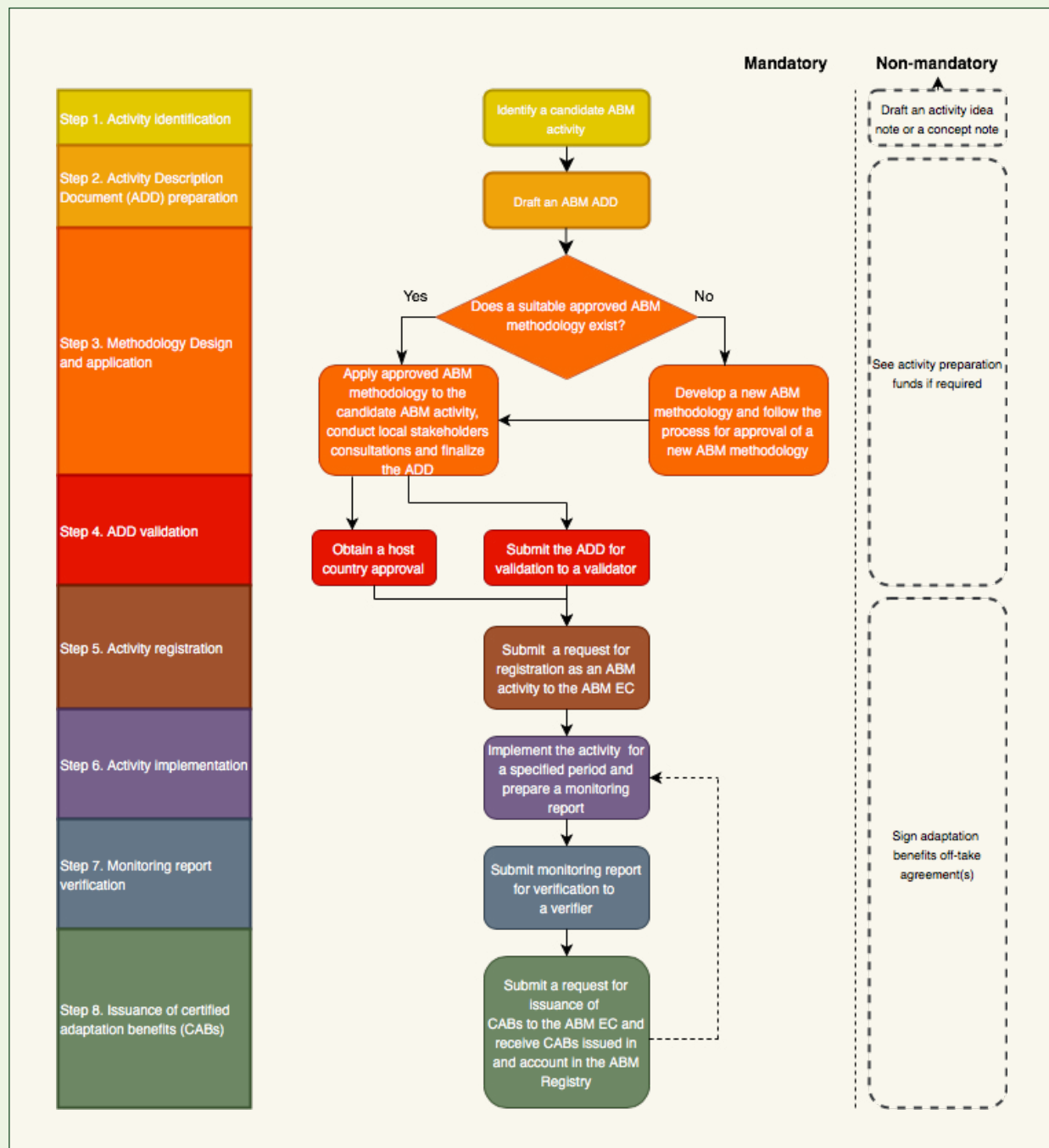
Adaptation technology	Technological approaches to adaptation include both “hard” technologies such as capital goods and hardware, as well as “soft” technologies such as knowledge of methods and techniques which enable “hard” technologies to be applied.
Adaptive capacity	The ability of systems, institutions, humans and other organisms to adjust to potential damage, to take advantage of opportunities, or to respond to consequences.
Additionality	An activity is new and not business as usual, i.e. not commercially attractive, not common practice or mandated by law.
Approval on a lapse of time basis	Type of approval, where proposals are considered approved after the lapse of an ex-ante determined period
Submitting party	Public or private entity(ies) submitting requests and documents for approval by the ABM EC, such as methodologies or requests for registration and issuance.
Certification	<p>Certification is the written assurance by the verifier that during the specified verification period the ABM activity has applied the relevant ABM Methodology and has:</p> <ul style="list-style-type: none"> (a) achieved a number of adaptation benefits, as defined in the application of the relevant ABM Methodology in the ADD; (b) addressed the outcomes of the stakeholder consultation and, if applicable, the outcomes of the environmental impact assessment; (c) contributed to the claimed environmental, social and economic co-benefits; (d) achieved any other parameters, as specified in the methodology.
Certified Adaptation Benefit	Upon successful certification and issuance in the ABM Registry by the ABM EC, an Adaptation Benefit becomes a Certified Adaptation Benefit. Each certified adaptation benefit (CAB) has a unique code number (CAB Code), which is sent to the ABM activity participants, in accordance with the modalities for communication, as submitted together with the request for registration as an ABM activity. Without leaving the ABM Registry, they can be claimed by the ABM activity participants, forwarded to an off-taker, or purchased by a buyer and can be used only once. The CABs provide verified information for transparency under the Paris Agreement or other reporting. All Parties involved will receive relevant information.
Critical threshold	The point at which a human activity faces an unacceptable level of harm from climate change, such as a change from profit to loss on a farm due to decreased water availability, or coastal flooding exceeding present planning limits.

Drought	In the absence of an internationally agreed definition, for the purposes of advancing ABM activities ABM uses the following explanation of drought. Drought is a period of abnormally dry weather long enough to cause a serious hydrological imbalance. A very lengthy and pervasive drought, lasting much longer than normal, usually a decade or more is referred to as a megadrought or long-term drought. Drought can be a slow on-set, incremental event or an extreme event, depending on the specific situation. Climate change may affect the duration and intensity of droughts and usually results in water shortage, land degradation and agricultural losses, which may impact human health and livelihoods, as well as ecosystems.
Host country	Country in which an ABM activity takes place.
Indicator	Particular element of envisaged adaptation success being assessed, for example “the level of climate change vulnerability in a given population” or “the improved resilience of crop yields to climate change-induced drought”.
Letter of Approval	A letter issued by the national authority of the host country for Article 6.8, containing an authorization of the ABM activity participants to participate in a candidate ABM activity under Article 6.8 of the Paris Agreement and an approval of the potential contribution of the candidate ABM activity to the national priorities of the host country for climate change adaptation, poverty eradication, and sustainable development. In the absence of a national authority, during the ABM Pilot Phase, this could also be any equivalent expressing support of the government for implementing an ABM activity.
Leakage	Net (negative) change of indicator values which occurs outside the activity boundary, and which is measurable and attributable to the activity.
Maladaptation to climate change	An adaptation action that: (a) impacts adversely on, or increases the vulnerability of other systems, sectors or social groups, and/or (b) inadvertently increases vulnerability, e.g. once critical thresholds have been exceeded; and/or (c) generates other negative impacts that exceed its benefits.
Metric	Metric refers to the “unit of measurement” with which to quantify an indicator, for example a specifically designated vulnerability index value, or water use in m ³ /tons of harvest.
Mitigation to climate change	The ability of systems, institutions, humans and other organisms to adjust to potential damage, to take advantage of opportunities, or to respond to consequences.

Monitoring Methodology	Each ABM methodology includes a Monitoring, Reporting and Verification (MRV) procedure, in line with the principles for ABM methodology development, adequate to the proposed ABM activity. In case a more conservative outcome in terms of ABs generated can credibly be achieved, a Monitoring and Evaluation (M&E) and reporting procedure can replace the MRV procedure. The accompanying ADD needs to explain how the MRV/M&E and reporting procedure is implemented by the ABM activity developer.
Off-taker	A public, private, international or non-profit entity or a fund that purchases CABs upon delivery (which may include pre-payments).
Party	A Party to the Paris Agreement.
Principles for ABM methodology development	Six principles (transparency, conservativeness and internal consistency, appropriateness and adequacy, accuracy and reliability, measurability, comparability) which shall guide ABM methodology developers to develop a robust and environmentally integer methodology. See guidance “Development of an Adaptation Benefits Mechanism methodology” for further information.
Resilience	The ability of a system to anticipate, absorb, accommodate, or recover from the effects of climate change in a timely and efficient manner, including maintaining its essential basic structures and functions.
Slow onset event	Event that evolves gradually from incremental changes in climatic parameters occurring over many years. This includes sea level rise, increasing temperatures, ocean acidification, glacial retreat and related impacts, salinization, land and forest degradation, loss of biodiversity and desertification.
Stakeholder	The public, including individuals, groups or communities affected, or likely to be affected, by a proposed ABM activity. Government and non-government entity interested in the ABM.
Submitting Party (SP)	The entity submitting a request for approval of a new methodology, validation, verification or issuance under the ABM. There could be more than one SPs, depending on the modalities for communication provided together with the submission.
Sudden extreme event	Event in which the value of a weather or climate variable exceeds (or falls below) a threshold value near the upper (or lower) ends of the range of observed values of the variable. Relevant variables include, inter alia, temperature, precipitation, windspeed, humidity and sunshine.

Validation	Independent ex-ante assessment of a proposed ABM activity, based on an ADD, including application of an approved ABM methodology, which shall ensure that the proposed ABM activity meets all requirements of the ABM.
Validator	An independent third party, approved by the ABM EC to validate ABM ADDs, also containing the application of an approved ABM baseline and monitoring methodology, and prepare a public validation report. During the ABM Pilot Phase, this function is fulfilled by a Validation and Verification Roster of Experts managed by the ABM secretariat.
Verification	The independent review and ex-post determination of the adaptation benefits generated as a result of the implementation of an ABM activity during the verification period and the associated finance in terms of incremental costs, co-finance, finance leveraged, contributions in kind, etc., as relevant.
Verification period	The time period covered by the monitoring report of an ABM activity, as determined by the ABM activity participants. The frequency of monitoring and the length of the verification periods may be elaborated in the ABM methodology and in the financial model in the ADD.
Verifier	An independent third party, approved by the ABM EC to verify the monitoring reports submitted by ABM activity participants, prepare a public verification report and certification assurance. During the ABM Pilot Phase, this function is fulfilled by a Validation and Verification Roster of Experts managed by the ABM secretariat.
Vulnerability to climate change	The propensity or predisposition to be adversely affected by climate change.
Vulnerable groups	Those include vulnerable communities, groups and ecosystems. Vulnerable communities and groups could include marginalized groups, indigenous peoples, peoples with disability, youth, women, elderly and the poor (extremely poor). Vulnerable ecosystems may include those highly sensitive to climate change; those with unique value (eg. global heritage, provision of critical ecosystem services; and those threatened by other (non-climatic) stress factors (eg. land use pressure, disasters).

Annex 1: **ABM Activity Cycle and Roles of the Different Actors Involved**



Actors involved in the ABM Activity Cycle and their roles

The actors involved in the ABM Activity Cycle are the following:

- (a) ABM EC;
- (b) ABM secretariat;
- (c) ABM participants;
- (d) ABM Validation and Verification Roster of Experts, serving as independent validator and verifier;
- (e) Host country government;
- (f) Other Parties involved in the ABM;
- (g) Local stakeholders;
- (h) International stakeholders;
- (i) Off-takers, climate funds and other donors for adaptation;
- (j) Commercial banks and other financial institutions; and
- (k) Other actors as considered relevant.

The roles of each actor in the ABM Activity Cycle are clarified below.

ABM EC

The main tasks of the ABM EC in the ABM Activity Cycle are:

- (a) Developing and adopting various strategies, guidelines and tools necessary for the operationalization of the ABM Activity Cycle;
- (b) Approving new ABM baseline and monitoring methodologies proposed by ABM activity participants;
- (c) Approving requests for registration of ABM activities in the public ABM Registry submitted by ABM activity participants;
- (d) Approving requests for certification and issuance of the adaptation benefits generated by ABM activities submitted by ABM activity participants.

ABM secretariat

The ABM secretariat is hosted by the African Development Bank and acting in accordance with its Terms of Reference. In the ABM Activity Cycle, the ABM secretariat facilitates the work of the ABM EC and serves as an interface for communication between the ABM EC and other actors.

ABM participants

According to these guidelines, the main tasks of the ABM participants are:

- (a) Arranging finance for the ABM activity, including for preparation, validation, implementation, monitoring and verification. Upon registration, the ABM activity participants may start negotiating and signing off-take agreements with various actors for payments upon delivery of certified adaptation benefits to be generated by the registered ABM activity. Such agreements may include pre-payments, as agreed. An “Example of an off-take agreement”, as referred to in paragraph 7 (n) above. More information on the funding mechanism available for ABM activities, is available on the ABM website, as referred to in paragraph 7 (i) above. In case own finance or pre-finance is not available, signed off-take agreements can be used to obtain a commercial loan from a commercial bank or another financial institution;
- (b) Identifying ABM activities. At this stage an ABM activity idea note or a concept note may be developed and used to seek clarification on eligibility for the ABM and host country acceptance or funding for technical assistance;
- (c) Preparing an ABM ADD for a candidate ABM activity, containing also the application of an approved ABM baseline and monitoring methodology. In case, no approved ABM Methodology is available, the ABM

participants should design and submit a new ABM Methodology for approval by the ABM EC;

(d) Conducting consultations with local stakeholders, as required;

(e) Submitting an ABM ADD for a candidate ABM activity, containing also the application of an approved ABM baseline and monitoring methodology, for validation by an independent third party, listed on the ABM website;

(f) Submitting requests for registration of an ABM activity in the public ABM Registry to the ABM EC;

(g) Implementing the ABM activity;

(h) Monitoring the ABM activity in accordance with the monitoring methodology and preparing a monitoring report;

(i) Submitting the monitoring report for verification by an independent third party, different than the validator;

(j) Submitting a request for issuance of certified adaptation benefits to the ABM EC;

(k) Delivering certified adaptation benefits to contracted off-takers and buyers and receiving payments, in accordance with the off-take or purchase agreement, as applicable.

ABM VVT serving as independent validator and verifier

The independent Validation and Verification Team Roster of Experts managed by the ABM secretariat will, validate the ABM ADD, also containing the application of an approved ABM baseline and monitoring

methodology and prepare a public validation report. The process for validation includes a period of 30 days for consultation with international stakeholders. The Validation and Verification Roster of Experts will also verify the monitoring reports submitted by ABM activity participants and prepare a public verification report and certification assurance. The process for verification includes a period of 30 days for consultation with international stakeholders. Validation and verification will be centralized and cost-free during the ABM Pilot Phase. After that these functions are expected to be taken over by independent third parties. The ABM EC intends to prepare an operational manual on independent third-party validation and verification with the assistance of the Validation and Verification Roster of Experts.

Host country government

The main tasks of the host country governments in the ABM Activity Cycle is issuing a Letter of Approval or equivalent for each ABM activity. Furthermore, the host country government may participate in all stakeholder consultations and trigger a review when requests for registration and issuance are submitted to the ABM EC.

During the ABM Pilot Phase, the host country governments are recommended, if they have not yet done so, to ratify the Paris Agreement and designate a national authority for cooperative approaches under Article 6 of the Paris Agreement, also covering Article 6.8 cooperative approaches for mitigation and adaptation. The host country government will receive information from ABM activities and may use this information for transparency under the Paris Agreement or other reporting.

Other Parties involved in the ABM

Parties other than the host country government, involved in the ABM Activity may participate in all stakeholder consultations and trigger a review when requests for registration and issuance are submitted to the ABM EC.

During the ABM Pilot Phase, other Parties involved are recommended, if they have not yet done so, to ratify the Paris Agreement and designate a national authority for cooperative approaches under Article 6 of the Paris Agreement, covering also Article 6.8 cooperative approaches for mitigation and adaptation. Other Parties involved may receive information from ABM activities, if they wish so, and may use it for transparency under the Paris Agreement or other reporting.

Local stakeholders

According to these guidelines, local stakeholders may participate in stakeholders consultations taking place in the stages of ABM activity preparation, validation and verification.

International stakeholders

According to these guidelines, international stakeholders may participate in stakeholders consultations taking place in the stages of ABM activity validation and verification. International stakeholders with local representations, may take part also in stakeholders consultations in the stage of ABM activity preparation, if relevant and in accordance with the national requirements.

Purchasers of Certified Adaptation Benefits, Climate Funds and other donors for adaptation

Purchasers of Certified Adaptation Benefits from the public and private sector, climate funds, non-profit organizations and other donors for adaptation may sign purchase agreements for payments upon delivery of CABs with the ABM activity participants upon successful registration of the ABM activity in the ABM Registry by the ABM EC, which may include pre-payments, as agreed. They may also provide technical support to ABM activity participants in earlier stages.

Commercial banks and other financial institutions

Commercial banks and other financial institutions may provide commercial loans to ABM activity participants using off-take agreements for CABs as a collateral, in a way similar to using Emissions Reductions Purchase Agreements for climate change mitigation activities. It is recommended that commercial banks and other financial institutions develop incentive policies for adaptation activities funded through the ABM, including lower interest rates.

Annex 2: **Social and Environmental Pre-Assessment of Potential Negative Impacts of an ABM Activity**

Template

Name of the activity:
 Country:
 Region/state/district/community:
 Activity type: micro-scale/small-scale
 Activity category: I/II
 Summary of measures to be taken under the activity:

CRITERIA	ESS STANDARD TRIGGERED	EXPECTED NEGATIVE IMPACT (S)	MITIGATION MEASURES FOR NEGATIVE IMPACTS	MONITORING INDICATORS
ENVIRONMENTAL				
Ecosystems and biodiversity, including protected areas and critically endangered species				
Natural resources, including water, energy and biological resources				
Pollution, including from chemicals and waste				
Direct emissions of greenhouse gases, including due to use of fossil fuel and fossil-fuel-based energy, livestock, land-use and agriculture				
Transboundary impacts on air, water and other natural resources				
Technological installations				
Adaptation				

Maladaptation ⁴⁵				
Leakage ⁴⁶				
Other:				
ECONOMIC				
Finance				
Right to development				
Sustainable development				
Poverty eradication				
Altering of land use and restriction of access to natural resources				
Labour rights, including child labour and employment				
Technology development and transfer				
SOCIAL				
Gender equality and empowerment of women.				
Intergenerational equity				
Minority groups, local communities, and indigenous peoples, including resettlement				
Cultural heritage and archeological findings, including those with religious values				
Human rights				
Occupational health and safety				

⁴⁵ An adaptation action that: (a) impacts adversely on, or increases the vulnerability of other systems, sectors, or social groups, and/or (b) inadvertently increases vulnerability, e.g., once critical thresholds have been exceeded; and/or (c) generates other negative impacts that exceed its benefits.

⁴⁶ Net (negative) change of indicator values which occurs outside the activity boundary, and which is measurable and attributable to the activity.

Health, safety and security and community level and/or at individual level, as relevant.				
Education				
Sexual exploitation, abuse, and harassment				
Resettlement, including involuntary resettlement				
Rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations.				
Capacity-building				
Other:				

Is any of the abovementioned negative impacts expected to be large scale or permanent or irreversible or outside the area of influence of the activity? Which one(s) and why?

Which are the key stakeholders?

Were they consulted? How and when?

What concerns were expressed? How?

How will these concerns be addressed? What are the timelines?

Were the stakeholders informed on the outcome and how their concerns were/will be addressed and when?

Is an Environmental Impact Assessment applicable, in accordance with national legislation and the ABM SES? Yes/No

If yes, what were the key outcomes?

What mitigation measures will be taken for any negative outcomes?

Does the project has any transboundary impacts o

Yes/No

If yes, what are those?

What mitigation measures will be taken for any negative impacts?

I declare that the above information is correct,

Signature (s) of the ABM activity participants, including names, function, organization and contact information:



