



## Guidelines

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### Development of an Adaptation Benefits Mechanism methodology

Revision 1

#### **I. BACKGROUND**

1. At its third meeting, the interim Adaptation Benefits Mechanism Executive Committee (ABM EC) considered and discussed the draft “Guidelines on the development of an Adaptation Benefits Mechanism Methodology”. At its fourth meeting, the ABM EC agreed to make this document available for public comments in the period 29 June – 13 July 2020. Comments received during this period have been reviewed and taken into account in this version. After its 15<sup>th</sup> meeting, based on recommendations by the ABM Methodology Panel, the ABM EC adopted a revised version of the guidelines.

Appendix 1 contains the history of the revisions of the document.

#### **II. OBJECTIVES**

2. 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).

#### **III. DEFINITIONS**

3. An Adaptation Benefit (AB) is 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 output and eventual outcomes or impacts needs to be demonstrated.<sup>12</sup>

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<sup>1</sup> See document ABM EC/2022/14/6 - “Guidelines on principles, criteria, and indicators regarding the determination of adaptation benefits”.

<sup>2</sup> See also document ABM EC/2022/15/13 - “Guidelines on demonstration that an Adaptation Benefits Mechanism activity is new and not Business as Usual”.

4. 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 set out in paragraph 8 of these guidelines for the activity type the methodology is applied to. A methodology shall define the time period, for which ABs accrue to an activity.
5. For more definitions of terms refer to the document “Glossary of terms for the Adaptation Benefits Mechanism”<sup>3</sup>

#### IV. GUIDELINES

##### General

6. Any ABM activity needs to apply an ABM methodology approved by the ABM EC.
7. Activity participants can submit an ABM methodology proposal to the ABM EC at any time. Methodology submissions are to be undertaken using a template made available on the ABM website<sup>4</sup>. Any methodology submission shall be accompanied by a document describing the design of the activity<sup>5</sup>. 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.

##### Principles underlying methodology development

8. 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

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<sup>3</sup> Document ABM EC/2022/15/11

<sup>4</sup> A template for a new ABM methodology is under development. Until such template is made available, the submission can be format-free. The template will be published on the ABM website: [www.abmechanism.org](http://www.abmechanism.org)

<sup>5</sup> An ABM Activity Design Document (ADD) template is under development. Until such template is made available, the submission can be format-free. The template will be published on the ABM website: [www.abmechanism.org](http://www.abmechanism.org)

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.

9. 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;

### **Indication of the applicability of the methodology**

10. 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 specified<sup>6</sup>.

### **Demonstration that the activity is new and not business as usual**

11. An ABM activity shall show that it is new and not business as usual, e.g. not mandated by law or common practice<sup>7</sup>. 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.

### **Activity boundary**

12. 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.

### **Time period**

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

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

<sup>7</sup> 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.

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**Baseline methodology**

14. 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 trends<sup>8</sup> 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 paragraph 12 above.

15. 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, contained in the document “Guidelines on the procedure for approval of a new, revision of an existing, or request for clarification concerning an Adaptation Benefits Mechanism Methodology or a Methodological Tool”<sup>9</sup> and other relevant decisions of the ABM EC;
- (b) Respecting the principles and elements laid out in paragraphs 8 and 9 above;
- (c) Taking into account relevant regional, national, sub-national and/or sectoral policies and circumstances, such as 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.

16. 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 activities<sup>10</sup> 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 paragraph 8 (f) above; or

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<sup>8</sup> A climate scenario up to 2050- 2100 is typically used.

<sup>9</sup> Document ABM EC 2022/15/16.

<sup>10</sup> 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.

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(d) Any other approach approved by the ABM EC.

17. 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 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.

### **Monitoring methodology**

18. Each ABM methodology shall include a Monitoring, Reporting and Verification (MRV) procedure, in line with the principles specified in paragraph 8 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 paragraph 7 above, needs to explain how the MRV/M&E and reporting procedure is implemented by the activity developer.

19. 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 in paragraph 7 above.

### **Use of indicators**

20. 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 paragraph 8 above. They may be derived from Adaptation Communications (ACs)<sup>11</sup>, 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 country<sup>12</sup>. A detailed explanation on the rationale and use of the indicators shall be provided as part of the methodology submission.

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

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<sup>11</sup> 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.

<sup>12</sup> 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

22. 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.

## Appendix 1: History of the document

Table 1 below contains the history of the revisions of the document “Rules of procedures for the interim Adaptation Benefits Mechanism Executive Committee”.

**Table 1.** History of the document

Version	Date	Description
2	3 June 2022	Document ABM EC/2022/15/15 Paragraph 1 substantively amended to reflect the history of the revisions of the document. Paragraphs 3, 5, 7, 8 (g), 9, 10, 14, 15, 17 and 21 substantively amended to conform to the UNFCCC guidance in Decision 4/CMA.3, align better to later documents and clarify the expectations, based on experiences with the first submitted ABM methodology.
1	3 September 2020	Document ABM EC/2020/5/10 Initial adoption