



GROUPE DE LA BANQUE AFRICAINE  
DE DEVELOPPEMENT



## Guidelines

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### Principles, criteria, and indicators regarding the eligibility of Adaptation Benefits Mechanism activities and determination of adaptation benefits

#### I. BACKGROUND

1. The Adaptation Benefits Mechanism (ABM) is a results-based finance mechanism that channels resources to projects enabling communities, economies and ecosystems to adapt and build resilience to the negative impacts of climate change. The ABM will create an incentive for private sector investments in adaptation projects by facilitating payments upon delivery of certified adaptation benefits, 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, in particular those that are conditional on international support. The ABM is being piloted by the African Development Bank in the period 2019-2023. The interim Adaptation Benefits Executive Committee (ABM EC) is an independent senior expert body formed by the African Development Bank in October 2019 with the mandate to oversee and execute the rules for the ABM Pilot Phase.

2. 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).

3. At its 14<sup>th</sup> meeting, the ABM EC adopted the “Guidelines on principles, criteria, and indicators regarding the determination of adaptation benefits” upon recommendation by the ABM Methodology Panel, as contained in this document.

#### II. OBJECTIVES

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

### III. DEFINITIONS

5. 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.

### IV. GUIDELINES

#### **Eligibility criteria for ABM activities**

6. The eligibility criteria for ABM activities are defined as follows:

**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.

**Principles, criteria and indicators to ensure the integrity of Adaptation Benefits**

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

**7. 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.

**8. 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.

**9. 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.

### **10. 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.

### **11. 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.

### **12. 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.

### **13. 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.

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