

**Submission of Cote d'Ivoire
on behalf of Uganda, Eswatini and Kenya
on**

**Existing relevant non-market approaches that may be facilitated under the initial
focus areas of the framework for non-market approaches referred to in Article 6,
paragraph 8, of the Paris Agreement**

Date: **28 February 2022**

We associate with the views of the African Group of Negotiators and G77 and China for which Adaptation is a priority area. Our needs and priorities for adaptation are included in our NDCs and other national strategies. However, the available public finance is insufficient to meet all our needs and priorities for adaptation and the private sector finance are limited. According to the UNEP's Adaptation Gap Report 2021, the adaptation costs in developing countries are five to ten times greater than the current public finance flows and the adaptation finance gap is widening. The involvement of the private sector to overcome the adaptation finance and implementation gap is crucial¹. The framework for non-market approaches under Article 6.8 of the Paris Agreement is the only place in the Agreement where innovative cooperative non-market mechanisms incentivizing public and private sector finance for adaptation can be included to facilitate Parties with the implementation of their needs and priorities for adaptation requiring international cooperation and support, while increasing ambition.

In this submission we would like to provide information on the Adaptation Benefits Mechanism (ABM), which is an existing non-market approach in a pilot phase and was initiated as such in Côte d'Ivoire, Uganda and Eswatini. Other Countries like Kenya look forward to the operationalization of non-market approaches and their eventual implementation for the country to reap the full benefits of the focus areas which requires that developing countries receive adequate support. For those reasons, we would like to request the inclusion of the Adaptation Benefits Mechanism for facilitation under the framework for non-market approaches under the focus area: "Adaptation, resilience and sustainability".

We would also like to suggest elements for the UNFCCC web-based platform and a schedule for implementing the work programme activities.

I. Description of the Adaptation Benefits Mechanism

The Adaptation Benefits Mechanism (ABM) is a results-based payments mechanism for mobilizing public and private sector finance for enhancing the resilience of vulnerable communities and eco-systems piloted by the African Development Bank through demonstration projects in Africa in the period 2019-2023.

¹ UNEP's Adaptation Gap Report 2021 is available on the Internet at :
<https://www.unep.org/resources/adaptation-gap-report-2021>

An independent senior expert body - the interim Adaptation Benefits Mechanism Executive Committee (ABM EC) and its support structure provide guidelines and tools for activity developers, advise on operationalizing the pilot phase and approve new methodologies and requests for registration of activities and issuance of certified adaptation benefits.

It is in the design of the ABM to seek compliance with relevant UNFCCC guidance and decision-making. Hence, any of its features can be modified to fit under Article 6.8.

In 2023, the ABM EC has planned to deliver a set of recommendations for a full-fledged mechanism with global coverage.

The ABM is intended to help countries with achieving their adaptation needs and priorities, including in NDCs, in particular those requiring international cooperation and support. It also has the potential to create incentive and evidences for private sector participation in adaptation action and finance.

The ABM responds to the problem that many grassroots adaptation actions currently do not have access to climate finance, especially those that aim at the poorest and most vulnerable communities and ecosystems. The reason is that adaptation actions tend to deliver public goods and generate zero or meagre revenues, which are insufficient to pay back commercial loans. Furthermore, many activities are small and transaction barriers are too high to access climate funds. Above all investing on ABM anticipated to increase activity success from onset as ABM.

The ABM promotes a structured methodological approach for quantifying and verifying the range of adaptation benefits associated with an adaptation action in terms of social, economic and environmental benefits and the associated finance and co-finance – provided, received and leveraged, as well as the incremental costs of the adaptation technology, solution or a package of measures. Unlike in the case of market-based approaches for mitigation, which deliver internationally tradeable greenhouse gas emissions reduction outcomes in terms of CO₂-equivalents, the certified adaptation benefits (CABs) deliver verified and largely quantified evidence that can be used for transparency under the Paris Agreement on adaptation and climate finance, reporting on the progress in meeting the adaptation needs and priorities, including those in NDCs and for other reporting, for instance on progress with the implementation of the Sustainable Development Goals. Both the host country and the financiers receive relevant evidence for reporting. The certified adaptation benefits (CABs) are not internationally tradeable and can be used only within a public registry to ensure transparency and avoid double use and double counting.

The finance to meet the incremental costs and close the financing gap is received directly by the activity developers and assists them with implementing the activities.

The ABM activity cycle includes the following 8 key steps:

1. Activity identification
2. Activity Description Document preparation
3. Methodology design and application
4. Activity Description Document validation
5. Activity registration

6. Activity implementation
7. Monitoring report verification
8. Issuance of Certified Adaptation Benefits

We consider it of importance that the ABM is well-understood by Parties and all Parties have the possibility to participate in its operationalization as a global mechanism so that it can be made to work for all actors who may wish to use it in the future voluntarily, including for our countries. It is for this reason that we request that the ABM is included under the focus area “Adaptation, resilience and sustainability” and is facilitated by the framework for non-market approaches.

II. Information on how the ABM is in accordance with the Annex on non-market approaches under the framework in Annex to Decision 12c/CMA.3

This section provides information on how the ABM meets the Annex to Decision 12c/CMA.3 with references to the relevant paragraphs and sub-points in the Annex.

Principle 1. (a)(i): The framework facilitates the use and coordination of NMAs in the implementation of Parties’ nationally determined contributions (NDCs) in the context of sustainable development and poverty eradication.

The ABM is intended to help governments with achieving their adaptation needs and priorities, including in NDCs, particularly those requiring international cooperation and support.

Principle 1. (a)(ii): The framework enhances linkages and creates synergies between, inter alia, mitigation, adaptation, finance, technology development and transfer, and capacity-building, while avoiding duplication of the efforts under the framework with the work of the subsidiary and constituted bodies under the Convention and the Paris Agreement, taking into account the mandates of these bodies;

The ABM facilitates transfer of adaptation technologies and solutions, which may include elements of capacity building. ABM activities may generate mitigation co-benefits.

There is no duplication of efforts with the work of other existing subsidiary and constituted bodies under the Convention and the Paris Agreement.

Principle 1. (b)(i): NMAs facilitated under the framework represent voluntary cooperative actions that are not reliant on market-based approaches and that do not include transactions or quid pro quo operations.

ABM may be used voluntarily by host countries and other actors involved.

Despite that the ABM proposes an economic model and can be considered as an economic instrument, just like all non-market approaches, it is not a market-based approach and does not include transactions or quid pro quo operations. The ABM helps to generate verified and largely quantified information for transparency and other

reporting, which is not internationally tradeable, but can be used only within a public registry. The more adaptation action is taken, the more such information can be made available, which would be a positive development for tracking progress towards resilience and for understanding the costs and the effectiveness of the different types of adaptation actions, technologies and solutions. Unlike for mitigation, where investments tend to go to project types and regions where mitigation can be achieved more cost effectively, investments in ABM activities are expected to tend towards the most impactful ones or with other words - to the activities that are needed most by the most vulnerable communities and ecosystems.

Any mitigation co-benefits generated from ABM activities will not be traded but will remain in the host country and can be used voluntarily to meet own contributions under the NDC.

ABM facilitates realizing adaptation actions that would not be implemented otherwise due to lack of finance by providing a reliable model for attracting and channeling finance, based on the principle of minimum concessionality – just enough to close a financing gap. The model does not promote making profits through generating, commoditizing, trading and speculating in certified adaptation benefits.

Principle 1. (b)(ii): NMAs facilitated under the framework represent integrated, innovative and transformational actions that have significant potential to deliver higher mitigation and adaptation ambitions.

Activities in all adaptation areas are eligible for the ABM. ABM activities are required to present a Theory of Change demonstrating how the proposed technology or solution brings about positive transformation towards addressing a negative climate change impact experienced by the target group that cannot be resolved otherwise. To achieve that, adaptation actions usually include holistic and balanced packages of measures, which require an integrated approach. ABM activities also need to clearly indicate the adaptation needs and priorities of the host country to which they contribute and demonstrate that no (sufficient) funding is available or planned. Through contributing to meeting the identified priority adaptation needs requiring international cooperation and support and delivering mitigation co-benefits that would not be delivered otherwise, the host countries can move on to raise their ambition in the next or updated NDC.

Principle 1. (b)(iii): NMAs facilitated under the framework represent actions that support the implementation of NDCs of Parties hosting NMAs (hereinafter referred to as host Parties) and contribute to achieving the long-term temperature goal of the Paris Agreement;

The ABM is intended to help countries with achieving their adaptation needs and priorities, including in NDCs, particularly those requiring international cooperation and support.

Adaptation activities supported through the ABM contribute to achieving the long-term temperature goal of the Paris Agreement not only through generation of any mitigation co-benefits, but also in-directly. The negative impacts of climate change if not addressed, leave local communities with no other choice but to rely even more on the use of scarce natural resources and unsustainable practices, such as deforestation, unsustainable agricultural practices and use of fossil fuel. Hence leading to increase of emissions of

greenhouse gasses and decrease of the absorbing capacity of the landscape and forest coverage.

Principle 1. (c): The work programme, consistent with its objective referred to in decision 1/CP.21, paragraph 39, aims to identify measures to facilitate NMAs and enhance linkages and create synergies as referred to in paragraph 1(a) above.

Decision 1/CP.21, paragraph 39: “Also requests the Subsidiary Body for Scientific and Technological Advice to undertake a work programme under the framework for non-market approaches to sustainable development referred to in Article 6, paragraph 8, of the Agreement, with the objective of considering how to enhance linkages and create synergy between, inter alia, mitigation, adaptation, finance, technology transfer and capacity-building, and how to facilitate the implementation and coordination of non-market approaches;”

The ABM facilitates transfer of adaptation technologies and solutions, which may include elements of capacity building. ABM activities may generate mitigation co-benefits.

Aim 2.(a)(i) Each NMA aims to promote mitigation and adaptation ambition.

The ABM is intended to help countries with achieving their adaptation needs and priorities, including in NDCs, particularly those requiring international cooperation and support.

Adaptation activities supported through the ABM contribute to achieving the long-term temperature goal of the Paris Agreement not only through generation of any mitigation co-benefits, but also in-directly. The negative impacts of climate change if not addressed, leave local communities with no other choice but to rely even more on the use of scarce natural resources and unsustainable practices, such as deforestation, unsustainable agricultural practices and use of fossil fuel. Hence leading to increase of emissions of greenhouse gasses and decrease of the absorbing capacity of the landscape and forest coverage.

Aim 2.(a)(ii) Each NMA aims to enhance participation of public and private sector and civil society organizations in the implementation of NDCs.

ABM has the potential to enable public, private sector and civil society organizations to participate in cooperative non-market adaptation activities to implement NDCs that would not be realized otherwise due to lack of sufficient finance or lack of access to finance.

The ABM activity cycle envisages a step where the host country and other countries involved approve/authorize the participation of the entities (public, private sector, civil society organisations) involved in an ABM activity. With this act, the government delegates to these third parties the right to participation in non-market approaches under Article 6.8 of the Paris Agreement, which is under international treaty law and as such is only applicable to governments, Parties to the Paris Agreement.

Aim 2.(a)(iii) Each NMA aims to enable opportunities for coordination across instruments and relevant institutional arrangements.

The ABM enables opportunities for coordination with the work of the Adaptation Committee and the LDCs working group on methodological approaches for adaptation, adaptation indicators and other adaptation metrics. It also enables coordination with the

financial mechanism of the UNFCCC and the Paris Agreement: the GCF and GEF, as well as with the Adaptation Fund on supporting innovative instruments for attracting private sector finance for adaptation and for rewarding results-based adaptation action in a non-market manner. The ABM further enables coordination with work on instruments for supporting the implementation of NAPs, Adaptation Communications, Technology Action Plans and Long-term strategies. The ABM further adheres to the provisions for the transparency framework and the compliance mechanism of the Paris Agreement and will contribute with generating information for the Global Stocktake.

2.(b)(i) Each NMA assists participating Parties in implementing their NDCs in an integrated, holistic and balanced manner, including through, inter alia, mitigation, adaptation, finance, technology development and transfer, and capacity-building, as appropriate.

The ABM facilitates transfer of adaptation technologies and solutions, which may include elements of capacity building. ABM activities may generate mitigation co-benefits.

Activities in all adaptation areas are eligible for the ABM. ABM activities are required to present a Theory of Change demonstrating how the proposed technology or solution brings about positive transformation towards addressing a negative climate change impact experienced by the target group that cannot be resolved otherwise. To achieve that, adaptation actions usually include holistic and balanced packages of measures, which require an integrated approach. ABM activities also need to clearly indicate the adaptation needs and priorities of the host country to which they contribute and demonstrate that no (sufficient) funding is available or planned.

2.(b)(ii) Each NMA assists participating Parties in implementing their NDCs in an integrated, holistic and balanced manner, including through, inter alia, contribution to sustainable development and poverty eradication.

The ABM promotes a structured methodological approach for quantifying and verifying the range of adaptation benefits associated with an adaptation action in terms of social, economic and environmental benefits and the associated finance and co-finance – provided, received and leveraged, as well as the incremental costs of the adaptation technology, solution or a package of measures. Hence, the ABM can deliver information for reporting also on the Sustainable Development Goals, including on poverty eradication, as well as information that can be useful for reporting under other UN Conventions, such as on biodiversity, disaster risk reduction and avoiding desertification.

3. (a) In addition, each NMA facilitated under the framework is identified by the participating Parties on a voluntary basis.

In order to reduce costs, increase transparency and de-risk the ABM for broader use, its pilot phase is governed by an international organization, which can manage the risks and extra expenditures – the African Development Bank. To ensure a well-balanced and informed rules for the mechanism, an independent senior expert body – the interim Adaptation Benefits Executive Committee was formed by the Bank.

The need for this mechanism and the form of its governance is identified by the submitting Parties voluntarily. We request that the framework for non-market approaches facilitates such mechanisms and contributes with focused discussions among

Parties to their operationalization to the benefit of all Parties and actors that wish to be involved voluntarily, because the framework offers clear merits for this purpose.

In the design of the ABM, the host country and other countries involved voluntarily approve/authorize the ABM activities with which they participate in the ABM. Such individual activities can be registered in the web-based platform and the information about the progress in their implementation can be shared and discussed.

3. (b) In addition, each NMA facilitated under the framework involves more than one participating Party.

The design of the ABM allows for more than one Party to be involved in individual ABM activities. While the host country participation is needed at latest before registration of the ABM activity, a donor country participation is needed at latest after issuance of certified adaptation benefits and before their use.

3. (c) In addition, each NMA facilitated under the framework does not involve the transfer of any mitigation outcomes.

Any mitigation co-benefits generated from ABM activities will not be traded but remain in the host country and can be used voluntarily to meet own contributions under the NDC.

3. (d) In addition, each NMA facilitated under the framework facilitates the implementation of NDCs of host Parties and contributes to achieving the long-term temperature goal of the Paris Agreement.

The ABM is intended to help countries with achieving their adaptation needs and priorities, including in NDCs, particularly those requiring international cooperation and support.

Adaptation activities supported through the ABM contribute to achieving the long-term temperature goal of the Paris Agreement not only through generation of any mitigation co-benefits generated, but also directly. The negative impacts of climate change if not addressed, leave local communities with no other choice but to rely even more on the use of scarce natural resources and unsustainable practices, such as deforestation. Unsustainable agriculture practices and use of fossil fuel. Hence leading to increase of emissions of greenhouse gasses and decrease of the absorbing capacity of the landscape and forest coverage.

3. (e) In addition, each NMA facilitated under the framework is conducted in a manner that respects, promotes and considers respective obligations of Parties 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 equity, consistent with the eleventh preambular paragraph of the Paris Agreement.

And

3. (f) In addition, each NMA facilitated under the framework minimizes and, where possible, avoids negative environmental, economic and social impacts.

Each ABM activity is required to comply with the ABM EC guidelines on the ABM Social and Environmental Safeguards, which address negative environmental, economic and social impacts, including the issue of respecting, promoting and considering the respective obligations of 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 equity, consistent with the eleventh preambular paragraph of the Paris Agreement. The donor country may decide not to participate in ABM activities that do not respect or do not wish to address their own obligations regarding these matters.

III. UNFCCC web-based platform

The UNFCCC web-based platform should contain information on the ABM and facilitate discussion forums on different aspects of it, including on guidelines produced by the interim Adaptation Benefits Mechanism Executive Committee with the view to operationalizing it as a mechanism for global use with a governance placed under an international organization with global coverage or regional international organizations, as to be agreed by Parties.

It should register individual ABM activities, the generated certified adaptation benefits and their use, as well as relevant additional information, such as how they contribute to the implementation of NDCs and Party approval/authorization of third parties involved. The UNFCCC web-based platform should also contain a dedicated platform for promotion of individual ABM activities to potential investors, allowing for direct contact and investments (type crowd funding).

The web-based platform should have the functionality to collect information that can be used for transparency under the Paris Agreement and for reporting under the Global Stocktake.

IV. Schedule for implementing the work programme activities

The work programme activities should be initiated in 2022 without delay and tangible progress on each activity should be achieved within one year of implementation. The progress made should be reported to COP27, including recommendations and options on support needed to continue advancing the activities, including any new activities agreed by Parties.