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## Submission by the African Development Bank on Decision 12 (c)/CMA.3 on the framework of non-market approaches under Article 6.8 of the Paris Agreement

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#### I. Objectives

Objectives of this submission are to explain to all Parties and other non-Party entities the Adaptation Benefits Mechanism through outlining the following:

- (a) what is the Adaptation Benefits Mechanism (ABM)?
- (b) how is the ABM intended to work as a non-market approach?
- (c) what are the roles of the African Development Bank and other actors for the ABM?
- (d) what challenges does the ABM face during its pilot phase?
- (e) why is it beneficial to Parties to discuss the ABM under the UNFCCC?

In addition, the African Development Bank, as an international observer organization to the UNFCCC and an important actor for supporting African countries in the implementation of the Paris Agreement, would like to request a presentation slot in the workshop on Article 6.8, as referred to in Decision 12c/CMA.s, paragraph 8(a) with the view to explaining the Adaptation Benefits Mechanism.

Furthermore, the African Development Bank, through this submission, is pleading to Parties and the UNFCCC secretariat for the following to be included in draft texts and considered in any further CMA guidance on the framework for non-market approaches under Article 6.8 of the Paris Agreement:

- Identify the Adaptation Benefits Mechanism as one of the non-market approaches under the focus area Adaptation and resilience of the framework for non-market approaches;
- Leave the timing of voluntary participation of Parties flexible so that Parties may join a non-market approach at various steps of the activity cycle of the respective approach, in accordance with its design and respecting the preferences and requirements of the participating Parties when to join;
- Strengthen the institutional arrangements for Article 6.8 by enabling the provision of technical recommendations on individual non-market approaches upon request;
- Take note of the important role that international organizations and multilateral development banks can play in developing and de-risking non-market approaches

- for voluntary use by Parties, in accordance with Article 6.8 of the Paris Agreement, including for enhancing the public and private sector participation in them for the implementation of Nationally Determined Contributions (NDCs);
- Take note also of the potential contribution of non-market approaches to the implementation of other instruments under the Paris Agreement next to Nationally Determined Contributions, such as Adaptation Communications, Technology Needs Assessments and Action Plans, National Adaptation Plans and other sustainable development needs and priorities of the host country, including in relation to the Sustainable Development Goals with the view to enhancing synergies and coordination under the Paris Agreement, as these other instruments have not been explicitly allocated any cooperative approaches under the Paris Agreement yet, while international cooperation has been acknowledged to be important for their implementation and Article 6.8 offers a suitable vehicle;
- Take further note of that some non-market approaches, such as the Adaptation Benefits Mechanism, are open to voluntary participation of all Parties and non-Party actors and may require centralized global or regional governance to enhance their effectiveness and reduce preparation costs for the activities under these approaches;
- Acknowledge that dedicated resources or ambitions from governments to provide support through non-market approaches to developing countries in general would enhance public and private participation in such approaches, in particular for adaptation. This is of importance because Article 6.8 contains the only placeholder in the Paris Agreement for cooperative approaches on adaptation, while there are several placeholders for mitigation, including under Articles 6.2 and 6.4.

#### II. Description of the Adaptation Benefits Mechanism (ABM)

This chapter provides further information on the ABM and is structured around the following elements:

- (a) what is the Adaptation Benefits Mechanism (ABM)?
- (b) how is the ABM intended to work as a non-market approach?
- (c) what are the roles of the African Development Bank and other actors for the ABM?
- (d) what challenges does the ABM face during its pilot phase?
- (e) why is it beneficial to Parties to discuss the ABM under the UNFCCC?

#### (a) What is the Adaptation Benefits Mechanism (ABM)?

The ABM is a results-based non-market mechanism for mobilizing public and private sector finance for enhancing the resilience of vulnerable communities and ecosystems. The ABM can contribute to implementing NDCs under the Paris Agreement, in particular the needs and priorities of host countries for adaptation requiring international cooperation and support. Therefore, it has the potential to speed up transformation to low-carbon, climate resilient sustainable development of the host countries. The ABM certifies the benefits of adaptation action through a robust approval process, delivering

verified and largely quantified data on progress towards stated adaptation needs, and associated climate finance for transparency under the Paris Agreement and other reporting, such as for the Sustainable Development Goals (SDGs) or under private sector reporting schemes, such as under Corporate and Social Responsibility strategies, the Global Compact and the Global Reporting Initiative. The purchase contracts for Certified Adaptation Benefits between the users of the data and the ABM activity participants can serve as a collateral to leverage additional finance by mobilizing equity or obtaining commercial loans. Revenues from purchase contracts will help to realize adaptation actions that would otherwise not be economically feasible.

The Bank is piloting the ABM in the period 2019-2023 to showcase how this mechanism is working on the ground through demonstration projects. The African Development Bank has formed an independent senior expert body: the interim Adaptation Benefits Mechanism Executive Committee (ABM Executive Committee or ABM EC) and has provided a secretariat. The ABM EC delivers the guidelines and tools for developing ABM activities. It also approves new ABM methodologies, as well as requests for registration of ABM activities and requests for issuance of Certified Adaptation Benefits. Despite that the African Development Bank is piloting the ABM in Africa, the ABM EC has decided already to accept proposals from all actors from all regions, subject to availability of resources. The ABM EC also provides strategic guidance to the senior management of the African Development Bank on advancing the ABM during its Pilot Phase and beyond.

The ABM EC and the ABM secretariat are hosted by the African Development Bank and funded through various sources. The intention is that they become self-sufficient over time.

More information on the ABM can be found on the ABM website.

#### (b) How is the ABM intended to work as a non-market approach?

The ABM will not result in internationally tradeable emissions reductions. Any mitigation outcomes from adaptation activities under the ABM will remain in the host country and may be used by the host country to report on the implementation of its NDC, specifically on the mitigation ambition conditional on international cooperation and support.

Certified Adaptation Benefits contain verified and quantified information on progress towards resilience compared to baseline, other co-benefits and finance, such as incremental costs, finance provided and received, co-finance and finance leveraged. This information is provided both to the host country and the investor's country and the organizations involved in a transparent manner and can be used for transparency under the Paris Agreement on, among others, progress towards the implementation of NDCs, support provided and received. The ABM is designed to assist with providing just enough resources to close the financial gap for implementing adaptation actions in accordance with the principle for minimum concessionality and not to create an unlimited source of revenues for making profits.

While in order to achieve the global goal on mitigation of the Paris Agreement, the rights to emissions reductions have to be limited, which creates scarcity of fungible mitigation outcomes and predisposes the creation of markets, as well as speculations with their

price, this is different in the case of adaptation. In the context of achieving the global goal on adaptation and NDCs, it is beneficial to enhance resilience of vulnerable communities as much as possible, as well as to receive as much as possible of the information that can be used for transparency purposes and accounting. While this creates an incentive to invest in ABM activities delivering such information, it does not create an incentive to build markets around it and speculate with the value of the information, because the adaptation benefits of each activity are very context specific and are not interexchangeable with those of other ABM activities. Furthermore, the incremental costs, financial gap and finance mobilized through the ABM would be made transparent. A driving factor for the investors would be the highest possible positive impact expressed through comprehensive, quantified and reliable data, rather than the lowest cost for achieving resilience, regardless of the target group. Hence, the demand for certified adaptation benefits will tend towards the activities with the highest impact for the most vulnerable communities.

The ABM EC Guidelines on principles, criteria and indicators regarding the eligibility of Adaptation Benefits Mechanism activities and determination of adaptation benefits is provided in <u>Appendix 1</u> for more information.

The ABM is being designed with the flexibility to be modified to meet the Article 6.8 requirements provided through CMA guidance and decision-making. The requirements included in Decision 12c/CMA.3 are being incorporated in all relevant ABM EC guidelines, including a reference to the guiding principles and the eligibility requirements. Relevant ABM documents are being revised, following the CMA.3 decision. The African Development Bank would like to bring under the attention of Parties and other actors that the ABM is an umbrella mechanism, allowing for various adaptation activities to be developed. The African Development Bank does not expect the UNFCCC processes to approve each singe activity under the ABM, unless its governance is transferred to the UNFCCC by Parties. However, the African Development Bank would like to create awareness among Parties that such a mechanism is already being implemented in a Pilot Phase so that enabling guidance is provided also for this type of non-market approaches.

### (c) What are the roles of the African Development Bank and other actors for the ABM?

The African Development Bank has developed the ABM on request of African countries after the adoption of the Paris Agreement to develop innovative mechanisms for financing adaptation. The ABM is being developed since 2016 with funding from the Climate Investment Funds and in consultation with African countries, such as Uganda and Cote d'Ivoire, as well as with various stakeholders. The African Development Bank is piloting the ABM through demonstration projects in Africa funded through various sources and interim institutional arrangements in the period 2019-2023. By February 2022, funding has been secured for 7 ABM demonstration projects in Congo Republic, Cote d'Ivoire, Benin, Burkina Faso, Mali and Nigeria. Funding proposals for 11 more ABM demonstration projects in Benin, Egypt, Ethiopia, Mozambique, Rwanda, Senegal and Uganda are in an advanced stage of assessment by various climate funds. The African Development Bank already has a long pipeline of high-impact highly replicable candidate ABM demonstration projects in Africa seeking funding, including in Kenya and Eswatini. In addition, proposals by third parties for ABM demonstration projects and new ABM

methodologies funded through other sources in all regions are welcomed by the independent interim ABM Executive Committee. The African Development Bank intends to present a new African Adaptation Benefits Fund in the margins of COP27 in Egypt and will be approaching potential donors for letters of commitment in the course of 2022 providing more information.

During the ABM pilot phase, the African Development Bank covers various costs associated with its development and operation with the view to optimizing its design, accumulating a broad range of ABM methodologies for various activity types, promoting it to potential investors and de-risking its use for countries and non-state actors, such as the private sector. The African Development Bank intends to offer the Adaptation Benefits Mechanism to the international community for broader use in all regions in the context of the Global Stocktake.

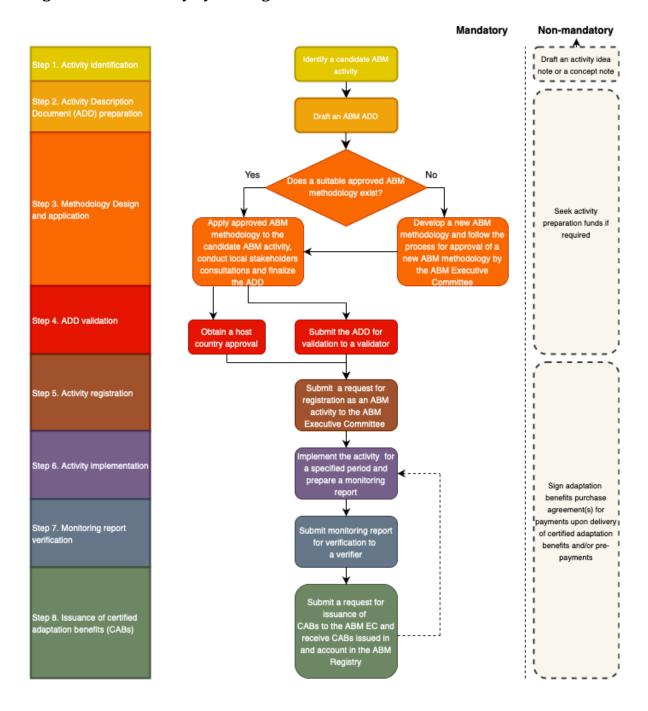
The ABM activity cycle is illustrated in Figure 1 below.

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

- (a) interim ABM Executive Committee (ABM EC);
- (b) ABM secretariat;
- (c) ABM participants;
- (d) ABM Methodology Roster of Experts
- (e) ABM Validation and Verification Team (VTT) of the ABM EC, serving as an independent validator and verifier. Third parties are envisaged to fulfil its functions over time.
- (f) Host country government;
- (g) Other Parties involved in the ABM;
- (h) Local stakeholders:
- (i) International stakeholders;
- (j) Off-takers, climate funds and other donors for adaptation;
- (k) Commercial banks and other financial institutions; and
- (l) Other actors, as considered relevant.

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

Figure 1. ABM Activity Cycle Diagram



#### 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 third party validators/verifiers (upon termination of the VTT)
- (d) approving requests for registration of ABM activities in the public ABM Registry submitted by ABM activity participants;
- (e) 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 is acting in accordance with its Terms of Reference, as approved by the ABM EC. In the ABM Activity Cycle, the ABM secretariat facilitates the work of the ABM EC and VTT and serves as an interface for communication between the ABM EC and other actors.

#### ABM participants

ABM participants may be public or private sector entities from all countries. 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 the VTT or to an independent third party, different than the validator upon termination of the VTT;
- (j) submitting a request for issuance of certified adaptation benefits to the ABM EC;
- (k) delivering certified adaptation benefits to contracted purchasers and receiving payments, in accordance with the purchase agreement, as applicable.

#### **ABM Methodology Roster of Experts**

The ABM Methodology Roster of Experts, established by the Chair and Vice Chair of the Methodology Panel with the support of the ABM secretariat, comprises approximately 22 adaptation experts who will be called upon to join methodology specific panels (the panel) for the purposes of assessing proposals for new methodologies, methodological tools and requests for clarification and preparing recommendations to the ABM EC on their approval, revision or rejection. Once formed, the panel is empowered to meet remotely under the leadership of the Chair or Vice Chair of the Methodology Panel, as frequently as necessary to complete their work. Members of the Roster of Experts have received training on the ABM from the ABM Secretariat.

#### ABM VVT serving as independent validator and verifier

The independent Validation and Verification Team (VVT) formed by the ABM EC will, validate the ABM ADD, containing also the application of an approved ABM Methodology and prepare a public validation report. The process for validation includes a period of 30 days for consultation with international stakeholders. The VVT will also appoint a different team of exports to 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. By appointing the VVT, the ABM EC removes the perception of a conflict of interest whereby the Activity Developer pays the VVT for their services. The ABM EC intends to prepare an operational manual on independent third-party validation and verification with the assistance of the VVT.

#### **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<sup>1</sup>. 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 an (interim) national authority for cooperative approaches under Article 6 of the Paris Agreement, covering also Article 6.8 cooperative approaches for mitigation and adaptation and follow any relevant CMA guidance and decision-making. 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

<sup>&</sup>lt;sup>1</sup> For the purpose of a host country approval, a national authority for Article 6.8 is likely to be needed.

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 being 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 and follow any relevant CMA guidance and decision-making. Other Parties involved may decide to have provisions for authorizing non-Party entities to participate in Article 6.8 approaches. 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

Local stakeholders may participate in stakeholder consultations taking place in the stages of ABM activity preparation, validation and verification.

#### **International stakeholders**

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

#### Purchasers, Climate Funds and other donors for adaptation

Purchasers, climate funds and other donors for adaptation may sign off-take agreements with the ABM participants for payments upon delivery of CABs, which may include pre-payments, as agreed. This could be done upon successful registration of the ABM activity in the public ABM Registry by the ABM EC. 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 purchase 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.

#### (d) What challenges does the ABM face during its pilot phase?

During the ABM Pilot Phase, by February 2022, the African Development Bank faced, among others, the following challenges for advancing the ABM:

(i) lack of CMA guidance on Article 6.8 in the period 2016-2021, while the urgency of adequate response to the adaptation needs and priorities of developing countries continued to become more acute. This lack of guidance has also delayed the establishment of institutional arrangements for Article 6 activities in the host and

- donor countries, as well as the inclusion of non-market approaches in NDCs, as the current NDC guidance does not provide instructions in this regard;
- (ii) modest interest by donors to invest in innovative approaches for adaptation, such as the ABM, while this mechanism offers pragmatic solutions to meet their wishes for incentivizing private sector investments in adaptation and enhancing the measuring, reporting and verification of adaptation activities, as well as opportunity to engage in innovative technical work on ABM methodologies providing information for transparency and other reporting in accordance with their needs;
- (iii) COVID health and travel restrictions, limiting the opportunities for enhancing the awareness of the ABM and conducting face-to-face stakeholder consultations;

At the same time, the African Development Bank has witnessed increased interest in the ABM by potential ABM activity developers and other stakeholders, including from other regions, which was confirmed through a <u>study</u>, and has built a pipeline of more than 30 high-impact highly replicable candidate ABM demonstration projects in Africa seeking funding or willing to develop ABM methodologies. An example is the first submitted ABM baseline and monitoring methodology. It was funded and submitted by a third party, outside the African Development Bank's portfolio. This methodology can be applied to potato cooling adaptation projects for smallholder farmers communities facing climate-induced heat waves and increased temperatures, due to which traditional practices are no longer adequate. The methodology is based on a project proposal in Kenya, which will be seeking funding for implementation, including through the ABM.

#### (e) Why is it beneficial to Parties to discuss the ABM under the UNFCCC?

Despite that the African Development Bank is piloting the ABM in Africa, it is being designed as a voluntary non-market approach that can be used in all regions and the ABM Executive Committee is ready to accept proposals for ABM methodologies and requests for registration of ABM activities and issuance of Certified Adaptation Benefits from all regions. It is also the only non-market approach proposed so far, which is designed to incentivize public and private sector participation.

Since the mechanism is in a pilot phase, it would be beneficial to all interested countries to have the opportunity for learning from best practices and challenges so far, discuss its interim modalities and provide recommendations for their further enhancement, its use and suitable governance for a non-market approach with a global coverage with the view to optimizing its design and performance in accordance with Article 6.8 of the Paris Agreement. Such discussions may also help to enable synergy and coordination with other institutional arrangements and instruments under the Paris Agreement, including for technology, adaptation, mitigation, capacity building and finance.

For more information on the ABM and ABM guidelines and tools, interested stakeholders may contact the ABM secretariat in the African Development Bank at: abmechanism@afdb.org and visit the ABM webpage.

**Appendix 1:** Guidelines on principles, criteria and indicators regarding the eligibility of Adaptation Benefits Mechanism activities and determination of adaptation benefits.





# Appendix 1: Guidelines

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. <u>OBJECTIVES</u>

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. <u>DEFINITIONS</u>

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.