

Modalities and procedures for an adaptation benefit mechanism

The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,

Recalling the provisions of Article 6 of the Paris Agreement,

Bearing in mind that, in accordance with Article 6.8., the purpose of the adaptation benefit mechanism is to promote mitigation and adaptation ambition while recognizing the importance of integrated, holistic and balanced non-market approaches being available to Parties to assist in the implementation of their nationally determined contributions, in the context of sustainable development and poverty eradication, in a coordinated and effective manner, including through, inter alia, mitigation, adaptation, finance, technology transfer and capacity-building, as appropriate,

Cognizant of decision xx/CP.x on modalities and procedures for an adaptation benefit mechanism *Decides* to confirm, and give full effect to any actions taken pursuant to, decision xx/CP.x and to any other relevant decisions by the Conference of the Parties, as appropriate;

1. *Adopts* the modalities and procedures for an adaptation benefit mechanism contained in the annex below;
2. *Decides* further that any future revision of the modalities and procedures for an adaptation benefit mechanism shall be decided in accordance with the rules of procedure of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, as applied. The first review shall be carried out no later than five years after the registration of the first ABM project activity, based on recommendations by the Executive Board and by the Subsidiary Body for Implementation drawing on technical advice from the Subsidiary Body for Scientific and Technological Advice, as needed. Further reviews shall be carried out periodically thereafter. Any revision of the decision shall not affect the adaptation benefit mechanism project activities already registered.

ANNEX

Modalities and procedures for an adaptation benefit mechanism

A. Definitions

1. For the purposes of the present annex the definitions contained in Article X and the provisions of Article 6 shall apply. Furthermore:
 - (a) An “adaptation benefit” or “AB” is issued pursuant to the relevant provisions in the annex to decision xx/CMA.x;
 - (b) “Stakeholders” means the public, including individuals, groups or communities affected, or likely to be affected, by the proposed adaptation benefit mechanism project or program activity.

B. Role of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

2. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (COP/CMA) shall have authority over and provide guidance to the adaptation benefit mechanism (ABM).
3. The COP/CMA shall provide guidance to the Executive Board by taking decisions on:
 - (a) The recommendations made by the Executive Board on its rules of procedure;
 - (b) The recommendations made by the Executive Board, in accordance with provisions of decision xx/CP.x, the present annex and relevant decisions of the COP/CMA;
4. The COP/CMA shall further:
 - (a) Review annual reports of the Executive Board;
 - (b) Assist in arranging funding of ABM project activities, as necessary

C. Executive Board

5. The Executive Board shall supervise the ABM, under the authority and guidance of the COP/CMA, and be fully accountable to the COP/CMA. In this context, the Executive Board shall:
 - (b) Make recommendations to the COP/CMA on further modalities and procedures for the ABM, as appropriate;
 - (c) Make recommendations to the COP/CMA on any amendments or additions to rules of procedure for the Executive Board contained in the present annex, as appropriate;

- (d) Report on its activities to each session of the COP/CMA;
 - (e) Approve new methodologies and framework methodologies relating to, inter alia, baselines, monitoring plans and project boundaries in accordance with the provisions of appendix C below;
 - (f) Maintain and periodically review the Environmental and social safeguards stipulated in appendix D in accordance with best available international practices.
 - (g) Develop, maintain and make publicly available positive lists of activities automatically eligible as ABM activities;
 - (h) Approve national or regional positive lists of activities automatically eligible under the ABM proposed by the host country DNA. Approval shall be based on transparent criteria developed by the ABM Executive Board;
 - (i) Make publicly available relevant information, submitted to it for this purpose, on proposed ABM project activities in need of funding and on investors seeking opportunities, in order to assist in arranging funding of ABM project activities, as necessary;
 - (j) Make any technical reports commissioned available to the public and provide a period of at least four weeks for public comments on draft methodologies and guidance before documents are finalized and any recommendations are submitted to the COP/CMA for their consideration;
 - (k) Develop, maintain and make publicly available a repository of approved rules, procedures, methodologies and standards;
 - (k) Develop and maintain the ABM registry as defined in appendix X below;
 - (l) Develop and maintain a publicly available database of ABM project activities containing information on registered project description, comments received, verification reports, its decisions as well as information on all ABs issued;
 - (m) Address issues relating to observance of modalities and procedures for the ABM by project participants and/or operational entities, and report on them to the COP/CMA;
 - (n) Carry out any other functions ascribed to it in decision x/CP.xx, the present annex and relevant decisions of the COP/CMA.
6. Information obtained from ABM project participants marked as proprietary or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law. Information used to determine the adaptation and sustainable development benefits of the ABM project activity as defined in paragraph 40 below, to describe the baseline methodology and its application, and to support an environmental impact assessment referred to in paragraph 33 (c) below[, and information concerning the cost of generating the ABs] shall not be considered as proprietary or confidential.
7. The Executive Board shall comprise 18 members from Parties to the Paris Agreement, as follows: two members from each of the five United Nations regional groups, two members from SIDS, two representatives of the private sector, and two representatives of NGOs. The Members, of the Executive Board shall:
8. Be nominated by the relevant constituencies referred to in paragraph 7 above and be elected by the COP/CMA. Vacancies shall be filled in the same way;

- (a) Be elected for a period of two years and be eligible to serve a maximum of two consecutive terms. Nine members shall be elected initially for a term of three years and nine members for a term of two years. Thereafter, the COP/CMA shall elect, every year, nine new members, for a term of two years. Appointment pursuant to paragraph 11 below shall count as one term. The members shall remain in office until their successors are elected;
 - (b) Possess appropriate technical and/or policy expertise and shall act in their personal capacity. The cost of participation of members from developing country Parties and other Parties eligible under UNFCCC practice as well as those from NGOs shall be covered by the budget for the Executive Board;
 - (c) Be bound by the rules of procedure of the Executive Board;
 - (d) Take a written oath of service witnessed by the Executive Secretary of the UNFCCC or his/her authorized representative before assuming his or her duties;
 - (e) Have no pecuniary or financial interest in any aspect of an ABM project activity or any accredited operational entity;
 - (f) Subject to their responsibilities to the Executive Board, not disclose any confidential or proprietary information coming to their knowledge by reason of their duties for the Executive Board. The duty of the member, not to disclose confidential information constitutes an obligation in respect of that member, and shall remain an obligation after the expiration or termination of that member's function for the Executive Board.
9. The Executive Board may suspend and recommend to the COP/CMA the termination of the membership of a particular member, for cause including, inter alia, breach of the conflict of interest provisions, breach of the confidentiality provisions, or failure to attend two consecutive meetings of the Executive Board without proper justification.
10. If a member of the Executive Board resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, the Executive Board may decide, bearing in mind the proximity of the next session of the COP/CMA, to appoint another member from the same constituency to replace the said member for the remainder of that member's mandate.
11. The Executive Board shall elect its own Chair and Vice-Chair, with a rotation from the various constituencies excluding representatives from the private sector and the NGOs, keeping in mind that one should be from a developed country and the other from a developing country. The Executive Board shall meet as necessary but no less than three times a year, bearing in mind the provisions of paragraph 37 below. All documentation for Executive Board meetings shall be made available to Board members and the public at least three weeks before the meeting.
14. At least two thirds of the members of the Executive Board, must be present to constitute a quorum.
15. Decisions by the Executive Board shall be taken by consensus, whenever possible. If all efforts at reaching a consensus have been exhausted and no agreement has been reached, decisions shall be taken by a two-thirds majority of the members present at the meeting. Members abstaining from voting shall be considered as not voting and shall not be counted in the determination of two-thirds majority.
16. Meetings of the Executive Board shall be open to attendance, as observers, by all Parties and

by all UNFCCC accredited observers and stakeholders, except where otherwise decided by the Executive Board.

17. The full text of all decisions of the Executive Board shall be made publicly available. The working language of the Executive Board shall be English.
18. The Executive Board may establish committees, panels or working groups to assist it in the performance of its functions. The Executive Board shall draw on the expertise necessary to perform its functions, including from the UNFCCC roster of experts. In this context, it shall take fully into account the consideration of regional balance.
19. The secretariat shall service the Executive Board.

D. Accreditation of operational entities

20. The Executive Board shall:
 - (a) Accredit operational entities which meet the accreditation requirements as developed by the ABM Board;
 - (b) Approve operational entities accredited under other schemes which meet the approval requirements as developed by the ABM Board. Approved entities will be referred to hereafter as accredited operational entities;
 - (c) Maintain a publicly available list of all accredited operational entities;
 - (d) Review whether each accredited operational entity continues to comply with the accreditation requirements and on this basis confirm whether to reaccredit each operational entity every five years;
 - (e) Conduct spot-checking at any time and, on the basis of the results, decide to conduct the above-mentioned review, if warranted.
21. The Executive Board may recommend to the COP/CMA to suspend or withdraw the accreditation of an accredited operational entity if it has carried out a review and found that the entity no longer meets the accreditation or approval requirements or applicable provisions in decisions of the COP/CMA. The Executive Board may suspend or withdraw accreditation only after the accredited operational entity has had the possibility of a hearing. The suspension or withdrawal is with immediate effect once the Executive Board has made a decision. The affected entity shall be notified, immediately and in writing, once the Executive Board has decided its suspension or withdrawal. The decision by the Executive Board on such a case shall be made public.
22. Registered project activities shall not be affected by the suspension or withdrawal of accreditation of an accredited operational entity unless significant deficiencies are identified in the relevant validation, verification or certification report for which the entity was responsible. In this case, the Executive Board shall decide whether a different accredited operational entity shall be appointed to review, and where appropriate correct, such deficiencies
23. Any suspension or withdrawal of an accredited operational entity that adversely affects registered project activities shall be recommended by the Executive Board only after the affected project participants have had the possibility of a hearing.
24. Any costs relating to the review referred to in paragraph 22 above shall be borne by the accredited operational entity whose accreditation has been withdrawn or suspended.

25. The Executive Board may seek assistance in performing the functions in paragraph 20 above, in accordance with the provisions of paragraph 18 above.

E. Accredited operational entities

26. Accredited operational entities shall be accountable to the Executive Board and shall comply with the modalities and procedures in decision xx/CP.x, the present annex and relevant decisions of the COP/CMA and the Executive Board.
27. An accredited operational entity shall:
- (a) Validate proposed ABM project activities;
 - (b) Verify and certify adaptation benefit outcomes and outputs;
 - (c) Comply with applicable laws of the Parties hosting ABM project activities when carrying out its functions referred to in subparagraph (e) below;
 - (d) Demonstrate that it, and its subcontractors, have no real or potential conflict of interest with the participants in the ABM project activities for which it has been selected to carry out validation or verification or certification functions;
 - (e) Perform one or both of the following functions relating to a given ABM project activity: validation, verification and certification.
 - (f) Maintain a publicly available list of all ABM project activities for which it has carried out validation, verification and certification;
 - (g) Submit an annual activity report to the Executive Board;
 - (h) Make information obtained from ABM project participants publicly available, as required by the Executive Board. Information marked as proprietary or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law. Information used to determine the adaptation and sustainable development benefits as defined in paragraph 33 below, to describe the baseline methodology and its application, to support an environmental impact assessment referred to in paragraph 33 (c) below, and to support the cost declaration referred to in paragraph 4 (d) in Appendix B shall not be considered as proprietary or confidential.

F. Participation requirements

31. Participation in an ABM project activity is voluntary.
32. Parties participating in the ABM shall designate a national authority for the ABM.
33. A Party may participate in an ABM project activity if it is a Party to the Paris Agreement.

G. Validation and registration

34. Validation is the process of independent evaluation of a project activity by an accredited operational entity against the requirements of the ABM as set out in decision xx/CP.x, the present annex and relevant decisions of the COP/CMA, on the basis of the project description, as outlined in appendix B below.
35. Registration is the formal acceptance by the Executive Board of a validated project as an ABM project activity. Registration is the prerequisite for the verification, certification and issuance of ABUs relating to that project activity.

36. The accredited operational entity selected by project participants to validate a project activity, being under a contractual arrangement with them, shall review the project description document and any supporting documentation to confirm that the following requirements have been met:
- (a) The participation requirements as set out in paragraphs 28–30 above are satisfied;
 - (b) Comments by local stakeholders representing the various groups potentially affected by the project activity have been invited through means appropriate to the local circumstances, project documentation and information in means appropriate to the local circumstances have been made available to stakeholders in local languages, stakeholder consultation meetings have been conducted, a summary of the comments received has been provided, and a report on how due account was taken of any comments have been presented to stakeholders in a feedback round. Information about complaints and grievance mechanisms available to stakeholders was provided. Report on the conduct of the local stakeholder consultation to the accredited operational entity has been received;
 - (c) Project participants have submitted to the accredited operational entity documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts and, if those impacts are considered significant by the project participants or the host Party, have undertaken an environmental impact assessment in accordance with procedures as required by the host Party;
 - (e) Project Participants have submitted to the accredited operational entities documentation on the analysis on how they plan to ensure its compliance with the social and environmental safeguards specified in Appendix D of the present M&P; The project activity is expected to result in adaptation benefit outcomes that would not have occurred in in the absence of the proposed project activity;
 - (f) The baseline and monitoring methodologies comply with requirements pertaining to:
 - (i) Methodologies previously approved by the Executive Board; or
 - (ii) Modalities and procedures for establishing a new methodology, as set out in paragraph 34 below
 - (g) Provisions for monitoring, verification and reporting are in accordance with decision xx/CP.x, the present annex and relevant decisions of the COP/CMA
 - (g) The project activity conforms to all other requirements for ABM project activities in decision xx/CP.x, the present annex and relevant decisions by the COP/CMA and the Executive Board.
34. If the accredited operational entity determines that the project activity intends to use a new baseline or monitoring methodology, as referred to in paragraph 33 (f) (ii) above, it shall, prior to a submission for registration of this project activity, forward the proposed methodology, together with the draft project description, including a description of the project and identification of the project participants, to the Executive Board for review. The Executive Board shall expeditiously, if possible at its next meeting or via electronic decision but not later than [two months], review the proposed new methodology in accordance with the modalities and procedures of the present annex. Once approved by the Executive Board it shall make the approved methodology publicly available along with any relevant guidance and the accredited operational entity may proceed with the validation of the project activity and submit the project description for registration. In the event that the COP/CMA requests

the revision of an approved methodology, no ABM project activity may use this methodology. The project participants shall revise the methodology, as appropriate, taking into consideration any guidance received.

35. A revision of a methodology shall be carried out in accordance with the modalities and procedures for establishing new methodologies as set out in paragraph 34 above. Any revision to an approved methodology shall only be applicable to project activities registered subsequent to the date of revision and shall not affect existing registered project activities during their crediting periods.
36. The accredited operational entity shall:
 - (a) Prior to the submission of the validation report to the Executive Board, have received from the project participants written approval of voluntary participation from the designated national authority of the host party including confirmation that the ABM activity assist the host party in achieving its adaptation goals in its Nationally Determined Contributions (NDCs) and/or is in line with its National Adaptation Programmes of Actions (NAPAs) and/or its National Adaptation Plans (NAPs) and/or other stated adaptation aims. In accordance with provisions on confidentiality contained in paragraph 27 (h) above, make publicly available the project description;
 - (b) Receive, within [4 weeks], comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available;
 - (d) After the deadline for receipt of comments, make a determination as to whether, on the basis of the information provided and taking into account the comments received, the project activity should be validated;
 - (e) Inform project participants of its determination on the validation of the project activity. Notification to the project participants will include:
 - (i) Confirmation of validation and date of submission of the validation report to the Executive Board; or
 - (ii) An explanation of reasons for non-acceptance if the project activity, as documented, is judged not to fulfill the requirements for validation;
 - (f) Submit to the Executive Board, if it determines the proposed project activity to be valid, a request for registration in the form of a validation report including the project description, the written approval of the host Party as referred to in subparagraph (a) above, and an explanation of how it has taken due account of comments received;
 - (g) Make this validation report publicly available upon transmission to the Executive Board.
37. The registration by the Executive Board shall be deemed final [four weeks] after the date of receipt by the Executive Board of the request for registration, unless a Party involved in the project activity or at least three members of the Executive Board request a review of the proposed ABM project activity. The review by the Executive Board shall be made in accordance with the following provisions:
 - (a) It shall be related to issues associated with the validation requirements
 - (c) It shall be finalized no later than at the second meeting following the request for

review, with the decision and the reasons for it being communicated to the project participants and the public.

38. A proposed project activity that is not accepted may be reconsidered for validation and subsequent registration, after appropriate revisions, provided that it follows the procedures and meets the requirements for validation and registration, including those relating to public comments.
39. The baseline for an ABM project activity is the scenario that reasonably represents the situation that would occur in the absence of the proposed project activity. A baseline shall cover the adaptation baseline, which should include the socio-economic context, and a climate baseline, as appropriate, which should include climate change projections over the project period. A baseline shall be established:
 - (a) By project participants in accordance with provisions for the use of approved and new methodologies, contained in decision xx/CP.x, the present annex and relevant decisions of the COP/CMA;
 - (b) In a transparent and conservative manner regarding the choice of approaches, assumptions, methodologies, parameters, data sources, key factors, and taking into account uncertainty;
 - (c) [[E- policies] [Policies and measures mandating the implementation of adaptation technologies (E-Policies)] implemented within [5 years] of the project registration date shall be ignored in determining the baseline];
 - (d) On a project-specific basis or in accordance with a national or regional baseline developed by the designated national authority;
39. Project Participants shall define a project monitoring period and a project issuance period consistent with the guidance provided in the approved methodology, such that crediting of Adaptation Benefits ceases after the project is considered to be self-sustaining. Long term commitment to monitor project implementation outcomes should be demonstrated.
40. Project participants shall highlight the project's expected contributions to the Sustainable Development Goals following guidance in the approved methodology.
41. Project participants shall specify the price of the Adaptation Benefits in the project design document and provide a breakdown of the full costs of generating the Adaptation Benefits in a [confidential] Annex according to the approved methodology.

H. Monitoring

42. Project participants shall include, as part of the project description, a preliminary monitoring plan that provides for:
 - (a) The collection and archiving of all relevant data necessary for estimating or measuring the adaptation benefits occurring within the project boundary during the project issuance period;
 - (b) The collection and archiving of all relevant data necessary for determining the baseline of the adaptation benefits within the project boundary during the project issuance period;
 - (c) The collection and archiving of all relevant data necessary for estimating or measuring progress towards achievement of the SDG targets relevant to the ABM activity;

- (d) The identification of all potential negative impacts outside the project boundary that are significant and reasonably attributable to the project activity during the activity period;
 - (e) The collection and archiving of all relevant data necessary for determining the continuous compliance of the ABM activity with the social and environmental safeguards.
 - (f) The collection and archiving of all inputs and grievances received from stakeholders including actions taken by the PP to address them and views of the stakeholders on those actions;
 - (g) The collection and archiving of information relevant to the provisions in paragraph 33 (c) above;
 - (h) Quality assurance and control procedures for the monitoring process;
 - (i) Procedures for the periodic quantification of the adaptation benefits of the proposed ABM project activity;
 - (j) Documentation of all steps involved in the quantification referred to in paragraph 53 (c) and (f) above.
43. A monitoring plan for a proposed project activity shall be based on a previously approved monitoring methodology or a new methodology, in accordance with paragraphs 34 and 35 above, that:
- (a) Is determined by the accredited operational entity as appropriate to the circumstances of the proposed project activity and has been successfully applied elsewhere no later than at verification;
 - (b) Reflects good monitoring practice appropriate to the type of project activity.
44. Project participants shall implement the monitoring plan contained in the registered project description and provide a description of monitoring roles and responsibilities to this end.
45. Revisions, if any, to the monitoring plan to improve its accuracy and/or completeness of information shall be validated by the accredited operational entity no later than at verification.
46. The implementation of the registered monitoring plan and its revisions, as applicable, shall be a condition for verification, certification and the issuance of ABs.
47. Subsequent to the monitoring and reporting of the adaptation benefits, ABs resulting from an ABM project activity during a specified time period shall be calculated.
48. The project participants shall provide to the accredited operational entity, contracted by the project participants to perform the verification, a monitoring report in accordance with the registered monitoring plan set out in paragraph 53 above for the purpose of verification and certification.
49. The project participants shall provide to the accredited operational entity, contracted by the project participants to perform the verification, details of any and all Adaptation Benefit Off-take Agreements (ABOA) signed in relation to the project and any financial transactions associated with these ABOAs (including grants, loans and other forms of financial or in-kind support and payments on delivery of AB retirement codes). This information shall be considered confidential.

I. Verification and certification

50. Verification is the periodic independent review and *ex post* determination by the accredited operational entity of the monitored outcomes that have occurred as a result of a registered ABM project activity during the verification period. Certification is the written assurance by the accredited operational entity that, during a specified time period, a project activity achieved the outcomes as verified.
51. In accordance with the provisions on confidentiality in paragraph 27 (h) above, the accredited operational entity contracted by the project participants to perform the verification shall make the monitoring report publicly available, and shall:
- (a) Determine whether the project documentation provided is in accordance with the requirements of the registered project description and relevant provisions of decision xx/CP.x, the present annex and relevant decisions of the COP/CMA;
 - (b) Conduct desk-based, remote or on-site inspections, as appropriate, that may comprise, *inter alia*, a review of performance records, interviews with project participants, interview with relevant stakeholders, collection of measurements, observation of established practices and testing of the accuracy of monitoring equipment;
 - (c) Conduct interviews with local communities and stakeholders on the impacts, positive or negative of the ABM activity;
 - (d) If appropriate, use additional data from other sources;
 - (e) Review monitoring results and verify that the monitoring methodologies for the estimation of outcomes have been applied correctly and their documentation is complete and transparent;
 - (e) Recommend to the project participants appropriate changes to the monitoring methodology if necessary;
 - (f) Determine the outcome that would not have occurred in the absence of the ABM project activity, based on the data and information derived under subparagraph (a) above and obtained under subparagraph (b) and/or (c) above, as appropriate, using calculation procedures consistent with those contained in the registered project description and in the monitoring plan;
 - (g) Identify and inform the project participants of any concerns relating to the conformity of the actual project activity and its operation with the registered project description document. Project participants shall address the concerns and supply relevant additional information;
 - (h) Provide a verification report to the project participants, the Parties involved and the Executive Board. The report shall be made publicly available.
52. The accredited operational entity shall, based on its verification report, certify in writing:
- (a) that, during the specified time period, the project activity achieved the verified results that would not have occurred in the absence of the ABM project activity. It shall inform the project participants, Parties involved and the Executive Board of its certification decision in writing immediately upon completion of the certification process and make the certification report publicly available; and
 - (b) the amount of finance that has been or will be transferred by off-takers for the

verified and certified ABs in return for the retirement codes of issued ABs.

J. Issuance of Adaptation Benefits

53. The certification report shall constitute a request for issuance to the Executive Board of ABs equal to the verified outcomes.
54. The issuance shall be considered final 7 days after the date of receipt of the request for issuance, unless a Party involved in the project activity or at least three members of the Executive Board request a review of the proposed issuance of ABs. Such a review shall be limited to issues of fraud, malfeasance or incompetence of the accredited operational entities and be conducted as follows:
 - (c) Upon receipt of a request for such a review, the Executive Board, at its next meeting, shall decide on its course of action. If it decides that the request has merit it shall perform a review and decide whether the proposed issuance of ABs should be approved;
 - (d) The Executive Board shall complete its review within four weeks following its decision to perform the review;
 - (e) The Executive Board shall inform the project participants of the outcome of the review, and make public its decision regarding the approval of the proposed issuance of ABUs and the reasons for it.
55. Upon being instructed by the Executive Board to issue ABs for an ABM project activity, the ABM registry administrator, working under the authority of the Executive Board, shall, promptly, issue the specified quantity of ABs into the pending account of the Executive Board in the ABM registry, in accordance with appendix D below.
56. Upon retirement of ABs, the registry administrator will send a certificate to the user of the cancellation codes certifying the amount of finance transferred to the adaptation project by the off-taker.

K. Simplified provisions for small scale ABM activities

57. Small Scale ABM activities and activities that are part of positive lists developed by the Executive Board should undergo a simplified project cycle if the relevant PPs wishes to.
58. All project cycle provisions listed above, shall be applicable except the timing of the validation and registration which shall occur at the same time than verification and certification.
59. After the PD has been made available for public comments, the PP shall take due accounts of the comments received and revise the PD as appropriate including a report of the global stakeholder consultation outcome. The PD and relevant documentation shall be submitted to the Secretariat of the ABM. The secretariat shall undertake a completeness and adequacy check of the documents submitted. If the secretariat positively determined that the documentation submitted is complete and adequate, it shall inform the Project Participants of the pre-approval of the ABM activity. The Secretariat shall maintain a publicly available list of such pre-approved activities.
60. After implementation of the ABM activity, the accredited operational entity selected by project participants, being under a contractual arrangement with them, shall review the project description, the monitoring plan and any supporting documentation to confirm that the validation, monitoring and verification requirements listed in sections G, H, I, G of the present annex have been met.

61. The Accredited Operational entity shall submit to the ABM Executive Board both a request for registration and for issuance for its consideration.

APPENDIX B

Project description

1. The provisions of this appendix shall be interpreted in accordance with the annex above on modalities and procedures for an ABM.
2. The purpose of this appendix is to outline the information required in the project design document (PDD). The project description shall consist of elements ensuring that the project activity is designed taking into consideration the long term goals for adaptation and addressing adaptation needs in accordance with decision X. It shall include:
 - (a) A description of the project comprising the project purpose including the adaptation benefits that will arise and who will benefit from them in what way;
 - (b) A description of the climate, adaptation, sustainable development and project base-lines.
 - (c) A demonstration of the project's contribution to addressing long term goals of adaptation and the needs for adaptation and/or enhancing resilience to climate change of the targeted population in the short and medium term.
 - (d) A demonstration of the actions taken to ensure that the project contributes to the achievement of the Sustainable Development Goals and the host country's sustainable development objectives.
 - (e) A demonstration on the actions taken to ensure compliance with the environmental and social safeguards.
 - (f) A summary of the process for stakeholder consultations including a process for complaints and grievance.
4. The PDD shall also contain elements ensuring that the project is designed to deliver measurable adaptation benefits in accordance with decision X/CMAx. It shall include
 - (a) A description of indicators for adaptation benefits
 - (b) A description of indicators for sustainable development targets
 - (c) A description on how compliance with the environmental and social safeguards is ensured
 - (d) A transparent declaration of costs following the guidance in the approved methodology
 - (e) A rationale for linking the monitored indicators of adaptation benefits to a volume of ABs that when issued would provide for covering the costs elaborated in (d) above
 - (f) A description and justification of the project boundary
 - (g) A proposed baseline methodology in accordance with the annex on modalities and procedures for a ABM including, in the case of the:
 - (i) Application of an approved methodology:
 - Statement of which approved methodology has been selected
 - Description of how the approved methodology will be applied in the context of the project
 - (ii) Application of a new methodology:

- Description of the baseline methodology and justification of choice, including an assessment of strengths and weaknesses of the methodology
 - Description of key parameters, data sources and assumptions used in the baseline estimate, and assessment of uncertainties
- (iii) Other considerations, such as a description of how national and/or sectoral policies and circumstances have been taken into account and an explanation of how the baseline was established in a transparent and conservative manner
- (i) Statement of the estimated operational lifetime of the project and which issuance period was selected
- (j) Determination of the adaptation and sustainable development benefits of the ABM project activity, in a transparent manner.
 - (i) Environmental impacts:
 - (ii) Documentation on the analysis of the environmental impacts
 - (iii) If impacts are considered significant by the project participants or the host Party: conclusions and all references to support documentation of an environmental impact assessment that has been undertaken in accordance with the procedures as required by the host Party
- (k) Stakeholder comments, including a brief description of the process, a summary of the comments received including in the feedback round, and a report on how due account was taken of any comments received
- (l) Monitoring plan:
 - (i) Identification of data needs and data quality with regard to accuracy, comparability, completeness and validity
 - (ii) Methodologies to be used for data collection and monitoring including quality assurance and quality control provisions for monitoring, collecting and reporting
 - (iii) In the case of a new monitoring methodology, provide a description of the methodology, including an assessment of strengths and weaknesses of the methodology and whether or not it has been applied successfully elsewhere

APPENDIX C

Terms of reference for establishing guidelines on baselines and monitoring methodologies, and methodological framework

1. The Executive Board, drawing on experts in accordance with the modalities and procedures for an ABM, shall develop and recommend to the COP/MOP, inter alia:
 - (a) General guidance on methodologies and methodological framework relating to baselines and monitoring consistent with the principles set out in those modalities and procedures in order to:
 - (i) Elaborate the provisions relating to baseline and monitoring methodologies contained in decision xx/CP.x, the annex above and relevant decisions of the COP/CMA;
 - (ii) Promote consistency, transparency and predictability;
 - (b) Specific guidance in the following areas:
 - (i) Definition of project categories (e.g. based on sector, subsector, activity class, activity type, technology, geographic area in accordance with the categorization as per IPCC WG2 AR5 2014, based on key sectoral risks) that show common methodological characteristics for baseline setting, and/or monitoring, including guidance on the level of geographic aggregation, taking into account data availability;
 - (iii) Baseline methodologies deemed to reasonably represent what would have occurred in the absence of a project activity;
 - (iv) Methodological frameworks that can include a number of small-scale ABM activities;
 - (v) Monitoring methodologies that provide an accurate measure of actual outcomes as a result of the project activity, taking into account the need for consistency and cost-effectiveness;
 - (iv) Decision trees and other methodological tools, where appropriate, to guide choices in order to ensure that the most appropriate methodologies are selected, taking into account relevant circumstances;
 - (vi) Determination of project boundaries;

APPENDIX D

Environmental and social safeguards

1. Labour and working conditions

- (a) Fair treatment, non-discrimination, equal opportunity;
- (b) Good worker–management relationship;
- (c) Comply with national employment and labour laws;
- (d) Protect workers, in particular those in vulnerable categories;
- (e) Promote safety and health;
- (f) Avoid use of forced labour or child labour.

2. Resource efficiency and pollution prevention

- (a) Avoid, minimize or reduce project-related pollution;
- (b) More sustainable use of resources, including energy and water;
- (c) Reduced project-related greenhouse gas emissions.

3. Community health, safety and security

- (a) To anticipate and avoid adverse impacts on the health and safety of the affected community;
- (b) To safeguard personnel and property in accordance with relevant human rights principles.

4. Land acquisition and involuntary resettlement

- (a) Avoid/minimize adverse social and economic impacts from land acquisition or restrictions on land use:
 - (i) Avoid/minimize displacement;
 - (ii) Provide alternative project designs;
 - (iii) Avoid forced eviction.
- (b) Improve or restore livelihoods and standards of living;
- (c) Improve living conditions among displaced persons by providing:
 - (i) Adequate housing;
 - (ii) Security of tenure.

5. Biodiversity conservation and sustainable management of living natural resources

- (a) Protection and conservation of biodiversity;
- (b) Maintenance of benefits from ecosystem services;
- (c) Promotion of sustainable management of living natural resources; (d) Integration of conservation needs and development priorities.

6. Indigenous peoples

- (a) Ensure full respect for indigenous peoples
 - (i) Human rights, dignity, aspirations;

- (ii) Livelihoods;
- (iii) Culture, knowledge, practices;
- (b) Avoid/minimize adverse impacts;
- (c) Sustainable and culturally appropriate development benefits and opportunities;
- (d) Free, prior and informed consent in certain circumstances.

7. Cultural heritage

- (a) Protection and preservation of cultural heritage;
- (b) Promotion of equitable sharing of cultural heritage benefits.

APPENDIX E

Adaptation Benefit Mechanism registry requirements

1. The Executive Board shall establish and maintain a ABM registry to ensure the accurate accounting of the issuance and retirement of ABs. The Executive Board shall identify a registry administrator to maintain the registry under its authority.
2. The ABM registry shall be in the form of a standardized electronic database which contains, inter alia, common data elements relevant to the issuance and retirement of ABs.
3. The ABM registry shall have the following accounts:
 - (a) One pending account for the Executive Board, into which ABs are issued before being receiving requests for retirement;
 - (b) At least one account for the purpose of retirement ABs.
4. Upon being instructed by the Executive Board to issue ABs for a ABM project activity, the registry administrator shall, in accordance with the transaction procedures set out in decision xx/CMAx:
 - (a) Issue the specified quantity of ABs into a pending account of the Executive Board;
5. Each AB shall have a unique serial number comprising the following elements:
 - (a) Party of origin: the Party which hosted the ABM project activity, using the two-letter country code defined by ISO 3166;
 - (b) Unit: a number unique to the AB for the Party of origin;
 - (c) Project identifier: a number unique to the ABM project activity for the Party of origin.
6. The ABM registry shall issue a retirement code for each AB containing the serial number of the AB.
7. The project participants shall receive information about the retirement code directly following upon issuance of ABs.
8. The ABM Registry shall make non-confidential information publicly available and provide a publicly accessible user interface through the Internet that allows interested persons to query and view it.
9. The information referred to in paragraph 8 above shall include up-to-date information, for each ABU in the registry, on the following:
 - (a) Representative in possession of retirement code;
 - (b) Representative name and contact information: the full name, mailing address, telephone number, facsimile number and e-mail address of the representative of the retirement code.
10. The information referred to in paragraph 8 above shall include the following ABM project activity information, for each project identifier against which the ABUs have been issued:
 - (a) Project name: a unique name for the ABM project activity;
 - (b) Project location: the Party and town or region in which the ABM project activity is located;

- (c) Years of ABM issuance: the years in which ABs have been issued as a result of the ABM project activity;
 - (d) Operational entities: the operational entities involved in the validation, verification and certification of the ABM project activity;
 - (e) Reports: downloadable electronic versions of documentation to be made publicly available in accordance with the provisions of the present annex.
- 11. The information referred to in paragraph 8 above shall include the following holding and retirement information relevant to the ABM registry, by serial number, for each calendar year (defined according to Greenwich Mean Time):
 - (a) The total quantity of ABs in the pending account at the beginning of the year;
 - (b) The total quantity of ABs issued;
 - (c) The total quantity of ABs retired.
- 12. The Registry shall hold confidential information on financial transactions associated with the delivery of retirement codes for ABs and shall certify, to each off-taker, the value of funds transferred by that off-taker to project developers when ABs are retired. Such certificates may be used to report investment in climate adaptation.
- 13. The Registry shall hold publicly available and confidential information on total amounts of finance invested into adaptation projects under the ABM and shall periodically publish totaled investment via ABOAs and total investment in projects (leveraged investment and leverage ratios) in an aggregated format that protects the identify and finances of individual projects.