Eighth meeting of the interim Adaptation Benefits Mechanism Executive Committee

The meeting took place in three parts and was held remotely
Part I took place on 21 January 2021 from 13:00-17:15 GMT
Part II took place on 11 February 2021 from 15:00-18:00 GMT
Part III took place on 18 February 2021 from 14:00-17:10 GMT
The three parts are reported separately in this document

Report of Part I

Attendance

Mr. Luc GNACADJA (Co-Chair)
Ms. Evelyne BATAMULIZA
Mr. Daouda Ben Oumar NDIAYE
Mr. Axel MICHAELOWA
Mr. Assefa Tofu CHOFORE
Ms. Louise Helen BROWN
Ms. Doreen MNYULWA

I. Opening of the meeting.

1. The eighth meeting of the interim Adaptation Benefits Mechanism Executive Committee (ABM EC) was conducted remotely. The ABM EC Co-Chair, Mr. Luc Gnacadja, opened and presided the meeting. The meeting started at 13:00 GMT. The ABM EC adopted the agenda with amendments, prioritizing discussion on documents for the meeting under agenda sub-items III. (a) Annual work plan and budget for 2021 and II. (b) Guidelines for the Adaptation Benefits Mechanism Activity Cycle procedure for participants in Adaptation Benefits Mechanism activities, while shifting to its next meeting the agenda item II. Election of officers and agenda sub-items III. (c) Annual report, III. (d) Code of Conduct, and III. (e) Update by the ABM secretariat with the view consider agenda sub-item III. (d) Code of Conduct before agenda item II. Election of officers.
II. Discussion on documents for the meeting

(a) Annual work plan and budget for 2021

2. The ABM EC Co-Chair invited the ABM EC members to discuss the draft annual work plan and budget for 2021\(^1\) prepared by the ABM secretariat, containing activities of the ABM EC, the ABM secretariat and the African Development Bank. The ABM EC agreed that its annual work plan and budget is contingent on the further development of the pandemic and short-term developments related to the climate policy landscape, as well as that the document could be reviewed as often as required and decided to capture this notions in a footnote. The ABM EC further agreed that adopting a document containing key terms and definitions and a resource mobilization strategy should be added to the work stream for 2021, as well as that all items pre-identified as living documents should be delivered as concrete documents first, which could be revised over time, as needed. The ABM EC requested the ABM secretariat to indicate the budgets and responsibilities in the work plan, include agreed additional work streams and submit a revised version for consideration at the next meeting, with the view to adopting the document. An ABM EC member suggested when estimating the budgets for the annual work plan to draw upon the internal draft document containing a detailed budget, which was prepared for the 3\(^\text{rd}\) ABM EC meeting in March 2020.

(b) Guidelines for the Adaptation Benefits Mechanism Activity Cycle procedure for participants in Adaptation Benefits Mechanism activities;

3. The ABM EC Co-Chair invited the ABM EC members to discuss the draft Guidelines for the Adaptation Benefits Mechanism Activity Cycle procedure for participants in Adaptation Benefits Mechanism activities\(^2\) prepared by the ABM secretariat, containing a procedure and description of steps to take by ABM activity participants in order to obtain certified adaptation benefits.

4. The ABM EC provided general comments on the document and engaged in a line-by-line discussion. Due to time restraints to complete the discussion, the ABM EC decided to finalize its considerations via on-line means and requested the ABM secretariat to share a revised version with all comments incorporated for further comments by 3 February 2021. Based on the nature of the comments received, the Co-Chairs will decide whether to adopt a revised document via e-mail or shift decision-making to its next meeting.

III. Date and place for the next meeting.

5. The ABM EC Co-Chair invited ABM EC members to discuss the options and format for its next meetings and decided to hold the second part and the third part

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\(^1\) ABM EC/2021/8/3

\(^2\) ABM EC/2021/8/5
of its eighth meeting remotely on Thursday, 11 February 2021 from 15:00-17:00 and on Thursday, 18 February 2021 from 14:00-17:00 GMT, respectively.

IV. Any other business and closure of the meeting.

6. EC Co-Chair noted the time constrains and guided that more meetings would needed to finalize the discussions on the remaining documents. The ABM EC invited a second update by the ABM secretariat to be submitted by 3 February, and reiterated the ABM EC decision from its fifth meeting on temporary adjustment of the deadlines defined in its Rules of Procedure due to remote working that a provisional agenda and all documents for the next meetings should be submitted three weeks before the meeting, while revised versions based on comments and the annotated agenda shall be submitted two weeks in advance and invited ABM EC members to share their comments as early as possible per e-mail.

7. The Co-Chair suspended the first part of the eighth meeting of the ABM EC on Thursday, 21 January 2021, at 17:15 GMT.

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3 ABM EC/2020/5/9, paragraph 8  
4 ABM EC/2019/1/3
V. Opening of the meeting.

8. Part II of the eighth meeting of the ABM EC was conducted remotely. The ABM EC Co-Chairs, Ms. Fatima Zahra Taibi and Mr. Luc Gnacadja, opened and presided the meeting. The meeting started at 15:00 GMT. The ABM Co-Chairs informed the ABM EC about their informal meeting with Mr. Axel Michaelowa that took place on the 9th of February 2021 to clarify the urgency for operationalizing a Methodology Panel and the approach proposed by the Co-Chairs and proposed to focus this meeting on agenda sub-item III. (d) Code of Conduct, followed by agenda item II. Election of officers. The ABM EC adopted the agenda.

VI. Discussion on documents for the meeting (initial agenda item III continued)

(a) Code of Conduct for the ABM EC (initial agenda sub-item III. (d))

9. The ABM Co-Chairs invited the ABM EC to note the latest options and comments on the document for this agenda sub-item and engage in a paragraph-by-paragraph discussion on the outstanding paragraphs.

10. The ABM EC discussed and voted various options for the outstanding paragraphs, but did not reach an outcome on a full text.

11. On the issue of conflict of interest, a common understanding was achieved regarding what a real or a perceived conflict of interest is. The ABM EC reconfirmed its previous consensus that both need to be addressed in its Code of Conduct. The ABM EC noted that there are two types of measures: either to avoid conflict of interest when it occurs and/or to prevent that the risk of conflict of interest occurs on the first place.

11. The ABM EC agreed that ABM EC members, family members and members of their advisory bodies shall recuse from participation in decision-
making as a measure to avoid a real or a perceived conflict of interest when it occurs.

12. The ABM EC further agreed that ABM EC members, family members and members of their advisory bodies shall recuse from receiving ABM Pilot Phase finance from the African Development Bank, other than standard daily fees, as a measure to prevent that the risk of conflict of interest occurs on the first place.

13. The further discussions centered around whether or not, as a measure to prevent that the risk of conflict of interest occurs, next to individuals, also their organizations should refrain from ABM Pilot Phase finance from the African Development Bank. Key arguments for not excluding organizations concerned accessing and further developing the scarce ABM expertise during the early phase of development of the mechanism; not disadvantaging organizations from entering this new exciting area of work; promoting the ABM and arranging the issue in a manner similar to how the matter is arranged by comparable UNFCCC bodies. Key arguments for excluding organizations were related to addressing general concerns shared by representatives of developed countries with some ABM EC members at COP25 in Madrid, about transparency issues related to any initiatives coming from the South; avoiding risks of damaging the reputation of the ABM EC; creating unfair advantage for the organizations of ABM EC members due to access to unique knowledge. It was noted that there are situations where conflict of interest would not be an issue, such as promotion and organization of meetings or events, as well as situations where it is unreasonable to expect that an individual can influence an organization, such as when the ABM EC members, in his/her technical capacity, is in the Board or Committee of a Ministry or when the ABM EC member’s work is not linked to the part in his/her bigger organization applying for funding. It was also noted that ways forward could be to separate technical from other contracts, address the issue of organizations on a case-by-case basis, sign confidentiality agreements or choose for the most strict option.

14. The ABM EC decided to conduct further consultations and forwarded the item to a next meeting.

**VII. Election of officers (initial agenda item II)**

15. The ABM Co-Chairs noted that this agenda item concerns the election of a Chair and a Vice-Chair for an ABM Methodology Panel, as referred to in documents... and invited ABM EC members to nominate and elect ABM EC members for these functions in accordance with the Rules of Procedures of the ABM EC. A proposal for having two Co-Chairs instead, was shifted for possible consideration at a next meeting.

16. The ABM EC elected Mr. Daouda Ben Oumar Ndiaye as a Chair, and Mr. Axel Michaelowa, as a Vice Chair of the ABM Methodology panel.
18. The ABM EC tasked the Chair and Vice-Chair of the ABM Methodology Panel with forming a Roster of Experts, as referred to in the “Terms of Reference for an interim Methodology Panel to support the work of the interim Adaptation Benefits Mechanism Executive Committee”\(^5\), by selecting about 20 experts via a call for expressions of interest to be published on the website of the African Development Bank and invited all ABM EC members to promote this opportunity to relevant experts via their networks.

17. The newly elected Chair and Vice-Chair of the ABM Methodology Panel expressed their gratitude for the confidence granted, as well as their delight for working together and getting the job done. The ABM EC Co-Chairs noted the high expectations for their work and contribution to having the ABM running.

VIII. Any other business and closure of the meeting

18. The ABM EC Co-Chairs thanked the ABM EC members for the active participation and staying one hour longer than intended and urged the provision of comments on documents per e-mail.

19. The ABM EC Co-Chair suspended the second part of the eighth meeting of the ABM EC on Thursday, 11 January 2021, at 18:00 GMT.

\(^5\) ABM EC/2020/7/5
Report of Part III

Attendance

Ms. Fatima Zahra TAIBI (Co-Chair)
Ms. Evelyne BATAMULIZA
Mr. Daouda Ben Oumar NDIAYE
Mr. Axel MICHAELOWA
Mr. Assefa Tofu CHOFORE
Ms. Doreen MNYULWA

IX. Opening of the meeting.

20. Part III of the eighth meeting of the ABM was conducted remotely. The ABM EC Co-Chair, Ms. Fatima Zahra Taibi opened and presided the meeting. The meeting started at 14:00 GMT. The ABM Co-Chair proposed to focus the discussions in this meeting on the new agenda sub-item (a) under Methodological matters, Launching of a call for expressions of interest for members of the Roster of Experts of the ABM Methodology Panel and agenda sub-item III (b), Guidelines for the Adaptation Benefits Mechanism Activity Cycle procedure for participants in Adaptation Benefits Mechanism activities. The ABM EC adopted the agenda as proposed.

X. Methodological matters:

(a) Launching of a call for expressions of interest for members of the Roster of Experts of the ABM Methodology Panel.

21. The ABM EC took note of the background documents for this agenda point: “Terms of Reference for a Methodology Panel to support the work of the interim Adaptation Benefits Mechanism Executive Committee”6 and the excerpt provided by the ABM secretariat, containing the tasks and qualifications for the members of a Roster of Experts. The ABM EC Co-Chair invited the ABM EC members to express their views on launching a call for expressions of interest for members of the Roster of Experts for the ABM Methodology Panel.

22. Some ABM EC members noted that the “Terms of Reference for a Methodology Panel to support the work of the interim Adaptation Benefits Mechanism Executive Committee” specifies that three members of the Roster of Experts shall be elected by the ABM EC to become members of the ABM Methodology Panel, while their role, mandate and duration of service has not been specified. The ABM EC Co-Chair invited the Chair and Vice-Chair of the ABM EC Methodology panel to communicate any specific tasks that these members should fulfill, including “any other duties as requested by the Chair and Vice-Chair of the

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6 ABM EC 2020/7/5
Methodology Panel”, to the ABM secretariat for inclusion in the Terms of Reference for the call for members of the Roster of Experts for the ABM Methodology Panel and guided that after some time, it can be evaluated whether it is necessary to revise the “Terms of Reference for a Methodology Panel to support the work of the interim Adaptation Benefits Mechanism Executive Committee” on this point.

23. The ABM EC decided that the duration of the call for expressions of interests for members of the Roster of Experts for the ABM Methodology Pane will be three weeks and that this period could be extended if insufficient expressions of interest of qualified candidates have been submitted. The ABM EC requested the Chair and Vice-Chair of the ABM Methodology Panel to launch the call for expressions of interest on the website of the African Development Bank as soon as possible and requested the ABM secretariat to facilitate them with this task.

XI. Discussion on documents for the meeting (initial agenda item III continued):

(b) Guidelines for the Adaptation Benefits Mechanism Activity Cycle procedure for participants in Adaptation Benefits Mechanism activities (initial agenda sub-item III (b))

24. The ABM EC Co-Chair invited a discussion on the most recent version of the document with all comments received so far and engaged in a paragraph-by-paragraph discussion.

25. Substantive discussions evolved around the following key issues: use of Internationally Transferable Mitigation Outcomes under Article 6 of the Paris Agreement (ITMOs) in ABM Activities; consultations with local stakeholders; eligibility of activities with significant environmental and social risks; approval by the host country; selection and approval of independent third parties acting as ABM validators and/or verifiers; clarification that the ABM EC approval does not constitute approval for funding/grant; who should submit the requests for registration/issuance to the ABM EC – the activity participants or independent third-parties?; duration of the verification periods; and aspects to be certified – co-benefits and finance.

26. While acknowledging that there might be some risk of double-claiming when ITMOs are used in ABM projects, the ABM EC agreed that this risk can be mitigated for projects, where revenues from ITMOs or any other revenues are not impacting the additionality of the ABM activity and that all expected revenues should be addressed in a barrier analysis. The ABM agreed that this exercise should be part of the analysis that the activity is new and not business-as-usual and that the method for this analysis which should be specified in the approved ABM methodology, as referred to in the “Guidelines on the development of an Adaptation Benefits Mechanism methodology”7. The ABM EC

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7 ABM EC/2020/5/10, paragraph 10
decided that only activities, which can prove that they are new and not business-as-usual after receiving other revenues, including from other environmental or social co-benefits schemes or ITMO sales, will qualify for registration as ABM activities. The ABM EC agreed to address the issue in more detail in a new to be prepared guidelines on demonstrating that an ABM activity is new and not business-as-usual. The ABM secretariat noted that the African Development Bank will not include activities generating ITMOs or voluntary carbon credits in its portfolio for the ABM Pilot Phase and clarified that the reason for this choice is to mitigate the risks for complications with proving the concept of the ABM, as well as to avoid controversiality around its projects on this aspect in the absence of relevant UNFCCC guidelines.

28. The ABM EC agreed that all ABM activities shall conduct local stakeholders consultations before the activity is submitted for validation and noted that this is an improvement addressing lessons learned with the Clean Development Mechanism under the UNFCCC’s Kyoto Protocol.

29. The ABM EC agreed that ABM activities, which have environmental or social risks should have a plan to mitigate them. The ABM secretariat noted that the African Development Bank will not include activities with significant environmental and social risks in its portfolio for the ABM Pilot Phase and clarified that the reason for this choice is to avoid controversiality around its projects on this aspect, which may impede proving the concept of the ABM.

30. The ABM EC agreed that a letter of approval or equivalent by the host country is needed and that local governments can be encouraged to participate in the approval process, in cases where they can have added value. A lot of flexibility on equivalents during the ABM Pilot Phase will be needed, as the ABM is not an official UNFCCC mechanism yet and governments have not appointed national authorities on Article 6 of the Paris Agreement yet. The ABM secretariat noted that in the absence of a national authority for Article 6, the national UNFCCC focal point can be consulted. The ABM EC agreed that a letter by a relevant governmental organization supporting the project or confirming that the activity is aligned with national priorities can be considered as equivalent and that the letter should ideally be addressed to the ABM EC, but the ABM EC will be flexible on this point until further notice.

31. The ABM EC agreed that the letter of approval or equivalent by the host country should be obtained at latest after validation and before submitting the activity for registration by the ABM EC. The ABM EC noted that having clarity on approval before validation may save validation costs, but recalled also that under the Clean Development Mechanism, some host countries wanted to see the draft validation report before issuing a letter of approval.

32. The ABM EC clarified that the approval of a request for registration of an ABM activity does not constitute an approval for receiving funding or a grant for the activity under the ABM Pilot Phase, but that it might be helpful for securing finance and off-take agreements for certified adaptation benefits. The ABM EC noted that as this issue is external to the ABM activity cycle procedure, it does
not need to be mentioned explicitly in the main text of the document. The ABM EC encouraged the ABM secretariat to publish information on sources of finance on the ABM website, when such sources become available.

33. While noting that in the case of the Clean Development Mechanism, the independent third-parties submitted the requests for registration and issuance, which allowed to address some technical issues, the ABM EC decided that during the ABM Pilot Phase, the ABM activity participants can submit these requests with the view to simplify the process. The ABM EC agreed to observe how this process works and may reconsider the matter in the future.

34. While noting that fixed options for crediting periods were used under the Clean Development Mechanism, the ABM EC recognized that the verification and monitoring periods for adaptation activities under a non-market mechanism, such as the ABM, which is rewarding not more than strictly needed, are likely to be activity specific. The ABM EC decided to keep the duration of the verification and monitoring periods open for the ABM and clarified that they can be specified in the methodology and be reflected in the budgeting. The ABM EC agreed to observe what choices are made for various adaptation areas and may consider to provide more detailed guidance in the future. The ABM EC noted that the methodology panel should ensure consistency among methodologies and that all activities are treated in the same way.

35. The ABM EC noted that the information on SDGs and finance can be addressed in the methodology. If parameters on finance and SDG are included in the ABM methodology, they should be monitored and reported, and can be verified and certified. The ABM EC noted that verifying how the outcomes of stakeholders consultations are being addressed is an improvement building upon lessons learned from the Clean Development Mechanism. The ABM EC further noted the ongoing discussion on a definition of “climate finance” in the multilateral negotiations process under the UNFCCC and agreed to be cautious with introducing new definitions on this matter. The ABM secretariat noted that despite the lack of an internationally agreed definition on climate finance, some aspects of ABM-associated finance, such as information on incremental costs of adaptation technologies and solutions, finance mobilized and leveraged, including private sector finance, are likely to be valued by potential off-takers of certified adaptation benefits, as this information can be used for transparency under the Paris Agreement and other reporting, and can also help to define the price of the adaptation benefits in a transparent manner. The ABM secretariat further informed that the African Development Bank would expect the collection of such information to be reflected in the methodologies of the activities included in its portfolio for the ABM Pilot Phase with the view to being monitored, verified and certified and is planning to compile a data-base for incremental costs of adaptation technologies and solutions over time, based on its experiences with the ABM.

36. The ABM EC approved the revised document, subject to final editing. The ABM EC requested the ABM secretariat to incorporate all agreed revisions, check
for consistency and circulate the edited document, which shall be considered approved, unless the ABM EC is not satisfied with the editing.

**XII. Updates by the ABM secretariat**

37. The ABM secretariat outlined the content of two written updates covering the period 27 November 2020 to 2 February 2021 and highlighted key aspects, such as information on the first two candidate ABM demonstration projects, for which funding has been secured. The secretariat provided an oral update on ABM-related activities of the African Development Bank and the ABM secretariat in the period 3-18 February 2021, including on launching the process for competitive selection of a webmaster/web developer to operationalize the ABM platform (www.abmechanism.org), including a secure work space, publishing of documents and a registry and bilateral calls with various governmental and private sector organizations on engaging in ABM activities and establishing an African Adaptation Benefits Fund.

38. Mr. Axel Michaelowa reported on a webinar of the European Capacity Building Initiative on Article 6.8 that was held on 17 February 2021. The webinar was focused on a recent paper, in which he was involved as a co-author, regarding another non-market approach - bulk procurement of adaptation technologies. An increased interest by governmental representatives was noted, possibly as an indication that the topic of non-market approaches is gaining traction. The ABM secretariat noted that setting up bulk procurement schemes for adaptation technologies may also qualify as an ABM activity.

**XIII. Date and place of the next meeting**

39. The ABM EC decided to hold its ninth meeting remotely on Thursday, 18 March 2021 from 14:00-17:00 GMT and decided to maintain this timeslot for its next meetings.

**XIV. Any other business and closure of the meeting**

40. The ABM EC Co-Chair thanked the ABM EC for the very productive meeting and encouraged the provision of comments on documents, as much as possible per e-mail in advance of the next meetings.

41. The ABM EC Co-Chair closed the eighth meeting of the ABM EC on Thursday, 18 January 2021, at 17:10 GMT.