Table 1a. Comparison of methodologies for tracking adaptation and mitigation finance

	CLIMATE CHANGE ACTIVITY	
Item	**Adaptation**	**Mitigation**
General scope of qualifying activity	The activity is typically a component or element of a project, and in certain circumstances an entire project, contributing to resilience (including socioeconomic resilience) or adaptation to climate change.	This is typically a project (or component thereof) that avoids, reduces or sequesters greenhouse gas emissions, or promotes efforts to achieve these goals.
Basis for tracking	Adaptation finance tracking is incremental (component-based); it only takes into account those activities that specifically address vulnerability to climate change. Eligible components are usually parts of a larger project, for example, water-saving equipment that is part of a larger capital expenditure investment in an area vulnerable to increased risk of drought.	Mitigation finance tracking is either project- or component-based. *Project-based:* If the whole project is considered to be a mitigation activity, for example, a typical renewable energy project or a project dedicated to improving the energy efficiency of an existing facility, then 100% of the project investment is considered to be mitigation finance, where applicable criteria are met. *Component-based:* Within a project, if only a component of that project is a mitigation activity, such as installation of energy-efficient equipment that is part of a larger capital expenditure investment, then the respective fraction of the project is considered to be mitigation finance.
Granular approach to finance tracking	The adaptation finance methodology is intended to capture only the value of those activities within the project that are aimed at addressing specific climate vulnerabilities. It is not intended to capture the value of the entire project that is made more climate-resilient as a result of specific adaptation activities within the project.	A granular approach is used. Climate finance methodology is intended to capture only the value of the project or its components that substantially contribute to climate change mitigation, demonstrated using applicable metrics (such as emission or energy intensity) subject to the requirements specified in the eligible list of activities.
Scale of impact	Local, regional, national or global	Global
Indicator(s) to quantify and compare project outcomes	Multiple (project- and context-specific) indicators are needed; the intended outcomes depend on the nature of the project.	Ultimately, the impact of all mitigation projects can be assessed on the basis of their direct greenhouse gas emissions reductions (such as implementation of energy-efficient equipment in a building) or indirect greenhouse gas emission reductions (such as the manufacture of electric vehicles helping to reduce emissions through substitution of internal combustion engine vehicles in the market).
Qualification for climate finance	Qualification is based on a three-step assessment process, taking into account the climate change vulnerability context and the specific project intent to reduce climate vulnerabilities.	Qualification is based on a list of eligible activities with associated screening criteria that serve to assess qualification for climate mitigation finance. Overarching criteria also apply. See Annex C.3 for further details.
Climate finance tracking	Following the three-step assessment process, a share of those project components that are clearly and directly linked to the climate vulnerability context and contribute to climate change resilience is classified as climate change adaptation finance.	Financing of the eligible project activities is classified as climate change mitigation finance where associated criteria are met.