

Non-Market Approaches in Practice: Implementing the Adaptation Benefits Mechanism by the AfDB in Africa and Experiences of Uganda

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Recording of the Adaptation Benefits Mechanism (ABM) on the Article 6.8 platform

- The Adaptation Benefits Mechanism (ABM) is a results-based financial mechanism for mobilizing public and private sector finance for enhancing the resilience of vulnerable communities and eco-systems.
- Designed to fit under Article 6.8; "Adaptation, resilience and sustainability".
- Uganda, together with Nigeria, Kenya, Gambia, Guinea and Madagascar plus other international, public and private sector organizations support the recording of ABM as a mechanism for international cooperation and are seeking support.
- The African Development Bank (AfDB) is registered as a support provider for the ABM as well as seeking support for its further implementation.
- The AfDB is developing the ABM with Africa focus, but ABM is applicable in all regions.



Recap on the ABM

- ABM is a new approach to scaling up adaptation finance by:
 - Enabling developed countries, consumers, corporates and philanthropies [anyone] to contribute to the costs of adaptation by committing to purchasing **Certified Adaptation Benefits** (CABs).
 - By providing collateral and a new revenue stream to private sector project developers, the ABM will unlock access debt capital markets for adaptation actions
- A CAB is a quantified or qualified output, outcome or impact of a registered adaptation activity.
- CABs are non-fungible, unique certificates; not for transfer, trading or speculation. They contain quantified and verified information on contributions towards resilience, other co-benefits and associated finance compared to a baseline.
- ABM activities require a host country approval or similar.
- ABM delivers activity-specific MRV information for transparency and reporting by both the host country and the donor in the ETF
- ABM helps to fill in the current gaps for metrics and methodologies for adaptation.



Update on the implementation of ABM in 2024

- Lean institutional arrangements in place: independent ABM Executive Committee; ABM Secretariat; Methodology Panel; and Roster of Experts.
- Coming soon: Validation/Verification Experts, a public ABM registry, and the Adaptation Supermarket for investing in ABM activities.
- Guidelines for ABM methodology and activity developers has been being updated. A validation and verification manual, templates for the submission of new ABM methodologies and activities are under preparation.
- ABM is ready to scale up in Africa and other regions.
- ABM demonstration projects under preparation in a number of African countries, including Cote d'Ivoire, Benin, Senegal, Madagascar, Egypt.
- A number of **new ABM methodologies** with focus on the Water sector are under preparation.
- ABM was awarded the **Jury's Grand Prix** for the "Finance Your Cities Innovation Awards 2024" at the recent World Urban Forum in Cairo, Egypt.



Support provided by the AfDB for the ABM and NMAs

- AfDB supports the implementation of the ABM Pilot Phase (institutional arrangements and demonstration projects) and its scaling up in Africa through various sources, such as the Climate Investment Funds (CIF), the GEF Technology and Finance Center and Network (ACTFCN), various multilateral funds hosted by the AfDB and its own limited Special Initiative and administrative budgets.
- **AfDB continues to seek funding** (US\$ 20 – 50m), including from developed countries, for establishing a dedicated facility for payments upon delivery of CABs from approved ABM activities, provision of technical assistance for the development of public ABM methodologies for key adaptation project types and for support for maintaining the ABM institutional arrangements.





Bob Natifu, Govt of Uganda





Support needed for the implementation of ABM

- Uganda and other African countries supporting the ABM need financial, technology and capacity building support at all levels.
- **Finance and technology transfer** are needed for the development and implementation of ABM methodologies and activities; developing legal, policy, institutional and technological provisions; and arrangements at country level for the use of cooperative non-market approaches, approval, validation, verification, and reporting.
- **Capacity building** for the government, the private sector, and the civil society is needed for developing/applying ABM methodologies, developing and implementing ABM activities, while considering the transparency obligations, national needs and priorities for adaptation and support contained in NDCs, NAPs and Adaptation Communications, other national plans, strategies and indicators.





Examples of ABM Activities seeking support

- **Uganda:** Strengthening Water and Nutrition Security in rural communities in Uganda. E.g. sustainable solar water supply; climate information systems for rural communities; urban flooding linked to waste management.
- **Kenya:** Potato cooling and storage facilities for small-holder farmers to enhance their resilience to heat waves; Scale up of mobile flood barriers as a community measure to tackle flooding.
- **Madagascar:** Establishment and replication of cyclone resilient water sources to enhance resilience of local rural communities to extreme events.
- The intersection between resilience and biodiversity conservation are explored by the AfDB in **Gambia, Sao Tome and Principe and Guinea** in collaboration with other international organizations.

Experiences and lessons learned from the implementation of ABM and NMAs

- Access to a variety of operational cooperative mechanisms for mitigation and adaptation is needed to implement NDCs.
- Additional facilitation by the UNFCCC secretariat is needed to bring bottom-up NMAs to the attention of potential donors.
- A mechanism such as ABM can help address the current gap for adaptation metrics, methodologies, public and private sector investments.
- Greater attention is required from developed countries and investors to make NMAs work and contribute to NAPs and NDCs.
- Appointing a focal point for Art.6.8 is important but can take a long time.
- In a cohesive and well-working Paris Agreement regime, NMAs should have logical and functional linkages to all other institutional arrangements and tools.





Thank you for your attention

- ❑ You can learn more about the ABM at:

<https://abmechanism.com/>

- ❑ For more information e-mail: ABMechanism@afdb.org

- ❑ Uganda's updated NDC: <https://unfccc.int/documents/613827>

