



Update on the Adaptation Benefits Mechanism, best practices and lessons learned so far

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AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
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Progress made with piloting the ABM

- **Lean and effective institutional arrangements in place:**
 - An Interim ABM Executive Committee, a Methodology Panel, a Roster of Experts and an ABM secretariat have been established.
 - A set of key guidelines for ABM activity developers is available.
 - One approved ABM methodology (Green potato cooling - Kenya), three more have been assessed and are being developed further (Access to tropical storm resistant safe water systems - Madagascar; Mobile flood barriers – Nigeria; and Sustainable and resilient Cocoa production - Cote d'Ivoire).
- **ABM demonstration projects in Africa to showcase how the mechanism is working on the ground:**
 - 8 ABM demonstration projects are already ongoing or have secured finance
 - A pipeline of about 30 project ideas seeking finance through the ABM and growing
- **ABM online platform** was set up and is being improved.
- **ABM is being championed by 4 African countries** – Uganda, Cote d'Ivoire, Eswatini and Kenya.
- **Next steps in 2023:**
 - Establishing an **African Adaptation Benefits Fund** to scale up the mechanism and deploy it widely in Africa. The Fund will purchase certified adaptation benefits, provide technical assistance for developing methodologies and activity documents and secure financially the institutional arrangements until they become self-sufficient. One developed country is already interested. Seeking for a few more pioneers to pledge and launch the fund at COP28 with the view to starting in 2024.
 - **Work with MDBs and other international organizations on a global full-fledged ABM** and develop further existing partnerships eg. Climate Investment Funds, African Climate Change Fund, UNCDF/LoCAL, EBRD, BOAD/West African Coalition on Carbon Markets and Climate Finance, research organizations and other.
 - **Arranging extra capacity building and support** for institutional arrangements for international cooperation on non-market approaches/adaptation in the host countries and development of ABM methodologies in the public domain for key project types.
 - **Upgrade the ABM online platform** with a supermarket-like match-making space for direct contact on finance with project developers, a registry and a stakeholders forum.
 - **Registering the ABM by at least two Parties in the Article 6.8** online platform, as soon as it becomes operational. Hopefully by a broad coalition of front-runner countries.



Lessons learned and best practices from piloting the ABM

- **It takes time to develop a new NMA** – ABM is being developed since 2016. Its pilot phase runs from 2019-2025.
- **Developing new NMAs is resource-intensive** – It requires awareness raising, expertise, finance and efforts to engage partners, consult, learn-by-doing, improve, create demand/engagement and secure longer-term continuity.
- **NMAs can benefit from public support in the beginning and centralized arrangements on the longer term** - The private sector and developing country governments have limited capacity to bear the initial risks and pay the costs for development; centralized arrangements are cost-effective and easier for participants.
- **NMAs must be flexible to adjust to CMA guidance and decision-making.**
- **Some NMAs will allow new Parties to join after registration in the NMA online platform.**
- **Some NMAs need a national focal point to obtain a host country approval.**
- **NMAs on adaptation should be needs driven** - Stakeholder engagement, a participatory approach and focus on the needs and special circumstances of the host countries and beneficiaries is key for international cooperation on adaptation.
- **MRV for adaptation is possible and win-win-win for donors, host countries, stakeholders and the private sector.** Some impacts of climate change are qualitative and beyond the area of influence of the project developers – yet, it is possible to quantify them. Flexibilities can be included in ABM methodologies for reality checks. The MRV information generated must be useful for the end users and easy to collect and report for the local community/project developer.
- **Demand for MRV information on adaptation seems to go towards the more impactful projects, rather than to the most cost-effective ones.**
- **ABM is doing what it is supposed to do and is ready to scale up** - A results-based approach rewarding adaptation actions for their benefits upon delivery and making transparent the implementation costs is an effective way for shifting from the current upfront grant- and project-based model towards commercial private sector finance; shifting the implementation risk to the project developer; and ensuring the longer-term continuation of adaptation activities.



Thank you for your
interest and attention!

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