ADAPTATION BENEFITS MECHANISM

The ABM can contribute to implementing the NDCs under the Paris Agreement, especially the needs and priorities of developing countries for adaptation requiring international cooperation and support. Therefore, it has the potential to raise ambition and speed up the transformation to low-carbon, resilient, and sustainable development of the host countries.

The ABM certifies the benefits of adaptation action through a robust approval process, delivering verified and largely quantified evidence on progress towards resilience and the associated climate finance. This information can be used for transparency under the Paris Agreement and other reporting, such as the mandatory annual reporting on the implementation of the SDGs or various private sector reporting schemes, including Corporate Social Responsibility Strategies (CSRs), the Global Compact and the Global Reporting Initiative. The results-based payment contracts for certified adaptation benefits between the users of the data and the ABM activity participants can serve as a collateral for achieving equity or obtaining commercial loans, which will help to realize adaptation actions that would otherwise not be economically feasible. It should be noted that the ABM is a non-market mechanism. Hence, no international trading of mitigation or adaptation outcomes is involved. The ABM addresses the current gap in measurable, reportable and verifiable data on adaptation action and finance with a pragmatic and structured approach.

The Bank is piloting the ABM in the period 2019-2025 to showcase how this mechanism is working on the ground through demonstration projects in Africa. For this purpose, the Bank is seeking additional funds from various climate funds and donors. The ABM Pilot Phase aims to mobilize at least $50 million by 2025 or register at least 25 ABM projects. The Bank, in collaboration with African host countries, intends to present a fully-operational ABM to the international community in the context of the Global Stocktake for broader use as one of the non-market approaches under Article 6.8 of the Paris Agreement, which allows for such approaches to be submitted bottom-up.

The ABM is an integral component of the Innovative Financial Instruments Pillar of the African Development Bank and Global Center on Adaptation’s Africa Adaptation Acceleration Program (AAP). The ABM is one of the mechanisms for financing adaptation projects and programs created under the other AAP pillars. During the ABM Pilot Phase, an independent external evaluation will assess the ABM Pilot Phase, providing a basis for the eventual decision on whether to expand it.

With support from the GIZ, the African Development Bank developed conceptually the Adaptation Benefits Mechanism (ABM) in the period 2016-2019. The ABM is a results-based finance mechanism that aims to mobilize public and private sector funding for projects and programmes enhancing the resilience of communities and ecosystems to the negative impacts of climate change.

Website https://abmmechanism.org