



Introduction to the Adaptation Benefits Mechanism

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Example of a non-market approach

- AfDB has been piloting the Adaptation Benefits Mechanism (ABM) and www.abmechanism.org

- Why is ABM an NMA?
 - Certified Adaptation Benefits are issued into a registry
 - Can only be cancelled, no transfer
 - No scope for secondary trading or speculation
 - CAB cancellation codes can be retailed but we seen no scope for wholesale
 - CABs are not fungible and there are no targets



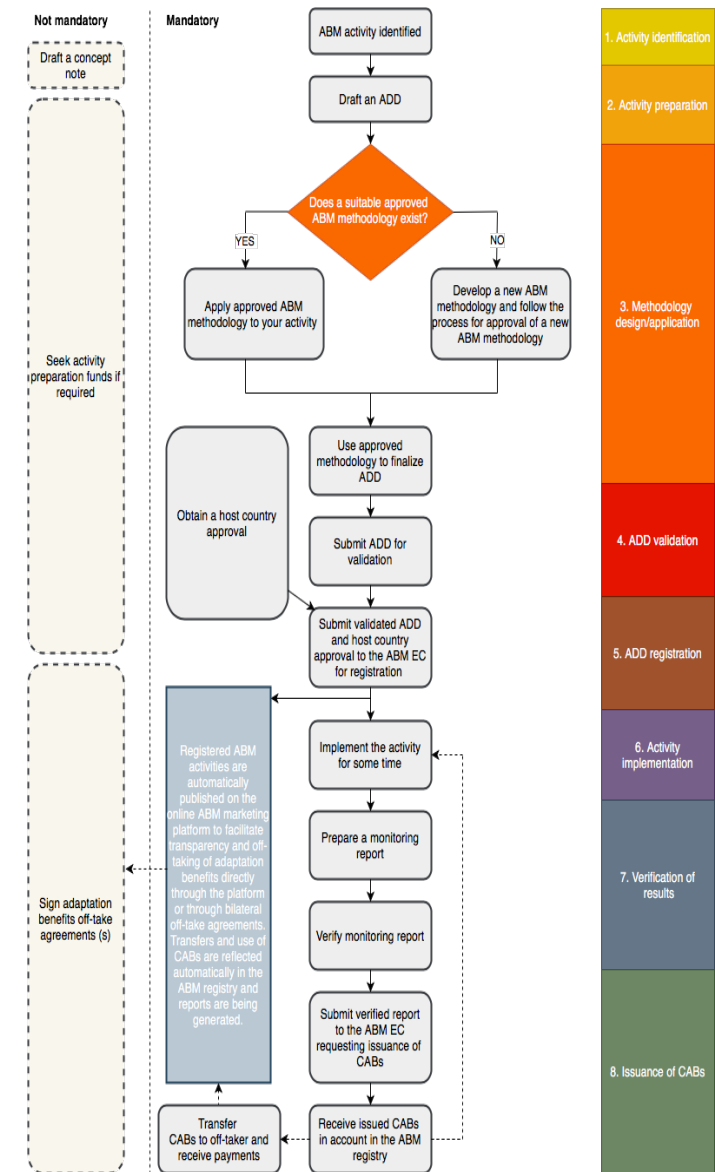
Impact of NMA status

- ❑ ABM works by determining a project specific price to be paid for project specific CABs for a project specific crediting period
- ❑ Such that the additional revenues overcome barriers to investment
- ❑ Minimum concessional finance; no cash cows!

- ❑ Means that:
 - The narrative / adaptation need is critical; not lowest cost of production
 - Project developers (African MSMEs) make a return but they do not act to maximise profits
 - Transaction costs can be included in the price
 - Stimulates small scale context specific actions

ABM Project Cycle – Governed by the ABM Executive Committee

- ❑ Approved ABM methodology
- ❑ Activity Design Document (ADD)
- ❑ Host country Letter of Approval alignment with HC policies
- ❑ Validation and Registration
- ❑ Purchase agreement (ABPA), Financial close, Implementation
- ❑ Monitoring and reporting
- ❑ Verification, certification and issuance of CABs into registry
- ❑ Delivery of CAB redemption codes to offtaker
- ❑ Redemption of CABs and reporting under Art 13



Who buys a CAB and why?

- ❑ Governments who have committed to help developing countries meet their adaptation needs
- ❑ Others can also buy and reporting to shareholder / stakeholders or Govt

- ❑ On receipt of the redemption code for a CAB the recipient can “cancel” the CAB and receive a certificate confirming:
 - Amount of money paid for CAB
 - Amount of money and other resources leveraged
 - Qual and quant report on outputs / outcomes / impacts; linked to host country declared needs
 - Other data relating to SDGs for example
- ❑ Host country receives same information for reporting of support received





ABM Pilot Phase

- ❑ ABM Pilot Phase launched on 21 March 2019 in the margins of the African Climate Change Week in Accra, Ghana
- ❑ Duration: March 2019 - Dec 2023
- ❑ Purpose – demonstrate the ABM on the ground through projects in Africa and deliver an operational mechanism for wider use to the international community in 2023 – the year of the Global Stock-take.
- ❑ Resource mobilization target: 30-50 million USD
- ❑ Established Interim ABM Executive Committee in October 2019 – operational and building the infrastructure
- ❑ Established Meth Panel and Roster of Experts; 1 meth submitted to date
- ❑ Plan to establish the African Adaptation Benefits Fund to sign purchase agreements
- ❑ Plan to register 2+ projects in 2022





THANK YOU FOR YOUR ATTENTION

SECRETARIAT: ABMECHANISM@AFDB.ORG

WEBSITE: ABMECHANISM.ORG

