



ABM
INVESTING IN
ADAPTATION

Adaptation Benefit Mechanism

NEW AND INNOVATIVE INSTRUMENT FOR BLENDING PUBLIC AND PRIVATE FINANCE TO SUPPORT THE DEPLOYMENT OF ADAPTATION TECHNOLOGIES IN DEVELOPING COUNTRIES

The Adaptation Benefit Mechanism (ABM) enables donors, philanthropies and Corporate and Social Responsibility (CSR) actors to provide grant finance at a project specific level to overcome barriers to financing adaptation technologies and thereby facilitate private sector investment.

The ABM measures the contribution towards adaptation finance from donors and investors in order to contribute towards developed countries' Copenhagen pledge to mobilize **US \$100 billion by 2020, 50% for adaptation.**

Eligible projects must follow an approved methodology to confirm that (i) the actions are additional to business as usual, (ii) that the additional cash flow helps to overcome barriers that currently prevent investment, (iii) to determine a baseline (iv) to show that the host country agrees with that the project contributes to its adaptation goals and (v) to demonstrate how the Adaptation Benefits (ABs) will be monitored.

Projects are registered through a process of third party validation and ABs are issued through third party verification. Issued ABs are not transferrable. Instead they are held in a registry to be redeemed by the off-taker who receives a certificate to confirm the amount of public funding which has been used and the leverage ratio of private sector funding achieved (i.e. the blending).

The ABM borrows from the lessons of the Clean Development Mechanism (CDM) but the lack of a commoditized instrument linked to a compliance mechanism (such as an Emissions Trading Scheme) makes the process much simpler, lowers transaction costs and ensures that it is not driven by speculation, but rather by adaptation needs of the host country. Adaptation projects generate mitigation co-benefits which may be reported but are not designed to be quantified or transferred.

The ABM is listed as a non-market mechanism under Article 6.8 of the Paris Agreement and the African Development Bank is working with partners including the Climate Investment Funds (CIF), United Nations Capital Development Fund (UNCDF) and the Governments of Uganda and Cote d'Ivoire to raise funds and pilot a range of adaptation projects.

