



MINISTRY OF WATER AND ENVIRONMENT
REPUBLIC OF UGANDA



The Adaptation Based Mechanism (ABM)

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Adaptation Finance – Africa Regional Workshop

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The Adaptation Benefits Mechanism- FAQs

Why do we need the ABM?

What is the ABM?

Private Sector Engagement - How does the ABM stimulate private sector investment into developing economies?



Why do we need the ABM?

Balancing Act A/M

- Commitment to financing cc projects: 50% adaptation vs 50% mitigation
- All reports CPI etc point to disconnections in accessing financing, shows 4% coming to Africa and about 24% to adaptation in Africa

Massive Adaptation requirements

- 53/ 54 NDCs list adaptation and most of these adaptation is placed first
- Huge demand for adaptation and hence a mechanism for donors through which they can provide money to support such initiatives
Exploring crediting mechanisms

Private Sector Engagement

- Nation States
- General lack of engagement of private sector
- In part adaptation benefits accrue as public goods or benefits come after a long period of time eg air quality
- No price Signal?
- Co benefits



What is an ABM?

If created.... the ABM is a results based mechanism which uses a credible and transparent process to deliver results.

Think of it as combination of RBF mechanism and the CDM.

CDM = RBfM except that the result was CER Unit

In contrast in the case of the ABM the result is any output or outcome from a project that makes a HH or a community or an economy economically stronger - Ultimately less vulnerable to climate change.

We see this as an innovative tool and compared to CDM we use is the signing of this off taker agreement vs the Emission reduction Purchase Agreement



What is an ABM?

We see this as an innovative tool and compared to CDM

In ABM the tool used is the signing of this off taker agreement vs the Emission reduction Purchase Agreement that was used for CDM from the 90's

Desirous of creating the same kind of instrument to enable private sector actors to invest in adaptation projects: Grid connection = Huge adaptation benefit due to way it changes families lifestyle, impacts on women's time management, children access to education and information and offers long term benefits

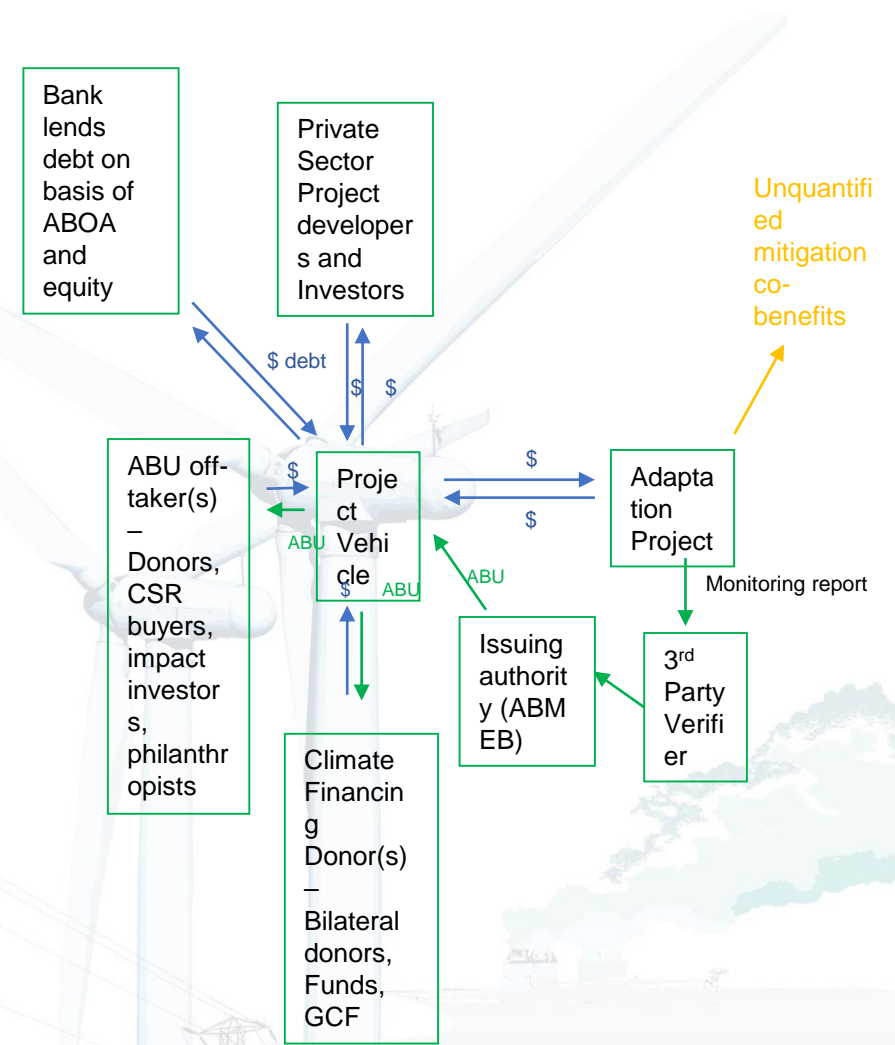
Hence for a renewable energy developer moving into a country you can agree to work and say will be paid \$50 if you provide reliable electricity to communities.



How does the ABM stimulate private sector investment into developing economies?

TITRE DE LA PRESENTATION

- Like the CDM, ABM offers a new source of cash flow in USD
- This cash flow is expected to improve returns and lower early stage risk to private sector investors
- MDBs and commercial banks may lend (pre- or post-commissioning) to leverage equity
- Private sector will bring entrepreneurial skills, capacity building, technology and potentially, equity





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Uganda experience in Mobilising Adaptation finance

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The PA & NDCs

- 2015 Ambitious Climate Agenda VS SDGs and the (I)NDCs
- Central to the climate Agenda is the PA and INDCs
- Mitigation Target
- Adaptation Responses
- Chasing the money? but where is it?
- Countries faced with challenges



Uganda Experience in Mobilizing Adaptation Finance



- In order for countries to access the adaptation financing e.g from the GCF should have an National Designated Authority (NDA) and in this case the Ministry of Finance Planning and Economic Development (MFPED) is the NDA. Challenge? Different priorities?
- There are two ways countries can access financing from the GCF:
- Direct access – Through a Nationally Accredited Implementing Entity (NIE)
- Third Party Delivery - Through an Accredited Multi Lateral Entity
- In the absence of a Nationally accredited Implementing Entity we have and continue to use the exiting MIEs to access the finances from GCF.UN Environment, UNDP AfDB, WB

Uganda Experience in Mobilizing Adaptation Finance



- Mainly public sources :bilateral and multilateral climate funds (GEF, GCF, AF, AfDB):
- Facing challenges with having entities accredited- Strict Fiduciary standards?
- A lot of time taken to develop and approve projects- addressing vulnerability?
- Takes approximately 3-5 years projects are implemented?

Experience cont'd

- Pledges vs actual disbursements
- Limited pot of resources
- Huge competition



Conclusion



- Embarked on the process for a NIE - Need to finalise the
- Discussions in country on mobilisation of cc finance
- A lot of interest- harness and develop single proposals. Intergrated approach?

Ends!

• I THANK YOU!

