



ADAPTATION FUND

AFB/B.19/Inf.4
13 December, 2012

Adaptation Fund Board
Nineteenth Meeting
Bonn, 13-14 December, 2012

TRUSTEE PRESENTATION: UPDATE ON STATUS OF RESOURCES AND CER MONETIZATION

ADAPTATION FUND TRUST FUND

Update on Status of Resources and CER Monetization Program

December 2012

Prepared by the World Bank as Interim Trustee of the Adaptation Fund

Agenda

- 1. Status of Resources in Adaptation Fund Trust**
- 2. Recent CER Market Developments**
- 3. CER Monetization Program**

Funding Availability at 30 November 2012 (USD millions)

Resources Received : **324.35**

- Cash receipts from CER sales 187.91
- Cash receipts from Donations 134.50
- Investment Income 1.95

Funding Decisions to Date **185.30**

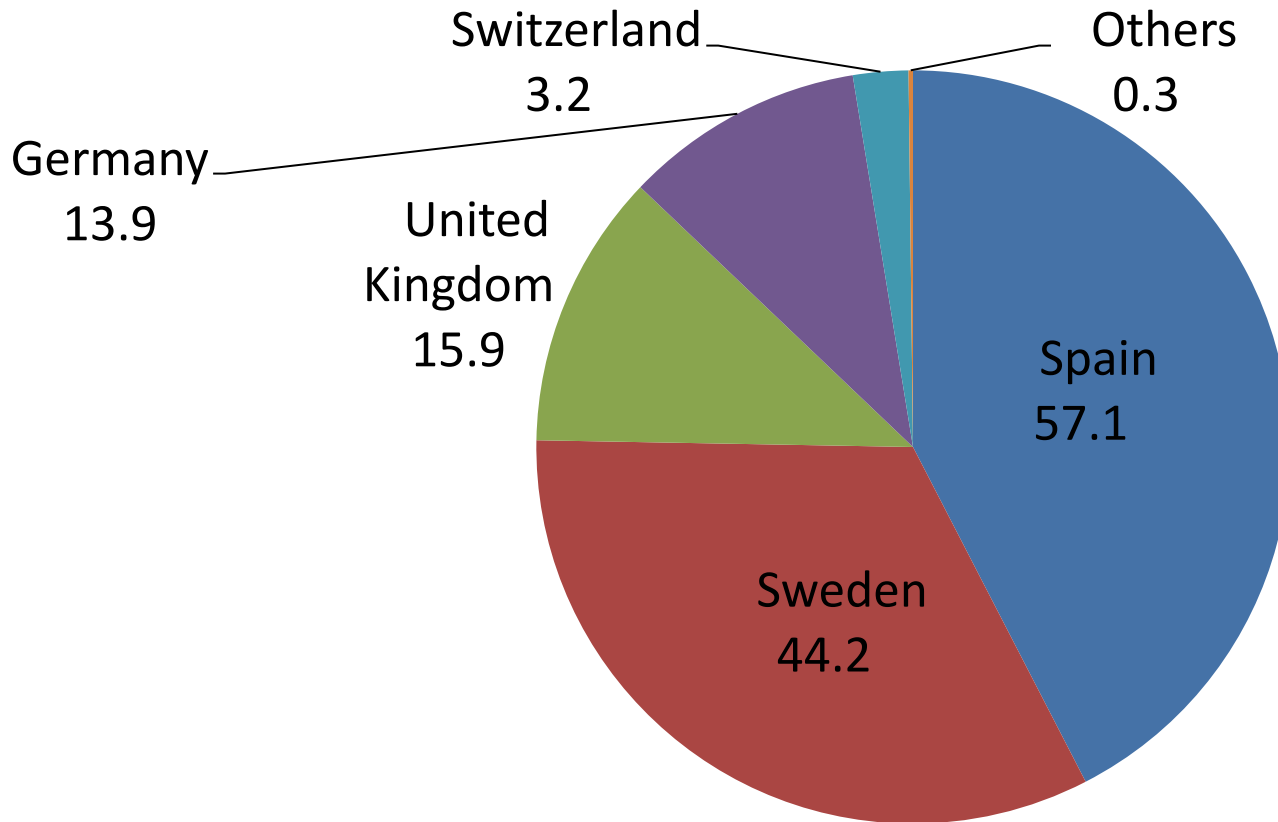
Cumulative Cash Transfers to date: **62.79**

**Funds Available to support
new funding decisions**

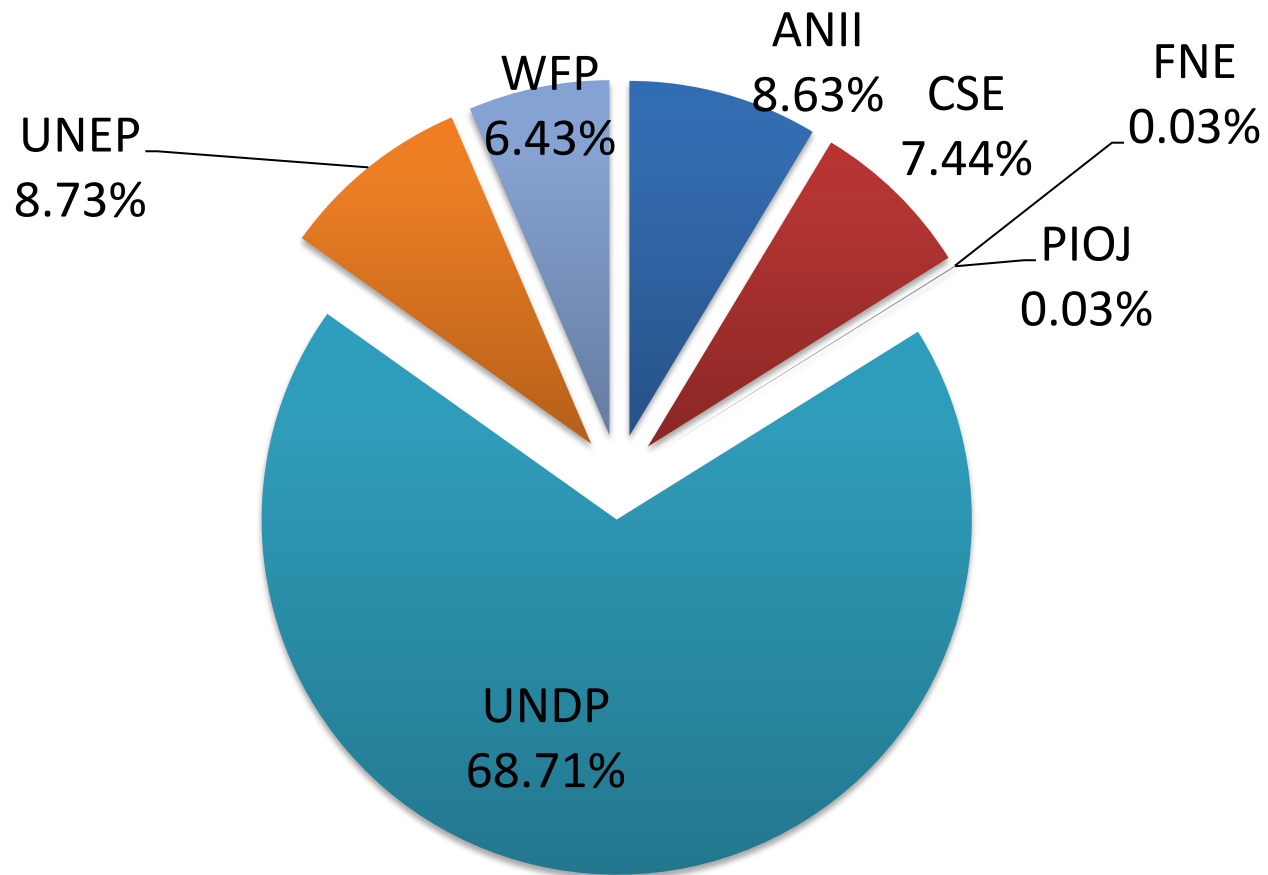
at June 30, 2012: 112.82

at Nov 30, 2012: **136.02**

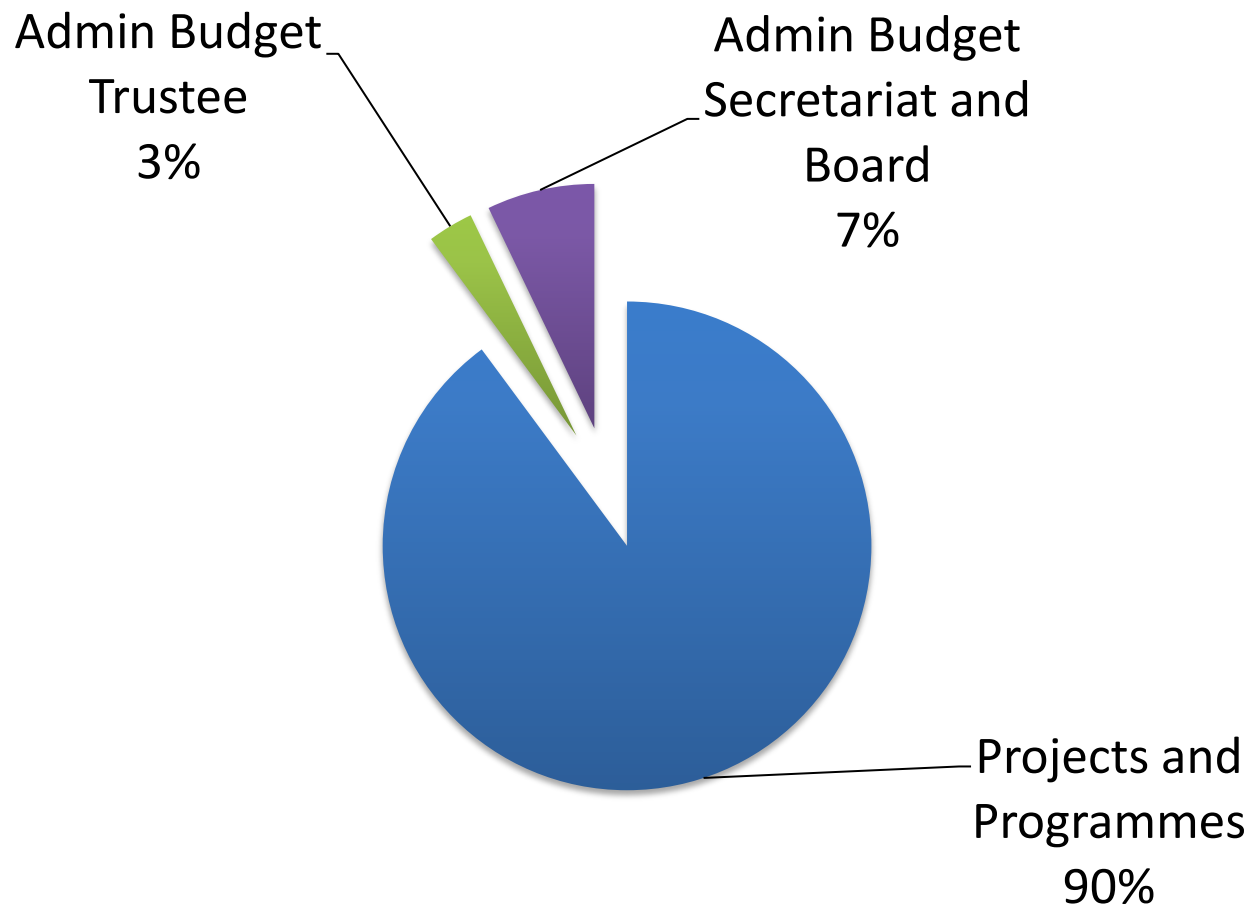
Cumulative Donations (USD millions)



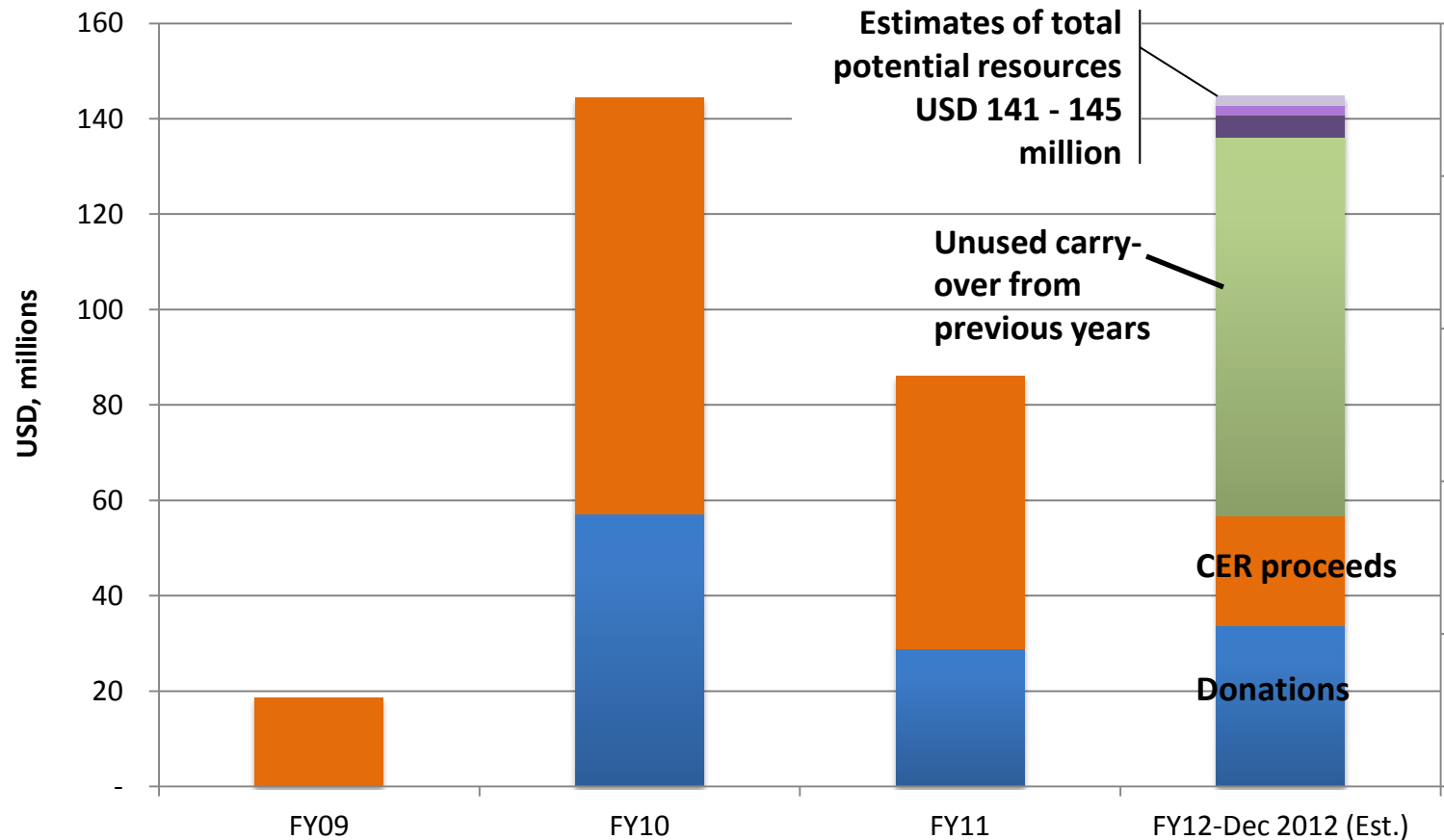
Approvals by Implementing Entity



Funding Decisions to date: USD 185.3 million



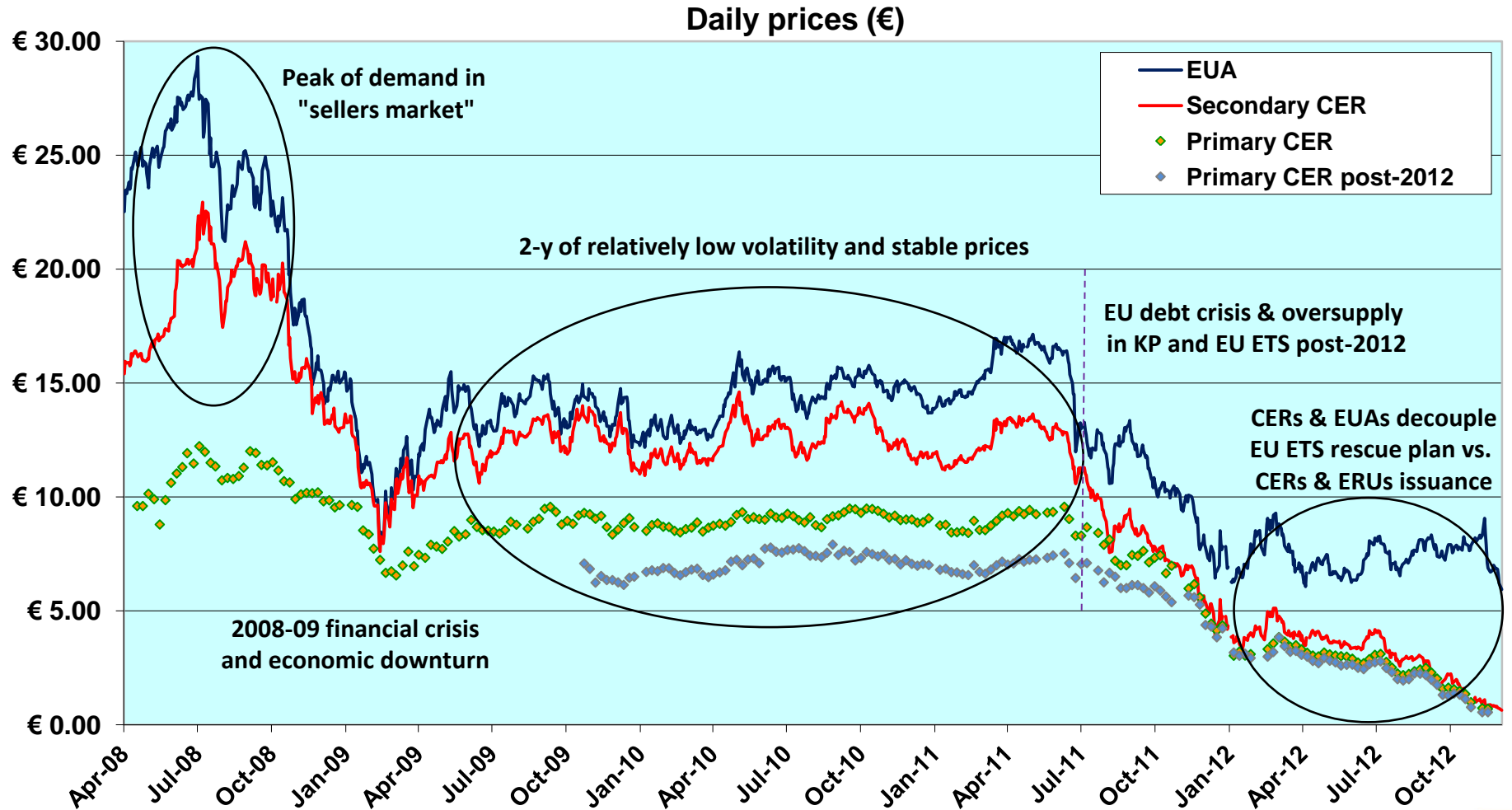
Revenue Flow and Potential Resources estimated at 30 November 2012



Agenda

2. Recent CER Market Developments

A history of CER prices



CER Oversupply

CER market remains over-supplied by up to 1 billion CERs:

Demand:

EU + AU ~1.7 bln 2013-2020

Supply:

Existing projects ~ 3.2 bln (**2.5 bln** EU eligible)

ERUs (?)

- EU structural reform: potential to recover EUA prices only

Some Positive Developments

- New commitments for the 2nd commitment period of KP
- The climate agenda remains strong despite of current carbon market conditions
 - Additional national targets can support net global GHG emissions (purchase & retire credits)
 - Strong signals of support to domestic markets and regional link
 - New proposals for market mechanisms

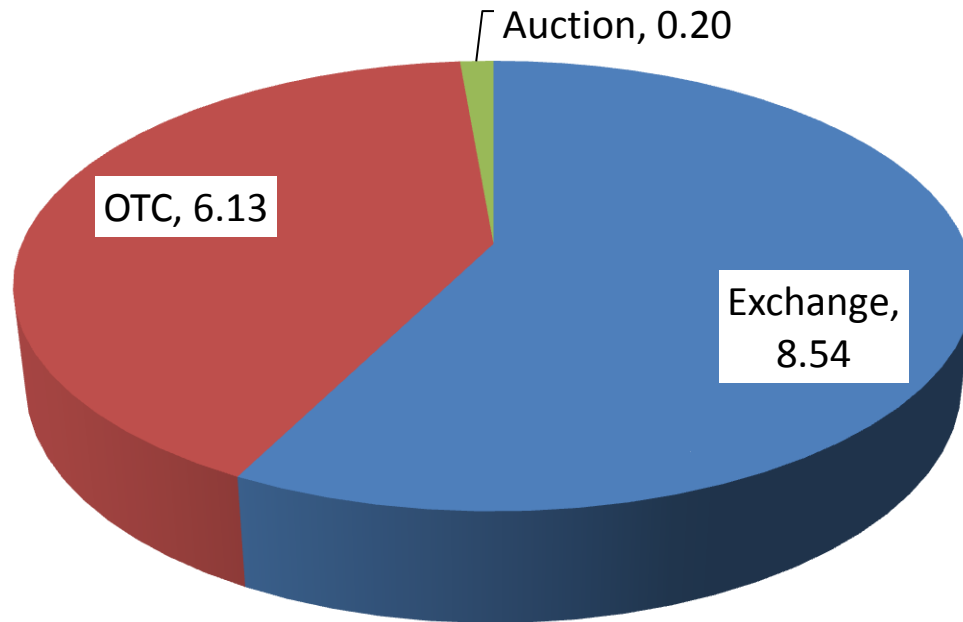
Agenda

3. CER Monetization Program

CER Monetization Program

Total Sales up to November 30, 2012

**CER transaction volume by type
(Millions of tons)**



14.87 million
CER tons sold

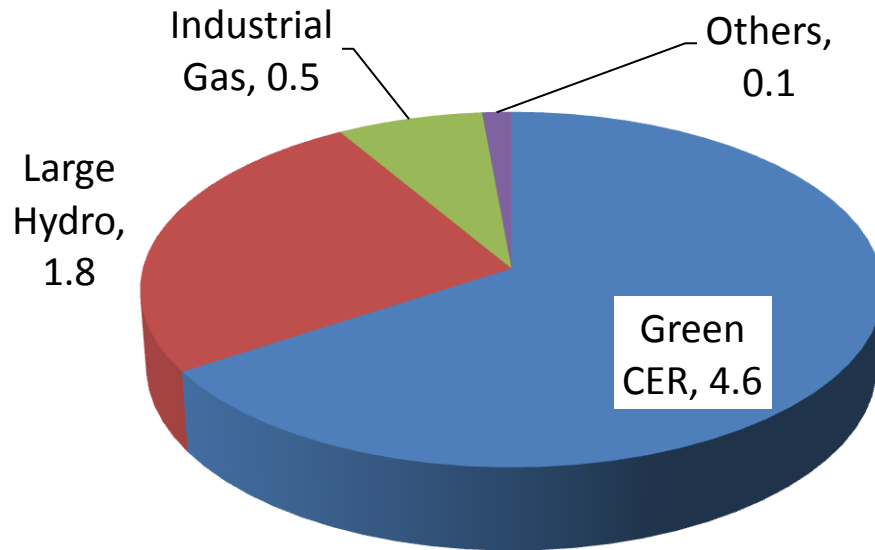
€ 139 million
raised

833 separate
transactions



CER inventory as of November 30, 2012 and monetization plan in 2013

CER inventory as of Nov 30, 2012
(Millions of tons)



CER Inventory as of Nov 30, 2012: 7.1 million

Monetization plan in 2013

- ❑ Reduce CER inventory as allowed by market liquidity.
- ❑ Sell CER through OTC and Exchange spot transactions

Selection of new Carbon Exchange

	ICE	EEX	BlueNext
Exchange Transaction Fee*	EUR 3.5 per 1,000 tons	EUR 6 per 1,000 tons	EUR 10 per 1,000 tons
CER spot product available from	Dec 10, 2012	Dec 2012 or Jan 2013	Closed

* Additional clearing fee applies, since we will clear exchange CER transactions through a clearing agent.