Trustee Presentation: Update on Status of Resources and CER monetization
ADAPTATION FUND TRUST FUND
Update on Status of Resources and CER Monetization Program

April 5, 2013
Prepared by the World Bank as Interim Trustee of the Adaptation Fund
1. Status of Resources in Adaptation Fund Trust Fund
2. Recent CER Market Developments
3. CER Monetization Program
# Funding Availability at 28 February 2013 (USD millions)

**Resources Received:**

- Cash receipts from CER sales: $188.20
- Cash receipts from Donations: $134.50
- Investment Income: $2.13

**Funding Decisions to Date:** $198.00

**Cumulative Cash Transfers to date:** $72.34

**Funds Available to support new funding decisions**

- at December 31, 2012: $123.82
- at Feb 28, 2013: $123.84
Cumulative Donations (USD millions)

- Spain: 57.1
- Sweden: 44.2
- Germany: 13.9
- United Kingdom: 15.9
- Switzerland: 3.2
- Others: 0.3
Revenue Flow and Potential Resources estimated at 1 April 2013

Figures represent estimates of total potential resources available for the AF up to 2020, based on CER proceeds scenarios.

- CER Proceeds High Case
- CER Proceeds Medium Case
- CER Proceeds Low Case
- Funds Available

USD, millions

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>CER Proceeds High Case</th>
<th>CER Proceeds Medium Case</th>
<th>CER Proceeds Low Case</th>
<th>Funds Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09</td>
<td></td>
<td></td>
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<tr>
<td>FY10</td>
<td>100</td>
<td>90</td>
<td>70</td>
<td>146-149 million</td>
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<tr>
<td>FY11</td>
<td>80</td>
<td>60</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>FY12-Dec 2012</td>
<td>60</td>
<td>40</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>2013-2020</td>
<td>200</td>
<td>180</td>
<td>160</td>
<td>160</td>
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</table>
2. Recent CER Market Developments
CERs added to the Adaptation Fund Share of Proceeds at the CDM (tons per month)
A history of CER prices

Daily prices (€)

- Peak of demand in "sellers market"
- 2-y of relatively low volatility and stable prices
- EU debt crisis & oversupply in KP and EU ETS post-2012
- CERs & EUAs decouple EU ETS rescue plan vs. CERs & ERUs issuance
- 2008-09 financial crisis and economic downturn
## CER Oversupply

CER market remains over-supplied by more than 1 billion CERs:

**Demand:** EU ETS + AU ~ 1.7 billion tons (2008-2020)

**Supply:**
- CER issued to date: 1.2 billion
- Anticipated issuance: 1.2 billion (at current pace)
- ERU issued: 0.7 billion
- Total: 3.1 billion tons
3. CER Monetization Program
CER Monetization Program
Total Sales up to March 31, 2013

CER transaction breakdown
(Millions of tons)

- OTC, 7.62
- Auction, 0.20
- Exchange, 8.54

- 16.37 million CER tons sold
- € 139.37 million raised
- 842 separate transactions
**CER Monetization Program**  
**Industrial Gas CER transactions since last AFB meeting**

### CER Volume (Millions of tons)

- **1.5m tons** Industrial Gas CER sold
- **0.28m tons** Industrial Gas CER remaining

**Industrial Gas CER available for sale since last board meeting in Dec 2012: 1.78m tons**

**Total proceeds:** €190k
## CER inventory as of March 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>Inventory (Million Tons)</th>
<th>Acceptance in EU ETS until:</th>
<th>Deliverability to exchange until:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial Gas</td>
<td>0.28</td>
<td>Apr-2013</td>
<td>Apr-2013</td>
</tr>
<tr>
<td>Large Hydro</td>
<td>2.43</td>
<td>Mar-2015</td>
<td>Not accepted</td>
</tr>
<tr>
<td>Others</td>
<td>0.19</td>
<td>Not accepted</td>
<td>Not accepted</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9.03</strong></td>
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*Potential additions in FY14:* 5 to 7 million

*Potential avail. to sell in FY14:* 14 to 16 million
Trustee Recommendations

1. Continue to sell Industrial gas-derived CERs through April 2013
2. Resume modest pace of sales of other AF CERs after April 2013 as market conditions permit
3. Target volume of sales at minimum levels, to avoid excessive buildup of additional CERs in the Share of Proceeds
4. Provide update to Board at next meeting for further guidance