



ADAPTATION FUND

AFB/B.21/Inf.4
3 July 2013

Project and Programme Review Committee
Ethics and Finance Committee
Twelfth Meeting
Bonn, Germany, 3-4 July 2013

Adaptation Fund Board
Twenty-first Meeting
Bonn, Germany, 3-4 July 2013

Trustee Presentation: Update on Status of Resources and CER monetization

ADAPTATION FUND TRUST FUND

Update on Status of Resources and CER Monetization

July 2013

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

Agenda

- 1. Status of Resources**
 - update to Financial Report by the Trustee (AFB/EFC.12/8 as at 31 March 2013)**
- 2. Recent CER Market Developments**
- 3. CER Monetization Program**

Receipts and Cash Transfers

Table 1: Schedule of Receipts and Cash Transfers

Updated as of May 31, 2013

(in USD eq. millions)

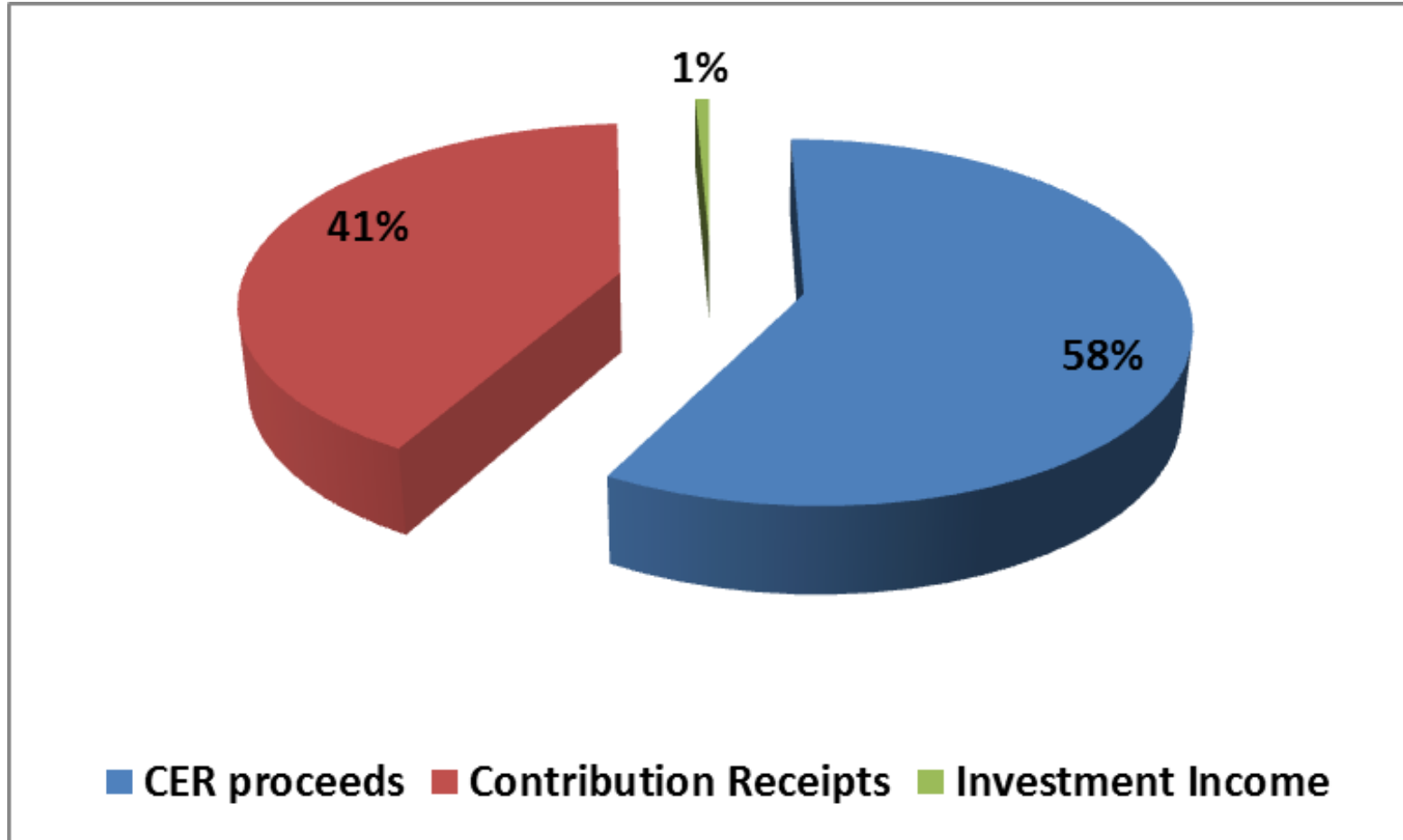
	<u>As of May 31, 2013</u>	<u>As of December 31, 2012</u>
<u>1. Cumulative Receipts</u>	325.05	324.48
a. Cash receipts from CER proceeds a/	188.24	187.99
b. Cash receipts from Donors and Other Sources	134.50	134.50
c. Investment Income earned on undisbursed balances of AF Funds	2.30	1.99
<u>2. Cumulative Cash Transfers</u>	79.61	67.92
a. Projects and Programs	58.47	50.37
b. Operational Expense b/	21.14	17.55
<u>3. Funds held in Trust (3 = 1 - 2)</u>	245.44	256.56

a/ Includes cash receipts from CER proceeds pending foreign exchange conversion.

b/ Represents administrative budgets, return of unused amounts to the AF Trust Fund, and reimbursements to Administrative Trust Fund donors.

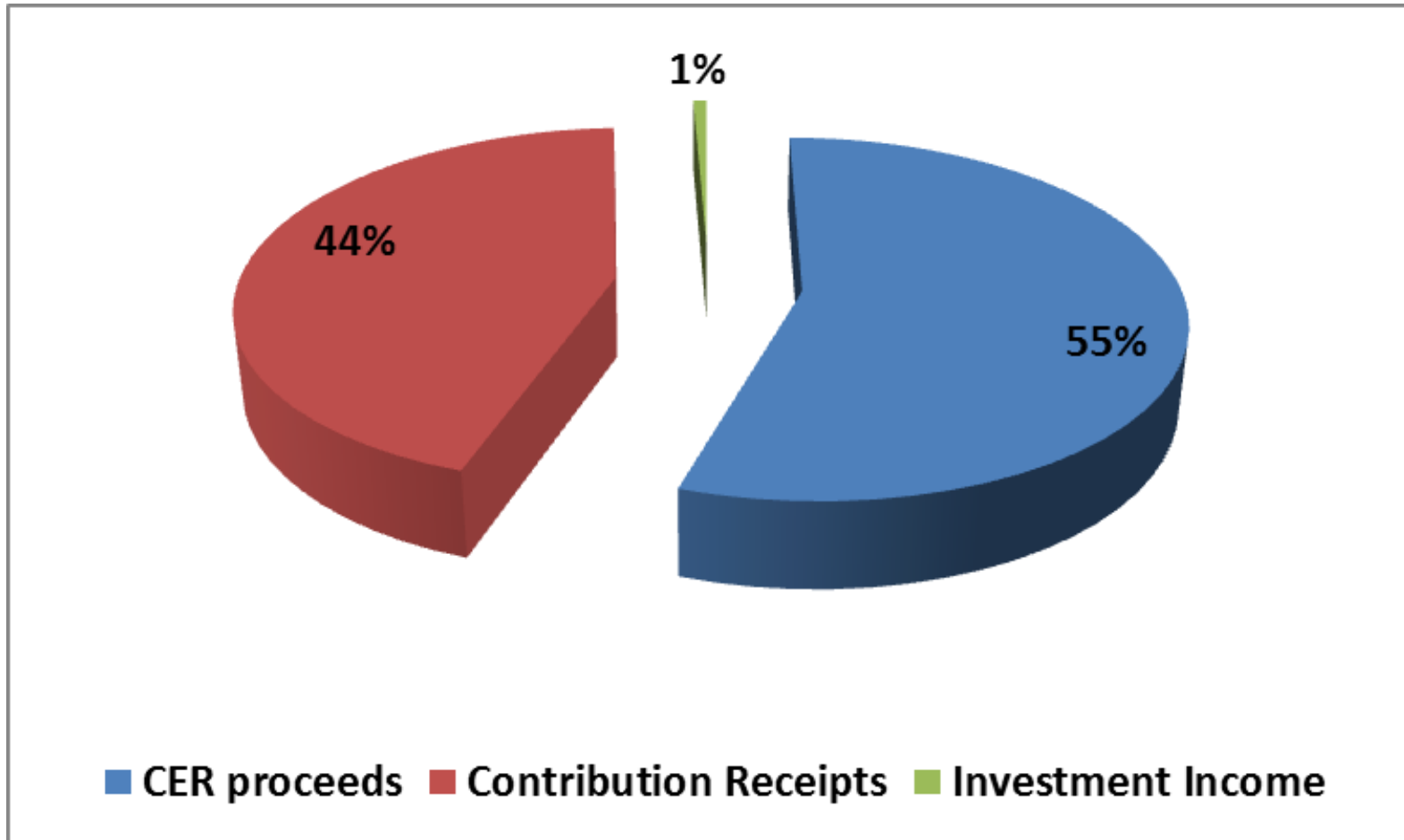


AF Resources at 31 May 2013



AF Resources

(including donations since May 31, 2013)



Funds Available

Table 2: Schedule of Funds Available

Updated as of May 31, 2013

(in USD eq. millions)

	<u>As of May 31, 2013</u>	<u>As of December 31, 2012</u>
<u>1. Funds held in Trust</u>	245.44	256.56
<u>2. Restricted Funds</u> a/	3.00	3.00
<u>3. Funds held in Trust with no restrictions (3 = 1 - 2)</u>	242.44	253.56
<u>4. Funding decisions pending cash transfers</u>	128.32	129.74
<u>5. Funds available to support AF Board funding decisions (5 = 3 - 4)</u>	114.11	123.82

a/ Reserve to cover operational requirements of the AF Board



Agenda

2. Recent CER Market Developments

CER Demand vs. Supply

CER market is estimated to be significantly over-supplied from 2013-2020:

Demand:

- EU ETS allows for 0.64bn CER & ERU to be used in 2013-2020
- No indication of significant demand for CER from other regional ETS in development
- EU back-loading proposal focuses on EUA only

Supply:

- Potential issuance of 1.7bn EU ETS eligible CER in 2013-2020

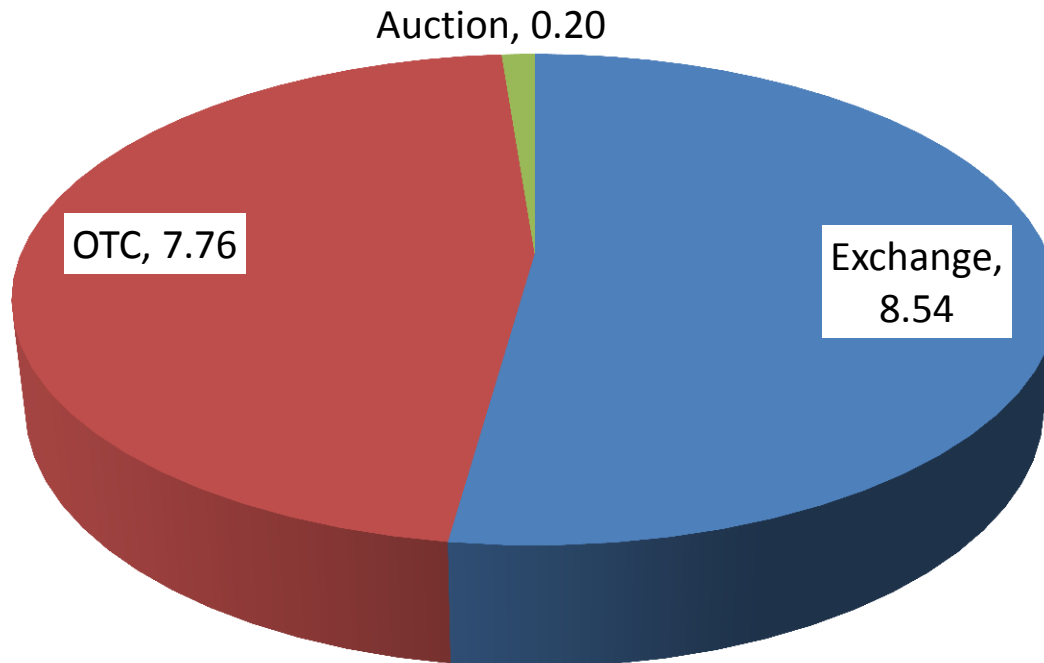
Agenda

3. CER Monetization Program

CER Monetization Program

Total Sales up to June 30, 2013

**CER transaction breakdown
(Million tons)**



- 16.51 million CER tons sold
- € 139.43 million proceeds
- 843 separate transactions

CER inventory as of June 1, 2013

	Inventory (Million Tons)	Acceptance in EU ETS until:	Deliverability to exchange until:
Green	6.96	Mar-2015	Mar-2015
Large Hydro	2.72	Mar-2015	Limited acceptance
Industrial Gas	0.45	Not accepted	Not accepted
Others	0.20	Not accepted	Not accepted
Total	10.33		
<i>Potential additions in the next 12 months</i>	<i>5 to 7 million</i>		