



ADAPTATION FUND

AFB/B.7/10
September 11, 2009

Adaptation Fund Board
Seventh Meeting
Bonn, September 14-16, 2009

Agenda Item 9 a)

STATUS OF RESOURCES OF THE ADAPTATION FUND TRUST FUND

**FINANCIAL STATUS OF THE ADAPTATION FUND TRUST FUND
(AS AT 31 AUGUST 2009)**

PREPARED BY THE WORLD BANK AS TRUSTEE FOR THE ADAPTATION FUND

I. Introduction

1. This report provides the Adaptation Fund Board with information on the financial status of the Adaptation Fund Trust Fund, that was established by the Trustee and became effective on May 6, 2009. The report presents the status of receipts and disbursements of the Adaptation Fund Trust Fund in Section II; Section III reports on the cumulative funding decisions made by the Adaptation Fund Board since inception; and Section IV shows funding availability of the Adaptation Fund Trust Fund.

2. This report also provides the balance of funds available in the Multi-donor Trust Fund for the Secretariat for the Adaptation Fund Board (the “Administrative Trust Fund”).

II. Status of Receipts and Disbursements

3. Table 1 below shows the schedule of receipts and disbursements of the Adaptation Fund Trust Fund as of August 31, 2009. The Funds held in Trust represent cumulative resources less cumulative disbursements, and amount to USD 15.48 million as of August 31, 2009.

Table 1: Adaptation Fund – Schedule of Receipts and Disbursements			
Updated as of August 31, 2009 (in USD millions)			
	<u>As of August 31, 2009</u>	<u>As of July 31, 2009</u>	
<u>1. Cumulative Receipts</u>	18.78		18.74
a. Cash receipts from CER proceeds	18.70	18.70	
b. Cash receipts from other sources	0.00	0.00	
c. Investment Income earned on undisbursed balances of AF Funds	0.09	0.04	
<u>2. Cumulative Disbursements</u>	3.31		3.31
a. Operational Expense a/	3.31	3.31	
b. Projects and Programs	-	-	
<u>3. Funds held in Trust (3 = 1 - 2)</u>	15.48		15.43

a/ Includes administrative budget and reimbursements to donors.

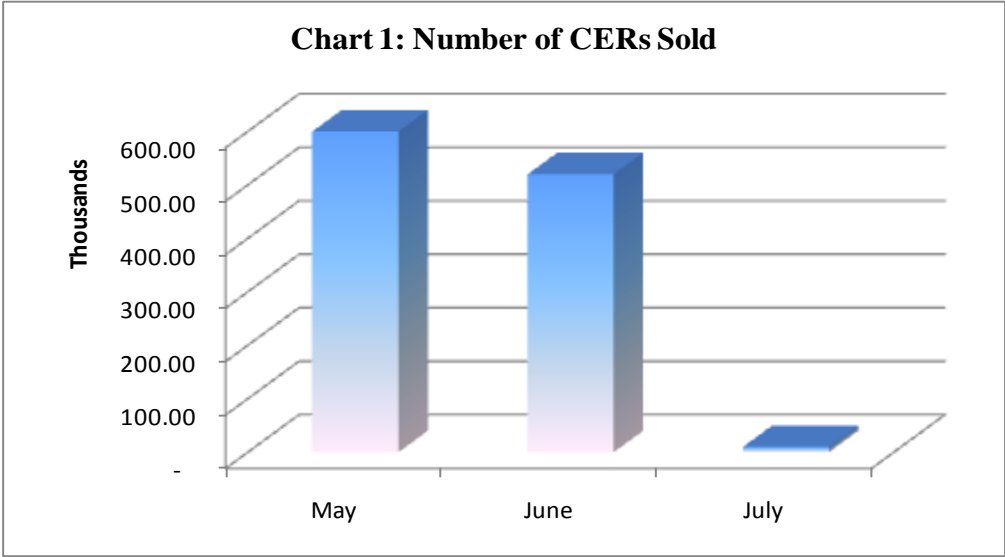
4. CER sales have generated revenues of USD 18.70 million since the start of the CER monetization program in May 2009, as shown in Table 1a. Following the Adaptation Fund Board decision in June 2009 to proceed with CER sales at a modest pace until September 2009, the Trustee sold 10,000 CERs in July and did not undertake any sales during the month of

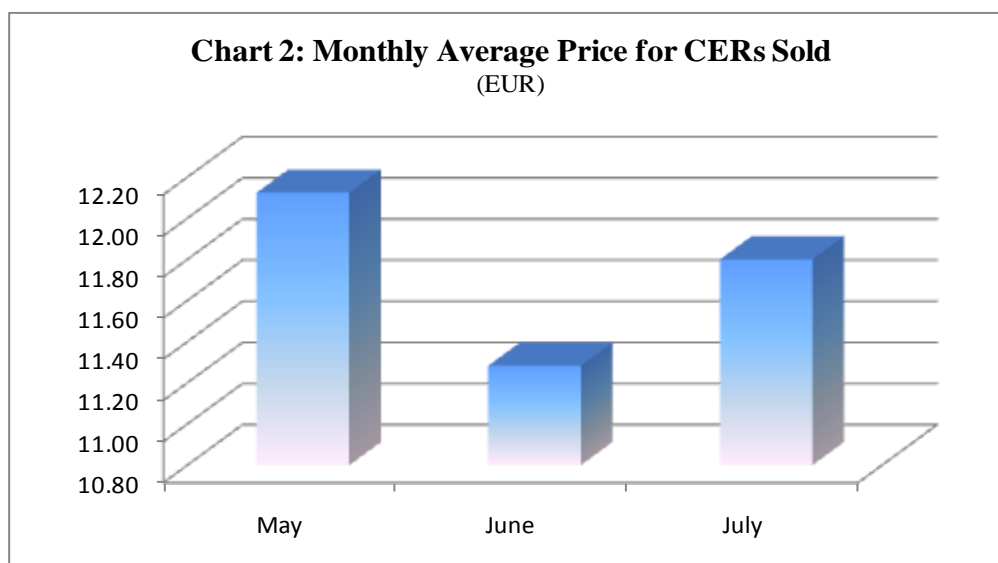
August. Chart 2 presents the monthly average price for CERs sold between May and August, 2009. The average price received for CERs sold over the period was EUR 11.74.

Table 1a: CER Sales Proceeds
Status as of August 31, 2009

	<u>AF Share of Proceeds</u>	<u>CERs tons sold</u>	<u>USD (millions) a/</u>
April		-	-
May		600,000	10.29
June		520,000	8.26
July		10,000	0.15
August	5,386,295	-	-
Total		1,130,000	18.70

a/ Actual USD cash proceeds from CER monetization.





5. In addition to the CER monetization proceeds, the Adaptation Fund Trust Fund has earned investment income of USD 86,050 on the undisbursed balance of the Trust Fund. A private donation amounting to USD 156.31 was also received.

6. The Trustee has disbursed, based on Adaptation Fund Board decisions, a total of USD 3.31 million from inception to August 31, 2009. These approved disbursements were in respect of the Trustee's administrative expenses for the fiscal year ending June 30, 2009 and the expenses of the Board and Secretariat for the current fiscal year. Reimbursement to UNEP of their US\$ 500,000 contribution to the Administrative Trust Fund has been committed (set aside), but has yet to be disbursed. In addition, reimbursement of the contributions to the Administrative Trust Fund by Australia (US\$ 191,340) and the United Kingdom (US\$ 990,300) will be made pending formal instruction from the donors. Table 2 lists the AF Board-approved funding decisions against which these disbursements have been made.

III. Funding Decisions

7. The cumulative funding decisions made by the Adaptation Fund Board up to August 31, 2009 amount to USD 6.8 million. The breakdown of the funding decisions is presented in Table 2 and reflects Adaptation Fund Board decisions B.5/6, B.6/6 and B.6/7.

Table 2: Cumulative Funding Decisions

Inception to August 31, 2009

(in USD millions)

Projects and Programs	-
Reimbursement to Donors a/	1.68
Trustee Administrative Budget FY09 b/	1.37
Trustee Administrative Budget FY10	1.46
AF Board and Secretariat Administrative Budget FY10 c/	2.29
Total	6.80

a/ Represents reimbursable contributions from UNEP, Australia and the United Kingdom to the Secretariat Administrative Trust Fund.

b/ Represents approved amount, not actual costs incurred.

c/ The FY09 budget for the AF Board and Secretariat was covered by the Secretariat Administrative Trust Fund.

IV. Funding Availability

8. Table 3 shows the current funding availability, which represents: i) funds held in trust with no restrictions, less ii) total funding decisions pending disbursements. Net funding availability in the Adaptation Fund Trust Fund as of August 31, 2009 is **USD 8.99 million**, representing an increase of USD 0.04 million since July 31, 2009.

9. In addition, the balance of funds available in the Administrative Trust Fund amounts to **USD 0.65 million** and is presented in Table 4.

Table 3: Schedule of Funds Available

Updated as of August 31, 2009

(in USD millions)

	<u>As of August 31, 2009</u>	<u>As of July 31, 2009</u>
<u>1. Funds held in Trust</u>	15.48	15.43
Cumulative receipts less cumulative disbursements	15.48	15.43
<u>2. Restricted Funds</u>	3.00	3.00
a. Operational reserve a/	3.00	3.00
<u>3. Funds held in Trust with no restrictions (3 = 1 - 2)</u>	12.48	12.43
<u>4. Amounts pending disbursement</u>	3.48	3.48
a. Trustee Committed b/	2.30	2.30
b. Pending Commitment c/	1.18	1.18
<u>5. Funds available to support AF Board funding decisions (5 = 3 - 4)</u>	8.99	8.95
<u>6. Amounts Presented to the AF Board for Funding Decision</u>	-	-
<u>7. Funds available to support New AF Board funding decisions (7 = 5 - 6)</u>	8.99	8.95

a/ Reserve to cover anticipated operational requirements of the AF Board to end 2010.

b/ Based on AF Board approved amounts.

c/ Represents reimbursable contributions from Australia and the United Kingdom to the Secretariat Administrative Trust Fund.

Table 4: Status of resources in AF Secretariat Administrative Trust Fund

Updated as of August 31, 2009

(in USD eq.)

1. Grants

Denmark	544,030
Finland	155,340
France	122,693
Japan	13,094
Netherlands	139,300
Norway	201,727
Sweden	251,154
Switzerland	178,651
sub-total Grants	1,605,989

2. Loan and reimbursable grants a/

LDCF loan	700,000
LDCF loan - repaid 6/30/09	(700,000)
Australia a/	191,340
United Kingdom a/	990,300
UNEP a/	500,000
sub-total Loan and reimbursable grants	1,681,640

3. Total Inflows / Outflows (3 = 1 + 2) **3,287,629**

4. Expenses

FY08 Actual expenses (January 1 - June 30, 2008)	739,142
FY09 estimated Actual expenses (July 1, 2008 - June 30, 2009) b/	1,800,651
Trust fund set-up and maintenance	100,753

5. Total Estimated Expenses FY08-FY09 **2,640,546**

6. Balance Available in Administrative Trust Fund (6 = 3 - 5) **647,083**

a/ At the request of the donor, these contributions are repayable to the donors or transferrable to a different fund once the CERs have been monetized.

b/ All invoices for June 2009 meeting have not been received.

Source: Adaptation Fund Secretariat