



ADAPTATION FUND

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Ethics and Finance Committee
Fourteenth Meeting
Bonn, Germany, 18-19 March 2014

**ADAPTATION FUND TRUST FUND:
FINANCIAL REPORT PREPARED BY THE TRUSTEE**

(AS AT 31 DECEMBER 2013)



Adaptation Fund Trust Fund

Financial Report

Prepared by the Trustee

As of December 31, 2013



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Introduction

This report is produced by the World Bank as interim trustee (“Trustee”) for the Adaptation Fund, in accordance with the Trustee’s role in the Adaptation Fund Trust Fund as set forth under paragraph 23 in the Appendix of Decision 1/CMP.4 of the CMP¹. The report also includes estimates of potential resources available to the Adaptation Fund through 2020, based on assumptions and observed information at the time of preparation of the report. It should be noted that these estimates do not include any additional donations for which pledges have not yet been made, nor additional resources that may become available from any other instruments.

The information contained in this Financial Report is based on financial information as of December 31, 2013.

¹ The decision states that: “The Trustee shall prepare and furnish the Adaptation Fund Board with financial reports of the Trust Fund annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board), and provide records and accounts of the Trust Fund for audit by its external auditors annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board), in accordance with the policies and procedures of the Trustee. Furthermore, the Trustee shall prepare and furnish the Adaptation Fund Board with reports on the sale of the CERs for the Adaptation Fund and on the status of commitments and transfers of Trust Fund funds annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board).”



Adaptation Fund Trust Fund Summary as of December 31, 2013

AF Trust Fund Financial Summary

Certified Emission Reduction (CER) Sales and Donations:

Since the start of the CER monetization program in May 2009, the Trustee has generated revenues of USDeq. 189.79 million through CER sales. The Trustee generated revenues of USDeq. 1.8 million from CER sales during calendar year 2013. As of December 31, 2013, cumulative donations to the Adaptation Fund amounted to USDeq. 205.53 million.

Investment Income:

As of December 31, 2013, the Adaptation Fund Trust Fund had earned cumulative investment income of approximately USD 2.76 million on the undisbursed balance of the Trust Fund. The Adaptation Fund Trust Fund liquid portfolio has returned 0.31% through the calendar year 2013. Pursuant to the Report of the 17th meeting of the AF Board, dated April 16, 2012, the Trust Fund balance has been allocated to a longer term investment portfolio in accordance with the Trustee's procedures for trust fund investments.

Funding Approvals and Commitments

Cumulative net funding decisions (approvals by the AF Board) to end-December 2013 amounted to USD 224.19 million. As of December 31, 2013, approved amounts (committed by the Trustee) pending transfers to recipients totaled USD 133.73 million, representing an increase of USD 12.01 million since September 30, 2013.

Cash Transfers

Based on Adaptation Fund Board decisions, the Trustee has transferred a total of USD 90.46 million up to December 31, 2013, including USD 69.53 million related to projects and programs, further detailed in Section 6.

Funds Held in Trust

Funds Held in Trust² reflect proceeds from CER monetization, donations received and investment income, less cash transfers made to date. Funds Held in Trust as of December 31, 2013 amounted to USDeq. 307.63 million.

Funds available to support AF Board funding decisions

Funds available amounted to USD 170.9 million as of December 31, 2013. This represents an increase of USDeq. 35.37 million over the prior reporting period as a result of CER proceeds and donations received exceeding the volume of transfers in respect of funding decisions made by the AF Board.

Estimate of Funds available from 2014-2020

If current CER prices and estimated CER issuance levels remain unchanged, it is estimated that the Adaptation Fund would receive approx. USDeq. 15-30 million in additional CER proceeds to 2020. These additional proceeds, plus outstanding pledges of USDeq. 14.64 million, when added to the amount currently available, would result in approximately USD 201-215 million for new funding commitments to 2020, or approx. USD 30 million per year.

² Funds Held in Trust represents balance of cash, investments and unencashed promissory notes (if any) as of the reporting date.



1. AF Trust Fund Summary – Inception through December 31, 2013

In USD millions

	Total	% of Total
<u>CER Sales Proceeds and Pledged Donations</u>		
CER Sales Proceeds	189.79	46.3%
Donations	205.53	50.1%
Pledges	14.64	3.6%
Total CER Sales Proceeds and Donations	409.96	100.0%
<u>Cumulative Resources</u>		
<u>Resources received</u>		
CER Sales Proceeds	189.79	43.6%
Donations	205.53	47.3%
Investment Income earned	2.76	0.6%
Total Resources Received	398.09	91.5%
<u>Resources not yet received</u>		
Potential CER Proceeds Available up to 2020 (see p. 10)	22.17	5.1%
Pledges	14.64	3.4%
Total resources not yet received	36.81	8.5%
Total Potential Resources (A) (in USD millions)	434.90	100.0%
<u>Cumulative Funding Decisions</u>		
Programs and Projects (MIE)	155.55	69.4%
Programs and Projects (NIE)	44.43	19.8%
Operational Expenses	24.20	10.8%
Total Funding Decisions Net of Cancellations (B)	224.19	100.0%
Total Potential Resources Net of Funding Decisions (A) - (B)	210.71	
Total Potential Resources Net of Funding Decisions and Operational Reserve	207.71	
<u>Funds Available</u>		
Funds Held in Trust with no restrictions	304.63	
Approved Amounts Pending Cash Transfers	133.73	
Total Funds Available to Support AF Board Decisions	170.90	

