



ADAPTATION FUND

AFB/B.27/Inf.4
18 March 2016

Adaptation Fund Board
Twenty-seventh meeting
Bonn, Germany, 17-18 March 2016

TRUSTEE PRESENTATION: UPDATE ON STATUS OF RESOURCES AND CER MONETIZATION

ADAPTATION FUND TRUST FUND

Update on Status of Resources and CER Monetization

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

AFB 27

March 2016

Highlights – Trustee activities

- **AF Trust Fund Financial Statements and external audit issued**
- **During 2015, the Trustee:**
 - **Processed USD 66.11 million in Donations**
 - **Sold 3.69 million CERs, generating USD 4.96 million**
- **CER sales in FY16 (since July 1, 2015):**
 - **2 million tons, generating over USD 2 million**
 - **Average price USD 1.04, vs market price of USD 0.56**

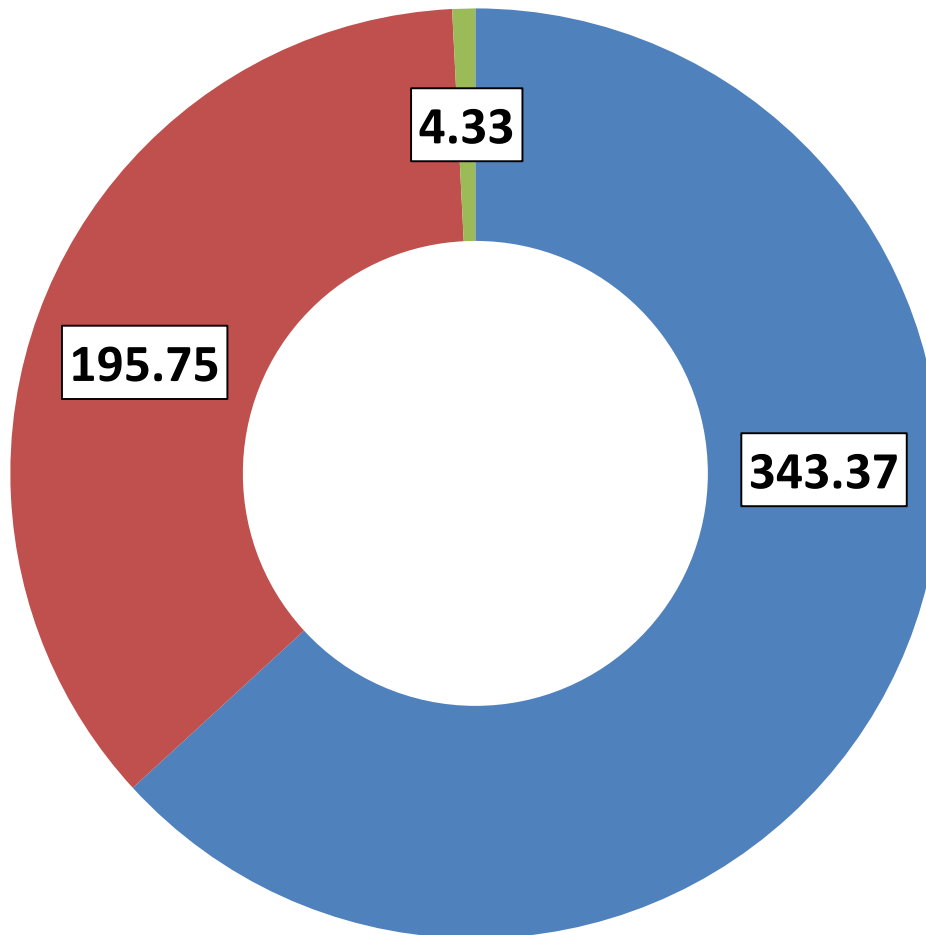
New Donations Processed in 2015

<u>Country/Donor</u>	<u>Amount</u>
Belgium	EUR 1,500,000
France	EUR 5,000,000
Germany	EUR 50,000,000
Italy	EUR 2,000,000
Luxembourg	EUR 2,000,000
Wallonia Region	EUR 250,000 (Jan 8, 2016)
Private online donations	USD 1,528

(Sweden donation of SEK 150 million being processed)

AF Revenue = USD 543.45 million

USD million
at 31 December 2015



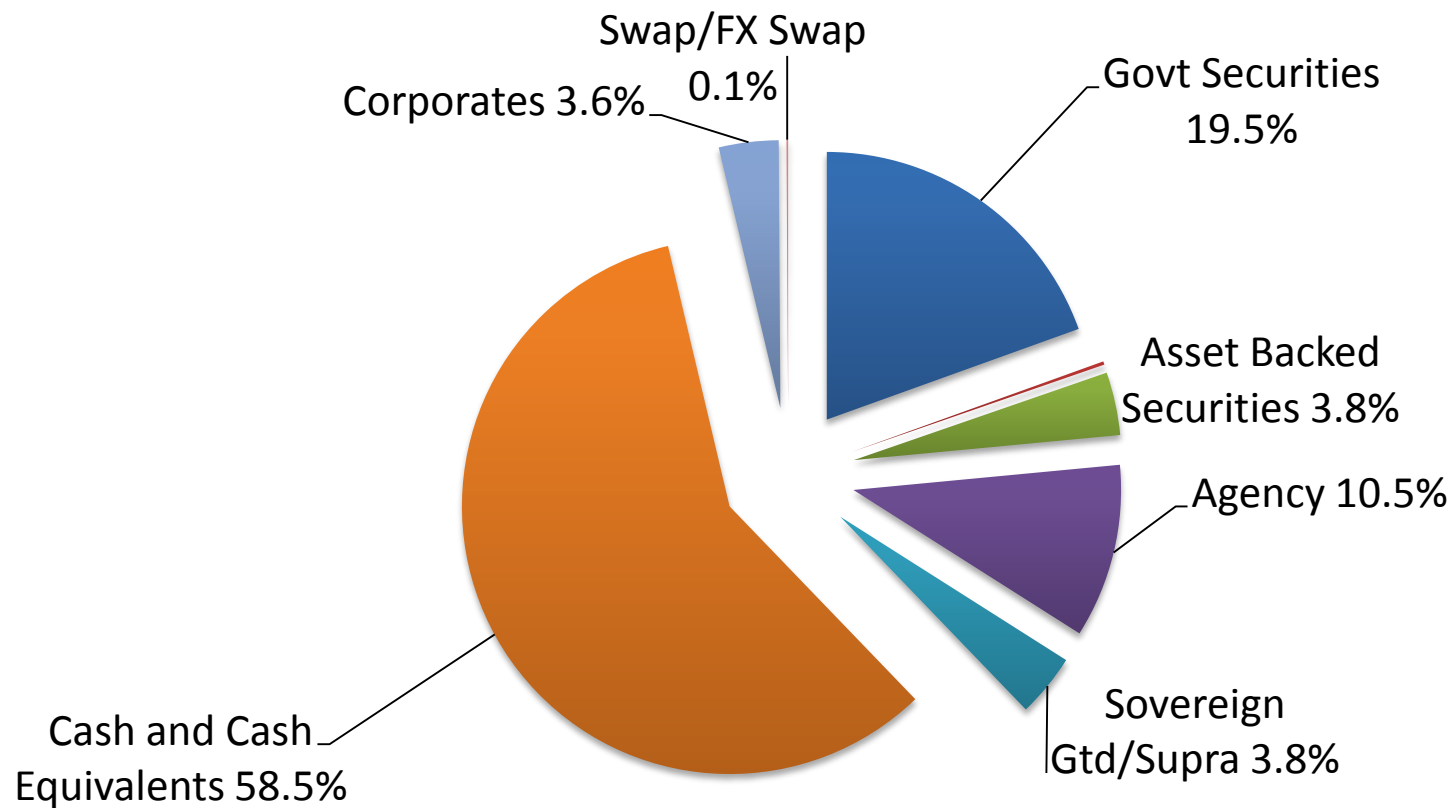
- Donations
- CERs
- Investment Income

Financial Snapshot

Funds available for new decisions
At 31 December 2015:

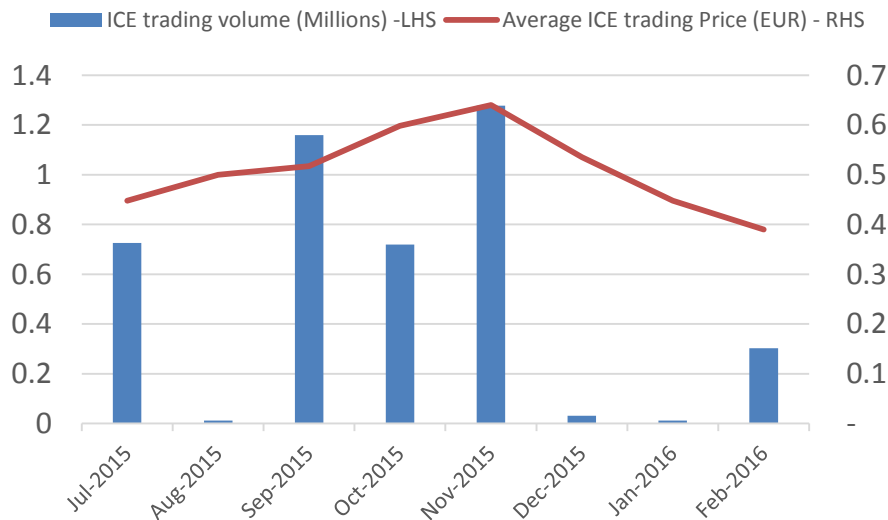
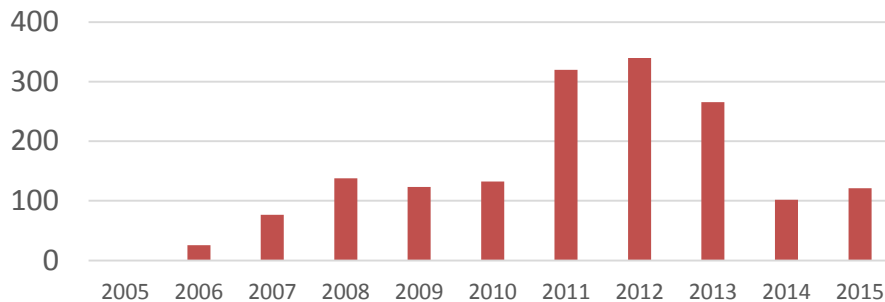
USD 177.65 million

How are AF Trust Fund balances invested?



CER Supply & Demand

CDM CER issuance per year
(Millions of tons)



- Reduced CER issuance volume with ~2m tons CERs added to AF SoP per year.
- Low demand in European market
- Limited use outside EU-ETS

CER monetization summary

**Inception (May 2009) –
March 2016**

	CER sales volume (Ton)	CER sales proceeds (\$)	Average CER sales price (\$)	Average exchange CER price (\$)	Sales premium (\$)
OTC	14,901,003	109,158,411	7.33		
Exchange	10,715,000	83,402,808	7.78		
Auction	200,000	3,567,699	17.84		
Total	25,816,003	196,128,918	7.60	7.00	15,416,897

**July 1, 2015 –
March 10, 2016**

	CER sales volume (Ton)	CER sales proceeds (\$)	Average CER sales price (\$)	Average exchange CER price (\$)	Sales premium (\$)
OTC	1,972,546	2,055,644	1.04	0.56	951,018

CER monetization in 2016

- Market prices: EUR 0.50-0.60 per ton
- CP2 expiration in 2020
- ICE exchange trading:
 - Banks exiting emission trading
 - reduced liquidity
 - higher trading costs at given trading volume

Therefore...

- Continue CP1 and CP2 monetization with premium over market price where possible
- Use customized Over-the-Counter (OTC) transactions as principal sales channel

Trustee Reports posted at:

www.adaptation-fund.org

fiftrustee.worldbank.org