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
• 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

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

(Sweden donation of SEK 150 million being processed)
AF Revenue = USD 543.45 million

USD million at 31 December 2015

- Donations: 195.75
- CERs: 343.37
- Investment Income: 4.33
Financial Snapshot

Funds available for new decisions
At 31 December 2015:

USD 177.65 million
How are AF Trust Fund balances invested?

- Cash and Cash Equivalents 58.5%
- Govt Securities 19.5%
- Asset Backed Securities 3.8%
- Agency 10.5%
- Sovereign Gtd/Supra 3.8%
- Corporates 3.6%
- Swap/FX Swap 0.1%
CER Supply & Demand

- 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**

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

**July 1, 2015 – March 10, 2016**

<table>
<thead>
<tr>
<th></th>
<th>CER sales volume (Ton)</th>
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<th>Average exchange CER price ($)</th>
<th>Sales premium ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTC</td>
<td>1,972,546</td>
<td>2,055,644</td>
<td>1.04</td>
<td>0.56</td>
<td>951,018</td>
</tr>
</tbody>
</table>
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