TRUSTEE PRESENTATION: UPDATE ON STATUS OF RESOURCES AND CER MONETIZATION

(As of 17 March 2017)
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 29
March 2017
Responding to CDM Decision to extend mandate

Since AFB28, new Donation Agreements totaling **USD 85 million**:
- Brussels Capital Region (EUR 2.50 million)
- Flanders (EUR 6.25 million)
- Germany (EUR 50 million)
- Sweden (SEK 200 million)

Modest CER sales continue (FY17 to end-Feb):
- 315 thousand tons, generating approx. **USD 0.55 million**
- Average sales price **USD 1.75**
- Prevailing market prices approx. **EUR 0.30**
# Financial Snapshot

## (USD million)

<table>
<thead>
<tr>
<th>Description</th>
<th>As of December 31, 2016 (a)</th>
<th>As of September 30, 2016 (b)</th>
<th>Change since last report (a) - (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Cumulative Receipts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Cash receipts from CER proceeds</td>
<td>197.10</td>
<td>196.87</td>
<td>0.22</td>
</tr>
<tr>
<td>b. Cash receipts from Donors and Other Sources</td>
<td>427.77</td>
<td>344.76</td>
<td>83.00</td>
</tr>
<tr>
<td>c. Investment Income earned</td>
<td>7.00</td>
<td>6.25</td>
<td>0.75</td>
</tr>
<tr>
<td><strong>2. Cumulative Cash Transfers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Projects and Programs</td>
<td>197.35</td>
<td>186.21</td>
<td>11.14</td>
</tr>
<tr>
<td>b. Operational Expense</td>
<td>35.93</td>
<td>35.93</td>
<td>-</td>
</tr>
<tr>
<td><strong>3. Funds Held in Trust (3 = 1 - 2)</strong></td>
<td>398.59</td>
<td>325.76</td>
<td>72.83</td>
</tr>
<tr>
<td><strong>4. Operational Reserve</strong></td>
<td>3.00</td>
<td>3.00</td>
<td>-</td>
</tr>
<tr>
<td><strong>5. Funding Decisions Pending Cash Transfer</strong></td>
<td>161.17</td>
<td>170.95</td>
<td>(9.78)</td>
</tr>
<tr>
<td><strong>6. Funds available to support AF Board funding decisions (6 = 3 - 4 - 5)</strong></td>
<td>234.42</td>
<td>151.81</td>
<td>82.62</td>
</tr>
</tbody>
</table>

As of December 31, 2016

As of September 30, 2016

Change since last report (a) - (b)
Funds available for new decisions relatively stable over time (USD)
Investment Income is increasing
Asset Allocation of Funds Held in Trust (USD 398.6mn at 31 Dec. 2016)

- **Euro Agency, Gov't Notes***
  - 30-Sep-16: 5.9%
  - 31-Dec-16: 4.6%

- **Cash and Cash Equivalents**
  - 30-Sep-16: 57.2%
  - 31-Dec-16: 66%

- **Sovereign Gtd/Supra**
  - 30-Sep-16: 2.9%
  - 31-Dec-16: 2.6%

- **Agency**
  - 30-Sep-16: 10.1%
  - 31-Dec-16: 8.4%

- **Asset Backed Securities**
  - 30-Sep-16: 4.4%
  - 31-Dec-16: 2.9%

- **Mortgage Backed Securities**
  - 30-Sep-16: 0.1%
  - 31-Dec-16: 0.2%

- **Govt Securities**
  - 30-Sep-16: 19.8%
  - 31-Dec-16: 14.8%

*Also classified as “Corporates” in Trustee reports
CER Supply & Demand

- Reduced CER issuance volume with ~2m tons CERs allocation to AF SoP per year.

- Low price & trading volume (ICE) in European market due to lack of demand.

- Limited use outside EU-ETS
## CER monetization summary

<table>
<thead>
<tr>
<th></th>
<th>CER sales volume (Ton)</th>
<th>CER sales proceeds ($)</th>
<th>Average CER sales price ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inception (May 2009) – Feb 2017</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>OTC</td>
<td>15,319,282</td>
<td>110,211,061</td>
<td>7.19</td>
</tr>
<tr>
<td>Exchange</td>
<td>10,715,000</td>
<td>83,402,808</td>
<td>7.78</td>
</tr>
<tr>
<td>Auction</td>
<td>200,000</td>
<td>3,567,699</td>
<td>17.84</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26,234,282</strong></td>
<td><strong>197,181,568</strong></td>
<td><strong>7.52</strong></td>
</tr>
<tr>
<td><strong>Jul 1, 2016 – Feb 28, 2017</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OTC</td>
<td>315,341</td>
<td>550,885</td>
<td>1.75</td>
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</tbody>
</table>
Recommendation for CER monetization focus in the near future

- OTC transactions
- Extraction of sales premium
- Moderate sales volume for CERs
Trustee Reports posted at:

www.adaptation-fund.org
fiftrustee.worldbank.org