



ADAPTATION FUND

AFB/B.31/Inf.4
22 March 2018

Adaptation Fund Board
Thirty-first meeting
Bonn, Germany, 22-23 March 2018

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 31

March 2018


Highlights – Trustee activities since B.30

New Donations processed:

✓ Brussels Capital Region	USD 0.7mn (Jan 2018)
✓ Germany	USD 59.3mn (Dec 2017)
✓ Ireland	USD 0.4mn (Dec 2017)
✓ Italy	USD 8.6mn (Feb 2018)
✓ Sweden	<u>USD 12.0mn (Dec 2017)</u>
TOTAL	USD 81.0 mn

- New donation from Walloon Region (Belgium) also being processed (EUR 4mn)

Highlights – Trustee activities since B.30 (con't)

- Cash transfers  USD 12.5 million to IEs.
- CER sales continue at modest pace:

414 thousand tonnes CERs sold = USD 1.1 million

- Funding Available for new decisions:

USD 217 million (USD 167 million at end Sept 2017)

Financial Snapshot (at 31 December 2017)

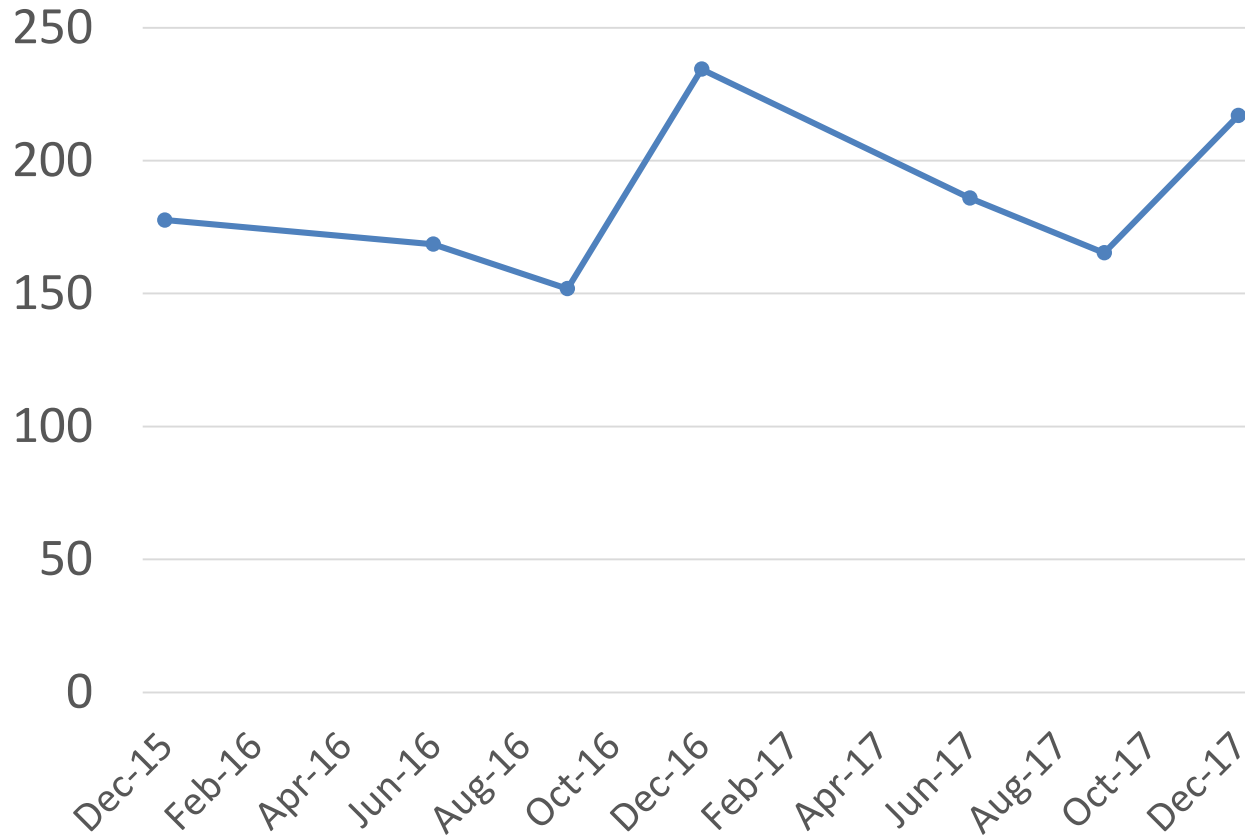
Table 3: Schedule of Funds Available

(in USD eq. millions)

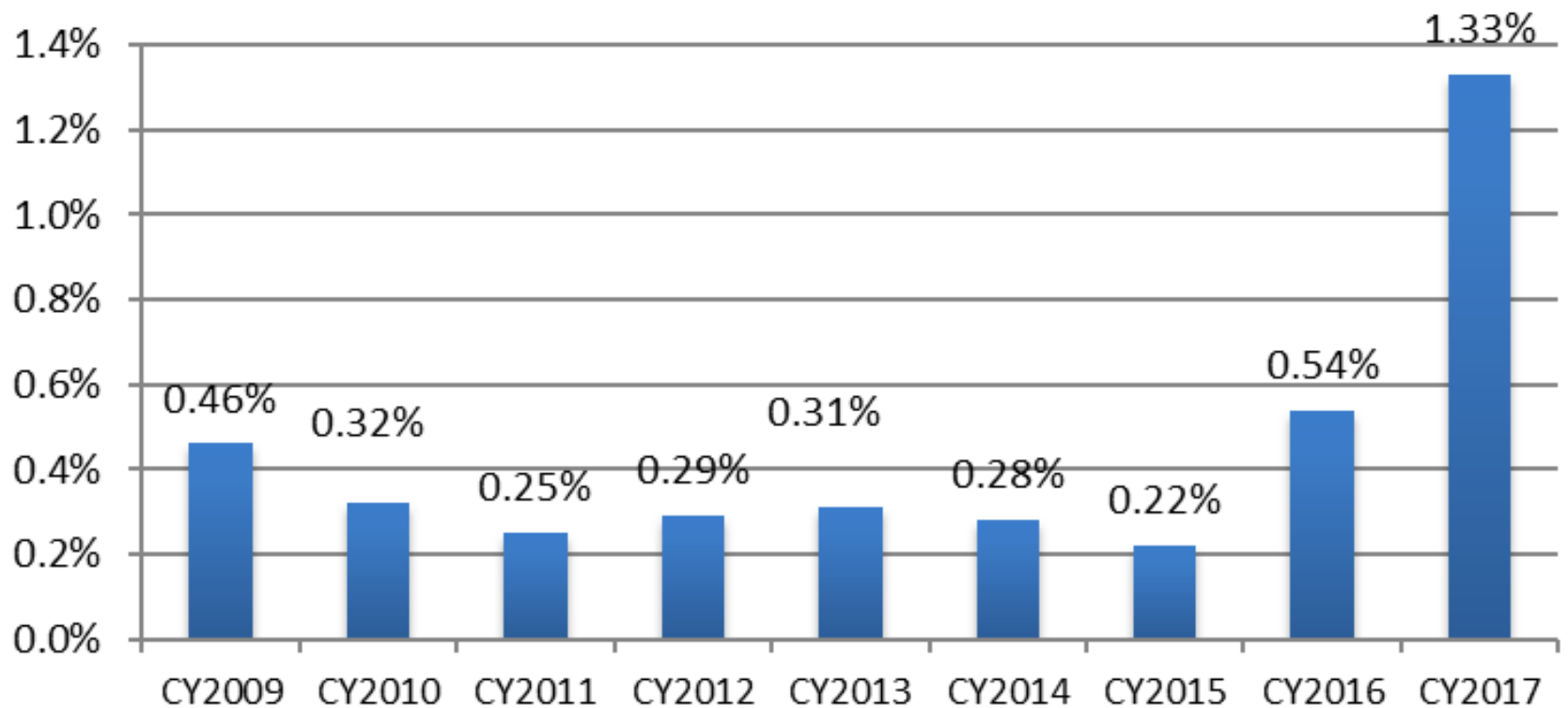
	<u>As of December 31, 2017</u>	<u>As of September 30, 2017</u>
<u>1. Funds held in Trust</u>	412.73	351.98
<u>2. Restricted Funds</u> a/	3.00	3.00
<u>3. Funds held in Trust with no restrictions (3 = 1 - 2)</u>	409.73	348.98
<u>4. Funding decisions pending cash transfers</u>	192.75	182.00
<u>5. Funds available to support AF Board funding decisions (5 = 3 - 4)</u>	216.98	166.97

a/ Reserve to cover operational requirements of the AF Board

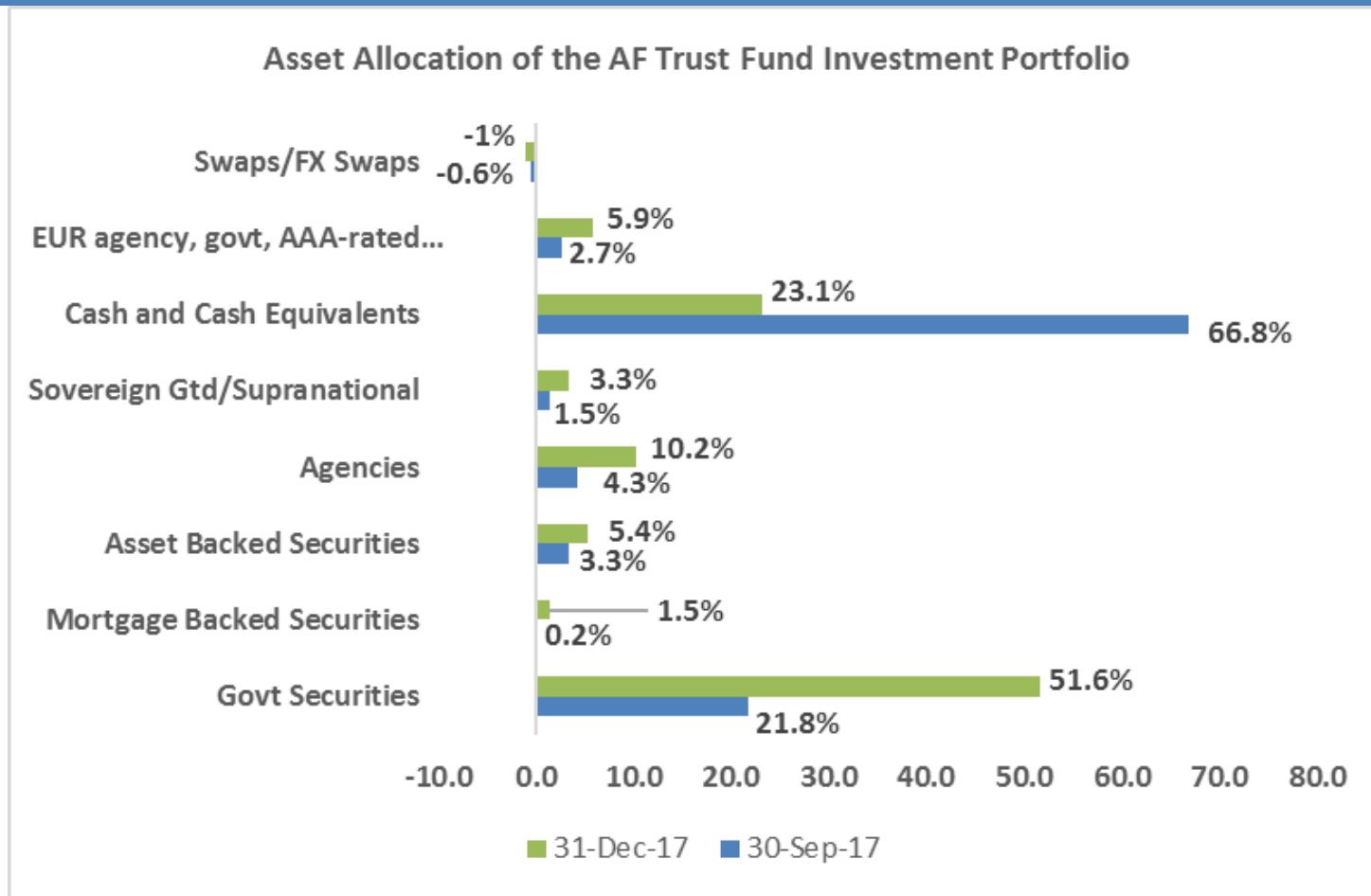
Funds available for new Board approvals (USD millions)



Investment Returns On AF Funds Held in Trust



Asset Allocation of Funds Held in Trust



*Also classified as "Corporates" in Trustee reports



CER monetization summary

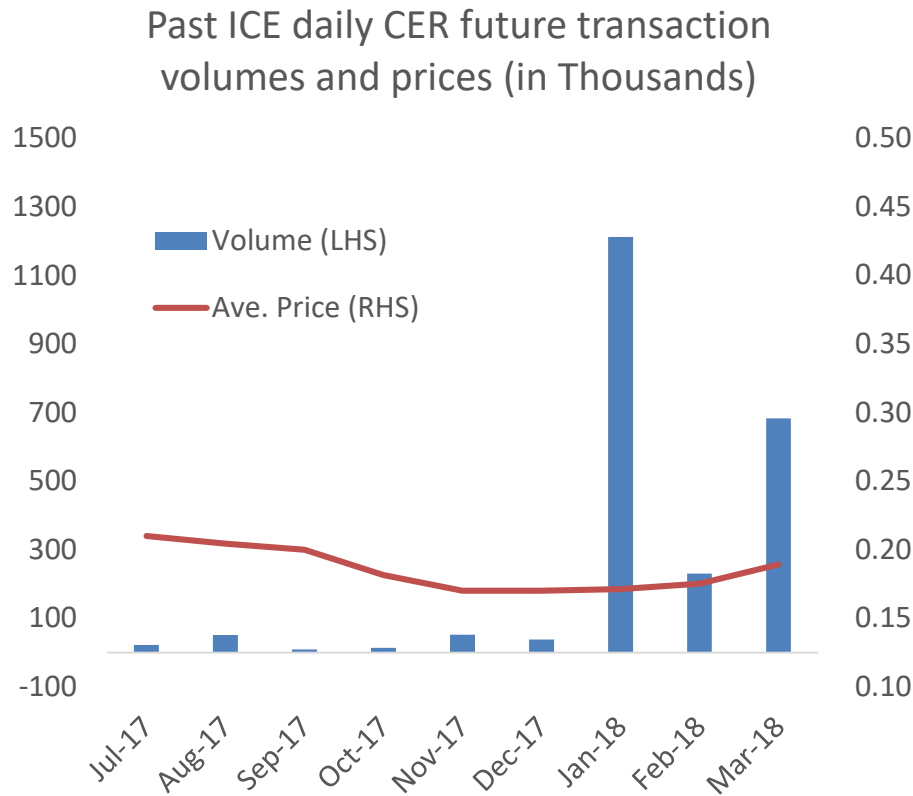
**Inception (May 2009) –
Mar 20, 2018**

	CER sales volume (Thousands)	CER sales proceeds (in \$ Thousands)	Average CER sales price (\$)
OTC	15,779	112,041	7.10
Exchange	10,715	83,403	7.78
Auction	200	3,568	17.84
Total	26,694	199,012	7.46

**Jul 1, 2017 –
Mar 20, 2018**

	CER sales volume (Thousands)	CER sales proceeds (in \$ Thousands)	Average CER sales price (\$)
OTC	414	1,135	2.74

CER Market overview



- 2.3m CER were transacted over ICE since July 1, 2017
- Price has remained in a narrow band between 0.16 and 0.21 EUR per ton
- Given continued low price and transaction volume, EU ETS market remains as an inefficient place for CER monetization.

AF SoP Inventory

11.3 million CERs in AF SoP as of March 2018

- 6.9 million CERs are not eligible for EU ETS: No demand for these.
- 4.4 million CERs could see potential demand, but unlikely to attract any price premium.
 - If Trustee were to try to sell all inventory, total sales proceeds are likely to be limited (~500k EUR).

Recommendations for CER monetization strategy in the near future

- ✓ Focus on OTC transactions
- ✓ Focus on transactions with sales premium

For additional information:



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Financial Intermediary Funds (FIFs)

Financial Intermediary Funds (FIFs) are financial arrangements that typically leverage a variety of public and private resources in support of international initiatives, enabling the international community to provide a direct and coordinated response to global priorities. Most FIFs have supported global programs often focused on the provision of global public goods, preventing communicable diseases, responses to climate change, and food security. [Read More »](#)

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Adaptation Fund

The Adaptation Fund was created under the United Nations Framework Convention on Climate Change. The fund is designed to finance climate change adaptation projects and programs based on the priorities of eligible developing countries. [Read More »](#)



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