



ADAPTATION FUND

AFB/B.35.b/Inf.4  
19 October 2020

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Adaptation Fund Board  
Second Session of the Thirty-fifth meeting  
Bonn, Germany (Virtually held), 26-28 October 2020

## **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 Trustee of the Adaptation Fund  
Financial Status as of June 30, 2020

Document: AFB/EFC.26.B/5

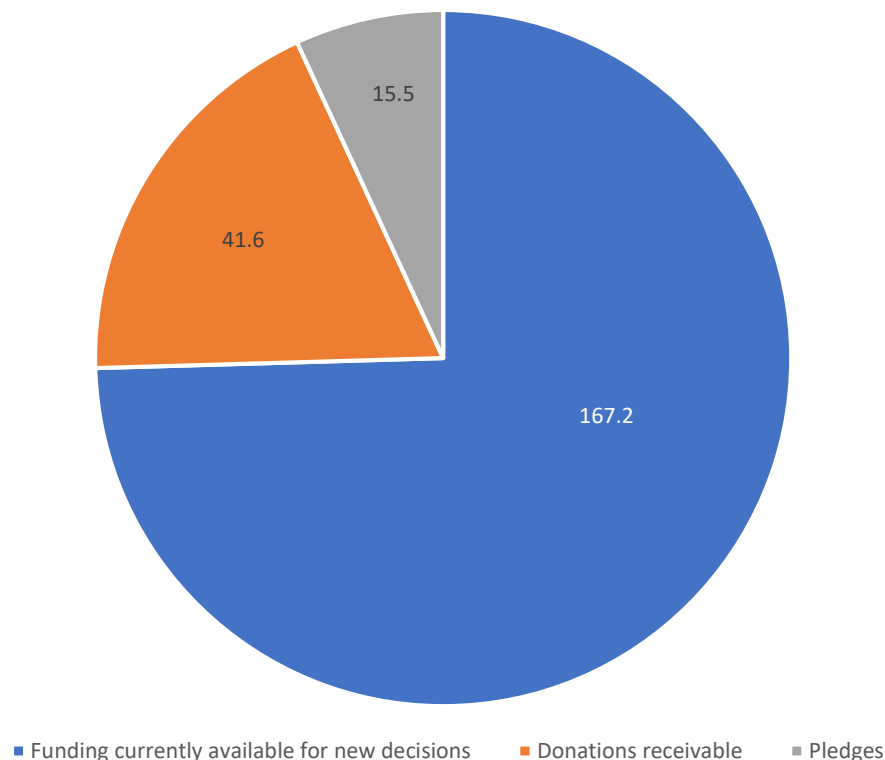
Agenda item 5 a)

# Summary - Funding Availability

As of end-June 2020, there were **USD 167.2 million** available to support new funding decisions by the Board, which represented a decrease of USD 30.4 million over the second quarter of 2020

	June 30, 2020	March 31, 2020	Change
<b>Cumulative Resources Received:</b>	<b>978.3</b>	<b>976.0</b>	<b>2.3</b>
<i>CER Sales Proceeds</i>	204.7	204.1	0.6
<i>Donations</i>	735.3	735.3	0.0
<i>Investment Income</i>	38.3	36.7	1.7
<b>Cumulative Funding Decisions:</b>	<b>808.1</b>	<b>775.5</b>	<b>32.7</b>
<i>Programs and Projects (MIE)</i>	446.1	423.7	22.4
<i>Programs and Projects (NIE)</i>	179.6	178.1	1.6
<i>Programs and Projects (RIE)</i>	118.9	118.9	0.0
<i>Administrative Budget</i>	63.6	54.9	8.7
<b>Operational Reserve:</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>
<b>FUNDS AVAILABLE FOR BOARD DECISIONS</b>	<b>167.2</b>	<b>197.5</b>	<b>-30.4</b>

# Potential Funding Availability



Total potential funding availability net of operational reserve was **USDeq 224.3 million**, of which:

- (a) USD 167.2 million available to support new funding decisions by the Board;
- (b) USDeq 41.6 million donations receivable; and
- (c) USDeq 15.5 million outstanding pledges

# CER Sale Proceeds

Calendar Year		CER balance a/	CER sales	Proceeds USD (millions)
<b>2009-2018</b>		12,400,187	26,753,350	199.57
<b>2019</b>	Q1	12,000,126	549,451	1.49
	Q2	12,174,665	18,440	0.36
	Q3	12,445,244	11,508	0.24
	Q4	11,127,219	1,515,101	2.07
<b>2020</b>	Q1	11,229,556	29,916	0.38
	Q2	11,539,271	28,833	0.64
<b>Total</b>			<b>28,906,599</b>	<b>204.74</b>

a/ in registries at period-end

USD 204.7M revenues generated through CER sales since the start of the monetization program in May 2009

CERs 58.75K tons sold during the first two quarters of CY20 with USD 1.02M generated in CER sales proceeds at an average price of USD 17.36 per ton

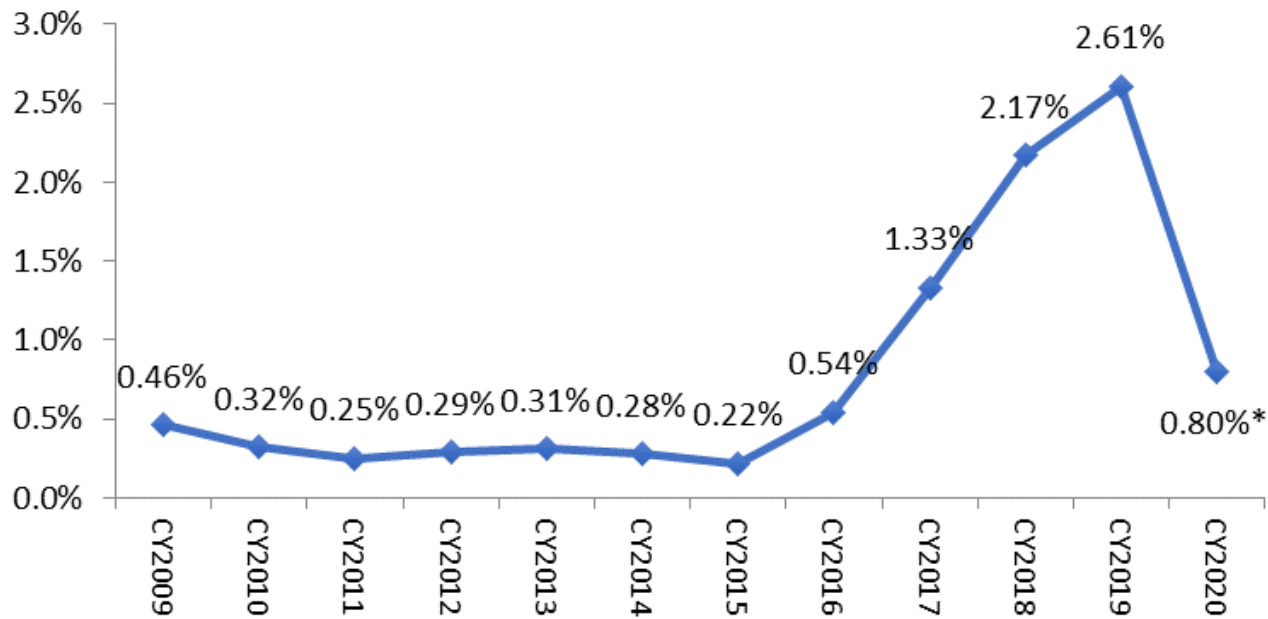
# Donations

Q4 CY2019 - Q2 2020

Donor	New Donation Agreements	Donations Paid	Donations Receivable
Brussels Capital Region	EUR 0.40M	EUR 0.40M	
Flanders Region	EUR 1.70M	EUR 1.70M	
Germany	EUR 30.0M	EUR 30.0M	
Ireland	EUR 0.30M	EUR 0.30M	
Norway	NOK 90.0M	NOK 90.0M	
Poland	USD 1.0M	USD 1.0M	
Spain	EUR 0.88M	EUR 0.88M	
Sweden	SEK 520.0M	SEK 130.0M	SEK 390.0M
Switzerland	CHF 15.0M	CHF 15.0M	
UN Foundation	USD 0.07M	USD 0.07M	
<b>TOTAL</b>		<b>USD 77.3M</b>	<b>USDeq 41.6M</b>

- ✓ USD 735.25M donations received as of June 30, 2020
- ✓ 10 donation agreements signed during Q4 CY19 – Q2 CY20 with USD 77.3M donations paid and USDeq 41.6M donations receivable
- ✓ The donations agreement signed with Sweden is a multi-year agreement of which SEK130M paid in Q4 CY19, SEK 130M expected before end-October CY20 and SEK 260M to be paid in equal installments over 2021-2022
- ✓ Pledges of EUR 3.80M made by the Walloon Region during Q4 CY2019; together with the pledge from EC for EUR 10.0M, outstanding pledges equaled USDeq 15.47M as of end-June 2020.

# Investment Income



\*Non-annualized

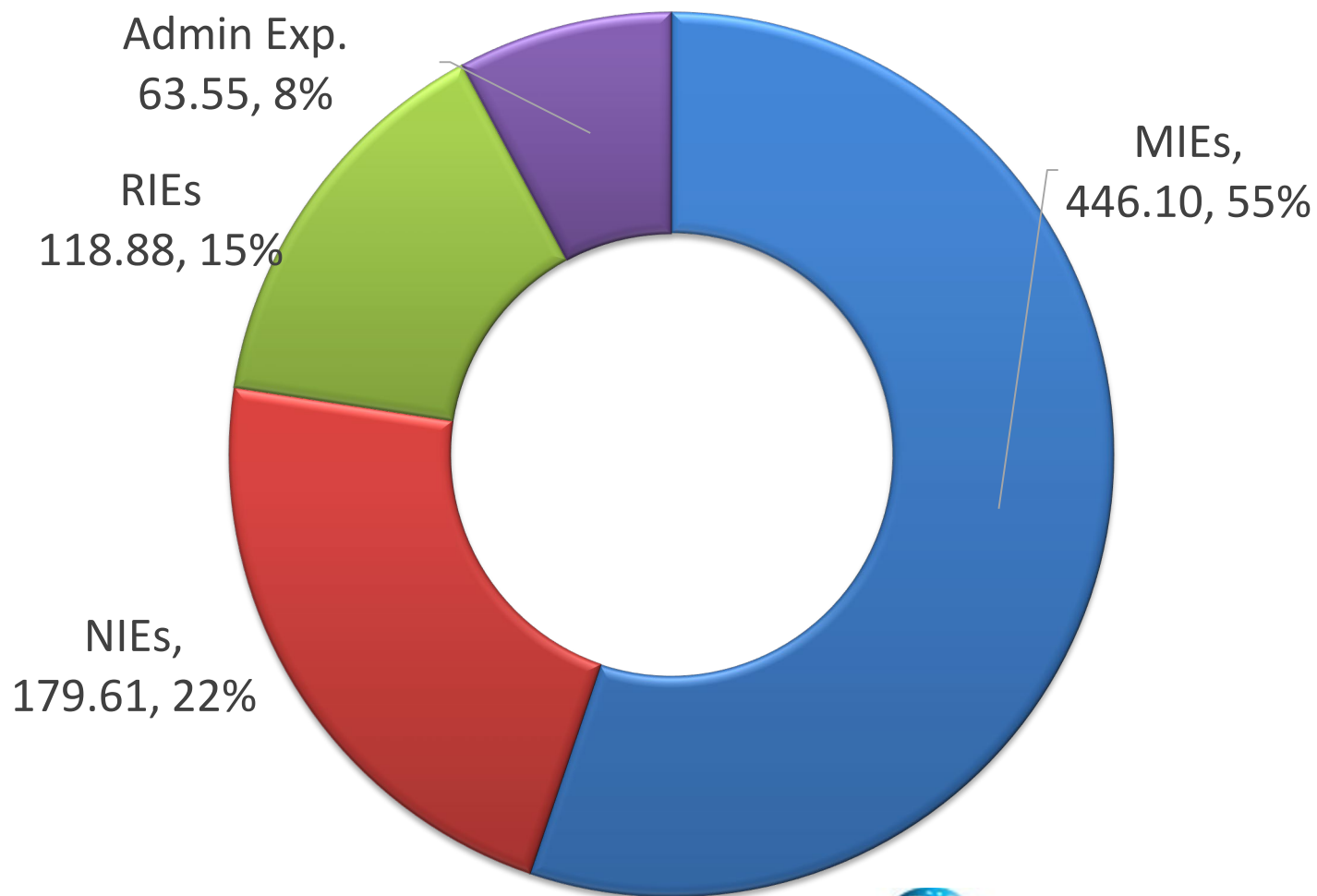
Preservation of capital is the primary investment objective. The Trust Funds investment portfolios are managed conservatively with the assets invested across high grade fixed income and money market instruments

USD 38.33 earned in investment income since inception

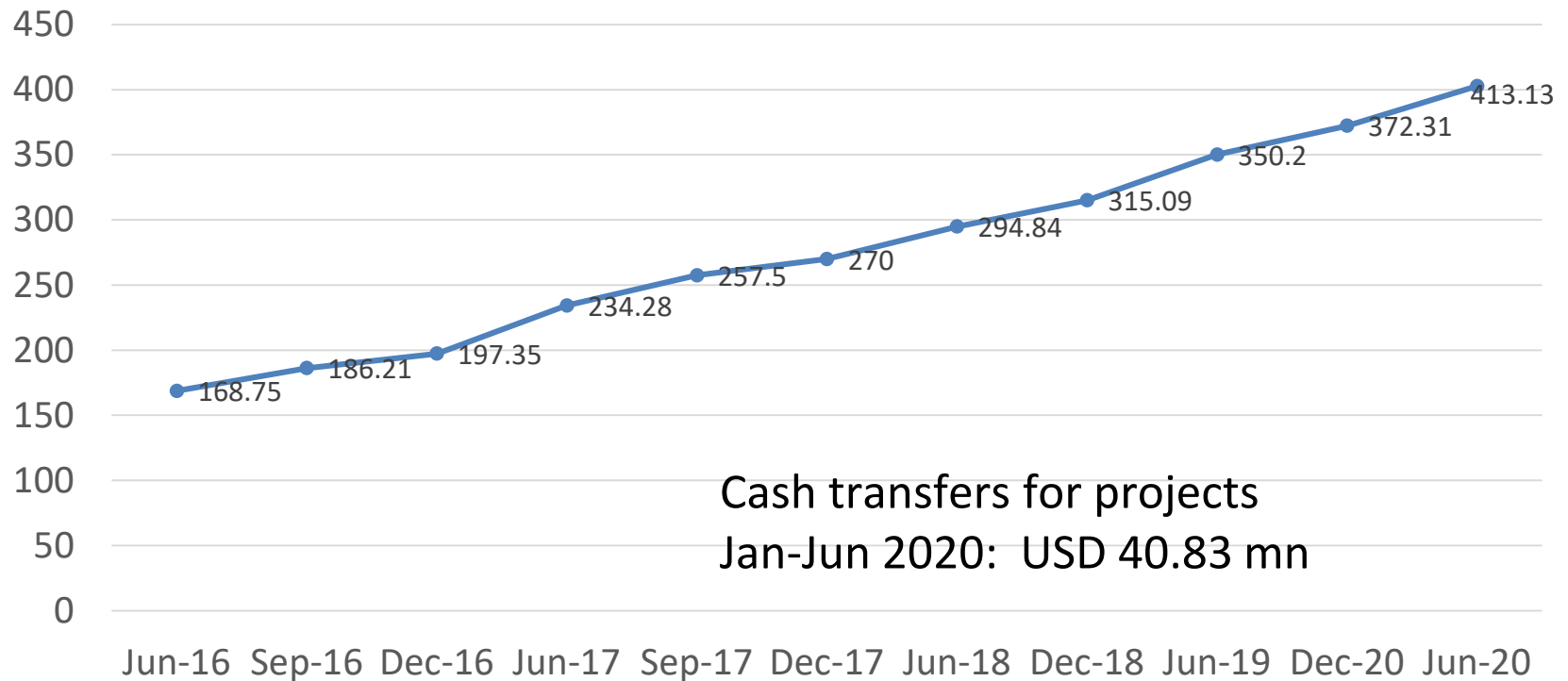
0.80% portfolio return during first half of CY2020 or about USD 4.33M

# Funding Decisions: inception to June 30, 2020

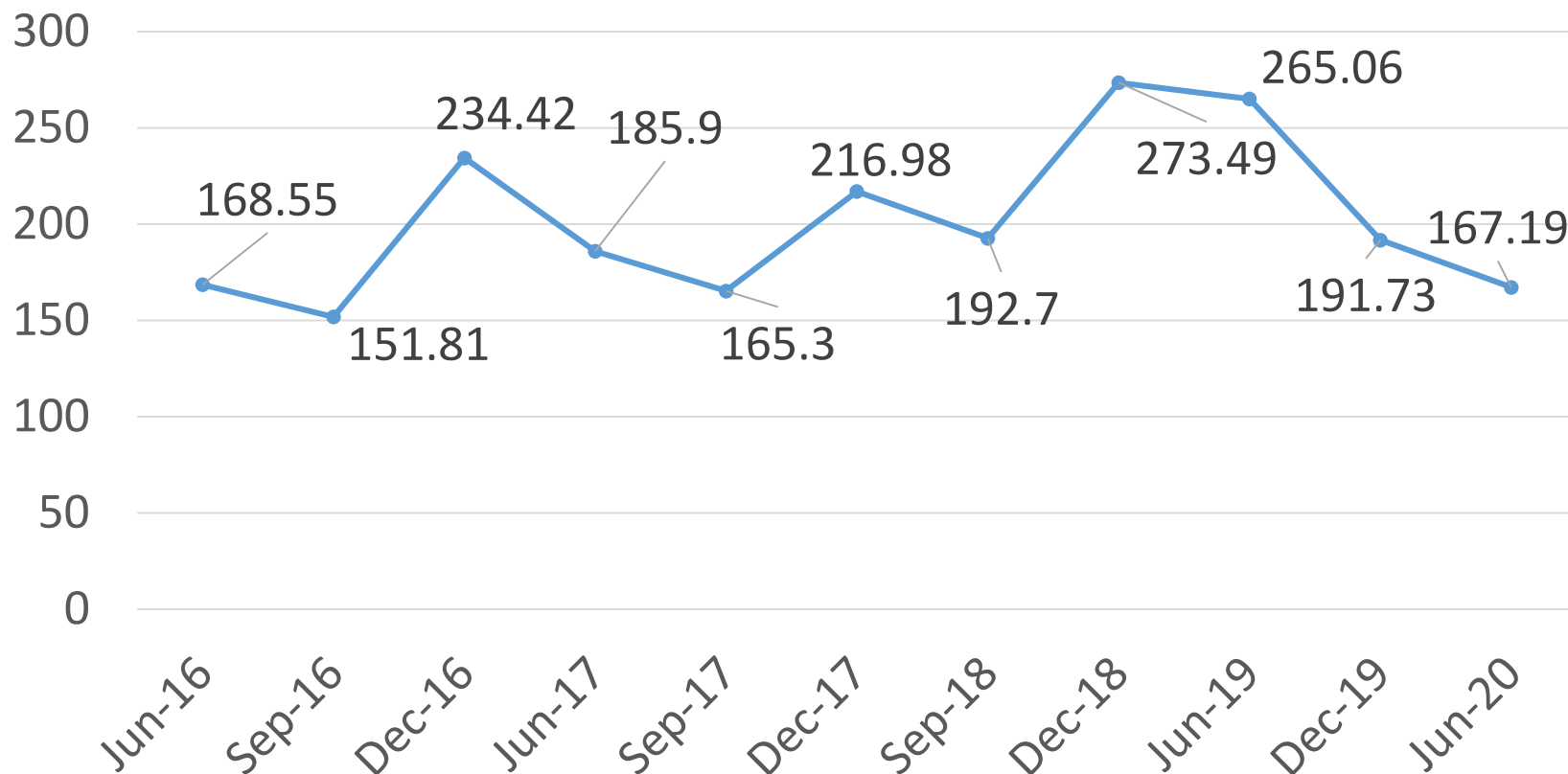
(USD millions)



# Cash transfers to IEs (cumulative) (USD millions)



# Funds available for new Board approvals (USD millions)



# CER monetization summary & Near term strategy

2020 YTD	CER sales volume (Thousands)	CER sales proceeds (USD Thousands)	Average CER sales price (USD/ton)
	157	1,583	10.11

Monetization strategy:

Continue with OTC transactions, with focus on:

- Recently developed ETS & Carbon tax schemes (i.e. Korea, Colombia and South Africa)
- Climate neutrality interest

# For additional information:

http://fiftrustee.worldbank.org/Pages/Home.aspx Search...  
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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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Trust Funds and  
Partnerships (DFPTF)

### FEATURE



### 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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