



ADAPTATION FUND

AFB/EFC.27/Inf.3
24 March 2021

Adaptation Fund Board
Thirty-sixth meeting
Bonn, Germany (Virtually held), 24-25 March 2021

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

AFB 36

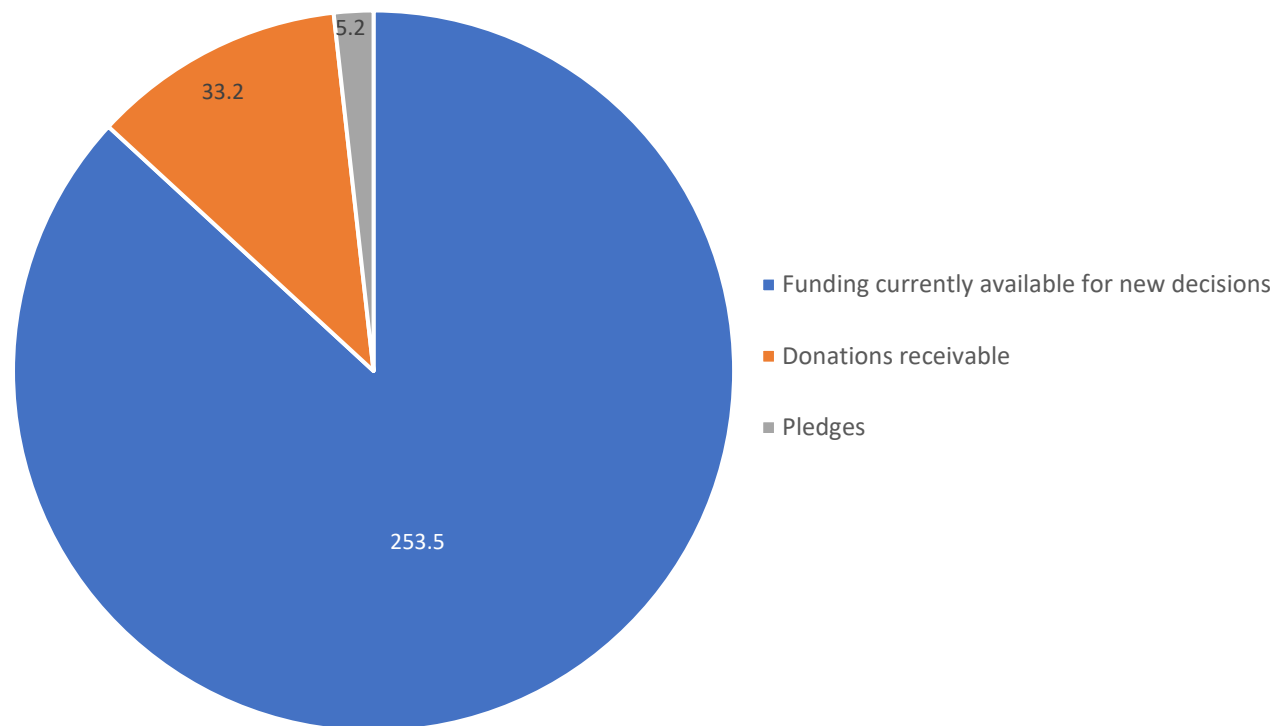
March 2021

Summary - Funding Availability

As of end-December 2020, there were **USD 253.5 million** available to support new funding decisions by the Board, which represents an increase of USD 116.7 million over the last quarter of 2020

	December 31, 2020	September 30, 2020	Change
Cumulative Resources Received:	1,103.5	979.3	124.1
<i>CER Sales Proceeds</i>	207.1	205.1	2.0
<i>Donations</i>	856.9	735.2	121.7
<i>Investment Income</i>	39.4	39.0	0.4
Cumulative Funding Decisions:	847.0	839.6	7.4
<i>Programs and Projects (MIE)</i>	475.5	468.8	6.8
<i>Programs and Projects (NIE)</i>	188.8	188.4	0.5
<i>Programs and Projects (RIE)</i>	119.0	118.9	0.2
<i>Administrative Budget</i>	63.5	63.5	0.0
Operational Reserve:	3.0	3.0	0.0
FUNDS AVAILABLE FOR BOARD DECISIONS	253.5	136.8	116.7

Potential Funding Availability



Total potential funding availability net of operational reserve is **USDeq 291.9 million**, of which:

- (a) US\$ 253.5 million is available to support new funding decisions by the Board;
- (b) USDeq 33.2 million are donations receivable; and
- (c) USDeq 5.2 million are outstanding pledges

Donations

Q4 CY2020

Donor	Donation Agreements	Donations Paid	Donations Receivable
Brussels Capital Region	EUR 0.19M	EUR 0.19M	
Germany	EUR 50.0M	EUR 50.0M	
Ireland	EUR 0.30M	EUR 0.30M	
Italy	EUR 30.0M	EUR 30.0M	
Norway	NOK 50.0M	NOK 50.0M	
Spain	EUR 1.12M	-	EUR 1.12M
Sweden a/	SEK 520.0M	SEK 260.0M	SEK 260.0M
Walloon Region	EUR 3.80M	EUR 3.80M	
TOTAL		USD 121.7M	USDeq 33.2M

a/ Donation Agreement signed in October 2019, with a multi-year payment schedule from 2019 to 2022

- ✓ 7 donation agreements signed during Q4 CY2020
- ✓ USD 121.7M donations paid during Q4 CY2020, including 2nd tranche of SEK130M from Sweden under the multi-year agreement
- ✓ USDeq 33.2M in donations receivable as of end-2020, which includes SEK 260M from Sweden (to be paid in equal installments over 2021-2022) and EUR 1.12M from Spain (paid in January 2021)
- ✓ Pledges of USD 0.5M and EUR 3.80M made by Qatar and Walloon Region during Q4 CY2020 (equal USDeq 4.66M at end-2020). Qatar's pledge was paid in March 2021
- ✓ USD 856.9M donations received as of December 31, 2020



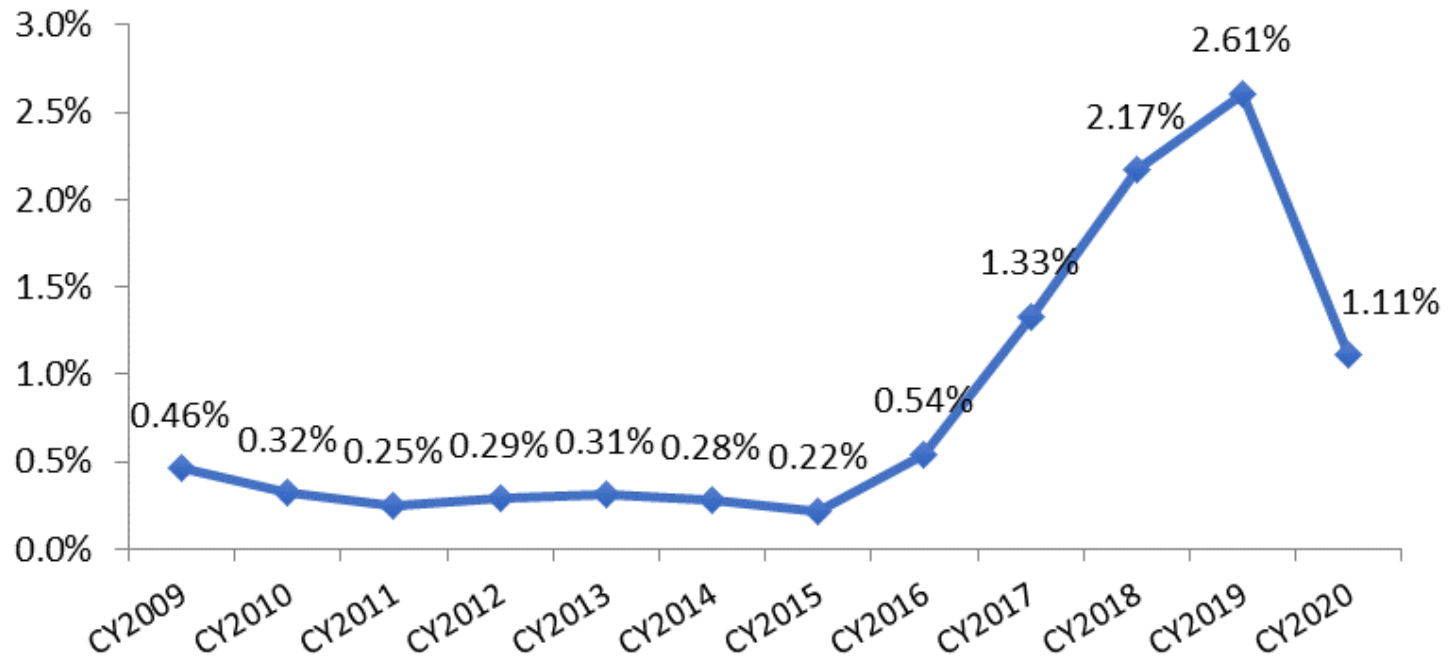
CER Sale Proceeds

Calendar Year		CER balance a/	CER sales	Proceeds USD (millions)
2020	Q1	11,229,556	29,916	0.38
	Q2	11,539,271	28,833	0.64
	Q3	11,756,301	59,912	0.35
	Q4	10,300,157	1,774,791	2.01
			<u>1,893,452</u>	<u>3.38</u>
Total			30,741,302	207.11

a/ in registries at period-end

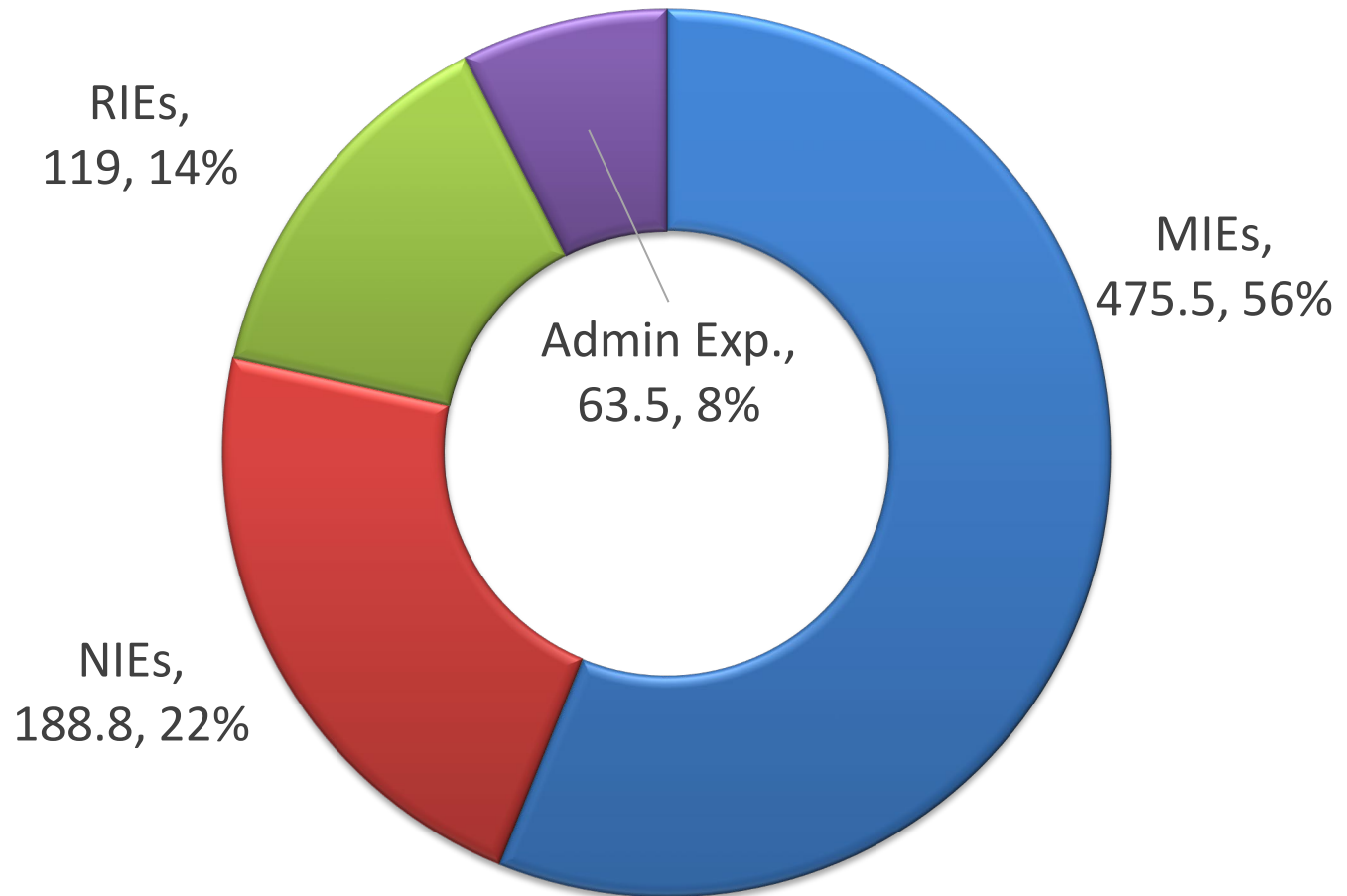
- ✓ USD 207.11M revenues generated through CER sales since the start of the monetization program in May 2009
- ✓ CERs 1.89M tons sold during CY2020
- ✓ USD 3.38M generated in CER sales proceeds at an average price of USD 1.8 per ton.

Investment Income

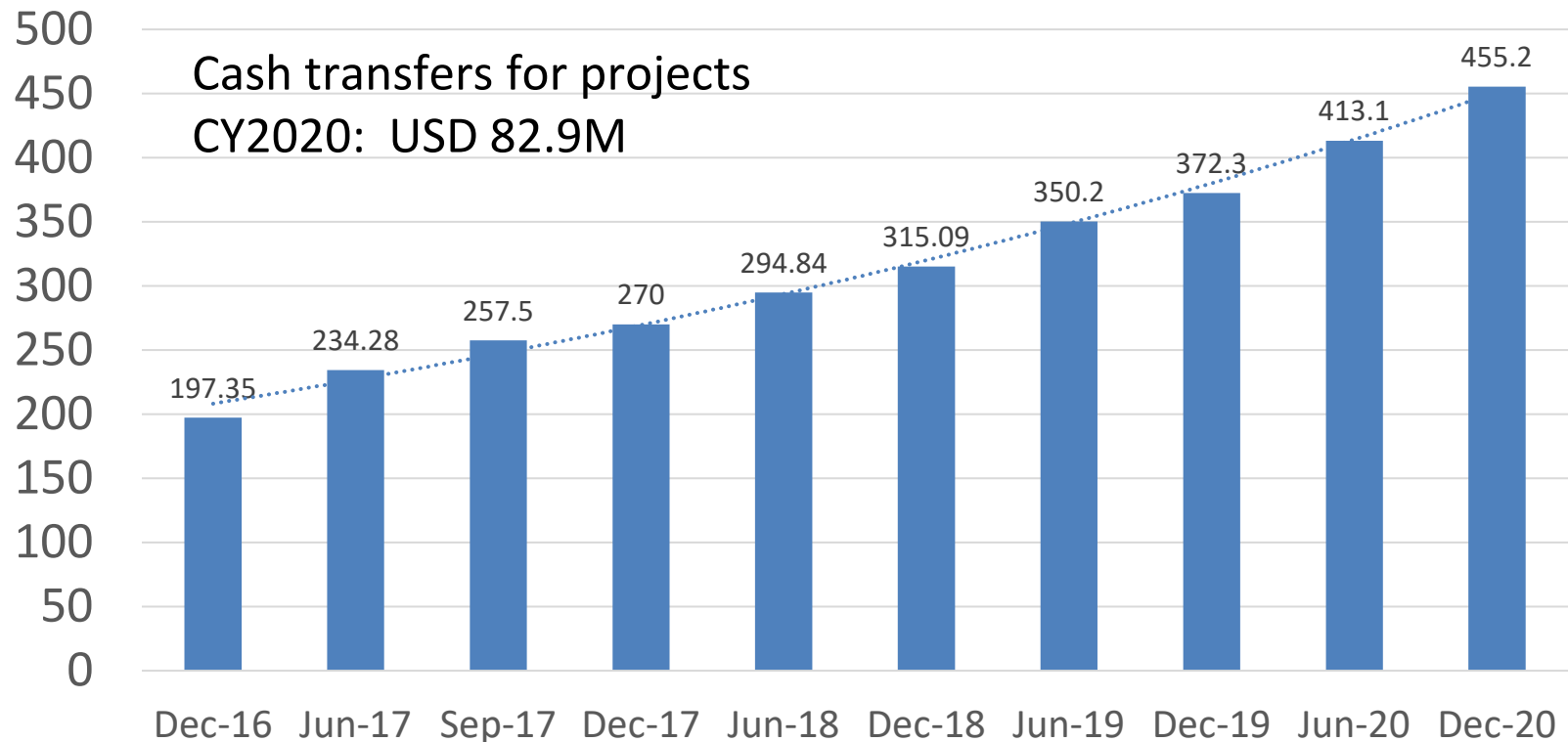


- ✓ Preservation of capital is the primary investment objective. The Trust Funds investment portfolios are managed conservatively with the assets invested across high grade fixed income and money market instruments
- ✓ USD 39.4M earned in investment income since inception
- ✓ 1.11% portfolio return during CY2020 or about USD 5.4M

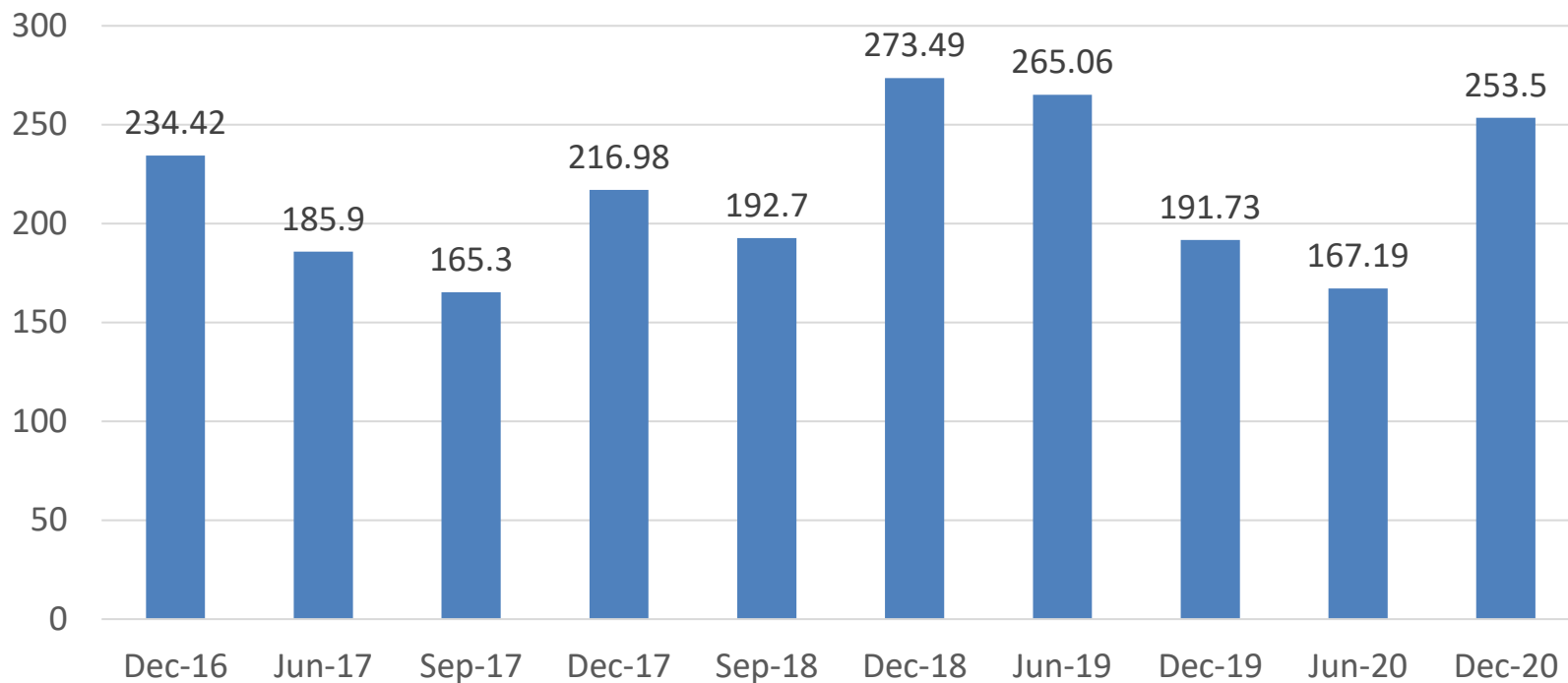
Funding Decisions: inception to Dec 31, 2020 (USD millions)



Cash transfers to IEs (cumulative) (USD millions)



Funds available for new Board approvals (USD millions)



CER monetization summary

		CER sales volume (Thousands)	CER sales proceeds (USD Thousands)	Average CER sales price (USD/ton)
Inception May 2009 – March 23, 2021	OTC	20,115	121,465	6.0
	Exchange	10,715	83,403	7.8
	Auction	200	3,568	17.8
	Total	31,030	208,435	6.7

	CER sales volume (Thousands)	CER sales proceeds (USD Thousands)	Average CER sales price (USD/ton)
CY2020	1,893	3,384	1.8
CY2021TD	289	1,271	4.4

CER monetization strategy

Continue with OTC transactions, with focus on:

- Recently developed ETS & Carbon tax schemes - limited project eligibility, but higher prices.
- Climate neutrality drive – CER purchase from UN organizations and other institutions.

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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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