



ADAPTATION FUND

AFB/EFC.30/Inf.1
11 October 2022

Adaptation Fund Board
Ethics and Finance Committee
Thirtieth Meeting
Bonn, Germany, 11-12 October 2022

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 39

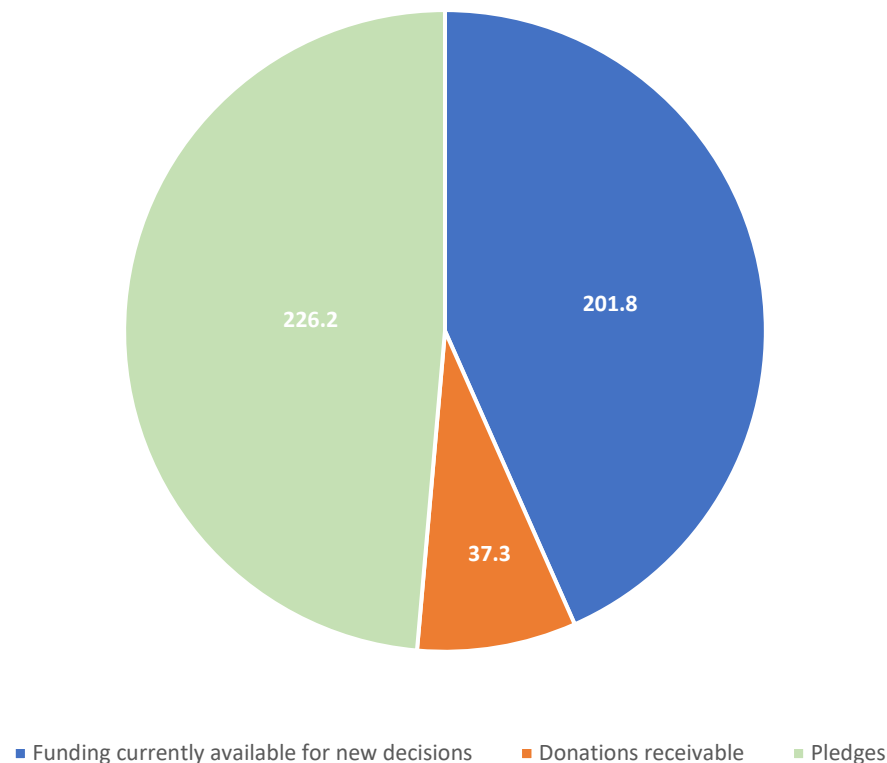
October 2022

Summary - Funding Availability

As of end-September 2022, there were **USD 201.8 million** available to support new funding decisions by the Board, which represents a decrease of USD 69.7 million over the first three quarters of 2022

	September 30, 2022	December 31, 2021	Change
Cumulative Resources Received:	1,246.0	1,216.5	29.5
<i>CER Sales Proceeds</i>	211.9	211.3	0.7
<i>Donations</i>	990.9	964.4	26.5
<i>Investment Income</i>	43.1	40.8	2.3
Cumulative Funding Decisions:	1,041.2	942.0	99.2
<i>Programs and Projects (MIE)</i>	586.7	531.8	54.9
<i>Programs and Projects (NIE)</i>	203.1	192.6	10.4
<i>Programs and Projects (RIE)</i>	168.3	145.0	23.3
<i>Administrative Budget</i>	83.1	72.6	10.5
Operational Reserve:	3.0	3.0	0.0
FUNDS AVAILABLE FOR BOARD DECISIONS	201.8	271.5	-69.7

Potential Funding Availability



Total potential funding availability net of operational reserve is **USDeq 465.3 million**, of which:

- (a) US\$ 201.8 million is available to support new funding decisions by the Board; and
- (b) USDeq 37.3 million are donations receivable
- (c) USDeq 226.2 million in the form of pledges

Donations

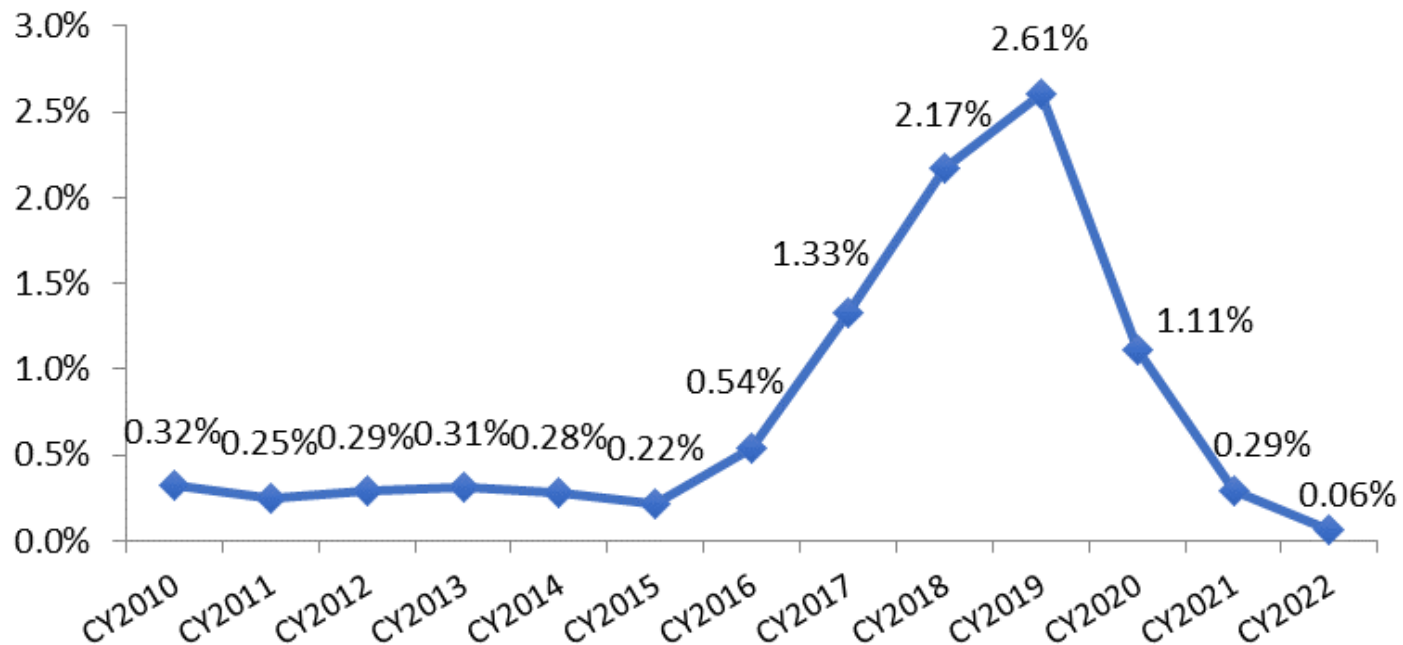
Donor	Q1-3 CY2022		As of September 30, 2022
	Donation Agreements	Donations Paid	Donations Receivable
Japan	USD 6.0M	USD 6.0M	-
Iceland	USD 1.2M	USD 0.8M	USD 0.4M
Norway a/	NOK 300.0M	NOK 90.0M	NOK 140M
Quebec	CAD 10.0M	CAD 10.0M	-
Sweden b/	SEK 520.0M	-	SEK 130M
Switzerland	CHF 10.0M	CHF 3.0M	CHF 7.0M
Walloon Region	EUR 5.3M	-	EUR 5.3M
TOTAL		USD 26.5M	USDeq 37.3M

a/ Donation Agreement signed in November 2021, with a multi-year payment schedule. The first installment of NOK 70.0M deposited in Q4 2021 with the donation receivable scheduled to be paid in 3 annual installments over 2022-2024.

b/ Donation Agreement signed in October 2019, with a multi-year payment schedule in equal installments of SEK 130.0M from 2019 to 2022. First 3 installments were received in 2019, 2020 and 2021.

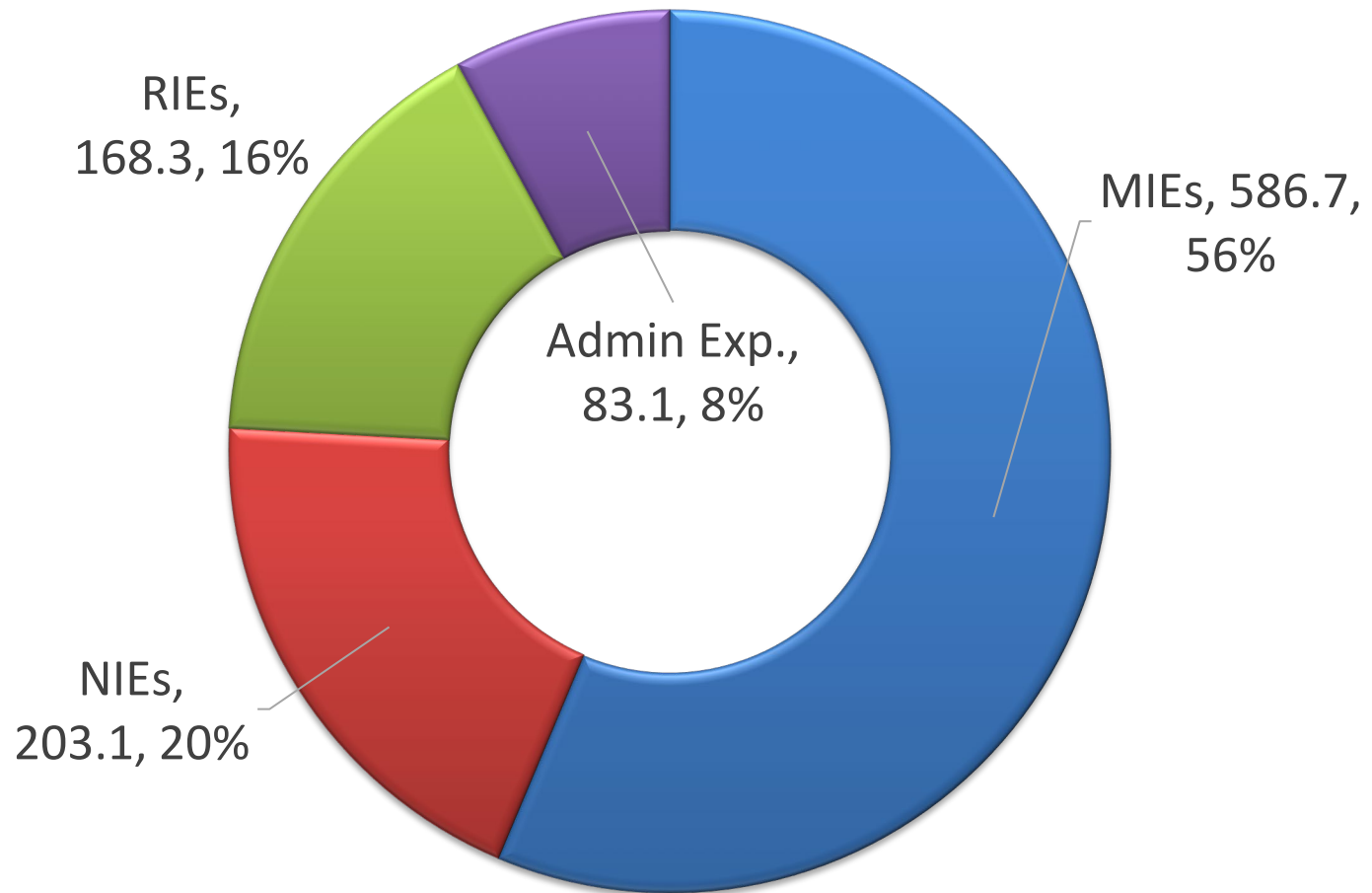
- ✓ Donation agreements signed with Iceland (USD 1.2M), Japan (USD 6.0M), Switzerland (CHF 10.0M) and Walloon Region (EUR 5.3M) and payments received of USD 0.8M, USD 6.0M and CHF 3.0M, respectively, **during Q1-3 2022**. Payment from Quebec (CAD 10M) and Norway (NOK 90.0M, 2nd installment) received during the **same period** under previously signed agreements.
- ✓ Agreements in the process of being signed with Ireland (EUR 5.0M), Spain (EUR 30.0M), UK (GBP 15.0M) **during Q3 CY2022**.
- ✓ Pledges from Canada (CAD 10.0M), EC (EUR 100.0M), UNFCCC Secretariat (USD 20.0M), and US (USD 50.0M) still to be signed into donation agreements.

Investment Income

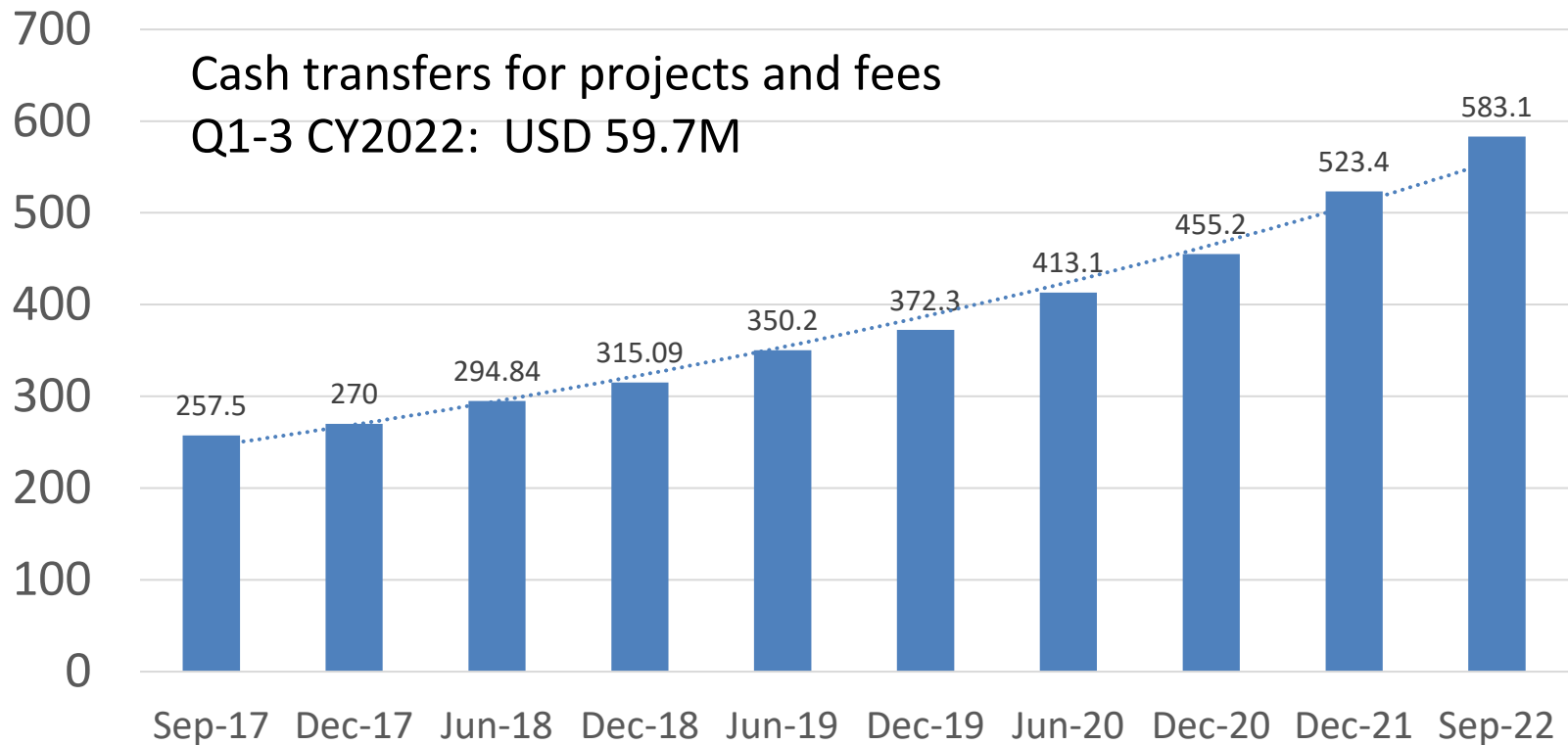


- ✓ Preservation of capital is the primary investment objective. The Trust Funds investment portfolios are managed conservatively with the assets invested across high grade fixed income and money market instruments
- ✓ USD 43.1M earned in investment income since inception
- ✓ 0.06% non-annualized portfolio return during H1 CY2022

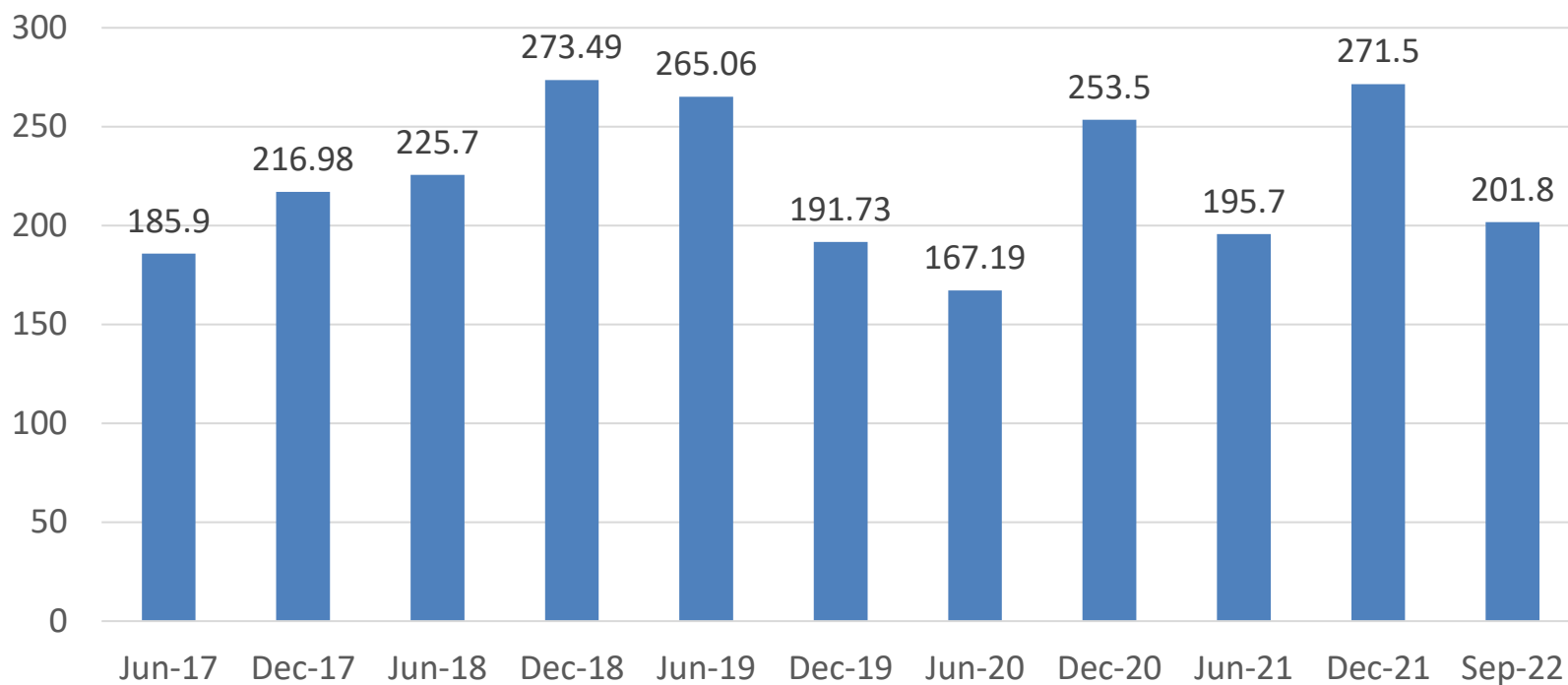
Funding Decisions: inception to Sep 30, 2022 (USD millions)



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 – Sep 30, 2022	OTC	22,143	125,013	5.7
	Exchange	10,715	83,403	7.8
	Auction	200	3,568	17.8
	Total	33,058	211,983	6.4
		CER sales volume (Thousands)	CER sales proceeds (USD Thousands)	Average CER sales price (USD/ton)
Since Jan 1, 2022		657	207	3.2

CER monetization strategy


Continue with OTC transactions, with focus on non EU-ETS markets

- Recently developed ETS & Carbon tax schemes - limited project eligibility, but higher prices.
- Climate neutrality drive – voluntary CER purchases.

For additional information:

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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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