



ADAPTATION FUND

AFB/EFC.28/Inf.1
15 October 2021

Adaptation Fund Board
Ethics and Finance Committee
Twenty-eighth Meeting
Bonn, Germany (held virtually), 14-15 October 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 37

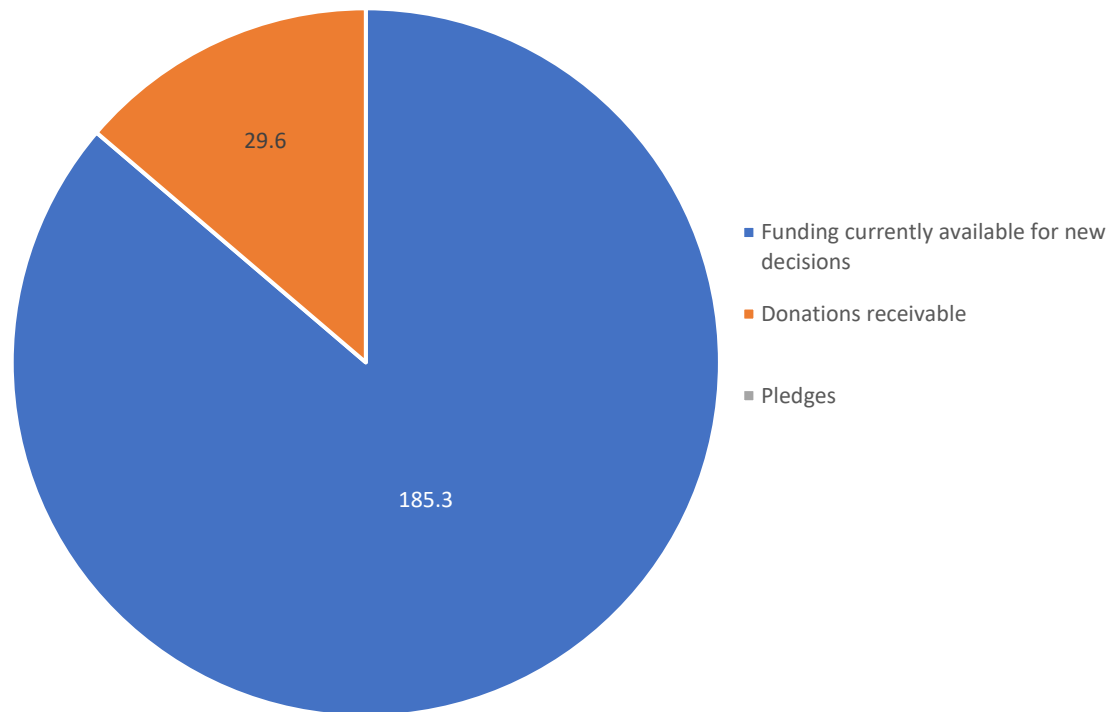
October 2021

Summary - Funding Availability

As of end-September 2021, there were **USD 185.3 million** available to support new funding decisions by the Board, which represents a decrease of USD 10.4 million over the third quarter of 2021

	September 30, 2021	June 30, 2021	Change
Cumulative Resources Received:	1,113.8	1,107.4	6.4
<i>CER Sales Proceeds</i>	208.7	208.4	0.3
<i>Donations</i>	864.5	858.8	5.7
<i>Investment Income</i>	40.7	40.2	0.4
Cumulative Funding Decisions:	925.5	908.7	16.8
<i>Programs and Projects (MIE)</i>	531.6	526.7	4.9
<i>Programs and Projects (NIE)</i>	190.4	190.4	0.0
<i>Programs and Projects (RIE)</i>	131.0	119.0	11.9
<i>Administrative Budget</i>	72.6	72.6	0.0
Operational Reserve:	3.0	3.0	0.0
FUNDS AVAILABLE FOR BOARD DECISIONS	185.3	195.7	-10.4

Potential Funding Availability



Total potential funding availability net of operational reserve is **USDeq 214.8 million**, of which:

- (a) US\$ 185.3 million is available to support new funding decisions by the Board; and
- (b) USDeq 29.6 million are donations receivable

Donations

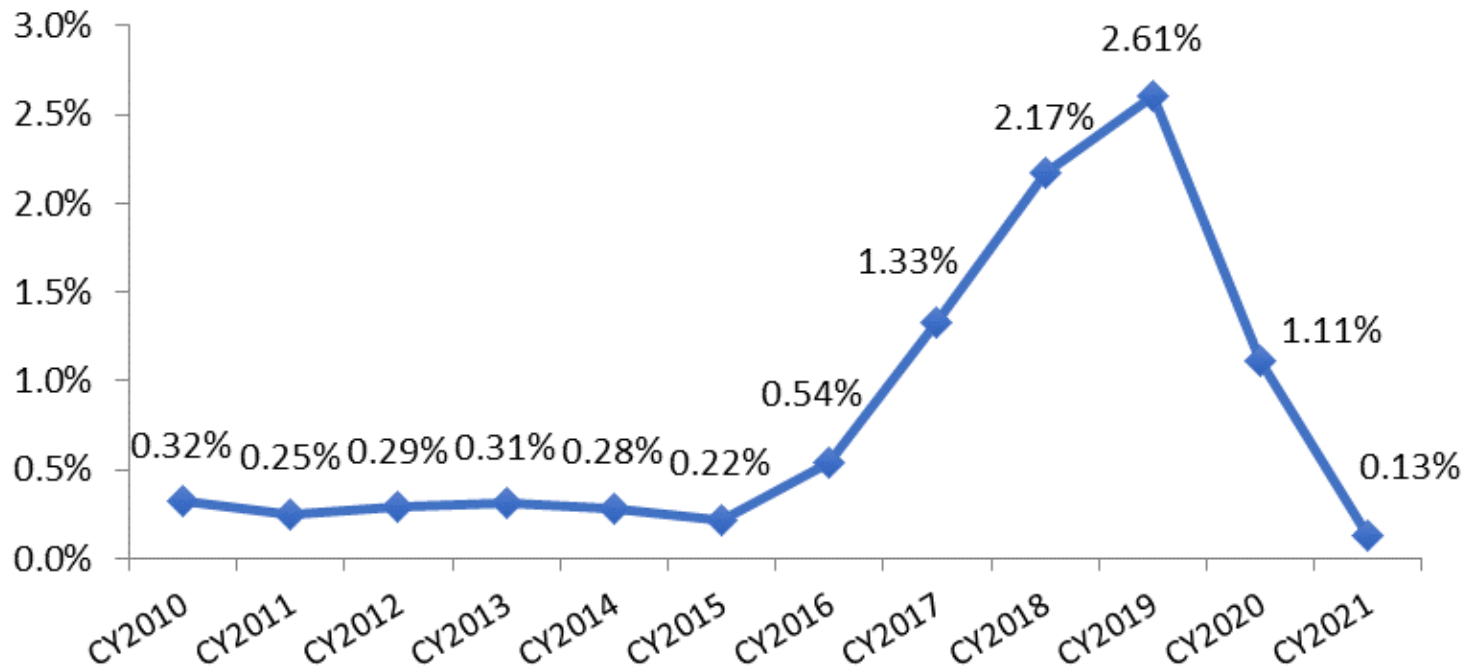
Q3 CY2021

Donor	Donation Agreements	Donations Paid	Donations Receivable
Spain	EUR 1.0M	EUR 1.0M	
Sweden a/	SEK 520.0M	-	SEK 260.0M
Walloon Region	EUR 3.8M	EUR 3.8M	
TOTAL		USD 5.7M	USDeq 29.6M

a/ Donation Agreement signed in October 2019, with a multi-year payment schedule in equal installments of SEK 130.0M from 2019 to 2022. First 2 installments were received in 2019 and 2020.

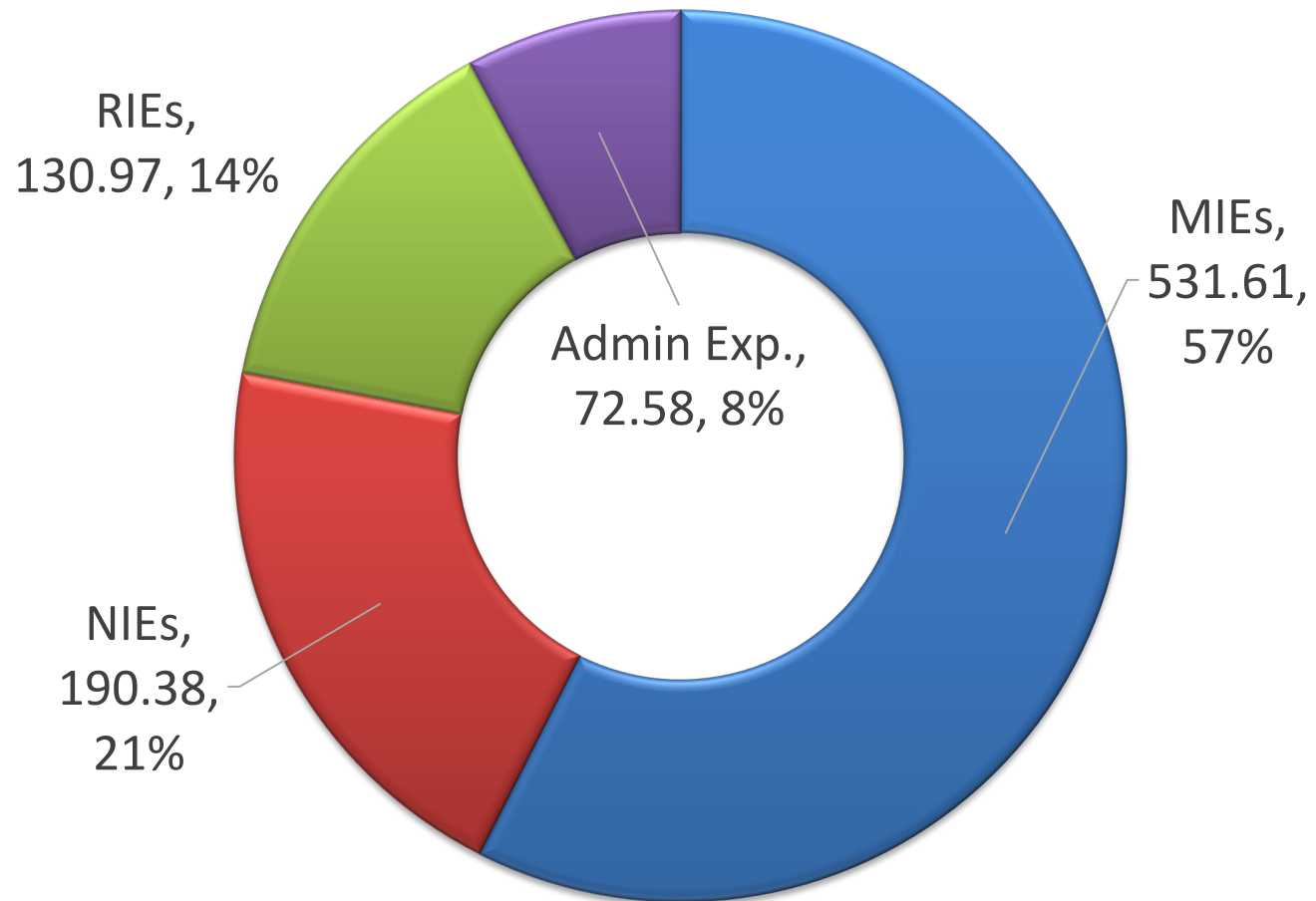
- ✓ 2 donation agreements signed with Spain and Walloon Region for EUR 1.0M and 3.8M, respectively, during Q2 CY2021
- ✓ The payments under these agreements have been made during Q3 2021 for a total of USD 5.7M
- ✓ 3rd tranche of SEK 130M from Sweden has been received in early October 2021

Investment Income

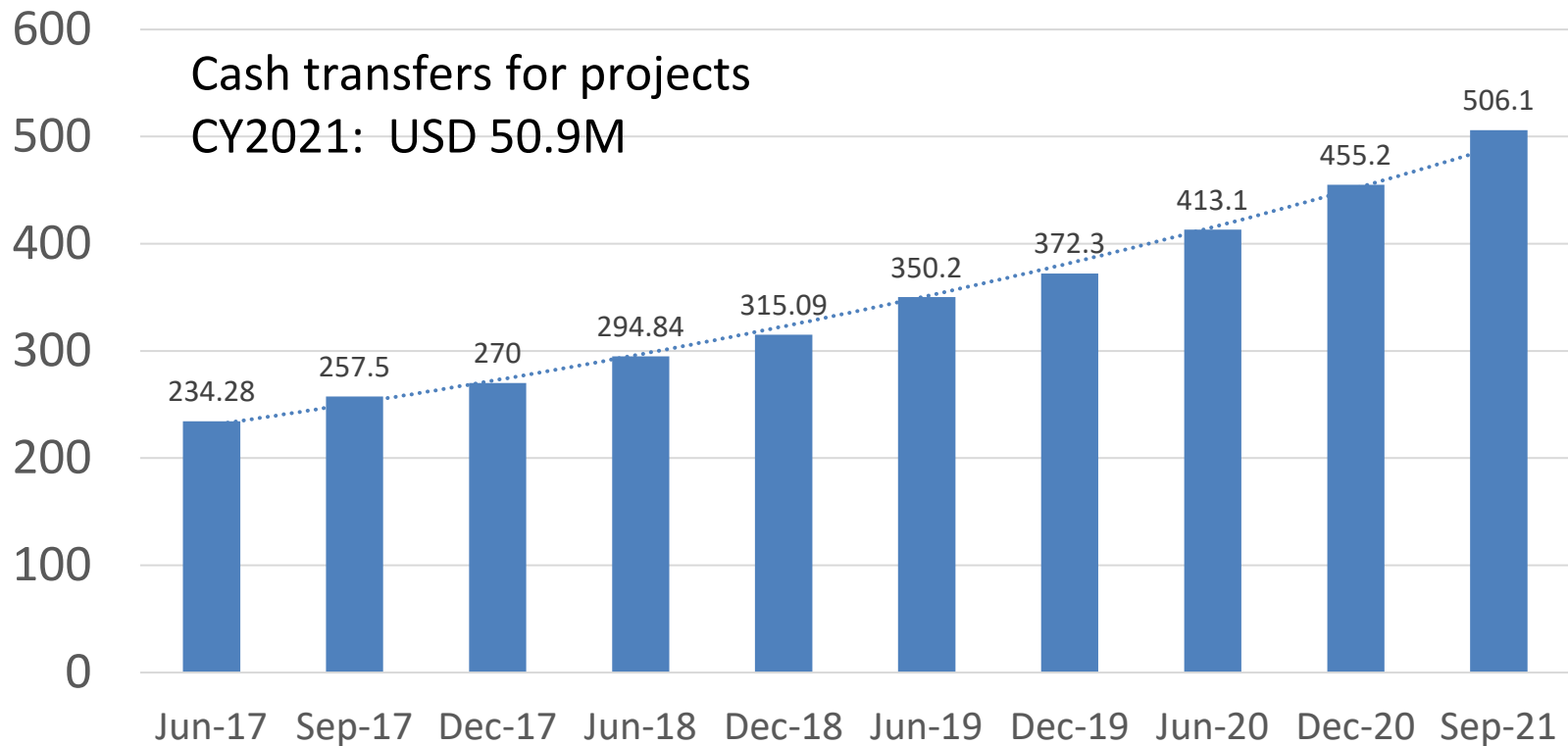


- ✓ Preservation of capital is the primary investment objective. The Trust Funds investment portfolios are managed conservatively with the assets invested across high grade fixed income and money market instruments
- ✓ USD 40.7M earned in investment income since inception
- ✓ 0.13% portfolio return during 1H CY2021

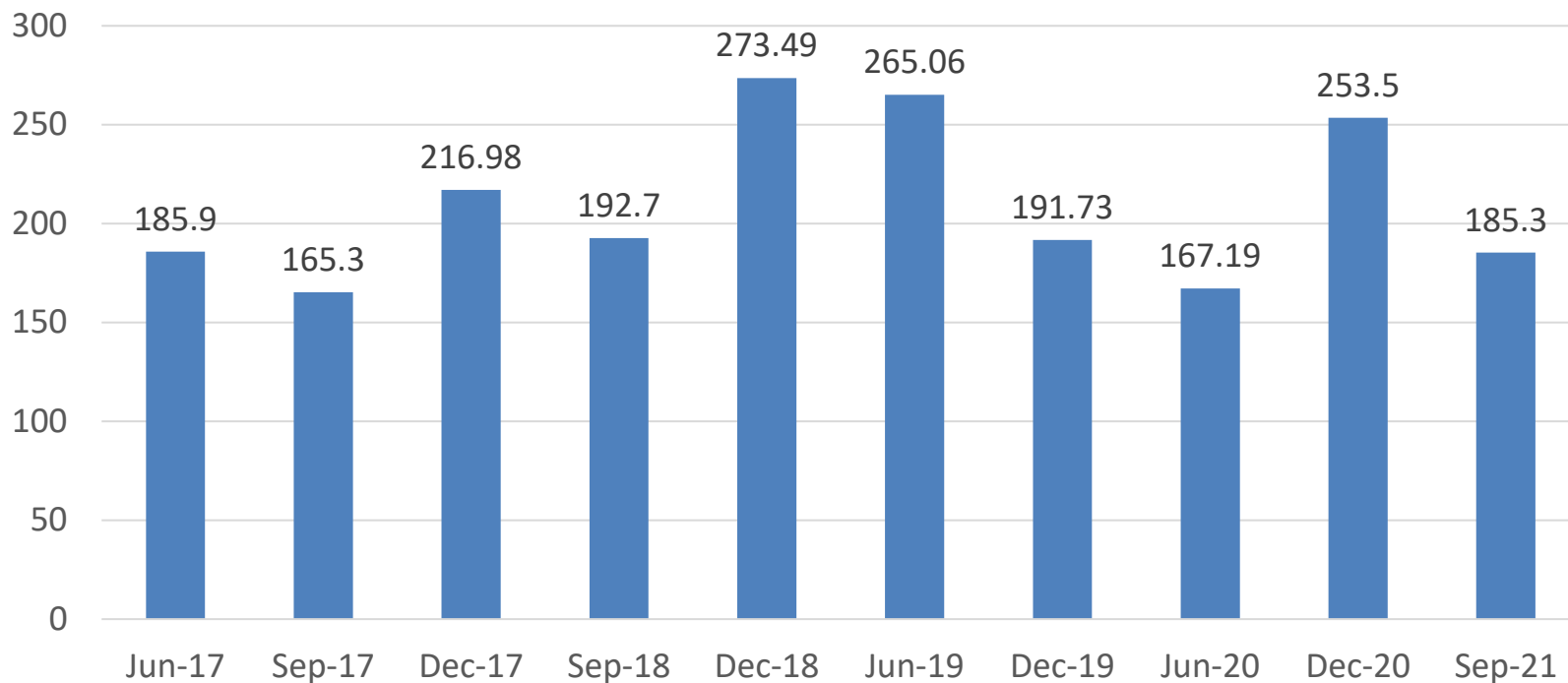
Funding Decisions: inception to Sep 30, 2021 (USD millions)



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 – Oct 12, 2021	OTC	20,238	121,745	6.0
	Exchange	10,715	83,403	7.8
	Auction	200	3,568	17.8
	Total	31,153	208,716	6.7

	CER sales volume (Thousands)	CER sales proceeds (USD Thousands)	Average CER sales price (USD/ton)
2021TD	412	1,552	3.8

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 – CER purchase from UN organizations and other institutions.

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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