



Adaptation Fund Trust Fund

Financial Report

Prepared by the Trustee

As of September 30, 2015



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Introduction

This report is produced by the World Bank as interim trustee (“Trustee”) for the Adaptation Fund (AF), in accordance with the Trustee’s role in the Adaptation Fund Trust Fund as set forth under paragraph 23 in the Appendix of Decision 1/CMP.4 of the CMP¹.

The information contained in this Financial Report is based on financial information as of September 30, 2015.

¹ The decision states that: “The Trustee shall prepare and furnish the Adaptation Fund Board with financial reports of the Trust Fund annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board), and provide records and accounts of the Trust Fund for audit by its external auditors annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board), in accordance with the policies and procedures of the Trustee. Furthermore, the Trustee shall prepare and furnish the Adaptation Fund Board with reports on the sale of the CERs for the Adaptation Fund and on the status of commitments and transfers of Trust Fund funds annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board).”



Adaptation Fund Trust Fund Summary as of September 30, 2015

Certified Emission Reduction (CER) Sales and Donations

Cumulative resources received into the Adaptation Fund Trust Fund through CER sales proceeds and donations was USDeq. 483.45 million as of September 30, 2015. Since the start of the CER monetization program in May 2009, the Trustee has generated revenues of USDeq. 194.38 million through CER sales, USDeq. 3.59 million of which were from CER sales during calendar year 2015. As of September 30, 2015, cumulative donations received amounted to USDeq. 284.93 million.

Investment Income

As of September 30, 2015, the Adaptation Fund Trust Fund had earned cumulative investment income of approximately USD 4.13 million on the undisbursed balance of the Trust Fund. The Adaptation Fund Trust Fund liquid portfolio has returned 0.17% in the calendar year 2015 to date. Pursuant to the Report of the 17th meeting of the AF Board, dated April 16, 2012, the Trust Fund balance has been allocated to a longer term investment portfolio in accordance with the Trustee's procedures for trust fund investments.

Funding Approvals and Commitments

Cumulative net funding decisions (approvals by the AF Board) to September 30, 2015 amounted to USD 350.39 million. As of this date, approved amounts (committed by the Trustee) pending transfers to recipients totaled USD 167.67 million, representing a decrease of USD 7.91 million since June 30, 2015.

Cash Transfers

Based on Adaptation Fund Board decisions, the Trustee has transferred a total of USD 182.72 million up to September 30, 2015, including USD 151.77 million related to projects and programs, further detailed in Section 5.

Funds Held in Trust

Funds Held in Trust² reflect proceeds from CER monetization, donations received and investment income, less cash transfers made to date. Funds Held in Trust as of September 30, 2015 amounted to USDeq. 300.73 million.

Funds available to support AF Board funding decisions

Funds available amounted to USD 130.06 million as of September 30, 2015. This represents an increase of USDeq. 0.16 million since June 30, 2015.

² Funds Held in Trust represents balance of cash, investments and unencashed promissory notes (if any) as of the reporting date.



1. AF Trust Fund Summary – Inception through September 30, 2015

In USD millions

	Total	% of Total
<u>CER Sales Proceeds and Pledged Donations</u>		
CER Sales Proceeds	194.38	40.4%
Donations	284.93	59.2%
Pledges	1.96	0.4%
Total CER Sales Proceeds and Donations	481.28	100.0%

<u>Cumulative Resources</u>		
<u>Resources received</u>		
CER Sales Proceeds	194.38	40.0%
Donations	284.93	58.7%
Investment Income earned	4.13	0.9%
Total Resources Received	483.45	99.6%
<u>Resources not yet received</u>		
Pledges	1.96	0.4%
Total resources not yet received	1.96	0.4%
Total Potential Resources (A) (in USD millions)	485.41	100.0%

<u>Cumulative Funding Decisions</u>		
Programs and Projects (MIE)	219.75	62.7%
Programs and Projects (NIE)	98.87	28.2%
Operational Expenses	31.77	9.1%
Total Funding Decisions Net of Cancellations (B)	350.39	100.0%
Total Potential Resources Net of Funding Decisions (A) - (B)	135.02	
Total Potential Resources Net of Funding Decisions and Operational Reserve	132.02	

<u>Funds Available</u>		
Funds Held in Trust with no restrictions	297.73	
Approved Amounts Pending Cash Transfers	167.67	
Total Funds Available to Support AF Board Decisions	130.06	



2. CER Sales Proceeds and Donations

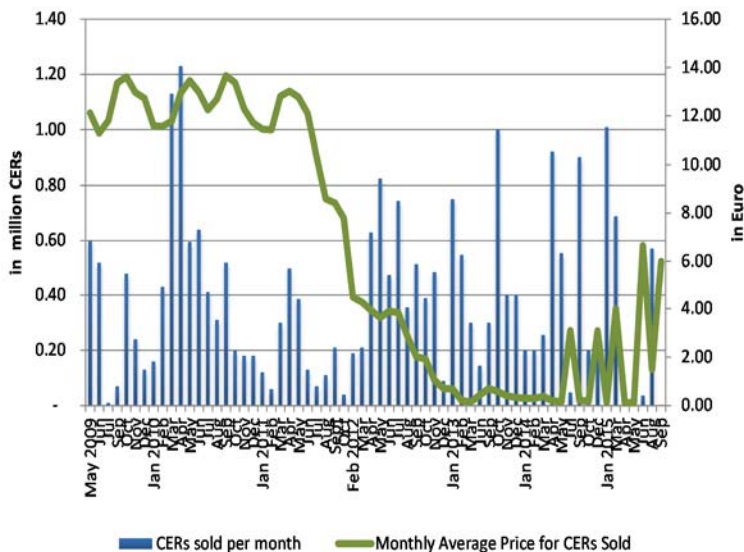
Calendar Year		CER balance a/	CER sales	Proceeds USD (millions)
2009	Q2	5,044,100	1,120,000	18.55
	Q3	5,461,361	80,000	1.52
	Q4	5,225,632	850,000	16.06
2010	Q1	4,161,678	1,720,000	27.95
	Q2	2,174,188	2,465,000	41.84
	Q3	1,306,693	1,240,000	20.92
2011	Q4	1,888,232	560,000	9.51
	Q1	3,005,041	480,000	8.18
	Q2	3,403,530	1,015,000	18.59
2012	Q3	4,966,292	390,000	4.80
	Q4	6,255,615	40,000	0.42
	Q1	7,514,701	400,000	2.31
2013	Q2	7,034,418	1,931,000	9.41
	Q3	6,280,769	1,614,000	6.22
	Q4	8,217,077	965,000	1.71
2014	Q1	9,035,889	1,498,000	0.25
	Q2	10,528,786	144,303	0.08
	Q3	10,932,978	300,000	0.29
2015	Q4	9,749,545	1,800,000	1.18
	Q1	8,582,226	655,000	0.29
	Q2	8,502,467	1,478,000	0.34
2015	Q3	8,626,126	950,594	0.26
	Q4	7,882,366	389,680	0.11
	Q1	7,099,207	1,696,880	3.18
2015	Q2	7,820,232	97,415	0.28
	Q3	7,889,286	574,273	0.13
Total			24,454,145	194.38

a/ in registries at period-end

CER SALES PROCEEDS

This table shows the proceeds from CER sales received into the Adaptation Fund Trust Fund.

The Trustee has generated revenues of USDeq. 194.38 million through CER sales since the start of the CER monetization program in May 2009.



CER SALES VS. MONTHLY AVERAGE PRICE

This chart presents the number of CERs sold per month and the monthly average price obtained by the Trustee for CERs sold between May 2009 and September 2015. During the first three quarters of calendar year 2015, the Trustee sold 2.37 million CERs and generated USDeq. 3.59 million in CER proceeds. The average price achieved during the quarter was EUR 0.20 per ton.



DONATIONS

Donor	Currency	Pledged Donation in Currency of Contribution	Effective (or signed) Donation	Receipts in Currency of Contribution	Receipts in USDeq. a/
Austria	EUR	500,000	500,000	500,000	690,250
Belgium	EUR	1,500,000	-	-	-
Belgium (Flanders)	EUR	1,000,000	1,000,000	1,000,000	1,216,500
Belgium (Wallonia Region)	EUR	250,000	-	-	-
Belgium (Brussels Capital Region)	EUR	1,700,000	1,700,000	1,700,000	2,266,650
Corporacion Andina de Fomento	USD	56,000	56,000	56,000	56,000
Finland b/	USD	67,534	67,534	67,534	67,534
Finland	EUR	5,000,000	5,000,000	5,000,000	6,803,000
France b/	USD	53,340	53,340	53,340	53,340
France	EUR	5,000,000	5,000,000	5,000,000	5,564,000
Germany	EUR	90,000,000	90,000,000	90,000,000	117,005,000
Japan b/	USD	8,088	8,088	8,088	8,088
Luxembourg	EUR	2,000,000	2,000,000	2,000,000	2,105,296
Monaco	EUR	10,000	10,000	10,000	12,197
Norway b/	USD	87,700	87,700	87,700	87,700
Norway	NOK	15,000,000	15,000,000	15,000,000	2,439,381
Spain	EUR	45,000,000	45,000,000	45,000,000	57,055,000
Sweden	SEK	400,000,000	400,000,000	400,000,000	59,383,765
Switzerland b/	USD	77,668	77,668	77,668	77,668
Switzerland	CHF	13,000,000	13,000,000	13,000,000	14,125,926
United Kingdom	GBP	10,000,000	10,000,000	10,000,000	15,915,000
Others	GBP	-	326	326	504
Others	EUR	-	412	412	566
Total Donations Received					284,933,366

a/ Represents actual USD receipts.

b/ Donation corresponds to the Donor's pro-rata share of the balance in the Administrative Trust Fund

- No new pledges or donations were received since the previous reporting date of June 30, 2015

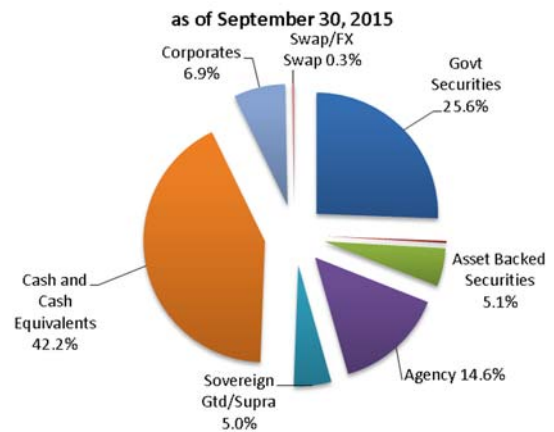
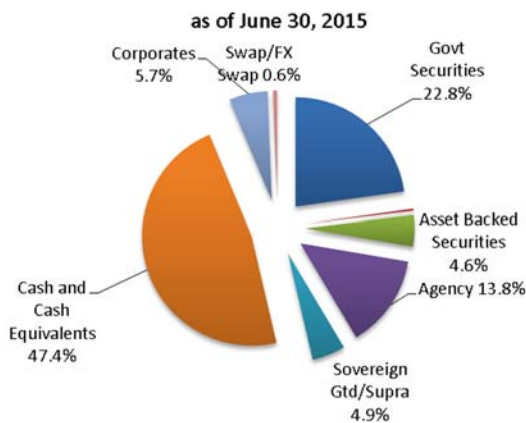


3. Asset Mix and Investment Income

ASSET MIX

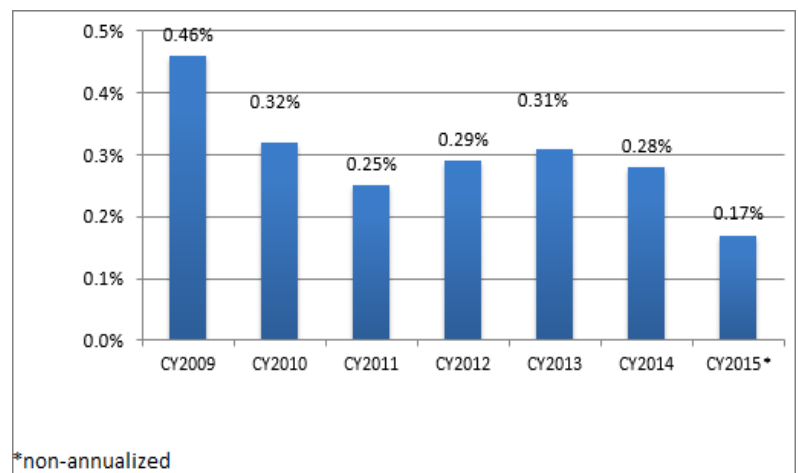
The undisbursed cash balance of the Adaptation Fund Trust Fund is maintained in a commingled investment portfolio ("Pool") for all trust funds managed by IBRD. Until June 30, 2015, the Pool was actively managed so that the probability of incurring negative returns is no more than 1% over the applicable investment horizon. As of July 1, 2015, the World Bank formally adopted the Conditional Value-at-Risk (CVaR) measure as the risk constraint in the management of trust funds. Funds are managed such that the expected maximum loss, as measured by the CVaR, in the worst 1% of cases will not exceed 0.25% at the portfolio's investment horizon. Pursuant to the Report of the 17th meeting of the AF Board, dated April 16, 2012, the Trust Fund balance has been allocated to a longer term investment portfolio in accordance with the Trustee's procedures for trust fund investments

The portfolio allocation by asset class has the largest allocations to government securities and money-market instruments. In 2012, the Adaptation Fund Board approved an updated investment strategy, reflecting the Fund's mandate, current risk profile and projected liquidity needs.



INVESTMENT RETURNS

The portfolio's performance continues to be modest as fixed income yields remain at very low levels. Contributors to performance were Agency MBS, the LIBOR portfolio, and short and medium-term sovereign bonds in the United States.





4. Cumulative Funding Decisions (breakdown by NIEs and MIEs)

In USD millions

1. Programs and Projects	MIE/NIE	MIE	NIE	
Argentina	UCAR	-	5.67	a/
Argentina	WB	4.30	-	
Belize	WB	6.00	-	
Benin	FNE	-	0.03	a/
Burundi	MINIRENA	-	0.05	b/
Cabo Verde	CSE	-	0.05	b/
Cambodia	UNEP	4.95	-	
Chad	CSE	-	0.05	b/
Chile	AGCI	-	0.03	a/
Colombia	UNDP	8.52	-	
Cook Islands	UNDP	5.38	-	
Costa Rica	FDS	-	10.00	a/
Cuba	UNDP	6.07	-	
Djibouti	UNDP	4.66	-	
Ecuador	WFP	7.45	-	
Egypt	WFP	6.90	-	
Eritrea	UNDP	6.52	-	
Georgia	UNDP	5.32	-	
Ghana	UNDP	8.29	-	
Guatemala	UNDP	5.43	-	
Honduras	UNDP	5.62	-	
India	NABARD	-	0.03	a/
India	NABARD	-	0.69	
India	NABARD	-	2.54	a/
India	NABARD	-	1.82	a/
Indonesia	WFP	6.00	-	
Jamaica	PIOJ	-	10.00	a/
Jordan	MOPIC	-	9.26	a/
Kenya	NEMA	-	10.00	
Lebanon	IFAD	7.86	-	
Madagascar	UNEP	5.10	-	
Maldives	UNDP	8.99	-	
Mali	UNDP	8.53	-	
Mauritania	WFP	7.80	-	
Mauritius	UNDP	9.12	-	
Mongolia	UNDP	5.50	-	
Morocco	ADA	-	10.00	a/
Myanmar	UNDP	7.91	-	
Nepal	WFP	9.53	-	
Nicaragua	UNDP	5.50	-	
Niger	CSE	-	0.05	b/
Pakistan	UNDP	3.91	-	
Papua New Guinea	UNDP	6.53	-	
Rwanda	MINIRENA	-	10.00	a/
Samoa	UNDP	8.73	-	
Senegal	CSE	-	8.62	
Seychelles	UNDP	6.46	-	
Solomon Islands	UNDP	5.53	-	
South Africa	SANBI	-	7.53	a/
South Africa	SANBI	-	2.47	a/
Sri Lanka	WFP	7.99	-	
Tanzania	UNEP	5.01	-	
Turkmenistan	UNDP	2.93	-	
Uruguay	ANII	-	10.00	a/
Uzbekistan	UNDP	5.42	-	
				318.62
	Sub-Total by IE type	219.75	98.87	
	Percent of total Programs and	69%	31%	
2. Operational Expenses				31.77
AF Administrative Trust Fund c/				0.69
Administrative Budget - Trustee				7.65
Administrative Budget - AF Board and Secretariat				22.59
Other d/				0.84
3. Total Funding Decisions (3 = 1 + 2)				350.39

a/ Includes approved Project Formulation Grant amounts.

b/ Represents accreditation support

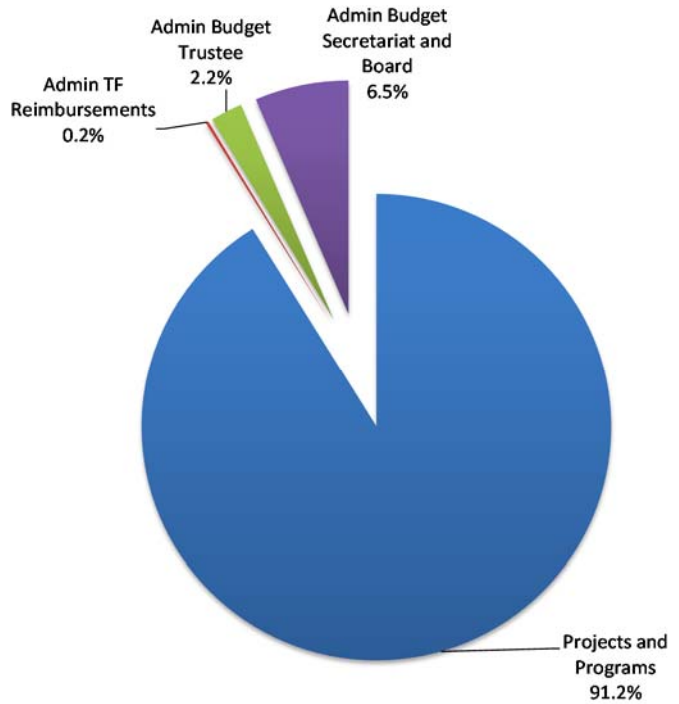
c/ Represents reimbursable contributions from UNEP and Australia to the Administrative Trust Fund

d/ Represents reimbursable deposit for monetization and set aside for readiness programme



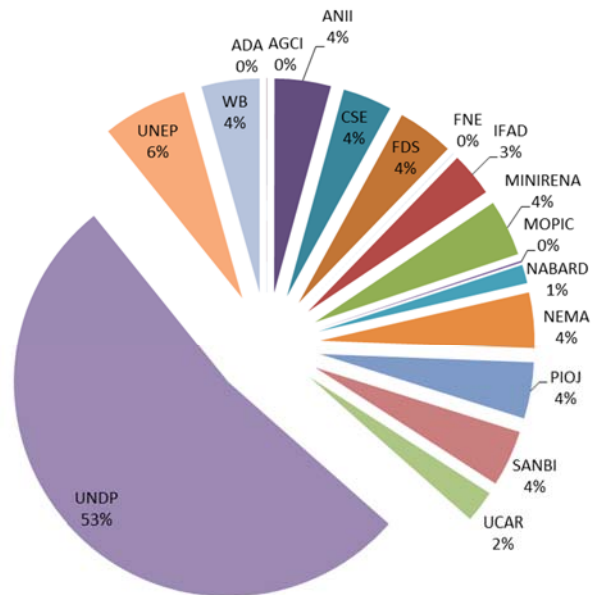
CUMULATIVE FUNDING DECISIONS

Since inception to September 30, 2015 funding approvals made by the AF Board amounted to USD 350.39 million.



FUNDING DECISIONS BY NIE/MIE

Funding decisions by MIE/NIE show the cumulative funding decisions related to programs and projects. To date, cumulative funding decisions to MIEs/NIEs amount to USD 318.62 million.





5. Funds Available

In USD millions

	As of September 30, 2015 (a)	As of June 30, 2015 (b)	Change since last report (a) - (b)
1. Cumulative Receipts	483.45	483.25	0.19
a. Cash receipts from CER proceeds	194.38	194.25	0.13
b. Cash receipts from Donors and Other Sources	284.93	284.93	-
c. Investment Income earned on undisbursed balances	4.13	4.07	0.06
2. Cumulative Cash Transfers	182.72	174.78	7.94
a. Projects and Programs	151.77	143.86	7.91
b. Operational Expense	30.95	30.92	0.03
3. Funds Held in Trust (3 = 1 - 2)	300.73	308.47	(7.75)
4. Operational Reserve	3.00	3.00	-
5. Funding Decisions Pending Cash Transfer	167.67	175.58	(7.91)
6. Funds available to support AF Board funding decisions (6 = 3 - 4 - 5)	130.06	129.89	0.16

Highlights for the period July 1, 2015 through September 30, 2015:

- **Funds Held in Trust** represent cumulative receipts less cumulative cash transfers, and amount to USDeq. 300.73 million as of September 30, 2015. Funds Held in Trust decreased by USDeq. 7.75 million due to:
 - The receipt of CER proceeds amounting to USDeq. 0.13 million
 - Investment income of USDeq. 0.06 million earned during the quarter
 - Cash transfers of USD 7.94 million for projects, programs and operational expenses during the quarter
- The new funding decisions are increased by USD 0.03 million.
- **Funding Availability** increased by USDeq. 0.16 million as a result of the factors outlined above.



Annex – Detailed CER Monetization Record

	Calendar Quarter	Sale Method	Quantity	Quarterly Average Market Price	Quarterly Average Price Achieved by the Trustee	Total Euro	Actual USD	Fees
2009	Q2	OTC	1,100,000	11.62	11.85	13,030,000	18,244,887	-
		Exchange	20,000	11.62	10.79	215,700	302,455	480
	Q3	OTC	-	-	-	-	-	-
		Exchange	80,000	12.74	13.16	1,044,000	1,519,280	1,920
2010	Q4	OTC	400,000	12.72	12.41	4,965,000	7,372,659	-
		Exchange	450,000	12.72	13.02	5,860,600	8,689,141	10,800
2010	Q1	OTC	1,300,000	11.69	11.93	15,505,000	21,219,352	-
		Exchange	420,000	11.69	11.59	4,867,200	6,734,673	10,080
	Q2	OTC	1,570,000	13.02	13.17	20,684,500	26,768,710	-
		Exchange	895,000	13.02	13.07	11,693,600	15,068,497	12,270
	Q3	OTC	700,000	12.90	13.51	9,454,000	12,049,753	-
		Exchange	540,000	12.90	12.67	6,839,600	8,866,433	7,560
	Q4	OTC	-	-	-	-	-	-
		Exchange	560,000	12.47	12.48	6,991,500	9,511,362	7,840
2011	Q1	OTC	300,000	11.89	12.83	3,847,500	5,437,099	-
		Exchange	180,000	11.89	11.44	2,059,000	2,746,051	2,520
	Q2	OTC	500,000	12.49	13.02	6,509,000	9,357,538	-
		Exchange	315,000	12.49	12.53	3,946,900	5,662,845	4,350
	Q3	Auction	200,000	12.49	12.52	2,504,000	3,567,699	2,000
		OTC	-	-	-	-	-	-
Q4	Exchange	390,000	9.07	8.81	3,434,600	4,803,998	5,460	
	OTC	-	-	-	-	-	-	
2012	Q1	Exchange	40,000	6.21	7.79	311,400	418,332	560
		OTC	-	-	-	-	-	-
	Q2	Exchange	400,000	4.16	4.37	1,748,100	2,306,972	5,600
		OTC	250,000	3.82	3.67	921,500	1,158,337	-
	Q3	Exchange	1,681,000	3.82	3.81	6,411,770	8,251,269	23,534
		OTC	-	0.18	-	-	-	-
	Q4	Exchange	1,614,000	2.91	2.95	5,006,550	6,224,091	22,596
		OTC	6,000	0.18	1.05	6,300	8,027	-
2013	Q1	Exchange	959,000	0.18	1.38	1,317,480	1,698,951	13,426
		OTC	1,498,000	0.16	0.13	190,280	254,006	-
	Q2	Exchange	-	-	-	-	-	-
		OTC	144,303	0.28	0.43	62,050	82,030	-
	Q3	Exchange	-	-	-	-	-	-
		OTC	300,000	0.60	0.71	212,000	286,740	-
	Q4	Exchange	-	-	-	-	-	-
		OTC	1,800,000	0.45	0.49	868,000	1,181,238	-
2014	Q1	Exchange	-	-	-	-	-	-
		OTC	655,000	0.31	0.36	216,900	293,664	9,170
	Q2	Exchange	-	-	-	-	-	-
		OTC	1,478,000	0.14	0.19	259,230	335,597	20,692
	Q3	Exchange	-	-	-	-	-	-
		OTC	550,594	0.16	1.37	129,644	165,652	7,708
	Q4	Exchange	-	-	-	-	-	-
		OTC	789,680	0.07	1.35	166,494	208,182	11,056
2015	Q1	Exchange	-	-	-	-	-	-
		OTC	1,696,880	0.02	1.70	2,886,627	3,175,996	23,756
	Q2	Exchange	-	-	-	-	-	-
		OTC	97,415	0.45	2.56	249,430	279,669	1,364
	Q3	Exchange	-	-	-	-	-	-
		OTC	574,273	0.49	0.20	113,720	130,493	8,040
		Exchange	-	-	-	-	-	
Total			24,454,145			144,529,175	194,381,676	204,742

a/ net of EUR 10,000 exchange fees



Glossary

Term	Definition
ADA	Agence pour le Developpement Agricole – Morocco
AGCI	Agencia de Cooperacion Internacional - Chile
ANII	Agencia Nacional de Investigación e Innovación – Uruguay
CSE	Centre de Suivi Ecologique - Senegal
FDS	Fundecooperacion Para el Desarrollo Sostenible – Costa Rica
FNE	Fonds National pour l’Environnement – Benin
IFAD	International Fund for Agricultural Development
MIE	Multilateral Implementing Entity
MINIRENA	Ministry of Natural Resources - Rwanda
MOPIC	Ministry of Planning and International Cooperation – Jordan
NABARD	National Bank for Agriculture and Rural Development – India
NEMA	National Environment Management Authority - Kenya
NIE	National Implementing Entity
PIOJ	Planning Institute of Jamaica
SANBI	South African National Biodiversity Institute
UCAR	Unidad para el Cambio Rural – Argentina
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
WB	World Bank
WFP	United Nations World Food Program