

# The Adaptation Fund

AFB/B.6/8/Rev.1  
May 26 2009

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Adaptation Fund Board  
Sixth Meeting  
Bonn, June 15-17, 2009

Agenda Item 8.a)

## STATUS OF THE ADMINISTRATIVE TRUST FUND RESOURCES

## **Introduction**

1. Decision 1/CMP.3, in paragraphs 24-26 provides for the financial framework of the Adaptation Fund, which includes the establishment of a trust fund to meet the costs of adaptation, as well as administrative expenses for operating the Fund. That decision, in paragraph 27, invites Parties to finance the administrative expenses for operating the Fund in an interim phase, pending monetization of CERs, by making contributions to the administrative trust fund for the Board and the Secretariat of the Adaptation Fund.
2. This document is prepared by the Secretariat to inform the Board of the status of the resources available to, and expenditures incurred by, the Adaptation Fund as of May 26, 2009.

## **Status of Contributions to the Adaptation Fund Trust Fund**

3. As of May 26, 2009, the Governments of: Denmark, Finland, France, Japan, Norway, Sweden and Switzerland have made contributions for the administrative expenses for operating the Fund and paid in donations of \$1.467 million.
4. As of May 26, 2009, the Governments of Australia, U.K. and UNEP have made contributions, in the form of reimbursable loans, for the administrative expenses for operating the Fund and provided of **\$1.681 million**. In addition, a loan of \$ 700,000 has been received from the Least Developing Country Fund to cover costs of the operation of the Adaptation Fund until pledged amounts from donors had been credited to the Trustee accounts for this Trust Fund, and this loan is due to be repaid to the LDCF. These contributions are detailed in Table 1.

**Table 1: Contributions to the Adaptation Fund Administrative Trust Fund as of  
May 15, 2009**

<b>Paid in contributions to the administrative trust fund for the Board and Secretariat of the Adaptation Fund</b>			
<b>Donor</b>	<b>Currency</b>	<b>Amount</b>	<b>USD Equivalent</b>
<b>Grants</b>			
Denmark	DKK	3,000,000	\$544,030.18
Finland	EUR	100,000	\$155,340.00
France	EUR	95,000	\$122,692.50
Japan	USD	13,094	\$13,093.97
Norway	NOK	1,000,000	\$201,726.78
Sweden	SEK	2,100,000	\$251,154.11
Switzerland	CHF	200,000	\$178,651.18
sub-total Grants			<b>\$1,466,688.72</b>
<b>Loans</b>			
Australia*	AUD	200,000	\$191,340.00
<b>LDCF loan</b>	<b>USD</b>	<b>700,000</b>	<b>\$700,000.00</b>
U.K.*	GBP	500,000	\$990,300.00
UNEP*	USD	500,000	\$500,000.00
sub-total Loans			<b>\$2,381,640.00</b>
Less fees given to Trustee and Legal Department for set-up and maintenance			(\$97,966.58)
<b>TOTAL</b>			<b>\$3,750,362.14</b>

\* These contributions must be repaid to the donor or transferred to a different fund once the CERs have been monetized.

### **Budget of the Adaptation Fund Secretariat from January 1 to December 31, 2008**

5. During the course of 2008, the Adaptation Fund Board approved a series of budgets that totalled **\$2,379,811** for the activities of the Secretariat for the period January 1 to December 31, 2008. These costs were for: (i) costs to research and prepare documentation for four meetings of the Adaptation Fund Board; (ii) travel costs of Board Members to participate in four meetings of the Board; (iii) travel costs of Board Members to participate in three Committee meetings and (iv) travel costs of Secretariat staff to organize and manage the first four meetings of the Board and three Committee meetings.

## **Expenditures of the Adaptation Fund Secretariat from January 1 to December 31, 2008**

6. It is estimated that the Secretariat has incurred **\$1,885,743** in expenses for the period January 1 to December 31, 2008, for the following costs: (i) costs to research and prepare documentation for the four meetings of the Board; (ii) travel costs of Board Members to participate in four meetings of the Board; and (iii) travel costs of Secretariat staff to organize, manage and follow up activities from the meetings of the Adaptation Fund Board.

## **Budget of the Adaptation Fund Secretariat from January 1 to June 30, 2009**

7. The approved budget for the Adaptation Fund and Secretariat for the period January 1 to June 30, 2009, as agreed by the Adaptation Fund Board on March 26, 2009 is **\$754,760**

## **Status of Resources in the Adaptation Fund Administrative Trust Fund as of May 26, 2009**

8. The net value of the cumulative funds made available for the Adaptation Fund Administrative Trust Fund is **\$3,750,362**.

9. After having covered the costs of operation of the Adaptation Fund Board and Secretariat for the period up to July 1, 2009, the remaining available funds are **\$1,109,859**.

10. The proposed budget of the Adaptation Fund Board and Secretariat from July 1, 2009 to June 30, 2010 is **\$2,288,933**. This amount shall cover all relevant costs of operation of the Adaptation Fund, including the cost of holding a Seventh, Eighth, Ninth and Tenth meeting of the Board.

11. The estimated budget from the Trustee for the same period of July 1, 2009 to June 30, 2010 represents a total of **\$1,462,500** (document AFB/B.6/12).

**12.** The information above results in a shortfall of available funds of US\$ **(\$2,641,574)**.

13. Considering the shortfall of **(\$2,641,574)** arising from the proposed commitments against available resources, any decisions on the budget are conditional on additional funds becoming available as a result of the monetization of CERs or other sources of funding.

**Table 2: Status of the Resources in the Adaptation Fund Administrative Trust Fund as of May 26, 2009**

<b>Cumulative Funds made available through Funds as of May 26, 2009</b>	<b>3,750,362</b>
<b>January 1 – December 31, 2008 expenses</b>	<b>1,885,743</b>
<b>January 1 - June 30, 2009 approved budget</b>	<b>754,760</b>
<b>Available funds as of May 26, 2009 (NB \$700,000 needs to be returned to LDCF)</b>	<b>1,109,859</b>
<b>Estimated Budget of the Adaptation Fund Secretariat and Board for July 1, 2009 to June 30, 2010</b>	<b>2,288,933</b>
<b>Estimated Budget of the Adaptation Fund Trustee for July 1, 2009 to June 30, 2010</b>	<b>1,462,500</b>
<b>Available funds as of May 26, 2009 (NB \$700,000 needs to be returned to LDCF)</b>	<b>(2,641,574)</b>

**Additional Donor pledges**

1. The Adaptation Fund trust fund has received pledges of additional contributions from the government of the Netherlands (100,000 Euros). These sums had not yet been fully paid into the Adaptation Fund trust fund as of May 26, 2008. In addition, a proportion of the charges made on receipt of funds by the invited Trustee (**US\$4,660.20**) are due to be returned to the Adaptation Fund. These sums are detailed in Table 3.

**Table 3: Pending Receipts to the Adaptation Fund Administrative Trust Fund as of May 26, 2009**

<b>Pledges not yet paid in to the administrative trust fund for the Board and Secretariat of the Adaptation Fund</b>			
Netherlands	EUR	100,000	\$155,340.00
Less fees to be given to Trustee and Legal Department for maintenance (5%)			(\$7,767.00)
60% of 5% to be returned from pending pledges			\$4,660.20
<b>Total not yet paid in</b>			<b>\$152,233.20</b>