



ADAPTATION FUND

AFB/EFC.11/6
22 March 2013

Ethics and Finance Committee
Eleventh Meeting
Bonn, 2-3 April, 2013

Agenda item: 9 (c)

**BOARD AND SECRETARIAT, AND TRUSTEE
ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2014**

SECTION I: DOCUMENT STRUCTURE

Budget overview

1. This document presents the budgets of the Board and secretariat, and of the interim trustee (the “trustee”), for the fiscal year 2014 (FY14), i.e. 1 July, 2013 to 30 June, 2014. The table below presents an overview of the budgets of the Board and secretariat, and of the trustee, for FY14, which are explained in detail in the next two sections of the document: section II covers the Board and secretariat budget for FY14, and section III covers the trustee budget for FY14.

Table 1: Approved FY13 and proposed FY14 budget of the Board and secretariat, and of the trustee¹

All amounts in US\$		Approved FY13	Actual Estimated FY13	Proposed FY14
BOARD AND SECRETARIAT				
01	Personnel	1,769,747	1,473,247	1,533,343
02	Travel	737,400	573,400	933,400
03	General operations	351,323	255,000	263,870
04	Meetings	500,000	350,000	630,000
Sub-total Board and secretariat		3,358,470	2,651,647	3,360,613
TRUSTEE				
01	CER Monetization	520,000	431,000	455,000
02	Financial and Program Management	173,000	186,000	210,000
03	Investment Management	70,000	89,000	70,000
04	Accounting and Reporting	56,000	56,000	56,000
05	Legal Services	15,000	15,000	20,000
06	External Audit	60,000	42,000	60,000
Sub-total trustee services		894,000	819,000	871,000
07	Special Initiative: FIF IT Systems	150,000	150,000	
Sub-total trustee		1,044,000	969,000	871,000
GRAND TOTAL ALL COMPONENTS		4,402,470	3,620,647	4,221,613

Recommendation

2. The Board is requested to approve, from the resources available in the Adaptation Fund Trust Fund:

¹ Decimal points in the table are rounded up.

- a) The proposed budget of **US\$ 3,360,613** to cover the costs of the operations of the Board and secretariat over the period 1 July, 2013 to 30 June, 2014;
- b) The proposed budget of **US\$ 871,000** for trustee services to be provided to the Adaptation Fund over the period 1 July, 2013 to 30 June, 2014, comprising **US\$ 455,000** for CER Monetization services, and **US\$ 416,000** for all other trustee services.

SECTION II: BOARD AND SECRETARIAT PROPOSED BUDGET FOR THE PERIOD 1 JULY, 2013 – 30 JUNE, 2014

Background

3. The Board, at its 18th meeting in June 2012, approved the Board and secretariat budget of **US\$ 3,323,470**² (Decision B.18/34). In subsequent meetings, the Board amended the budget to include **US\$ 35,000** to cover the fees and travel cost for two additional Accreditation Panel experts (Decision B.18-19/17). Details of the revised budget for FY13 can be found in Table 4 which also includes an update of the actual expenses for FY13, as well as the proposed budget for FY14 (1 July 1, 2013 – 30 June, 2014).

Table 2: Approved amendments to FY13 originally approved budget

All amounts in US\$	
Originally approved budget for FY11	3,323,470
Amendments	35,000
- <i>Accreditation Panel experts (fees)</i>	<i>15,000</i>
- <i>Accreditation Panel experts (travels)</i>	<i>20,000</i>
Revised budget	3,358,470

FY13 current estimates vs. approved budget

4. Budget under-run. Based on the estimated actual expenditure as of 31 December 2012, FY13 expenditure stands at \$917,562, which is 27% of the revised approved FY13 budget. The final actual expenditure for FY13 will be reported by the reconciliation budget as of 30 June, 2013.

² At the request of the AF Board, US\$ 255,000 of this amount has not been transferred by the trustee, pending an AF Board decision on investigative consultants

Budget proposal for FY14

5. The overall budget request for FY14 amounts to **US\$ 3,360,613** and consists of the following components:

a) *Personnel component.*

- i. Full-time staff. An amount of **US\$ 886,378** is estimated to cover the staff cost (salary, benefits, overhead and staff training cost³) of the Manager, two Adaptation Officers, an Operations Officer (Accreditation), a Junior Professional Associate and a Program Assistant.
- ii. GEF secretariat staff cross-support. The estimate of **US\$ 198,265** is to cover the cost of staff (salary, benefits and overhead) in the GEF secretariat that provides cross-support to the Board. This amount represents a reduction of 22% of the estimated actual for FY12 and is derived by charging the estimated time for delivering services to the Adaptation Fund by 14 GEF secretariat staff members performing the following tasks:

Table 3: Staff time of GEF cross-support from FY12 to FY14

GEF cross-support staff	FY12	FY13	FY14	Description of support
Head of the secretariat	15%	15%	15%	Clearance of secretariat project reviews and overall supervision of activities of the Adaptation Fund Board secretariat
Accounting support	14%	14%	14%	Management of incoming and outgoing resources, calculation of staff cost and office spaces
AF website and knowledge management strategy development	10%	5%	2%	Maintenance and updates of website contents, development/supervision of knowledge management strategy
AF database technical support	3%	3%	3%	Development and deployment of the project/programme database
Communication & Outreach	5%	5%	2%	Design of flyers, posters and publication covers, support for exhibitions and other outreach events
Human resources support	7%	7%	5%	Support for recruitment, suggestion of grades and salary, Liaison with the WB Human Resources
IT support	5%	5%	5%	Maintenance and set-up of PCs, software, remote access
RBM strategy development and implementation	12%	8%	-	Preparation of annual performance reports, review of project performance reports, analysis of results tracker and monitoring function
Project Review ⁴	8%	8%	8%	Technical review of project concepts and fully-developed proposals
Head of operations and business strategy	2%	2%	2%	Supervision of GEF cross-support staff and their activities

³ The World Bank promotes continued training and learning of staff members. Within the Global Environment Facility (GEF) secretariat, the practice is that staff members excluding consultants are granted training budget up to US\$ 3,000 upon their request.

⁴ The estimated amount for the support in project review is derived by charging the time of the review of one concept and one fully developed project proposal per officer. The review of one concept takes 2 days and the review of a fully developed project proposal 3 days.

- Given the expanded capacity of the dedicated team, GEF secretariat cross-support for AF website and knowledge management strategy development (5% to 2%), Communication & Outreach (5% to 2%) and RBM strategy development and implementation (8% to 0%) have been revised respectively. Due to availability of staff, two GF level and four GG level GEF staff members will serve as project co-reviewers in FY14.
- iii. GEF Evaluation Office (EO) cross-support. For FY13, the AF Board approved a provisional work programme and budget of **US\$ 17,000** for the Evaluation Function (Decision B.18/36) which would become operational after the first AF-funded project had completed a final evaluation. This has not yet happened, therefore no activities were undertaken. It is proposed that the Board notes explicitly that its decision of FY13 now applies to FY14. The amount is allocated as GEF EO cross-support within the GEF secretariat budget. The breakdown of this budget and description of activities is available in document AFB/EFC.9/10 FY2013 Work Programme and Budget for the Evaluation Function.
 - iv. Consultants. The estimate of **US\$ 431,700** includes the AFB secretariat Support (US\$ 25,000); the support for website and IT systems (US\$ 35,000); the result based management (RBM) (US\$ 10,000); the implementation of the communications strategy and knowledge management (US\$ 89,700); the fees for the work of the expert members of the Accreditation Panel (US\$ 272,000). Taking consideration of the ongoing information technology system development being done by the trustee (funded under the approved FY13 trustee administrative budget), the allocation for design and operation of dedicated web site is reduced from US\$ 51,500 in FY13 to US\$ 35,000. Once the system is in place, deployment of the project database will be more easily synchronized with the information on the website hence it is not the best option to invest more funds to development of secretariat's own system at this stage. Allocation for the investigative consultant will be on hold until a concrete decision on its procedure and a TOR of the consultant are agreed by the Board.

b) Travel component.

In FY13, only two Board meetings have taken place (AFB19 in December 2012 and AFB20 in April 2013). The next Board meeting (AFB21) is scheduled in the next fiscal year (July 2013), with the implication that four Board meetings will be funded under the FY14 budget. Given this, the increased amount of funds is allocated for the AF secretariat travel (US\$ 330,000) and the Board travel (US\$ 400,000) to cover up to four Board meetings. Other than the Board meetings, the travel for secretariat staff (US\$ 330,000) will include participation in COP18 in Poland and learning missions to Honduras, Nicaragua or Jamaica. The awareness raising (US\$ 43,400) remains the same amount from FY13 and will cover travels for three international events and meetings. Per diem allowances of Board members and alternates according to UN rules are paid separately, from the Adaptation Fund Trust Fund, and are therefore not included in this budget⁵. The total request amounts to **US\$ 933,400**.

⁵ This is included in the cash transfer amounts reported by the Trustee and are estimated at, US\$ 71,315 for FY13 and 142,630 for FY14.

c) *Other components.*

- i. General operations. The FY14 budget estimate is **US\$ 263,870**. This amount includes US\$ 200,000 for office space lease⁶ as well as a series of office equipment rentals and fees for six full time staff members and one Extended-Term Consultant of the secretariat, such as PCs, telephones, remote access systems, audio-conference systems and so on. It also includes US\$ 23,870 for communications support to the Chair and US\$ 40,000 for publications and outreach.
- ii. Meetings. The estimated amount is **US\$ 630,000**. As estimated under the travel component, cost for organization of up to four Board meetings should be allocated in FY14. The allocation for translation (US\$ 150,000) will remain the same since timing of meeting report translation is deemed not influenced by the timing of the fourth Board meeting.

⁶ The secretariat occupies 1 Workstation (70sf) and 5 offices (100 sf).

Table 4: Approved FY13 budget, FY13 estimate and proposed FY14 budget of the Board and secretariat⁷

All amounts in US\$		Approved	Estimated Actual	Estimate	Proposed
		FY13	31-Dec-12	30-Jun-13	FY14
PERSONNEL COMPONENT					
<u>Full-time staff (including benefits):</u>					
01	Senior Program Manager (GH)	219,599	85,332	219,599	243,185
02	Program Manager (GF) ----> (GG)	153,569	84,990	153,569	169,441
03	Program Manager (GF)	145,696	86,039	145,696	156,569
04	Operations Officer (Accreditation) (GF)	153,569	30,660	153,569	153,696
05	Program Assistant (GC)	74,807	52,909	74,807	85,680
06	Junior Professional Associate (JPA)	81,284	45,706	81,284	77,807
<u>sub-total AFB staff</u>		828,524	385,637	828,524	886,378
<u>GEF staff cross-support (including benefits):</u>					
01	Head of the AFB Secretariat (GJ) - 15%				
02	Accounting support (GF) - 14%				
03	AF database, KM strategy (GF) - 5% ----> 2%				
04	AF database (GF) - 3%				
05	Communications and outreach (GG) - 5% ----> 2%				
06	HR support (GD) - 7% ----> 5%				
07	IT support (GF) - 5%				
08	Review of projects (2@GF) - 8%				
10	Review of projects (4@GG) - 8%				
11	Head of Operations and Business Strategy (GH) - 2%				
<u>sub-total GEF staff</u>		223,023	55,581	223,023	198,265
<u>GEF Evaluation Office cross-support:</u>					
01	Evaluation report	3,000	0	3,000	3,000
02	EO staff cost	8,000	0	8,000	8,000
03	Travel to AFB meetings	6,000	592	6,000	6,000
<u>sub-total GEF EO cross-support</u>		17,000	592	17,000	17,000
<u>Consultants & others</u>					
01	AFB Secretariat Support (Legal support etc.)	25,000	5,764	25,000	25,000
02	Design and Operation of dedicated Web site	51,500	2,495	35,000	35,000
03	Communications Strategy & KM (ETC consultant)	89,700	42,585	89,700	89,700
04	Result Based Management (RBM)	25,000	7,500	7,500	10,000
05	Accreditation Panel (fees & conting.)	255,000	17,961	255,000	272,000
06	Investigative consultant	255,000	0	0	0
<u>sub-total Consultants</u>		701,200	76,305	412,200	431,700
SUB-TOTAL PERSONNEL COMPONENT		1,769,747	518,114	1,480,747	1,533,343
TRAVEL COMPONENT					
01	AF Secretariat staff	234,000	100,182	170,000	330,000
02	Awareness Raising	43,400	12,133	43,400	43,400
03	Board - 24 eligible members	300,000	79,356	200,000	400,000
04	Accreditation Panel/Staff (travel)	160,000	46,941	160,000	160,000
SUB-TOTAL TRAVEL COMPONENT		737,400	238,612	573,400	933,400
GENERAL OPERATIONS COMPONENT					
01	Office Space, Equipment and Supplies	275,953	54,107	200,000	200,000
02	Support to Chair (communications)	23,870	5,902	15,000	23,870
03	Publications and Outreach	51,500	3,622	40,000	40,000
SUB-TOTAL GENERAL OPERATIONS COMPONENT		351,323	63,631	255,000	263,870
MEETINGS COMPONENT					
01	Logistics, interpretation, report writing etc.	350,000	65,489	250,000	480,000
02	Translation	150,000	31,716	100,000	150,000
SUB-TOTAL MEETINGS COMPONENT		500,000	97,205	350,000	630,000
GRAND TOTAL ALL COMPONENTS		3,358,470	917,562	2,659,147	3,360,613

⁷ All staff costs include salary, benefits, overhead and staff training cost. Decimal points in the table are rounded up.

SECTION III: ADAPTATION FUND – TRUSTEE BUDGET ESTIMATE FOR FY14, AND REVISED BUDGET ESTIMATE FOR FY13

BACKGROUND

6. In its decision 1/CMP.4, the CMP adopted the Legal Arrangements between the CMP and the World Bank as the interim Trustee for the Adaptation Fund. These arrangements specify that the Trustee will perform two core functions for the Adaptation Fund: (a) monetization of Certified Emission Reductions (CERs); and (b) trust fund management, including financial management of the resources of the Trust Fund, entering into agreements to receive additional contributions and donations; investment management; accounting and financial reporting, and arranging an annual external audit. The arrangements also specify that the Trustee will perform its functions consistent with its Articles of Agreement, by-laws, policies and procedures, and be reimbursed for costs and expenses incurred in the provision of its trustee services to the Adaptation Fund.
7. The following sections present the trustee's revised budget for the period July 1, 2012 to June 30, 2013 and the proposed budget for the period of July 1, 2013 to June 30, 2014.⁸
8. Annual trustee costs have been decreasing steadily since inception, reflecting economies that have been found in the delivery of trustee services, including CER monetization, legal services, travel, and financial transactions processing (see Chart 1). This has been possible notwithstanding the more difficult conditions in carbon markets, making CER monetization more challenging, an increase in the number of transactions, and additional requests from the AF Board.
9. In summary:
- a) The trustee's revised cost estimate for **FY13 of USD 969,000** represents a **decrease of 7%** from the FY13 approved budget.
 - b) Excluding a one-time budget of USD 150,000 for the FIF Information Technology Systems Special Initiative, the trustee's revised cost estimate for FY13 of USD 819,000 represents a **decrease of 8%** from the FY13 approved budget.
 - c) The trustee's proposed budget for FY14 reflects a **decrease of 3%** from the FY13 approved budget (not including the FIF Information Technology Systems Special Initiative; when included the decrease amounts to 17%).
 - d) The total cumulative costs of all trustee services to the Adaptation Fund since the Adaptation Fund trust fund was created in 2008 represents approximately **3% of the total cash proceeds** received into the Adaptation Fund trust fund.
 - e) The proposed budget of trustee services to the Adaptation Fund amounts to approximately **one-third of one percent (0.3%)** of the funds held in trust.

⁸ It should be noted that the current mandate of the World Bank as interim trustee is set to expire automatically in March 2014, however the CMP decided at its Eighth session to request the World Bank to continue to serve as interim trustee until June 2015.

Chart 1: Annual Trustee Costs since Establishment of the Adaptation Fund Trust Fund

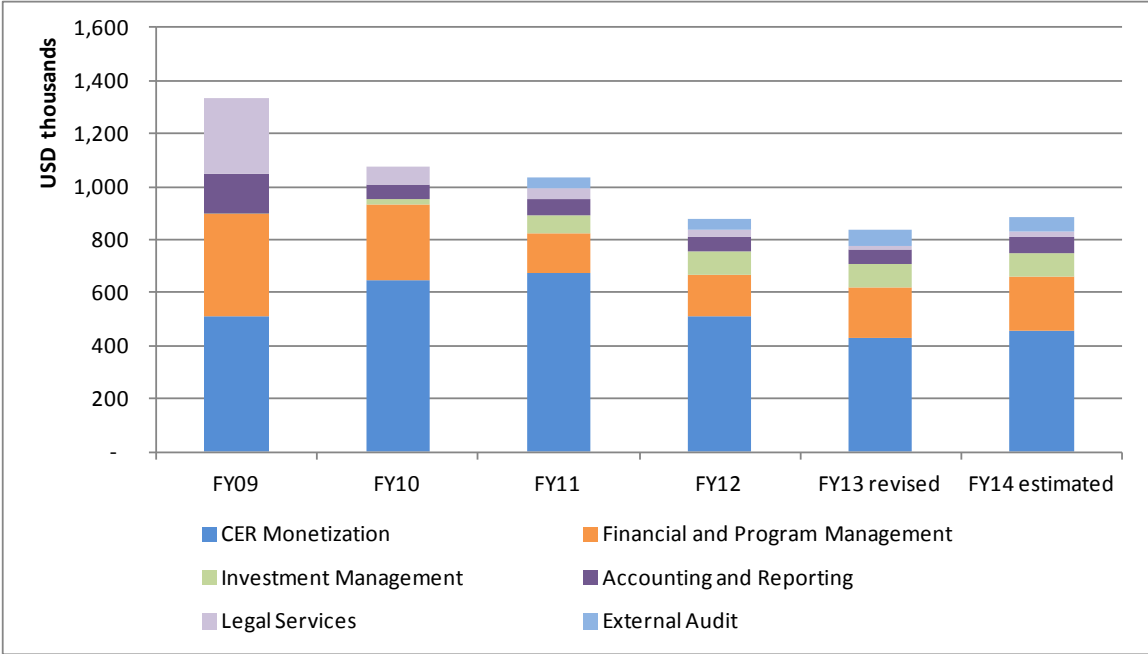
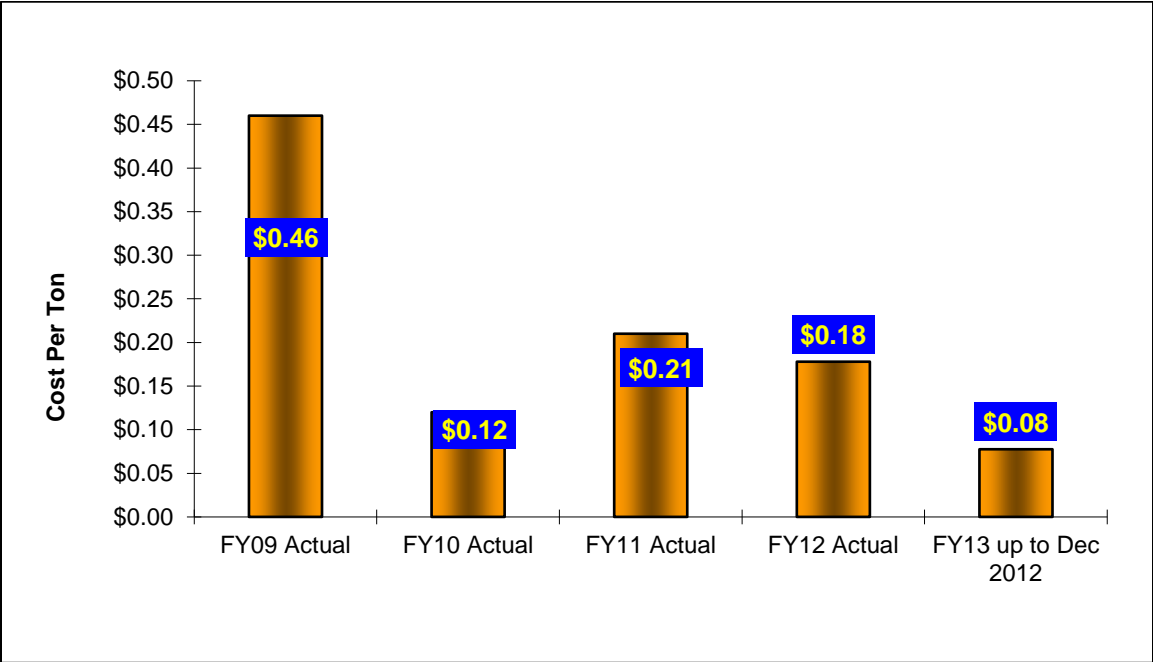


Chart 2: Adaptation Fund CER Monetization Costs (USD)



REVISED BUDGET FOR FY13 (FROM JULY 1, 2012 TO JUNE 30, 2013)

10. The Adaptation Fund Board approved a budget of USD 1,044,000 for trustee services in FY13. The revised estimate of costs, expenses and fees expected to be incurred by the trustee during this period (July 1, 2012 to June 30, 2013) is USD 969,000, or USD 75,000 less than the approved budget estimate (see Table 1). CER monetization costs are expected to be lower by approximately USD 89,000. This is partly due to savings in staff costs required for daily sales, as well as lower exchange fees and costs for the preparation, execution, and settlement of transactions during this period. Costs for Financial and Program Management are expected to be slightly higher due to time and expenses incurred related to finalizing donation arrangements with the United Nations Foundation, additional reporting, and costs associated with the preparation of proposed amendments to the World Bank's Terms and Conditions with the CMP to reflect the COP decision to extend the Bank's trustee mandate from March 2014 to June 2015 (this process will be started in FY13 and continue through FY14). Investment management fees are calculated as a flat fee of 3.5 basis points (i.e. 0.035%) of the average annual balance of the undisbursed cash in the Trust Fund. These are expected to be higher because the average annual balance is projected to be USD 254 million during the year (up from USD 200 million) due to slower than expected cash transfers to implementing entities.

11. The FY13 approved budget included the ***FIF Information Technology Systems Special Initiative (USD 150,000)*** which aims to develop an IT system to integrate secretariat and trustee processes, including those of the Adaptation Fund. The initial phase of this project focuses on building a database in the financial accounting system (SAP) used to store and manage project/program information. This database will be used by the Adaptation Fund Secretariat and will be fully integrated with the Trustee database. The development of a shared database contributes to a standardized platform for FIFs in order to ensure data integrity, eliminate costly reconciliations including those required due to audit findings, and provide a single source of data for management and decision making. In addition, since SAP is the World Bank's Enterprise Resource Planning system, all hardware and software licenses and upgrades are supported by the World Bank's technology teams. SAP is secure, supports full audit trails, and benefits from the protection of the World Bank's firewalls. The data is backed up and is protected in the case of server faults or the need for contingency operations.

12. To date, key project outputs are:

- a) Current state business operations and technology functions of all of the in-house FIF secretariats analysed, gaps and opportunities identified, and tools created to assist in the development of the business requirements and automated workflow designs for the FIF platform. The Adaptation Fund Secretariat staff participated in these consultations and provided information on their current business operations and future state requirements.
- b) Business and functional requirements developed for the initial phase of the IT system (data requirements, customization requirements, screens, workflow design, etc.). The initial phase of this project will address some of the key issues identified during the consultations with the Adaptation Fund Secretariat such as

storage of data on multiple spreadsheets and lack of a single source of data for reporting.

- c) A pilot secure external interface was developed, in collaboration with UNIDO, to exchange project information such as activations, disbursements, cancellations, and operational and financial closures. The data exchange pilot was successful and will be rolled out to other implementing agencies such as UNDP. As a requirement to support the Adaptation Fund, a solution(s) for smaller agencies that may not have the resources to implement the data exchange is being explored.

13. Development and testing of the FIF SAP database is targeted for completion at the end of Q1 of FY14. The Adaptation Fund Secretariat will be participating in early testing and rollout and will also engage with the Trustee in identifying reporting requirements.

PROPOSED BUDGET FROM JULY 1, 2013 TO JUNE 30, 2014

Table 5: Trustee FY13 revised and FY14 proposed budgets (USD)

Trustee Costs: FY13 revised and FY14 proposed				
Trustee Services	FY13 Approved	FY13 Revised	Difference	FY14 Estimate
	(1)	(2)	(3) = (2) - (1)	
CER Monetization	520,000	431,000	(89,000)	455,000
Financial and Program Management	173,000	186,000	13,000	210,000
Investment Management	70,000	89,000	19,000	70,000
Accounting and Reporting	56,000	56,000	-	56,000
Legal Services	15,000	15,000	-	20,000
External Audit	60,000	42,000	(18,000)	60,000
Sub Total	894,000	819,000	(75,000)	871,000
Special Initiative: FIF IT Systems	150,000	150,000	-	-
TOTAL	1,044,000	969,000	(75,000)	871,000

14. The estimates in Table 5 reflect the Trustee's best estimate of the fees, costs and expenses for the fiscal year, on a full cost-recovery basis. These will be subject to adjustment at the end of the period, based upon revised estimates of the fees, costs and expenses incurred in the provision of trustee services to the Adaptation Fund during the period.

15. Further to requests from the Board, the trustee has also examined areas for additional cost savings and included these in the budget estimates. These are discussed in the sections below.

16. **The Adaptation Fund Board is hereby requested to approve an estimated budget of USD 871,000 for the period July 1, 2013 to June 30, 2014.** This amount comprises USD 455,000 for CER Monetization services, and USD 416,000 for financial and program management, investment management, accounting and reporting, legal services, and the external audit. Tables including detailed costs for each of the service components are presented below. Gross labour costs indicated in the tables include all related overhead amounts.

17. The proposed budget is comprised of the following components:

- a) **CER Monetization (USD 455,000):** This cost is comprised of World Bank Treasury staff time and expenses, and exchange and settlement and other trading-related reimbursable fees. The Treasury Unit staff costs cover the management of CER monetization procedures and systems, daily sales on exchanges, settlement of sales transactions, and selection of dealers and management of over-the-counter transactions. The budget estimate includes all exchange fees and costs for the preparation, execution, and settlement of transactions as well as annual membership fees and trading license fees. The evolution of the overall costs of CER monetization are presented in Chart 2, and detailed in Table 6.

Table 6: CER Monetization Costs FY13 and FY14 (USD unless indicated)

<u>CER Monetization - FY13 Revised</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Traders	34.00	248,000	15,000	263,000
Back Office	14.00	55,000	-	55,000
Exchange Trading Costs	-	-	-	113,000
TOTAL	48.00	303,000	15,000	431,000
<u>CER Monetization - FY14 Estimated</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Traders	37.00	278,000	15,000	293,000
Back Office	19.00	77,000	-	77,000
Exchange Trading Costs	-	-	-	85,000
TOTAL	56.00	355,000	15,000	455,000

- b) **Financial and program management (USD 210,000):** Costs are based on staff time required for management of financial transactions, including processing of

receipts of CER sales proceeds, donations, and other cash proceeds on a daily basis in the Adaptation Fund Trust Fund, recording allocations and commitments, and processing cash transfers to implementing entities using World Bank financial systems and procedures. Estimates include staff time associated with implementation of the financial reporting for the Trust Fund; collaboration with the Adaptation Fund Board and Secretariat; the negotiation and management of donations and agreements; and maintenance of systems for reporting and transactional processes and procedures for the Trust Fund. Estimates also include travel costs for one trustee representative to attend regular AF Board meetings. Costs in FY14 are expected to be higher due to the need to respond to the CMP request to extend the trustee's mandate, from March 2014 to June 2015. This will require a decision by the Board of Directors of the World Bank to accept the invitation, and amendment of the Terms and Conditions between the trustee and the CMP, for adoption at its November/December 2013 session.

Table 7: Financial and Program Management Costs FY13 and FY14 (USD unless indicated)

<u>Financial and Program Management - FY13 Revised</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Financial Officers	17.00	120,000	25,000	145,000
Finance Officers/Analysts	4.00	16,000	-	16,000
Administrative Support	6.00	25,000	-	25,000
TOTAL	27.00	161,000	25,000	186,000
<u>Financial and Program Management - FY14 Estimated</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Financial Officers	11.50	105,000	25,000	130,000
Finance Officers/Analysts	11.00	55,000	-	55,000
Administrative Support	6.00	25,000	-	25,000
TOTAL	28.50	185,000	25,000	210,000

- c) **Investment management (USD 70,000):** Investment management fees are calculated as a flat fee of 3.5 basis points (i.e. 0.035%) of the average annual balance of the undisbursed cash in the Trust Fund. The projected average annual balance is USD 200 million over the next fiscal year. The cash balance equals net inflows from CER monetization, donations and investment income earned, less all cash transfers. In the event that cash transfers take place more rapidly, the average balance would be lower, and investment management fees would be reduced accordingly.
- d) **Accounting and reporting (USD 56,000):** Costs are based on the management of the accounting model for the Trust Fund, maintenance of appropriate records and accounts to identify receipts of CER sales proceeds and other contributions as well as Trust Fund liabilities to implementing entities. A significant portion of

these costs are those associated with the preparation of annual financial statements and arrangement of the annual external audit.

Table 8: Accounting and Reporting Costs FY13 and FY14 (USD unless indicated)

<u>Accounting and Reporting - FY13 Revised</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Accountants	10.29	55,960	-	55,960
TOTAL	10.29	55,960	-	55,960
<u>Accounting and Reporting - FY14 Estimated</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Accountants	11.00	56,000	-	56,000
TOTAL	11.00	56,000	-	56,000

- e) **Legal services (USD 20,000):** These costs include drafting, negotiation and processing of donation agreements, funds transfer agreements and other legal agreements as needed. The estimate also covers staff time to provide policy advice and legal review on issues raised by the Secretariat and others as they may impact the Trustee. Costs are expected to be higher in FY14 as a result of additional resources required to conclude amended Terms and Conditions with the CMP, further to its decision to extend the mandate of the trustee for an additional 15 months, as well as to seek agreement by the Bank's Board to accept the invitation.⁹ No travel costs for legal services are expected in FY14.

Table 9: Legal Service Costs FY13 and FY14 (USD unless indicated)

<u>Legal Services - FY13 Revised</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Counsel	2.40	15,172	-	15,172
TOTAL	2.40	15,172	-	15,172
<u>Legal Services - FY14 Estimated</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Counsel	3.00	20,000	-	20,000
TOTAL	3.00	20,000	-	20,000

⁹ Depending on the role that is decided for the Trustee, there is a possibility that additional legal costs (beyond the estimate provided) may be incurred in connection with the implementation of the CMP's decision to add to the Adaptation Fund a share of the proceeds levied on transfers of AAUs and issuance of ERUs. Currently the Terms and Conditions only contemplate CERs.

- f) **External audit (USD 60,000):** This covers the external auditor's costs associated with the external audit of the FY13 financial statements for the Adaptation Fund Trust Fund. In addition to the external audit, the trustee prepares a Single Audit of trust funds, in which the Adaptation Fund is included; this is provided at no cost to the Adaptation Fund.