



ADAPTATION FUND

AFB/EFC.9/6/Rev.1
21 June 2012

Ethics and Finance Committee
Ninth Meeting
Bonn, 26-27 June, 2012

Agenda item: 8 (c)

**BOARD AND SECRETARIAT, AND TRUSTEE
ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2013**

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 2013 (FY13), i.e. 1 July, 2012 to 30 June, 2013. The table below presents an overview of the budgets of the Board and secretariat, and of the trustee, for FY13, which are explained in detail in the next two sections of the document: section II covers the Board and secretariat budget for FY13, and section III covers the trustee budget for FY13.

Table 1: Approved FY12 and proposed FY13 budget of the Board and secretariat, and of the trustee¹

All amounts in US\$		Approved FY12	Actual Estimated FY12	Proposed FY13
BOARD AND SECRETARIAT				
01	Personnel	1,727,768	1,304,128	1,755,747
02	Travel	1,057,810	591,727	717,400
03	General operations	297,264	195,614	351,323
04	Meetings	515,000	489,176	500,000
Sub-total Board and secretariat		3,597,842	2,580,645	3,324,470
TRUSTEE				
01	CER Monetization	678,000	514,000	520,000
02	Financial and Program Management	140,000	157,000	173,000
03	Investment Management	70,000	85,000	70,000
04	Accounting and Reporting	55,000	56,000	56,000
05	Legal Services	55,000	34,000	15,000
06	External Audit	90,000	42,000	60,000
Sub-total trustee services		1,088,000	888,000	894,000
07	Special Initiative: FIF IT Systems			150,000
Sub-total trustee		1,088,000	888,000	1,044,000
GRAND TOTAL ALL COMPONENTS		4,685,842	3,468,645	4,368,470

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\$ 3,324,470** to cover the costs of the operations of the Board and secretariat over the period 1 July, 2012 to 30 June, 2013;
- b) The proposed budget of **US\$ 1,044,000** for trustee services to be provided to the Adaptation Fund over the period 1 July, 2012 to 30 June, 2013, comprising **US\$ 520,000** for CER Monetization services, and **US\$ 374,000** for all other trustee services, and a one-time amount of US\$ 150,000 to cover a new integrated trustee-secretariat information technology system.

SECTION II: BOARD AND SECRETARIAT PROPOSED BUDGET FOR THE PERIOD 1 JULY, 2012 – 30 JUNE, 2013

Background

3. The Board, at its 14th meeting in June 2011, approved the Board and secretariat budget of **US\$ 3,422,101** (Decision B.14/27). In subsequent meetings, the Board amended the budget to include **US\$ 7,500** to cover the travel expenses of the consultant working on the performance review of the Adaptation Fund Board secretariat (Decision B.15-16/1); and **US\$ 118,241** to incorporate the GEF secretariat cross-support for fiscal year 2011, which had been omitted from that year's budget, and **US\$ 50,000** to cover the fees for the consultant that had prepared the performance review of the trustee and secretariat, which was included in the budget of fiscal year 2011 but had not been spent during that period and had been omitted from the budget for fiscal year 2012 (Decision B.17/27). Details of the revised budget for FY12 can be found in Table 2 which also includes an update of the actual expenses for FY12, as well as the proposed budget for FY13 (1 July 1, 2012 – 30 June, 2013).

Table 2: Approved amendments to FY11 originally approved budget

All amounts in US\$	
Originally approved budget for FY11	3,422,101
Amendments	
- Travel expenses of the performance review consultant	7,500
- GEF secretariat cross-support for FY11	118,241
- Fees for the performance review consultant	50,000
Revised budget	3,597,842

FY12 current estimates vs. approved budget

4. Budget under-run. Based on the estimated actual as of 31 May 2012, FY12 expenditure stands at \$2,580,645, an overall reduction of 29% in relation to the revised approved FY12 budget. When the omitted staff cost for the FY12 (the approved additional budget of US\$ 118,241) is not taken into account, an overall reduction in FY13 is 26%. After the closure of FY12 (30 June 2012), remaining amounts incurred in June 2012 will be added to the overall expenditure, including personnel costs in June 2012, recent communication materials and office space/equipment.

Budget proposal for FY13

5. The overall budget request for FY13 amounts to **US\$ 3,324,470** and consists of the following components:

a) *Personnel component.*

- i. Full-time staff. An amount of **US\$ 828,524** is requested to cover the staff cost (salary and benefits) of the Manager, two Adaptation Officers, an Operations Officer (Accreditation), a Junior Professional Associate and a Program Assistant. The current contract of a Short Term Temporary (STT) will be ended by the end of FY12.
- ii. GEF staff cross-support. The request for **US\$ 223,023** is to cover the cost of staff (salary and benefits) in the GEF secretariat that provides cross-support to the Board. This amount represents a reduction of 35% of the estimated actual for FY12 and is derived by charging the estimated time for delivering services to the Adaptation Fund by 15 GEF secretariat staff members performing the following tasks:

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

² 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.

- iii. Given the expanded capacity of the dedicated team, GEF cross-support for AF website and knowledge management strategy development (10% to 5%) and RBM strategy development and implementation (12% to 8%) have been revised respectively. Due to availability of staff, there will be a change in six project review members, which will bring a cost reduction from the FY12 to FY13. Instead of three GF level and three GG level staff, two GF level, three GG level staff and one Junior Professional Associate will be involved in project reviews in FY13.
- iv. GEF Evaluation Office (EO) cross-support. The budget for the GEF EO cross-support has been part of the M&E Guideline Development (RBM & Evaluation) in FY12. From the FY13, it is not the case since the GEF EO has been appointed to perform the evaluation function of the Fund. As of today, **US\$ 18,000** is allocated as the GEF EO cross-support within the secretariat budget. The breakdown of this budget is available in the work program and budget for evaluation function.
- v. Consultants. The request of **US\$ 686,200** includes the AFB secretariat Support (US\$ 25,000); the support for website and IT systems (US\$ 51,500); the implementation of the communications strategy and knowledge management (US\$ 89,700); Result Based Management (RBM) support (US\$ 25,000); the fees for the work of the expert members of the Accreditation Panel (US\$ 240,000); and the investigative consultants (\$ 255,000). An Extended-Term Consultant (ETC) will be hired full time for the communications strategy and knowledge management. The ETC will also support the accreditation related work and serve as one of the report writers for Board meetings, which have been done by the Short-Term Consultants in FY12. In FY12, a Short-Term Consultant was hired for up to 70 days and engaged in deployment of the Accreditation workflow (an online system to receive accreditation application, store application documents for the review by the Accreditation Panel, follow up interaction between the Panel and applicant entities, and related communication between the secretariat, the Panel and applicants. Should additional development work be necessary, including for the interconnection of the system with the Fund's web page or potential necessary upgrades to the web page, any outsourced services will be paid from the same budget line, support for website and IT systems.

b) Travel component.

The reduced number of Board meetings and the Accreditation Panel meetings from four to three were taken into account for the budget request of travel for secretariat staff (US\$ 234,000); Awareness raising (US\$ 43,400), Board members (US\$ 300,000); Accreditation Panel members (US\$ 140,000). Other than the Board meetings, the travel budget for the secretariat will include two staff to attend the COP meeting in Doha, two staff to conduct a learning mission to Senegal, and one staff to attend two international events related to fundraising, which were not budgeted in the past years. 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 budget³. The total request amounts to **US\$ 717,400**.

c) *Other components.*

- i. General operations. The FY13 budget request is **US\$ 351,323**. This amount includes US\$ 275,953 for office space lease from the World Bank⁴ 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\$ 51,500 for publications and outreach. The latter will cover the production of print information material, multimedia content, branding and promotional material.
- ii. Meetings. The request amount is **US\$ 500,000**. The reduced number of the Board meetings and the Accreditation Panel meetings were taken into account in the budget request of the logistics, interpretation, etc. (US\$ 350,000), which is a 25% reduction from that of FY12. Due to the increased number of publications that required translation and typesetting, including the handbook and flyers, the expenditure for the translation was three times higher than the projection in FY12. To accommodate this, the budget of US\$ 150,000 is requested in FY13.

6. In the current accounting system, the Adaptation Fund shares the same Organizational Unit ID (OUI) with the GEF in the World Bank, but is allotted its own budget codes to differentiate the expenditures of the Adaptation Fund and GEF. From FY13, the Adaptation Fund will have its own OUI and its budget account will be managed in a more autonomous fashion. For example, the World Bank will charge the Adaptation Fund directly for its office space lease, rather than making charges through GEF.

³ This is included in the cash transfer amounts reported by the Trustee and amounted to US\$ 141,729 in FY2010, US\$ 161,009 in FY2011, and US\$ 91,532 in FY2012.

⁴ Office space lease is for 1 Workstation (70sf), 4 offices (100 sf), and 1 office (150 sf). The World Bank charges US\$ 35 per square feet per month. Based on the calculation, US\$ 260,400 will be estimate office space lease for the Adaptation Fund.

Table 3: Approved FY12 budget, FY12 estimate and proposed FY13 budgets of the Board and secretariat⁵

All amounts in US\$		Approved	Estimate actual	Proposed
		FY12	as of 31 May	FY13
PERSONNEL COMPONENT				
Full-time staff (including benefits):				
01	Manager (GG) (GH)	209,873	158,909	219,599
02	Program Manager (GF)	146,151	114,440	153,569
03	Program Manager (GF)	142,146	112,071	145,696
04	Program Manager (GF)	158,672	100,570	153,569
05	Program Assistant (GC)	67,125	74,197	74,807
06	Short-term Temporary (STT)	28,428	26,899	0
07	Junior Professional Associate (JPA)	70,248	59,030	81,284
sub-total AFB staff		822,643	646,115	828,524
GEF staff cross-support (including benefits):				
01	Head of the AFB Secretariat (G) - 15%			
02	Accounting support (GF) - 14%			
03	AF database, KM strategy (GF) - 10% ----> 5%			
04	AF database (GF) - 3%			
05	Communications and outreach (GG) - 5%			
06	HR support (GD) - 7%			
07	IT support (GF) - 5%			
08	RMB (GF) - 12% ----> 8%			
09	Review of projects (3@GF) - 8% ----> (2@GF)			
10	Review of projects (3@GG) - 8%			
11	Review of projects (JPA)			
12	Head of Operations and Business Strategy (GH) - 2%			
sub-total GEF staff		395,868	343,082	223,023
GEF Evaluation Office cross-support:				
01	Evaluation			18,000
sub-total GEF EO cross-support				18,000
Consultants				
01	AFB Secretariat Support	25,197	16,288	25,000
02	Support for Website and IT systems	51,500	5,957	51,500
03	Communications Strategy & Knowledge Management	70,000	9,717	89,700
04	Result Based Management (RBM) support	82,400	39,035	25,000
05	Accreditation Panel	222,660	186,797	240,000
06	Performance Study	57,500	57,136	0
07	Investigative consultants			255,000
sub-total Consultants		509,257	314,931	686,200
SUB-TOTAL PERSONNEL COMPONENT		1,727,768	1,304,128	1,755,747
TRAVEL COMPONENT				
01	AF Secretariat staff	200,000	196,950	234,000
02	Awareness Raising	43,400	40,528	43,400
03	Board - 24 eligible members	593,280	229,561	300,000
04	2 Experts to attend 3 committee meetings	45,000	0	0
05	Accreditation Panel/Staff (travel)	176,130	124,688	140,000
SUB-TOTAL TRAVEL COMPONENT		1,057,810	591,727	717,400
GENERAL OPERATIONS COMPONENT				
01	Office Space, Equipment and Supplies	221,894	165,147	275,953
02	Support to Chair (communications)	23,870	5,583	23,870
03	Publications and Outreach	51,500	24,884	51,500
SUB-TOTAL GENERAL OPERATIONS COMPONENT		297,264	195,614	351,323
MEETINGS COMPONENT				
01	Logistics, interpretation, etc.	465,000	354,721	350,000
02	Translation	50,000	134,456	150,000
SUB-TOTAL MEETINGS COMPONENT		515,000	489,176	500,000
GRAND TOTAL ALL COMPONENTS		3,597,842	2,580,645	3,324,470

⁵ Decimal points in the table are rounded up.

SECTION III: BUDGET ESTIMATE FOR TRUSTEE SERVICES TO THE ADAPTATION FUND FOR THE PERIOD JULY 1, 2012 TO JUNE 30, 2013**SUMMARY:**

1. The World Bank as interim trustee for the Adaptation Fund (the “trustee”) hereby presents to the Adaptation Fund Board:

- A report and reconciliation of actual fees and expenses expected to be incurred by the trustee for the provision of trustee services to the Adaptation Fund from July 1, 2011 to June 30, 2012 (FY12).
- A proposed budget of **US\$ 1.044 million** for the period July 1, 2012 to June 30, 2013 (FY13) for trustee services to be provided to the Adaptation Fund, for mutual agreement and approval by the Adaptation Fund Board.

2. Annual trustee costs have been decreasing steadily since the trustee began providing service to the Adaptation Fund, reflecting economies that have been found in the delivery of trustee services, including CER monetization, legal services, travel, and transactions processing (see Chart 1).

- The trustee’s revised cost estimate for **FY12 of US\$ 888 thousand** represents a **decrease of 18%** from the FY12 approved budget and a **decrease of 15%** from actual FY11 costs.
- The trustee’s proposed FY13 budget reflects a **decrease of 18%** from the FY12 approved amount (not including the FIF Information Technology Systems Special Initiative), and a **decrease of 4%** even after inclusion of the one-time cost for this Special Initiative.
- The total cumulative costs of all trustee services to the Adaptation Fund since the Adaptation Fund trust fund was created in 2008 represents approximately **1.5% of the total cash proceeds** received into the Adaptation Fund trust fund.
- The annual costs of trustee services to the Adaptation Fund amounts to approximately **one-third of one percent** (0.3%) of the funds held in trust.

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

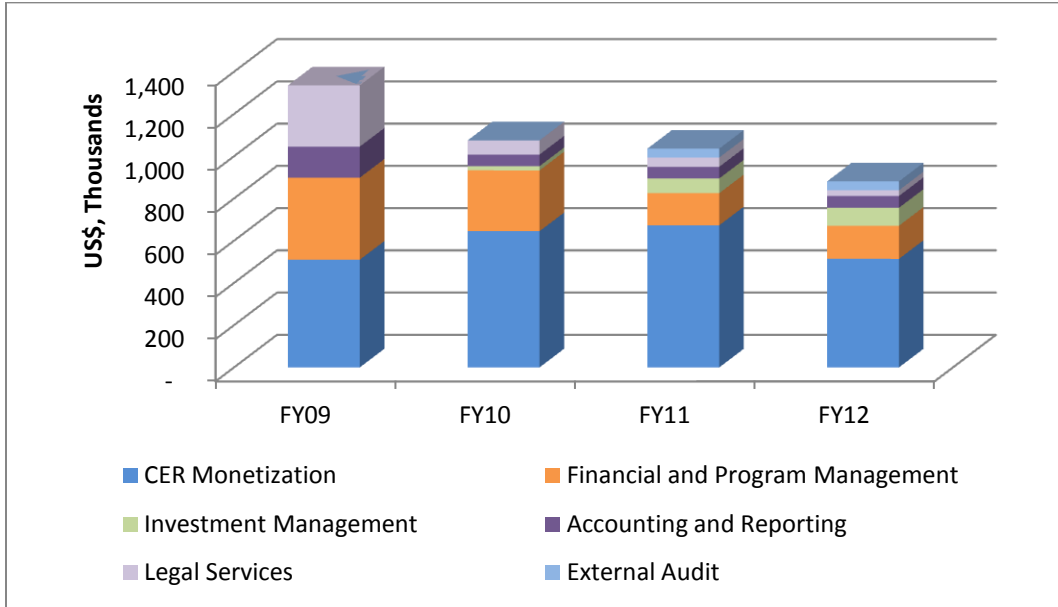
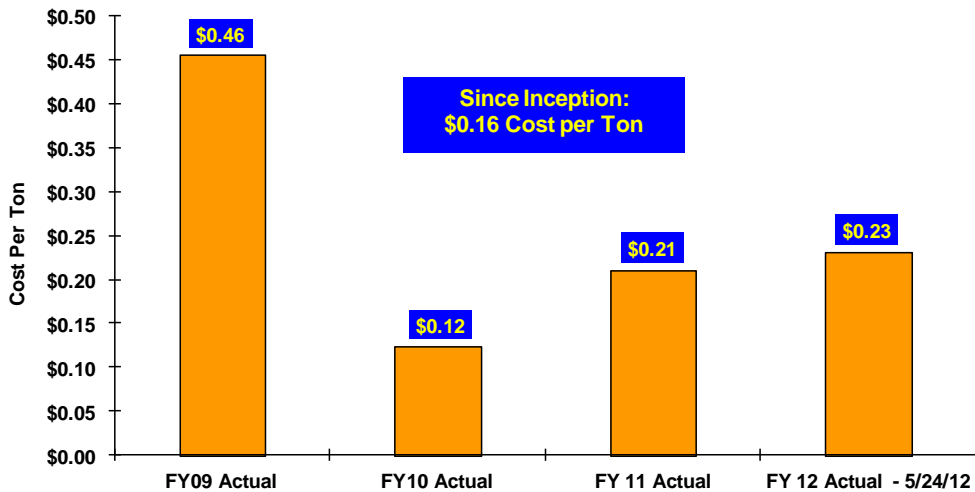


Chart 2: Adaptation Fund CER Monetization Costs

Adaptation Fund CER Monetization Costs per Ton



RECONCILIATION OF FY12 BUDGET:

3. 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) for the Adaptation Fund, 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. Decision 1/CMP.3 further provides that the trustee shall be accountable to the Adaptation Fund Board for the performance of its fiduciary responsibilities, including for the monetization of CERs in accordance with guidance provided by the Adaptation Fund Board.

4. The Adaptation Fund Board approved a budget of US\$ 1,088,000 for trustee services in FY12. The revised estimate of costs, expenses and fees expected to be incurred by the trustee during this period (July 1, 2011 to June 30, 2012) is US\$ 888,000, or US\$ 200,000 less than the approved budget estimate (see Table 1). CER monetization costs are expected to be lower by approximately US\$ 164,000. This is partly due to the national and CDM registry closures during 2011, which required the trustee to stop daily CER sales intermittently, resulting in a decrease 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 the performance review of the secretariat and trustee, reviewing options for additional donations, additional reporting, and amendments to procedures related to CER monetization and investment management as requested by the AF Board during the course of the year.

Table 1: Trustee FY12 revised and FY13 proposed budgets

FY12 Revised estimate and FY13 Proposed Trustee Budget				
(US\$)				
Trustee Services	FY12 Approved	FY12 Revised estimate	Difference	FY13 Proposed
CER Monetization	678,000	514,000	(164,000)	520,000
Financial and Program Management	140,000	157,000	17,000	173,000
Investment Management	70,000	85,000	15,000	70,000
Accounting and Reporting	55,000	56,000	1,000	56,000
Legal Services	55,000	34,000	(21,000)	15,000
External Audit	90,000	42,000	(48,000)	60,000
Sub Total	1,088,000	888,000	(200,000)	894,000
Special Initiative: FIF IT Systems				150,000
TOTAL	1,088,000	888,000	(200,000)	1,044,000

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

5. As stipulated in the Legal Arrangements regarding the services to be provided by the trustee to the Adaptation Fund, and in the Roles and Responsibilities of the trustee, the trustee is required to submit a budget estimate for the upcoming fiscal year to the Adaptation Fund Board, for mutual agreement and approval by the Board. This estimate reflects the trustee's best estimate of the fees, costs and expenses for the year, on a full cost-recovery basis. It 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 July 1, 2012 to June 30, 2013.

6. **The Adaptation Fund Board is hereby requested to approve an estimated budget of US\$ 1,044,000 for the period July 1, 2012 to June 30, 2013.** This amount comprises US\$ 520,000 for CER Monetization services, US\$ 374,000 for financial and program management, investment management, accounting and reporting, legal services, and the external audit. In addition, a one-time amount of US\$ 150,000 is expected to be incurred as part of the new Information Technology system being implemented by the trustee for all Financial Intermediary Funds (FIFs), including their secretariats. Tables of detailed costs for each of the service components are also presented below. Gross labour costs indicated in the tables include all related overhead amounts.

7. The proposed budget is comprised of the following components:
- i. **CER Monetization (US\$ 520,000):** This cost is comprised of World Bank Treasury staff time and expenses, and exchange 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. It also includes the travel costs for one World Bank Treasury representative to attend the regular AF Board meetings. Back office costs are expected to increase in FY13 as the pace of CER sales is expected to increase significantly over FY12 (up to 4 times the previous year's pace). The evolution of the overall costs of CER monetization are presented in Chart 2, and detailed in Table 2.

**Table 2: CER Monetization Costs FY12 and FY13
(US\$ unless indicated)**

<u>CER Monetization - FY12</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Traders	48.00	335,961	40,000	375,961
Back Office	15.00	55,304	-	55,304
Exchange Trading Costs	-	-	-	55,000
Outsourced Settlement Services	-	-	-	28,000
TOTAL	63.00	391,266	40,000	514,266
<u>CER Monetization - FY13</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Traders	42.00	319,707	28,000	347,707
Back Office	26.00	100,239	-	100,239
Exchange Trading Costs	-	-	-	72,000
Outsourced Settlement Services	-	-	-	-
TOTAL	68.00	419,946	28,000	519,946

- ii. **Financial and program management (US\$ 173,000):** Costs are based on staff time required for management of financial transactions, including processing 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. This amount is expected to be higher during FY13 due to increased staff time required to: (a) respond to AF Board requests for additional 'proactive advice' related to the CER monetization program, general market conditions, and other financial issues, (b) respond to questions and issues raised during the performance review process; and (c) work with the secretariat on the new fundraising program. Estimates include travel costs for one trustee representative to attend regular AF Board meetings.

**Table 3: Financial and Program Management Costs FY12 and FY13
(US\$ unless indicated)**

<u>Financial and Program Management - FY12</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Financial Officers	12.44	84,550	30,204	114,755
Finance Officers/Analysts	9.21	34,004	-	34,004
Administrative Support	3.28	8,661	-	8,661
TOTAL	24.93	127,215	30,204	157,420
<u>Financial and Program Management - FY13</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Financial Officers	12.50	88,386	20,235	108,621
Finance Officers/Analysts	7.00	50,436	-	50,436
Administrative Support	3.50	14,381	-	14,381
TOTAL	23.00	153,202	20,235	173,437

- iii. ***Investment management (US\$ 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. A conservative (i.e. high) estimate of the projected average annual balance is used (i.e. US\$ 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.
- iv. ***Accounting and reporting (US\$ 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. Estimates include the costs associated with the preparation of annual financial statements and arrangement of the annual external audit.

**Table 4: Accounting and Reporting Costs FY12 and FY13
(US\$ unless indicated)**

<u>Accounting and Reporting - FY12</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 - FY13</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

- v. **Legal services (US\$ 15,000):** These costs include the review of issues pertaining to the acceptance of donations, the Board's request to propose a program of CER sales to national governments, drafting and executing 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 secretariat and other issues as they may impact the trustee. No travel costs for legal services are expected in FY13.

**Table 5: Legal Service Costs FY12 and FY13
(US\$ unless indicated)**

<u>Legal Services - FY12</u>				
	<u>Staff Weeks</u>	<u>Gross Labour</u>	<u>Travel</u>	<u>Total</u>
Senior Counsel	3.21	26,316	8,079	34,395
TOTAL	3.21	26,316	8,079	34,395
<u>Legal Services - FY13</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

- vi. **External audit (US\$ 60,000):** This covers the external auditor's costs associated with the external audit of the FY12 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.
- vii. **Special Initiative: Information Technology (IT) Systems (US\$ 150,000):** To strengthen the control environment of the management and reporting of FIFs administered at the World Bank, the trustee is developing an IT system to integrate secretariat and trustee processes, including those of the Adaptation Fund. This system will track increasingly complex financial transactions and reporting, and program/pipeline management and workflow between the secretariat and the trustee. The total cost for development of such a system, designed to facilitate the collaborative activities of the FIFs, and to be leveraged for the Adaptation Fund, is estimated at US\$ 5 million. The share of this amount attributable to the Adaptation Fund Trust Fund will be US\$ 150,000 (approximately 3% of the total), with the remaining budget to be funded from other sources and FIFs. The trustee will also leverage other ongoing World Bank IT enhancements at no cost to the Adaptation Fund. The overall aim of the FIF IT Project is to decrease or eliminate the need for home-grown systems for each FIF with secretariats housed at the World Bank (eg. AF secretariat), thereby reducing overall capital costs. The FIF IT Project is designed to support data management, project lifecycle, workflow, and internet tools for reporting and managing FIF funds. The following are the key objectives of the FIF IT Project:
- Standardized Platform for FIFs: Develop a standardized, configurable platform in the World Bank's Enterprise Resource Planning System for FIF trustee and in-house secretariat functions that build upon the synergies and similarities across FIFs. This platform will store all data and financial transactions for the trustee and the secretariat.
 - Business Integration: Develop an automated system workflow to minimize duplication of efforts and data storing across partners, eliminating paper and manual reporting and reconciliation between the partners. Electronic messaging will be developed between key external partners and the trustee and secretariat to ensure secure transfer of data across the partnership.
 - Collaboration/Socialization: Develop a web-based platform that can be leveraged across FIFs to provide a space for non-workflow communications across the partners. This tool will enable sharing of deliberative documents in a secure platform. It will also decrease reliance on email as the only form of communication across the partnership.
 - Transparency: Develop and maintain a public website to provide FIF financial information, consistent with the applicable disclosure policies of the Bank and the relevant FIF, to promote accountability and align the Bank with the policies of major public sector institutions.
 - Reporting and Management Tools: Develop common information platform to improve delivery of standardized products to clients, support deliberative discussions and decision making, and strengthen compliance with relevant governing body policies.