



ADAPTATION FUND

AFB/B.9/11
March 9, 2010

Adaptation Fund Board
Ninth Meeting
Bonn, March 23-25, 2010

Agenda item 13. a)

**STATUS OF CONTRIBUTIONS TO THE ADMINISTRATIVE
TRUST FUND**

**(THE “MULTI-DONOR TRUST FUND FOR THE ADAPTATION
FUND BOARD SECRETARIAT”)**

Prepared by the World Bank as Trustee for the Adaptation Fund

I. PURPOSE

1. Recalling that the Administrative Trust Fund for the Adaptation Fund¹ will expire at the end of June 2010, the purpose of this paper is to invite the Adaptation Fund Board to take note that some donors may decide to transfer their uncommitted balances from the Administrative Trust Fund to the main Adaptation Fund Trust Fund. In such cases, the Trustee would enter into donation agreements with the donors.

II. BACKGROUND

2. The Administrative Trust Fund was established at the World Bank in 2008 to support the work of the Adaptation Fund Board and Secretariat under the COP/MOP decisions, until revenues from the sale of CERs were available to cover the cost of such activities.

3. As the invited Trustee, the World Bank entered into individual grant agreements with donors and has handled the receipt of all contributions. The Adaptation Fund Board Secretariat has managed the use of funds and all expenditures from the Administrative Trust Fund. The types of activities financed by the Administrative Trust Fund included: making arrangements for meetings of the Board, providing assistance to the Board in the development and implementation of policies and guidelines, and performing any other functions assigned to it by the Board. The Administrative Trust Fund funded the Secretariat and Board Administrative budget up to the end of FY 2009.

4. The Administrative Trust Fund has received financing totaling USD 3.29 million from 10 bilateral donors and the United Nations Environment Program (UNEP). Of this amount, USD 1.68 million represented reimbursable contributions from Australia, the United Kingdom, and UNEP. In addition, the Administrative Trust Fund benefited from a loan of USD700 thousand from the Least Developed Countries Fund (LDCF), that has been repaid. The Trustee has already reimbursed UNEP's contribution; reimbursements to Australia and the United Kingdom will be made pending final payment instructions from the donors.² After reimbursement of these amounts, it is estimated that there will be a balance of approximately USD 700,000 in the Administrative Trust Fund, representing the balance of unused contributions from eight donors: Denmark, Finland, France, Japan, Netherlands, Norway, Sweden, and Switzerland.

5. According to the terms of the existing donor agreements, the World Bank as Trustee is obliged to return all remaining funds to the donors, on a pro-rata basis, at the Administrative Trust Fund's expiry ("end-disbursement") date of June 30, 2010.

¹ Formally the "Multi-Donor Trust Fund for the Secretariat for the Adaptation Fund Board"

² Reimbursements to be made from the Adaptation Fund Trust Fund per AF Board Decision B.5/6

6. Some donors may choose, however, to transfer their pro-rata share of balances from the Administrative Trust Fund to the Adaptation Fund Trust Fund. These transfers would constitute donations to the Adaptation Fund under the Board-approved *Guidelines for Accepting Donations (AFB/B.8/11/Rev.1)*, and would be governed by these Guidelines. The Trustee would therefore enter into a donation agreement with each donor.

7. Table 1 shows the estimated amount that would be available in the Administrative Trust Fund at June 30, 2010 (before final adjustment of the available balance), and the indicative pro-rata amounts that would be attributable to each donor. Table 2 shows the current status of the sources and uses of funds in the Administrative Trust Fund, as reported by the Secretariat.

Table 1: Indicative pro-rata shares of estimated balance at June 30, 2010

<u>Grant Donor</u>	<u>Contribution</u>		<u>Share of Balance</u>
	<u>USD</u>	<u>Share</u>	<u>USD</u>
Denmark	544,030	33.9%	236,288
Finland	155,340	9.7%	67,469
France	122,693	7.6%	53,289
Japan	13,094	0.8%	5,687
Netherlands	139,300	8.7%	60,502
Norway	201,727	12.6%	87,616
Sweden	251,154	15.6%	109,084
Switzerland	178,651	11.1%	77,594
Total	1,605,989	100.0%	697,529

note: all figures subject to final reconciliation of fund end-balance

Table 2: Status of resources in AF Secretariat Administrative Trust Fund

Updated as of February 24, 2010
(in USD eq.)

<u>1. Grants</u>	
Denmark	544,030
Finland	155,340
France	122,693
Japan	13,094
Netherlands	139,300
Norway	201,727
Sweden	251,154
Switzerland	178,651
sub-total Grants	1,605,989
<u>2. Loan and reimbursable grants</u> a/	
LDCF loan	700,000
LDCF loan - repaid 6/30/09	(700,000)
Australia a/	191,340
United Kingdom a/	990,300
UNEP a/ b/	500,000
sub-total Loan and reimbursable grants	1,681,640
<u>3. Total Inflows / Outflows</u> (3 = 1 + 2)	3,287,629
<u>4. Expenses</u>	
FY08 Actual expenses (January 1 - June 30, 2008)	739,142
FY09 Actual expenses (July 1, 2008 - June 30, 2009)	1,803,088
Trust fund fees	100,753
Less: Investment Income	(52,882)
<u>5. Total Expenses FY08-FY09</u>	2,590,100
<u>6. Balance Available in Administrative Trust Fund</u> (6 = 3 - 5)	697,529

a/ At the request of the donor, these contributions are repayable to the donors or transferrable to a different fund once the CERs have been monetized.

b/ reimbursed from AF Trust Fund (proceeds from CER sales)

Source: Adaptation Fund Board Secretariat