

The Adaptation Fund

AFB/B.2/14
May 27, 2008

Adaptation Fund Board
Second Meeting
Bonn, June 16-19, 2008

Agenda Item 7

STATUS OF ADAPTATION FUND RESOURCES

Introduction

1. Decision 1/CMP.3, paragraphs 24-26 provides the financial framework of the Adaptation Fund, which includes establishment of a trust fund to meet costs of adaptation, as well as administrative expenses for operating the Fund. The 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 trust fund for the Adaptation Fund.
2. This document is prepared by the Secretariat to apprise the Board of the status of the resources available to, and expenditure incurred by, the Adaptation Fund as of 12 May 2008.

Status of Contributions to the Adaptation Fund Trust Fund

3. As of 12 May 2008, the governments of Australia, Finland, Norway and the U.K. have donated some \$1.5 million, as detailed in Table 1. The trust fund has not received any additional contributions.

Table 1: Contributions to the Adaptation Fund Trust Fund as of 1 May 2008

Donor	Pledged			Paid in			Reimbursement requested d/
	Currency	Amount	USD Equivalent	Currency	Amount	USD Equivalent	
Australia	AUD	200,000	188,589 a/ c/	--	--	--	pending c/
Finland	EUR	100,000	155,340 b/	EUR	100,000	155,340 b/	No
Norway	NOK	1,000,000	201,727 b/	NOK	1,000,000	201,727 b/	No
United Kingdom	GBP	500,000	979,221 a/	--	--	--	Yes
			1,524,876			357,067	

a/ Represents USD equivalent using exchange rates available as of May 12, 2008.
b/ Represents actual USDs purchased after payment by donor.
c/ Administrative Agreement not yet signed and therefore pledge not finalized; Australia informed Trustee, however, that they would likely want their contribution to be reimbursed.
d/ Adaptation Fund requested to reimburse donors for their contributions.

Budget of the Adaptation Fund Secretariat

4. At its first meeting in March 2008, the Adaptation Fund Board approved a budget of **\$ 3,937,624** for the activities of the Secretariat for the period 1 January 2008 to 30 June 2009. These costs are for: (i) staff 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. The costs also include a provision of **\$1,441,140** to cover the Secretariat's staff salaries for two years (i.e., 1 July 2008 to 30 June 2010).

**Table 2: Approved Budget for the Adaptation Fund Trust Fund
from 1 January to 30 June 2009**

Estimated Adaptation Secretariat Expenses January 1, 2008 - June 30, 2009 (18 months) (includes Staff Costs through June 30, 2010)	
Expense Category	
<u>Staff Costs (Salaries and Benefits)</u>	1,576,942
2 months/year 10 GEF staff (30 months)	711,600
100% 2 Professional-level (24 months)	718,362
100% 1 Support-level (24 months)	146,980
<u>Travel @ \$9,000 trip</u>	1,606,800
Consultants	81,000
GEF staff	49,800
2 Professional-level - 10 missions each	180,000
6 GEF staff to attend 4 meetings	216,000
Board - 4 meetings	864,000
Com mittees - 8 members x 3 meetings	216,000
<u>Consultants</u>	132,000
<u>General Operations Costs</u>	200,382
Office Space, Equipment, and Supplies	
Cost of meetings (regular & committee)	396,500
Audit Services	25,000
Total	\$3,937,624

Expenses Incurred by the Adaptation Fund Secretariat from 1 January to 30 June, 2008

5. It is estimated that the Secretariat will have incurred \$ **1,003,710** for the period 1 January 2008 to 30 June 2008 for the following costs: (i) staff costs to research and prepare documentation for the meetings of the Board; (ii) travel costs of Board Members to participate in the first two Meetings of the Board; and (iii) travel costs of Secretariat staff to organize and manage the First and Second Meetings of the Adaptation Fund Board.

6. The contributions received for the administrative expenses of operating the Adaptation Fund amount to \$ **1,524,876**, as of 12 May 2008. This amount will cover the costs of operation of the Adaptation Fund up until 30 September 2008, and the cost of holding a third meeting of the Board in 2008.

Potential Shortfall in Fund Resources

7. Unless additional contributions to the Adaptation Fund trust fund will be forthcoming to cover the difference between the funds approved for the period from 1 January 2008 to 30 June 2009 and the funds available, a shortfall of \$ **2,412,748** will be realized.

8. It is requested that the Adaptation Fund Board consider the potential shortfall of available funds for continuing operation of the activities of the Adaptation Fund.