

The Adaptation Fund

AFB/B.4/9.Rev.1
December 5, 2008

Adaptation Fund Board
Fourth Meeting
Bonn, December 15-17, 2008

Agenda Item 8

ELEMENTS FOR A 2009 WORK PLAN AND BUDGET FOR THE
BOARD AND SECRETARIAT FOR JANUARY 1 – MARCH 31,
2009

I. ELEMENTS FOR 2009 WORK PLAN FOR THE ADAPTATION FUND BOARD AND SECRETARIAT

BACKGROUND

The Adaptation Fund Board approved its 2008 Work Plan, at its second meeting (Decision AFB/B.2/7). The Plan included necessary mechanisms and procedures to enable the Adaptation Fund to become operational in 2009.

At the fourth meeting of the Adaptation Fund Board in December 2008 in Bonn, Germany, the Board expects to begin to take additional steps toward Operationalization of the Fund, including:

- (a) developing specific operational policies and guidelines, including programming guidance and administrative and financial management guidelines, in accordance with decision 5/CMP.2;
- (b) developing criteria based on principles and modalities listed in decision 5/CMP.2 for designating entities ex ante as implementing entities of the Adaptation Fund;
- (c) commissioning a feasibility study to further consider endowing the Fund with legal status of some kind;
- (d) approving the role and responsibilities of the Adaptation Fund trustee;
- (e) considering the establishment of committees, panels and working groups, if required, to provide, inter alia, expert advice, to assist the Adaptation Fund Board in the performance of its functions;
- (f) deciding on guidelines for a monetization programme for the Certified Emission Reductions (CERs), held in the CDM registry, in the account of the Adaptation Fund;
- (g) preparing for the inaugural transaction for monetizing some of the currently held CERs;
- (h) approving its 2009 Work Plan, which might include additional tasks that could be requested by the Fourth Session of the COP/MOP.

ELEMENTS FOR A 2009 WORK PLAN

Given the current uncertainties surrounding the funding of the Adaptation Fund prior to the monetization of the CERs, the Board may wish to consider approving the 2009 Work Plan subject to the availability of resources. The following elements are suggested for the 2009 Work Plan of the Board:

- (a) Organizing the launch of the inaugural transaction to monetize CERs in 2009 to finance the Adaptation Fund;

- (b) Finalizing specific operational policies and guidelines, including programming guidance and administrative and financial management guidelines, in accordance with decision 5/CMP.2;
- (c) Developing criteria for the review and approval of projects, programs, and activities under the Fund, including monitoring and evaluation, based on the strategic priorities, policies and guidelines, and operational policies and guidelines;
- (d) Developing documentation, including templates, for implementing the operational guidelines and adaptation fund project cycle;
- (e) Developing criteria based on principles and modalities listed in decision 5/CMP.2 for designating entities *ex ante* as implementing entities of the Adaptation Fund, as well as for ensuring that the executing entities of the Adaptation Fund have the capacity to implement the administrative and financial management guidelines of the Adaptation Fund;
- (f) Accrediting legal entities to function as implementing entities;
- (g) Considering and approving project proposals for support with resources from the Adaptation Fund, prepared by eligible Parties, to undertake concrete adaptation activities;
- (h) Implement further guidance from the CMP.

The elements above will allow the Board to start approving projects. The Board may take decisions during the year that will require modifications or additions to this Work Plan.

CALENDAR OF MEETINGS OF THE ADAPTATION FUND BOARD IN 2009

The calendar of meetings of the Adaptation Fund Board in 2009, as presented in the Board's report to the Fourth Session of the CMP, can be found in table 1.

Table 1. Calendar of meetings of the Adaptation Fund Board in 2009

| Month | Location |
|--------------|------------------------|
| March | Bonn, Germany |
| June | Bonn |
| September | Bonn |
| December | Copenhagen, Denmark |

BUDGETARY IMPLICATIONS

Financial implications of each task are difficult to attribute by line item since the Fund will incur only two types of charges until such time as the Board is ready to begin approving adaptation projects: staff costs/consultancy fees and meeting costs.

CONCLUSIONS

4. The Board is invited to consider the document, and to provide the Secretariat with guidance to elaborate the Work Plan further.

II. DRAFT BUDGET FOR THE ADAPTATION FUND BOARD AND SECRETARIAT FOR JANUARY 1 – MARCH 31, 2009

INTRODUCTION

1. At the First meeting of the Adaptation Fund Board, the following three budget items were approved; (i) A report on estimated expenses incurred by the Secretariat during the period January 1st to March 31st, 2008; (ii) a proposal for a budget for activities of the Secretariat and the Board for the period April 1st to June 30th, 2008 for approval by the Board; and (iii) a proposal for a budget for activities of the Secretariat and the Board for the period July 1st, 2008 to June 30th, 2009.
2. In the Second meeting of the Adaptation Fund Board, in light of the available resources and received funds, the Adaptation Fund Board approved a revised budget for the period July 1st to December 31st, 2008 for supporting activities of the Adaptation Fund Secretariat and Board, including the cost of one meeting in September and the full costs of the senior adaptation staff manager through June 2010.
3. At the Third meeting of the Adaptation Fund Board, the most recent expenditure reports were presented for the period January 1st to June 30th, 2008. In addition, the Secretariat presented a report on the status of contributions to the Adaptation Fund's administrative trust fund for supporting activities of the Adaptation Fund Secretariat and Board. The Adaptation Fund Board approved a revised budget for the period July 1st to December 31st, 2008 for supporting activities of the Adaptation Fund Secretariat and Board. In light of the available resources and received funds, the costs of the planned meeting in December were not included, as this was held to be contingent on receipt of additional funding to the currently available resources.
4. In order to secure resources to hold the December meeting, the Secretariat decided to seek permission of the LDCF / SCCF Council to borrow money against the pledges received by donors to the Adaptation Fund over the past few months (see Table 3). On October 8th, 2008, a request for a decision by mail to this effect (see Annex 1) was sent out to the Council members of the LDCF / SCCF. A revised decision was sent out on October 22nd, 2008 (see Annex 2). A greater than two-thirds majority agreed to the decision, and a letter was communicated from the Secretary of the Adaptation Fund to the Trustee of the Adaptation Fund on November 19th 2008 (see Annex 3). Consequently, a sum of \$700,000 was transferred to the trust fund for the Adaptation Fund on November 24th 2008.
5. On October 31st, 2008 the Secretariat sent a request for a decision by mail with a revised budget for July 1st to December 31st, 2008 (see Annex 4) to the Adaptation Fund Board, including the costs of the fourth Adaptation Fund Board meeting and the loan from the LDCF. Subsequently, it was realized that there had not been proper consultation with the ad-hoc committee of the Adaptation Fund on the revised budget. A consultative process commenced on the November 7th, 2008 and was completed on November 21st, 2008. A revised request for a decision by mail was then prepared by the Secretariat and

sent out with a revised budget on November 24th, 2008 (see Annex 5) with a request for response by December 4th, 2008.

6. For the Fourth meeting of the Adaptation Fund Board, in light of the available resources and received funds, the Adaptation Fund Secretariat is presenting a budget to the Adaptation Board for the period January 1st to March 31st, 2009 for supporting activities of the Adaptation Fund Secretariat and Board, including (i) staff costs to research and prepare documentation for the Fifth meeting of the Adaptation Fund Board in March 2009 and (ii) costs of Secretariat staff to manage and follow up on Board decisions from the previous meetings of the Board for the period January 1st to March 31st, 2009.

7. However, due to continuing resource constraints not all of the costs of the Board meeting in March 2009 have been included. The unbudgeted costs consist of the following: (i) travel costs of Board Members and Alternates to participate in the Fifth meeting of the Board in March 2009; and (ii) travel costs of Secretariat staff to organize the Fifth meeting of the Board during the period January 1st to March 31st, 2009.

8. The following tables provide information related to the budgeting of Adaptation Fund resources for the period January 1st to March 31st, 2009.

- a) The expenses incurred by the Adaptation Fund Secretariat and Board during the period January 1st to June 30th, 2008 (see Table 1):
- b) The revised budget for activities of the Adaptation Fund Secretariat and Board for the period July 1st to December 31st, 2008 – currently under consideration by the Adaptation Fund Board (see Table 2):
- c) The status of contributions to the Adaptation Fund trust fund for supporting activities of the Adaptation Fund Secretariat and Board (see Table 3):
- d) The revised budget for activities of the Adaptation Fund Secretariat and Board for the period January 1st to March 31st, 2009, taking into account received contributions and expenditures to date (see Table 4).

ESTIMATED EXPENSES INCURRED BY THE ADAPTATION FUND BOARD AND SECRETARIAT: JANUARY 1ST – DECEMBER 31ST, 2008

9. It is estimated that in the first half of 2008 the Adaptation Fund has incurred **\$739,142** in expenses to cover the following costs: (i) staff costs to research and prepare documentation for the First and Second meetings of the Adaptation Fund Board; (ii) travel costs of Board Members and Alternates to participate in the First and Second meetings of the Board; and (iii) travel costs of Secretariat staff to organize and manage the First and Second meetings of the Board.

TABLE 1: EXPENSES OF THE ADAPTATION FUND BOARD AND SECRETARIAT: JANUARY 1 TO JUNE 30, 2008

| Expenses of the Board & Secretariat for the Adaptation Fund: January 1 - June 30, 2008 | | |
|---|--------------------|------------------|
| Expense Category | | |
| | Planned | Actual |
| <u>Staff Costs (Salaries and Benefits)</u> 2 months/year 10 GEF staff: | 135,802 | 122,438 |
| <u>Travel estimated @ \$9,000 trip</u> | 648,000 | 302,319 |
| Consultants | 36,000 | 38,870 |
| 5 GEF staff to attend 2 meetings | 108,000 | 71,924 |
| Board - 24 eligible members to attend 2 meetings | 432,000 | 191,525 |
| Committees - 8 members to attend 1 meeting | 72,000 | 0 |
| <u>Consultants</u> | 32,000 | 75,080 |
| <u>General Operations Costs</u> Office space, equipment, and supplies | 27,908 | 23,162 |
| <u>Cost of 2 meetings</u> | 239,500 | 216,143 |
| Total | \$1,083,210 | \$739,142 |

10. The Adaptation Fund expects to incur an additional \$1,277,851 in expenses in the second half of December 2008 to cover the following costs: (i) staff costs to research and prepare documentation for the Third and Fourth meetings of the Adaptation Fund Board; (ii) travel costs of Board Members and Alternates to participate in the Third and Fourth meetings of the Board; and (iii) travel costs of Secretariat staff to organize and manage the Third and Fourth meetings of the Board.

11. This budget was circulated on November 18th, 2008 to Adaptation Fund Board Members as a revision of the budget agreed to at the Third Board meeting. The deadline for the response is December 4th, 2008.

TABLE 2: PROPOSED BUDGET FOR ACTIVITIES OF THE ADAPTATION FUND SECRETARIAT AND BOARD: JULY 1, 2008 TO DECEMBER 31ST, 2008

| Estimated Expenses of the Board & Secretariat for the Adaptation Fund for approval by Adaptation Fund Board July 1, 2008 - December 31, 2008 (6 months) (includes AFB Meetings in September and December and new Staff Costs through June 30, 2010) | | | <i>Approved Budget as of September 2008</i> <i>(includes 1 Meeting and new Staff Costs through June 30, 2010)</i> |
|--|-----------------|----------------|---|
| Expense Category | | | <i>This column and all figures below are only included for comparison purposes with new proposed budget - Differences are indicated between budgets by highlighting</i> |
| Staff Costs (Salaries and Benefits) | | | |
| | subtotal | 545,739 | 545,739 |
| 2 months/year 10 GEF staff (6 months) | | 147,369 | 147,369 |
| 100% 1 Professional-level (24 months) | | 398,370 | 398,370 |
| Travel @ \$7,500 trip | | | 217,500 |
| Consultants | | 15,000 | 7,500 |
| 5 GEF staff to attend 2 meetings | | 75,000 | 30,000 |
| GEF CEO to attend 4th meeting**** | | 2,000 | |
| Professional-level staff to attend 4th meeting*** | | 7,500 | |
| Board - 24 eligible members | | 360,000 | 180,000 |
| Cost for AFB participation at Poznan ** | | 18,750 | |
| Consultants | | | 35,000 |
| | subtotal | 35,000 | 35,000 |
| General Operations Costs | | | 81,612 |
| Office Space, Equipment, and Supplies | | 66,612 | 66,612 |
| Support provided to Chair to fulfill duties | | 15,000 | 15,000 |
| Cost of 2 meetings | | | 71,000 |
| September meeting with interpretation in 3 languages | | 71,000 | |
| | - | | |

| | |
|---|--------------------|
| December meeting with interpretation in 5 languages # | 85,000 |
| Total | \$1,277,851 |

| |
|------------------|
| |
| \$950,851 |

| | |
|--|------------------|
| Cumulative Funds made available through Funds as of October 28 * (A) | 2,296,331 |
| January 1 - June 30, 2008 expenses (B) | 739,142 |
| Available funds as of July 1 2008 (A - B) | 1,557,189 |
| July 1 - December 31, 2008 planned expenses (C) | 1,277,851 |
| Surplus as of December 31, 2008 (A - B - C) | 279,338 |

* This sum includes contributions from Australia, Finland, Norway, Switzerland & U.K plus loan of \$ 700,000 from LDCF

** Costs for travel and attendance of Chair at CMP, plus cost of travel via Poznan for AFB member plus a share of Secretariat staff costs for support to press event et al. at Poznan

*** New AF Secretariat Manager to attend fourth meeting in Bonn before start of contract

**** CEO to attend fourth meeting in Bonn after CMP in Poznan. Only additional costs to CMP mission are included and charged to AFB budget

Decision by Chair allows for up to 6 UN languages for interpretation as per AFB draft rules of procedure, depending on languages of AFB members at any meeting

STATUS OF CONTRIBUTIONS TO THE ADMINISTRATIVE TRUST FUND FOR THE BOARD AND SECRETARIAT OF THE ADAPTATION FUND

12. Available resources for the Adaptation Fund as of November 18th, 2008 are: **\$279,338**, considering the estimated expenses for the full year of 2008 as detailed in Tables 1 and 2 above. This includes donations received to date of \$2,296,331, including welcome contributions from Australia, Finland, Norway, Switzerland & UK, plus the loan of \$700,000 from the LDCF.

TABLE 3: STATUS OF CONTRIBUTIONS TO THE ADMINISTRATIVE TRUST FUND OF THE ADAPTATION FUND AS OF NOVEMBER 18TH 2008

| Pledges not yet paid in to the Administrative Trust Fund for the Board and Secretariat of the Adaptation Fund | | | |
|---|--------------------------------|---------------|-----------------------|
| <u>Donor</u> | Pledges Not Yet Paid In | | |
| | <u>Currency</u> | <u>Amount</u> | <u>USD Equivalent</u> |
| Denmark | DKK | 3,000,000 | 504,202 |
| France | EUR | 95,000 | 118,750 |
| Japan | USD | 13,093 | 13,093 |
| Sweden | SEK | 2,100,000 | 259,901 |
| UNEP | USD | 500,000 | 500,000 |
| | | - | |
| sub-total | | | 1,395,946 |
| Less administrative fee (2% of the total) | | | -27,919 |
| Plus amounts due to be returned to the Administrative Trust Fund for the Board and Secretariat of the Adaptation Fund | | | 51,616 |
| Total Pledged Funds Not Yet Paid In | | | 1,419,643 |

| | |
|---|-----------|
| Available Funds as of November 18, 2008 | 2,296,331 |
| January 1 - June 30, 2008 actual expenses | 739,142 |
| July 1 - December 31, 2008 planned expenses | 1,277,851 |
| Available funds as of December 31, 2008 | 281,338 |

PROPOSED BUDGET FOR ACTIVITIES OF THE ADAPTATION FUND BOARD AND SECRETARIAT: JANUARY 1ST TO MARCH 31ST, 2009

13. The Secretariat estimates a budget of **\$168,630** to cover costs for all activities of the Board and the Secretariat for the period of January 1st to March 31st, 2009 as follows: (i) Secretariat staff costs to research and prepare documentation for the Fifth meeting of the Adaptation Fund Board in March 2009; (ii) Secretariat staff costs to manage and follow up on Board decisions from the previous meetings of the Board for the period January 1st to March 31th, 2009; and (iii) support for the launching of the monetization of CERs expected to be held in early 2009, which will require the presence of the Secretary of the Adaptation Fund and the Adaptation Fund Manager.

14. The Fifth meeting is still planned for March 2009, but will only be able to be held should adequate funds become available for example by CER monetization to cover the costs of holding the meeting.

TABLE 4: ESTIMATED EXPENSES OF THE BOARD & SECRETARIAT FOR THE ADAPTATION FUND JANUARY 1 - MARCH 31, 2009 (3 MONTHS)

| Estimated Expenses of the Board & Secretariat for the Adaptation Fund January 1, 2009 - March 31, 2009 (3 months) | |
|--|------------------|
| Expense Category | |
| <u>Staff Costs (Salaries and Benefits)</u> | 73,684 |
| 2 months/year 10 GEF staff (3 months) | 73,684 |
| 100% 1 Professional-level (G) - charged to Jul-Dec plan | 0 |
| <u>Travel @ \$7,500 trip</u> | 45,000 |
| AF manager to attend 1 committee meeting | 7,500 |
| 5 GEF staff to attend 1 AFB meeting | 0 |
| Board - 24 eligible members - 1 AFB meeting | 0 |
| Committee meetings - 1 meeting - 5 attendees | 37,500 |
| <u>Consultants - 1 for committee support (2 month)</u> | 10,000 |
| <u>General Operations Costs</u> | 39,946 |
| *** Office Space, Equipment, and Supplies | 17,446 |
| * Support provided to launch of monetization of CERs | 15,000 |
| ** Support to the Chair for January to March 2009 | 7,500 |
| <u>Cost of 1 meeting</u> | 0 |
| Total | \$168,630 |

* AF Chair and AF Manager are budgeted to attend, pending decision of AF Board

** Support to AF Chair on pro rata basis, pending decision of AF board

*** Costs adjusted to take into account 2 months of AF Manager and 3 months of AF Secretariat staff pro-rated from 2 manmonths per year for 10 AF Sec staff



Global Environment Facility

1818 H Street, NW
Washington, DC 20433 USA
Tel: 202.473.0508
Fax: 202.522.3240/3245
E-mail: secretariat@TheGEF.org

October 8, 2008

Dear LDCF/SCCF Council Member:

In accordance with paragraphs 43 to 45 of the *Rules of Procedure for the GEF Council*,¹ I hereby request the LDCF/SCCF Council to approve the following decision by mail:

Recognizing that there can exist a time period between a donor's pledge to provide funding to the Trust Fund for the Secretariat of the Adaptation Fund and the actual receipt of funds from the donor, the CEO of the GEF Secretariat is authorized to draw upon unallocated resources from LDCF/SCCF, not exceeding the amount of the donor's pledge, to pay for Adaptation Fund expenditures, as necessary. All such expenditures will be against approved budgeted activities of the Adaptation Fund, its Board and its Secretariat. It is understood that such amounts, borrowed against the unallocated resources from LDCF/SCCF, will be reimbursed upon receipt of cash payments from the donor to the Trust Fund for the Secretariat of the Adaptation Fund.

Please be reminded that, in accordance with paragraph 45 of the Rules of Procedure, for this decision to be approved, there must not only be no objections by any Council Member, but also that the Secretariat must receive affirmative replies from at least two-thirds of the Members by **October 22, 2008**.

Sincerely,

A handwritten signature in black ink, appearing to read "Barbut", with a stylized flourish extending to the right.

Monique Barbut
CEO and Chairperson

¹ Rules of Procedure for the GEF Council apply to the LDCF/SCCF Council. (paragraph 17, Joint Summary of the Chairs, Special GEF Council Meeting, August 28, 2006)

GEFCEO

10/22/2008 01:15 PM
89428

To Djamelechirk@Msn.Comnvtai@monre.gov.vn, xgeorge-nascimento@conama.cl
 cc Anne C. Miduch, Bonizella Biagini, Lynne Brennan Van Dyke, Marie-Constance Manuella Koukoui, tgroh@thegef.org, Christopher Fenwick Briggs, Jean-Marc Sinnassamy, William Ernest Ehlers
 Subject Decision by mail: Adaptation Fund
 ct

Dear Council Members and Alternates,

Following up on the email, Wednesday October 8th, I would like to inform you as follows:

On Tuesday 21 October, close of business, we had received support from seven Council Members for the proposed Council decision for LDCF and SCCF on the *temporary use of unallocated resources from LDCF/SCCF to pay for Adaptation Fund expenditures*(see attached).

Seven Council Members(Spain, UK, Belgium, Sweden, France, Ghana, Netherlands) have supported the decision, while Norway, Spain and Sweden had requested further clarification on the terms and conditions of this temporary loan, and a response has been duly made (see attached email).

There has also been a request from Belgium, Germany and United Kingdom to adjust the wording to allow for a limited loan to cover the costs of the fourth Adaptation Fund Meeting in December 2008. We have therefore adjusted the text of the decision to provide for this limitation. We assume that future letters from Council members will support that revised text, leaving all Council members the option to comment on the revised text.

However, the number of supporting letters falls short of the required two-thirds support for a Council decision with financial implications. This may be due to the need for further clarification on the terms and conditions of this temporary loan. We hope that the clarifications made will ease that problem, but remain open to further questions. Certainly, without this loan, we will be unable to support the Adaptation Fund during the next three months of 2008 and hold the fourth meeting of the Adaptation Fund in December after the COP of the UNFCCC in Poznan, as there are insufficient funds available for those purposes.

After consultation, therefore, we have decided to extend the deadline for the Council decision to Friday, October 24, close of business.

May I also remind Council members of the agreement that, in accordance with paragraph 45 of the Rules of Procedure, for this decision to be approved, there must not only be no objections by any Council Member, but also that the Secretariat must receive affirmative replies from at least two-thirds of the Members.

The proposed, revised Council decision reads as follows:

"Recognizing that there can exist a time period between a donor's pledge to provide funding to the Trust Fund for the Secretariat of the Adaptation Fund and the actual

receipt of funds from the donor, the CEO of the GEF Secretariat is authorized to draw upon unallocated resources from LDCF/SCCF, not exceeding the amount of the donor's pledge, to pay for Adaptation Fund expenditures incurred in connection with the next AF Board Meeting and any other expenditures incurred up until December 31st 2008.

All such expenditures will be against approved budgeted activities of the Adaptation Fund, its Board and its Secretariat. It is understood that such amounts, borrowed against the unallocated resources from LDCF/SCCF, will be reimbursed upon receipt of cash payments from the donor to the Trust Fund for the Secretariat of the Adaptation Fund".

I urge Council Members to inform us of their support to the proposed decision, before Friday, October 24, close of business.

If you have any questions or concerns, please do not hesitate to contact us.

Best Regards,

Monique Barbut



Global Environment Facility

1818 H Street, NW
Washington, DC 20433 USA
Tel: 202.473.3202
Fax: 202.522.3240/3245
E-mail: mbarbut@TheGEF.org

November 19, 2008

Ms. Susan B. McAdams
Director
MTI
World Bank
Washington DC

Dear Susan,

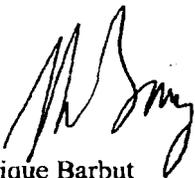
I am writing to you to inform you of the decision by the LDCF and SCCF Council on October 21, 2008, authorizing the CEO of the GEF Secretariat to draw upon unallocated resources from the trust funds for the LDCF/SCCF, not exceeding the amount of the donor's pledge, to pay for Adaptation Fund expenditures, as necessary. It is understood that such amounts, drawn upon the unallocated resources from the trust funds for the LDCF/SCCF will be reimbursed, without interest, upon receipt of cash payments from the donor to the Trust Fund for the Secretariat of the Adaptation Fund.

As of today, four donors (Denmark, France, Japan, and UNEP) have pledged a total of US\$ eq. 1,268,000 for support of the Adaptation Fund by making a contribution to the Trust Fund for Secretariat of the Adaptation Fund. I also understand that the Trustee is coordinating with each of these donors to finalize the contribution agreements.

In accordance with the decision taken by the LDCF and SCCF Council, I authorize the allocation of US\$ \$700,000 from the LDCF Trust Fund (TF69004) to the Trust Fund for the Secretariat of the Adaptation Fund (TF071015). I would also appreciate if you would arrange for the immediate transfer of funds so that we may proceed with planning the next Adaptation Fund Board meeting to be held in December 2008.

I confirm that once the Trustee receives the cash payments from any of the four donors mentioned above into the Trust Fund for the Secretariat for the Adaptation Fund, the funds will be immediately transferred to the LDCF Trust Fund as a reimbursement up to the \$700,000 allocation.

Thank you and regards,



Monique Barbut
CEO and Chairperson
Global Environment Facility



Global Environment Facility

Monique Barbut
Chief Executive Officer
and Chairperson

1818 H Street, NW
Washington, DC 20433 USA
Tel: 202.473.3202
Fax: 202.522.3240/3245
E-mail: mbarbut@TheGEF.org

October 31, 2008

Dear Adaptation Fund Board Members and Alternates,

In accordance with paragraphs 94 to 97 of the *Draft Rules of Procedure of the Adaptation Fund Board*, I hereby request the Adaptation Fund Board to approve the following decision by mail:

Having reviewed the revised budget for all activities of the Adaptation Fund Board and the Secretariat to the value of \$ 1,239,351 for the period July 1, 2008 to December 31, 2008 presented for approval by the Adaptation Fund Secretariat, the Members of the Adaptation Fund Board approve the budget, as revised, including: (i) staff costs to research and prepare documentation for the Fourth Meeting of the Adaptation Fund Board in December 2008; (ii) travel costs of Board Members and Alternates to participate in the Fourth Meeting of the Board in December 2008; and (iii) travel costs of Secretariat staff to organize, manage and follow up on Board decisions from the Fourth and previous Meetings of the Board.

Please be reminded that, in accordance with paragraph 96 of the *Draft Rules of Procedure of the Adaptation Fund Board*, for this decision to be approved, the Secretariat must receive affirmative replies from at least two-thirds of the Members and no objections by any member on or after **November 14, 2008**.

I look forward to seeing you in December in Bonn.

Sincerely,

A handwritten signature in black ink, appearing to read 'Barbut', enclosed within a simple rectangular box.

Monique Barbut

Explanatory Note:

The revised budget for all activities of the Board and the Secretariat is presented for approval for the period July 1, 2008 to December 31, 2008. The Secretariat estimates a budget of \$ 1,239,351 to cover the costs outlined above. All expenditures will be against approved budgeted activities of the Adaptation Fund, its Board and its Secretariat. Full details of the budget are presented below as Table 1.

The balance of available funds in the Trust Fund for the Secretariat of the Adaptation Fund (“the Trust Fund”) is sufficient to support the activities covered by the proposed budget. As of October 30, 2008, \$ 1,557,189 is available to fund activities between July 1, 2008 and December 31, 2008. Assuming expenses of \$1,239,551, there will be a balance of \$ 317,838 at the close of the calendar year.

As shown in Table 2, several donors that have pledged contributions to the Trust Fund for the Secretariat of the Adaptation Fund have not yet finalized administrative procedures with the Trustee. However, on October 30, 2008, the LDCF/SCCF Council authorized the CEO of the Adaptation Fund Secretariat to temporarily use the unallocated funds from either the LDCF Trust Fund or the SCCF Trust Fund to support all related expenditures of the Adaptation Fund. This decision enabled the Secretariat to move forward with the planning of the Fourth Meeting of the Adaptation Fund Board. It is understood that such amounts, drawn upon the unallocated resources from trust funds for the LDCF/SCCF, will be reimbursed upon receipt of cash payments from donors to the Trust Fund for the Secretariat of the Adaptation Fund.

The current status of the pledged funds to the Trust Fund for the Secretariat of the Adaptation Fund, recognizing the generous contributions from Denmark, France, Japan and UNEP, now total over \$ 1.2 million and are fully detailed in Table 2.

Table 1. Revised budget for Adaptation Fund Board and Secretariat for July 1, 2008 to December 31, 2008

| Estimated Expenses of the Board & Secretariat for the Adaptation Fund for approval by Adaptation Fund Board July 1, 2008 - December 31, 2008 (6 months) (includes AFB Meetings in September and December and new Staff Costs through June 30, 2010) | | | Approved Budget as of September 2008 (includes 1 Meeting and new Staff Costs through June 30, 2010) | |
|---|-----------------|--------------------|--|------------------|
| Expense Category | | | This column and all figures below are only included for comparison purposes with new proposed budget - Differences are indicated between budgets by highlighting | |
| Staff Costs (Salaries and Benefits) | subtotal | 545,739 | | |
| 2 months/year 10 GEF staff (6 months) | | 147,369 | | 545,739 |
| 100% 1 Professional-level (24 months) | | 398,370 | | 147,369 |
| | | | | 398,370 |
| Travel @ \$7,500 trip | subtotal | 435,000 | | 217,500 |
| Consultants | | 15,000 | | 7,500 |
| 4 GEF staff to attend 2 meetings | | 60,000 | | 30,000 |
| Board - 24 eligible members | | 360,000 | | 180,000 |
| | | | | |
| Consultants | subtotal | 35,000 | | 35,000 |
| General Operations Costs | subtotal | 81,612 | | 81,612 |
| Office Space, Equipment, and Supplies | | 66,612 | | 66,612 |
| Support provided to Chair to fulfill duties | | 15,000 | | 15,000 |
| | | | | |
| Cost of 2 meetings | subtotal | 142,000 | | 71,000 |
| | | | | |
| Total | | \$1,239,351 | | \$950,851 |

| | |
|---|-----------|
| Cumulative Funds made available through Funds as of October 28 * (A) | 2,296,331 |
| January 1 - June 30, 2008 expenses (B) | 739,142 |
| Available funds as of July 1 2008 (A - B) | 1,557,189 |
| July 1 - December 31, 2008 planned expenses (C) | 1,239,351 |
| Surplus as of December 31, 2008 (A - B - C) | 317,838 |

* This sum includes contributions from Australia, Finland,
Switzerland & U.K plus loan of \$700,000 from LDCF

Table 2. Status of pledged contributions to the trust fund for the Adaptation Fund as of October 28th October 2008

| Pledges not yet paid in to the Trust Fund for the Secretariat of the Adaptation Fund | | | |
|---|--------------------------------|---------------|-----------------------|
| | Pledges Not Yet Paid In | | |
| | <u>Currency</u> | <u>Amount</u> | <u>USD Equivalent</u> |
| <u>Donor</u> | | | |
| Denmark | DKK | 3,000,000 | 516,350 |
| France | EUR | 100,000 | 154,655 |
| Japan | | | 13,094 |
| UNEP | | | 500,000 |
| sub-total | | | 1,184,099 |
| Less administrative fee (2% of the total) | | | -23,682 |
| Plus amounts due to be returned to the Trust Fund for the Secretariat | | | 51,616 |
| Total Pledged Funds but Not Yet Paid In | | | 1,212,033 |

wb325436

L:\Adaptation Fund Board\AFB#4\letter_decision_Budget_AFB_30Oct2008.doc
10/30/2008 5:57:00 PM

GEFCEO

11/24/2008 09:35 AM
89428

To mirafida@icc-al.org, mirafida@moe.gov.al, y-
biot@dfid.gov.uk, ososkova@meteo.uz
cc aokubo@worldbank.org, mevidente@thegef.org

Subje Revised Budget for AFB from July 1st to 31st December
ct 2008, including Financial support for the 4th meeting

Dear Adaptation Fund Board Members and Alternates,

The ad hoc committee on the budget established at the Third Meeting of the Board has agreed upon the attached budget, revised in light of the additional resources available to the Adaptation Fund and the prior decision of the Board to hold a Fourth meeting of the Adaptation Fund Board in December 2008.

In accordance with paragraphs 94 to 97 of the *Draft Rules of Procedure of the Adaptation Fund Board*, I hereby request the Adaptation Fund Board to approve the following decision by mail:

Having reviewed the revised budget for all activities of the Adaptation Fund Board and the Secretariat to the value of \$ 1,275,851 for the period July 1, 2008 to December 31, 2008 presented for approval by the Adaptation Fund Secretariat, the Members of the Adaptation Fund Board approve the budget, as revised, including: (i) staff costs to research and prepare documentation for the Fourth Meeting of the Adaptation Fund Board in December 2008; (ii) travel costs of Board Members and Alternates to participate in the Fourth Meeting of the Board in December 2008; and (iii) travel costs of Secretariat staff to organize, manage and follow up on Board decisions from the Fourth and previous Meetings of the Board.

Please be reminded that, in accordance with paragraph 96 of the *Draft Rules of Procedure of the Adaptation Fund Board*, for this decision to be approved, the Secretariat must receive affirmative replies from at least two-thirds of the Members and no objections by any member on or after **December 4th, 2008**.

I look forward to seeing you in December in Bonn.

Sincerely,

Monique Barbut

Table of revised budget of Adaptation Fund from July 1st 2008 to December 31st 2008

| Estimated Expenses of the Board & Secretariat for the Adaptation Fund for approval by Adaptation Fund Board July 1, 2008 - December 31, 2008 (6 months) (includes AFB Meetings in September and December and new Staff Costs through June 30, 2010) | | | Approved Budget as of September 2008 (includes 1 Meeting and new Staff Costs through June 30, 2010) |
|---|-----------------|--------------------|--|
| Expense Category | | | <i>This column and all figures below are only included for comparison purposes with new proposed budget - Differences are indicated between budgets by highlighting.</i> |
| Staff Costs (Salaries and Benefits) | subtotal | 545,739 | 545,739 |
| 2 months/year 10 GEF staff (6 months) | | 147,369 | 147,369 |
| 100% 1 Professional-level (24 months) | | 398,370 | 398,370 |
| Travel @ \$7,500 trip | subtotal | 459,500 | 217,500 |
| Consultants | | 15,000 | 7,500 |
| 5 GEF staff to attend 2 meetings | | 75,000 | 30,000 |
| GEF CEO to attend 4th meeting**** | | 2,000 | |
| Professional-level staff to attend 4th meeting*** | | 7,500 | |
| Board - 24 eligible members | | 360,000 | 180,000 |
| Cost for AFB participation at Poznan ** | | 18,750 | |
| Consultants | subtotal | 35,000 | 35,000 |
| General Operations Costs | subtotal | 81,612 | 81,612 |
| Office Space, Equipment, and Supplies | | 66,612 | 66,612 |
| Support provided to Chair to fulfill duties | | 15,000 | 15,000 |
| Cost of 2 meetings | subtotal | 156,000 | 71,000 |
| September meeting with interpretation in 3 languages | | 71,000 | |
| December meeting with interpretation in 5 languages # | | 85,000 | |
| Total | | \$1,277,851 | \$950,851 |

| | |
|--|-----------|
| Cumulative Funds made available through Funds as of October 28 * (A) | 2,296,331 |
| January 1 - June 30, 2008 expenses (B) | 739,142 |
| Available funds as of July 1 2008 (A - B) | 1,557,189 |
| July 1 - December 31, 2008 planned expenses (C) | 1,277,851 |
| Surplus as of December 31, 2008 (A - B - C) | 279,338 |

* This sum includes contributions from Australia, Finland, Norway, Switzerland & U.K plus loan of \$ 700,000 from LDCF

** Costs for travel and attendance of Chair at CMP, plus cost of travel via Poznan for AFB member plus a share of Secretariat staff costs for support to press event et al. at Poznan

*** New AF Secretariat Manager to attend fourth meeting in Bonn before start of contract

**** CEO to attend fourth meeting in Bonn after CMP in Poznan. Only additional costs to CMP mission are included and charged to AFB budget

Decision by Chair allows for up to 6 UN languages for interpretation as per AFB draft rules of procedure, depending on languages of AFB members at any meeting