

# The Adaptation Fund

AFB/B.5/9  
March 18, 2009

---

Adaptation Fund Board  
Fifth Meeting  
Bonn, March 24-27, 2009

Agenda Item 12

## ELEMENTS FOR A 2009 WORK PLAN FOR THE ADAPTATION FUND BOARD AND SECRETARIAT

## Note

Document AFB/B.Int.4-5/1 contains in its section I the *Elements for a 2009 Work Plan*, which were circulated intersessionally as requested by the Board (Report of the fourth Meeting of the Adaptation Fund Board, paragraph 48).

The Rules of Procedure of the Adaptation Fund Board, paragraph 58, state that: *If a proposed decision has financial implications, approval of the decision will require replies from at least two-thirds of the members.* Since not enough replies were received, document AFB/B.Int.4-5/1 is being reissued for the consideration of the Board at its fifth meeting,

# The Adaptation Fund

AFB/B.Int.4-5/1  
December 17, 2008

---

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

Agenda Item 8

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

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

### **BACKGROUND**

1. 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.
2. 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; and
  - (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**

3. 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; and
- (h) Implement further guidance from the CMP.

4. 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**

5. 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**

<b>Month</b>	<b>Location</b>
March	Bonn, Germany
June	Bonn
September	Bonn
December	Copenhagen, Denmark

## **BUDGETARY IMPLICATIONS**

6. 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**

7. The Board has considered the document, and requested the Secretariat to elaborate the Work Plan further.

## **LIST OF ANNEXES**

**ANNEX 1: LETTER FROM GEF CEO TO LDCF/SCCF COUNCIL MEMBER (OCT. 8, 2008)**

**ANNEX 2: EMAIL FROM GEF CEO TO COUNCIL MEMBERS & ALTERNATES (OCT. 22, 2008)**

**ANNEX 3: LETTER TO TRUSTEE FROM GEF CEO (NOV. 19, 2008)**

**ANNEX 4: LETTER FROM GEF CEO TO AF BOARD MEMBERS & ALTERNATES (OCT. 31, 2008)**

**ANNEX 5: EMAIL FROM GEF CEO TO AFB MEMBERS & ALTERNATES (NOV. 24, 2008)**

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

### **DRAFT REVISED BUDGET FOR THE ADAPTATION FUND BOARD AND SECRETARIAT FOR JANUARY 1 – MARCH 31, 2009**

#### **INTRODUCTION**

8. 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 1<sup>st</sup> to March 31<sup>st</sup>, 2008; (ii) a proposal for a budget for activities of the Secretariat and the Board for the period April 1<sup>st</sup> to June 30<sup>th</sup>, 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 1<sup>st</sup>, 2008 to June 30<sup>th</sup>, 2009.

9. 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 1<sup>st</sup> to December 31<sup>st</sup>, 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.

10. At the Third meeting of the Adaptation Fund Board, the most recent expenditure reports were presented for the period January 1<sup>st</sup> to June 30<sup>th</sup>, 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 1<sup>st</sup> to December 31<sup>st</sup>, 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.

11. 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 8<sup>th</sup>, 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 22<sup>nd</sup>, 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 19<sup>th</sup> 2008 (see Annex 3). Consequently, a sum of \$700,000 was transferred to the trust fund for the Adaptation Fund on November 24<sup>th</sup> 2008.

12. On October 31<sup>st</sup>, 2008 the Secretariat sent a request for a decision by mail with a revised budget for July 1<sup>st</sup> to December 31<sup>st</sup>, 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 7<sup>th</sup>, 2008 and was completed on November 21<sup>st</sup>, 2008. A revised request for a decision by mail was then prepared by the Secretariat and sent out with a revised budget on November 24<sup>th</sup>, 2008 (see Annex 5) with a request for response by December 4<sup>th</sup>, 2008. The revised budget was agreed by a two thirds majority of responding Adaptation Fund Board Members on 15<sup>th</sup> December

13. During the Fourth meeting of the Adaptation Fund Board, in light of more updated information on the available resources and received funds, the Adaptation Fund Secretariat is presenting a revised budget to the Adaptation Board for the period January 1<sup>st</sup> to March 31<sup>st</sup>, 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; (ii) costs of Secretariat staff to manage and follow up on Board decisions from the previous meetings of the Board for the period January 1<sup>st</sup> to March 31<sup>st</sup>, 2009; (iii) travel costs of Board Members and Alternates to participate in the Fifth meeting of the Board in March 2009; and (iv) travel costs of Secretariat staff to organize the Fifth meeting of the Board during the period January 1<sup>st</sup> to March 31<sup>st</sup>, 2009.

14. The following tables provide information related to the budgeting of Adaptation Fund resources for the period January 1<sup>st</sup> to March 31<sup>st</sup>, 2009.

- (a) The expenses incurred by the Adaptation Fund Secretariat and Board during the period January 1<sup>st</sup> to June 30<sup>th</sup>, 2008 (see Table 1).
- (b) The approved budget for activities of the Adaptation Fund Secretariat and Board for the period July 1<sup>st</sup> to December 31<sup>st</sup>, 2008 – agreed by the Adaptation Fund Board on December 15<sup>th</sup> 2008 (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 1<sup>st</sup> to March 31<sup>st</sup>, 2009, taking into account received contributions and expenditures to date (see Table 4).

**ESTIMATED EXPENSES INCURRED BY THE ADAPTATION FUND BOARD AND SECRETARIAT: JANUARY 1<sup>ST</sup> – DECEMBER 31<sup>ST</sup>, 2008**

15. 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**

<b>Expenses of the Board &amp; Secretariat for the Adaptation Fund: January 1 - June 30, 2008</b>		
<b>Expense Category</b>		
	<b>Planned</b>	<b>Actual</b>
<b><u>Staff Costs (Salaries and Benefits)</u></b> 2 months/year 10 GEF staff:	<b>135,802</b>	<b>122,438</b>
<b><u>Travel estimated @ \$9,000 trip</u></b>	<b>648,000</b>	<b>302,319</b>
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
<b><u>Consultants</u></b>	<b>32,000</b>	<b>75,080</b>
<b><u>General Operations Costs</u></b> Office space, equipment, and supplies	<b>27,908</b>	<b>23,162</b>
<b><u>Cost of 2 meetings</u></b>	<b>239,500</b>	<b>216,143</b>
<b>Total</b>	<b>\$1,083,210</b>	<b>\$739,142</b>

16. 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.

17. The revised budget was circulated on November 18<sup>th</sup>, 2008 to Adaptation Fund Board Members, as a revision of the budget agreed to at the Third Board meeting, and was agreed by a two-thirds majority of Adaptation Fund Board Members by December 15<sup>th</sup>, 2008.

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

<b>Approved Expenses of the Board &amp; Secretariat for the Adaptation Fund</b> <b>July 1, 2008 - December 31, 2008 (6 months)</b> <b>- This includes cost of 3rd and 4th AFB Meetings in September and December and new Staff Costs through June 30, 2010 -</b>		
Expense Category		
<b><u>Staff Costs (Salaries and Benefits)</u></b>	<b><u>subtotal</u></b>	<b>545,739</b>
2 months/year 10 GEF staff (6 months)		147,369
100% 1 Professional-level (24 months)		398,370
<b><u>Travel @ \$7,500 trip</u></b>	<b><u>subtotal</u></b>	<b>459,500</b>
Consultants		15,000
5 GEF staff to attend 2 meetings		75,000
GEF CEO to attend 4th meeting****		2,000
Professional-level staff to attend 4th meeting***		7,500
Board - 24 eligible members		360,000
Cost for AFB participation at Poznan **		18,750
<b><u>Consultants</u></b>	<b><u>subtotal</u></b>	<b>35,000</b>
<b><u>General Operations Costs</u></b>	<b><u>subtotal</u></b>	<b>81,612</b>
Office Space, Equipment, and Supplies		66,612
Support provided to Chair to fulfill duties		15,000
<b><u>Cost of 2 meetings</u></b>	<b><u>subtotal</u></b>	<b>156,000</b>
September meeting with interpretation in 3 languages		71,000
December meeting with interpretation in 5 languages #		85,000
<b>Total</b>		<b>\$1,277,851</b>

Cumulative Funds made available through Funds as of October 28 * (A)	<b>2,296,331</b>
January 1 - June 30, 2008 expenses (B)	<b>739,142</b>
Available funds as of July 1 2008 ( A - B )	<b>1,557,189</b>
July 1 - December 31, 2008 planned expenses (C)	<b>1,277,851</b>
Surplus as of December 31, 2008 ( A - B - C )	<b>279,338</b>
<p>* This sum includes contributions from Australia, Finland, Norway, Switzerland &amp; U.K plus loan of \$ 700,000 from LDCF</p> <p>** 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</p> <p>*** New AF Secretariat Manager to attend fourth meeting in Bonn as Observer</p> <p>**** CEO to attend fourth meeting in Bonn after CMP in Poznan. Only additional costs to CMP mission are included and charged to AFB budget</p> <p># 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</p>	

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

18. Available resources for the Adaptation Fund as of December 18<sup>th</sup>, 2008 are: **\$379,338**, 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 \$2,800,533, including contributions from Australia, Denmark, Finland, Norway, Switzerland & UK, plus the loan of \$700,000 from the LDCF. However, it must be noted that the terms of the loan of \$ 700,000 from LDCF means that the Danish pledge that is currently being encashed will be returned to the LDCF after encashment. Therefore the net value of all ‘donations’ is reduced to **\$ 1,792,129**.

**TABLE 3: STATUS OF CONTRIBUTIONS TO THE ADMINISTRATIVE TRUST FUND OF THE ADAPTATION FUND AS OF DECEMBER 16<sup>TH</sup> 2008**

**Pledges Not Yet Paid In to Administrative Trust Fund for the Board & Secretariat for the Adaptation Fund**

<b>Pledges Not Yet Paid In</b>			
	<b>Currency</b>	<b>Amount</b>	<b>USD Equivalent</b>
<b>Donor</b>			
France	EUR	95,000	<b>118,750</b>
Japan	USD	13,093	<b>13,093</b>
Netherlands	EUR	100,000	<b>155,340</b>
Sweden	SEK	2,100,000	<b>259,901</b>
UNEP	USD	500,000	<b>500,000</b>
sub-total			<b>1,047,084</b>
60% of 5% fee to be returned by ACT			<b>51,616</b>
5% fees for handling above pledged funds			<b>-52,354</b>
60% of 5% fee to be returned by ACT			<b>31,413</b>
<b>Total Not Yet Paid In</b>			<b>1,077,758</b>

NB Approximately \$ 200,000 from the pledges that have not yet been paid into the administrative fund of the Adaptation Fund must be used to fully repay the LDCF loan of \$ 700,000, as soon as the money is received by the Trustee.

**Paid in /Encashed Payments to Administrative Trust Fund for the Board  
& Secretariat for the Adaptation Fund**

Available Funds as of December 8, 2008 (A) *	2,800,533
January 1 - June 30, 2008 expenses (B)	739,142
July 1 - December 31, 2008 planned (C)	1,277,851
Repayment to LDCF in line with loan agreement on encashment of any pledged funds eg Denmark in December 2008 (D)	504,202
Savings achieved from travel in July to December AFB budget (E)	100,000
Surplus as of December 31,2008 (A - B - C - D + E)	379,338
<b>* Includes contributions from the following countries:</b>	<b>USD\$</b>
Australia      AUD 200,000	191,340
Denmark **      DKK 3,000,000	504,202
Finland          EUR 100,000	155,340
Norway          NOK 1,000,000	201,727
Switzerland      CHF 200,000	178,651
U.K.              GBP 500,000	990,300
LDCF loan	700,000
less fees	-121,027
Total:	2,800,533
<b>** Estimate; DKK 3,000,000 in the process of being converted to USD.</b>	

**REVISED BUDGET FOR ACTIVITIES OF THE ADAPTATION FUND BOARD AND SECRETARIAT: JANUARY 1<sup>ST</sup> TO MARCH 31<sup>ST</sup>, 2009**

19. The Secretariat estimates a budget of **\$299,130** to cover costs for all activities of the Board and the Secretariat for the period of January 1<sup>st</sup> to March 31<sup>st</sup>, 2009 including: (i) staff costs to research and prepare documentation for the Fifth meeting of the Adaptation Fund Board in March 2009; (ii) costs of Secretariat staff to manage and follow up on Board decisions from the previous meetings of the Board for the period January 1<sup>st</sup> to March 31<sup>st</sup>, 2009; (iii) travel costs of Board Members and Alternates to participate in the Fifth meeting of the Board in March 2009;<sup>1</sup> (iv) travel costs of Secretariat staff to organize the Fifth meeting of the Board during the period January 1<sup>st</sup> to March 31<sup>st</sup>, 2009; (v) consultancy costs for operationalization of the Adaptation Fund; and (vi) support for the launching of the monetization of CERs in early 2009, which will require the presence of the Chair and a Secretariat representative of the Adaptation Fund Board.

---

<sup>1</sup> The rates for travel by Board Members and Alternates reflect travel costs under World Bank travel rules. UN travel rules will govern travel for Board Members and Alternates once the CERs have been monetized.



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

<b>Approved Estimates of Expenses of the Board &amp; Secretariat for the Adaptation Fund</b>	
<b>January 1, 2009 - March 31, 2009 (3 months) as of December 16th 2008</b>	
<b>Expense Category</b>	
<b><u>Staff Costs (Salaries and Benefits)</u></b>	<b>73,684</b>
2 months/year 10 GEF staff (3 months)	73,684
100% 1 Professional-level (G) - charged to Jul-Dec plan	0
<b><u>Travel for AFSec and AFB Members/Alternates</u></b>	<b>145,500</b>
5 GEF staff to attend 1 AFB meeting	37,500
Board - 24 eligible members - 1 AFB meeting	108,000
* Support provided to launch of monetization of CERs	15,000
<b><u>Consultancy costs - AFB Operationalization</u></b>	<b>37,500</b>
<b><u>General Operations Costs</u></b>	<b>24,946</b>
** Support to the Chair for January to March 2009	7,500
*** Office Space, Equipment, and Supplies	17,446
<b><u>Cost of Meeting with Interpretation in 5 Languages ****</u></b>	<b>85,000</b>
<b>Total</b>	<b>\$281,630</b>

Cumulative Funds made available through Funds as of December 15th 2008 # (A)	<b>2,296,331</b>
January 1 - June 30, 2008 expenses (B)	<b>739,142</b>
July 1 - December 31, 2008 approved expenses (C)	<b>1,277,851</b>
Estimated Savings achieved from 20 AFB members' travel to 3rd meeting (D)	<b>100,000</b>
Available funds as of December 31, 2008 ( A - B - C + D ) including savings on Jul-Dec approved budget	<b>379,338</b>
* 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 man-months per year for 10 AF Sec staff	
**** 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	
# This sum includes contributions from Australia, Denmark, Finland, Norway, Switzerland & U.K plus loan of \$ 700,000 from LDCF, including repayment of Danish contribution to LDCF of \$504,202 as per terms of loan from LDCF	