



ADAPTATION FUND

AFB/EFC.4/12
March 2, 2011

Adaptation Fund Board
Ethics and Finance Committee
Fourth Meeting
Bonn, March 16, 2011

Agenda Item 11 c)

PRIVATE DONATIONS

Prepared by the World Bank as Trustee for the Adaptation Fund

I. Background:

At the 8th Adaptation Fund (AF) Board meeting in November 2009, the Trustee presented a paper to the Board describing the process for receiving donations: *Adaptation Fund Trust Fund: Guidelines for Accepting Donations (AFB/B.8/11/Rev.1)*. These Donation Guidelines describe the manner in which the Trustee receives unsolicited donations to the Adaptation Fund Trust Fund from two main sources: i) sovereign governments (e.g. bilateral donors) and ii) non-sovereign entities (e.g., private sector companies, non-governmental organizations, foundations, individuals). The objectives of the AF Donation Guidelines are to provide guidance to parties interested in donating funds to the Adaptation Fund Trust Fund; to protect the Adaptation Fund, its Board, Secretariat and Trustee from reputational or other damage that may arise from accepting donations; and to minimize the transaction costs associated with managing the donations process. The Guidelines also serve to protect the integrity of the Adaptation Fund, as the primary source of funding remains the proceeds from monetization of Certified Emission Reductions (CERs).

The Board requested that the Trustee explore the possibility and costs and fees of receiving donations from individuals, through the Adaptation Fund web site. This note provides additional information on the possible procedures and estimated transaction costs and fees associated with the receipt of private donations in this manner.

II. Procedure and Transaction Costs and Fees for handling Private Donations through a Credit-Debit Card Payment Service Provider:

1. The potential donor would click on a "Donate" link on the AF website (maintained by the AFB Secretariat)
2. The donor would then be taken to a secure site maintained by a third payment service provider where the donor can enter credit/debit card details (Figure 1).
3. The third party payment service provider would collect the funds and send the donation amounts to the Trustee, net of credit card and any other fees
4. Such donations would be collected, consolidated, and transferred to the Adaptation Fund Trust Fund on a regular basis based on Trustee's instructions to the payment service provider
5. The Trustee would record the total amount of donations received and include it in the aggregate figure reported to the Board in the Trustee's periodic financial status reports

Figure 1. Sample Payment Service Provider site



Support the Adaptation Fund's efforts to help the most vulnerable countries and elements of societies to adapt to climate change

Select Your Donation

- \$1,000 \$2,500 \$5,000 \$10,000
- \$25 \$50 \$100 \$250 \$500
- Other

Donor Information

* Name: First Name Last Name

* Address 1:

Address 2:

* City/State/ZIP: City State ZIP

* Country:

* Email Address:

Phone Number:

Payment Information

Payment Type:

* Credit Card Type: VISA DISCOVER AMERICAN EXPRESS MasterCard

* Credit Card Number: * CVV Number: [What is this?](#)

* Expiration Date:

Submit

Transaction Costs and Fees: Transaction costs and fees will have two main components: (i) the time required and expenses incurred by Trustee staff to implement the donations option, resolve any implementation issues, and manage the donations process; and (ii) the fees charged by the third party payment service provider to maintain a secure website to receive credit card payments and transfer funds to the Trustee.

The costs related to component (i) would depend on the volume of donations, the level of reconciliation with the payment service provider that may be required by the Trustee, the time and expenses required to enter into agreements with such a third party provider, and efforts required to resolve any issues that may arise. These do not include any additional costs associated with the independent vetting of the source of the donations¹, or the independent reconciliation of the donation amounts received with the amounts transferred to the Trustee, which could be significant. These costs would be included in the overall Trustee Administrative Budget submitted annually to the AF Board. Component (ii) would comprise fees charged by the payment service provider to process credit card payments. Fees charged by credit card companies range from 3 percent to 7.5 percent of the donated amount, in addition to a fixed fee of approximately USD 0.20-0.60 per transaction. These fees, which are based on industry standard rates, vary depending on the currency and country in which the credit card used to make the donation (payment) is issued, as well as the location of the individual making the donation (see Annex 1). The amount received by the Trustee for the Adaptation Fund Trust Fund would, therefore, be the donated amount net of the credit card and third party processing fees.

Given that the fees charged by payment service providers within the industry tend to vary minimally, the Trustee's decision to select a third party service provider will depend on the provider's broad reach (international network) and secure network environment.

III. Next Steps:

The Trustee would review terms and conditions of potential payment service providers and select a payment service provider in consultation with the Treasury department of the World Bank. The Trustee would coordinate with the AFB Secretariat to implement the link on the Adaptation Fund website.

¹ Third party payment service providers under consideration comply with all applicable laws and regulations regarding Anti- Money Laundering ("AML"). In addition, the providers maintain robust policies and procedures to detect, prevent and report suspicious activity. To comply with OFAC (Office of Foreign Asset Control) requirements, and global sanctions, customer accounts are screened against government watch lists. In addition, a donor may be requested with documentation to help prove his/her identity or for business verification purposes. Suspicious transactions are reported to the financial intelligence unit in the respective country.

Annex 1: Sample Schedule of Fees charged by a Payment Service Provider to the Private Donor

The sample fees listed below are not fees to be charged to the Adaptation Fund, but are fees charged to the private donor.

Domestic Payments in US Dollars. This applies when both the sender and recipient are in the United States, and the payment is in US Dollars.

Activity	Payment Method	Payment Fee
Receive Donations in USD	Credit or Debit Card	2.9% + USD 0.30

*This means that if a donor who is located in the United States donates an amount of USD 100 using a US-based credit card, the amount received by the trustee would be **USD 96.8**.*

International Donations. The following credit card processing fees charged by credit card companies apply when the sender (donor) is outside the US (i.e., uses a credit card issued by a bank outside the US).

Activity	Payment Method	Payment Fee
Receive Donations	Credit or Debit Card	3.9% + Fixed Fee*

*See TABLE on Fixed Fees below for a detailed list of fixed fees for international donations.

*For example, if a donor located in Germany donates an amount of EUR 100 using a credit card issued in Germany, the amount received by the trustee would be the USD equivalent of **EUR 95.75**.*

Fixed Fees. The Fixed Fee charged by third party payment service providers that applies is based on the currency of the payment:

Currency	Fee	USDeq. (3/1)	Currency	Fee	USDeq. (3/1)
Australian Dollar:	AUD 0.30	0.31	New Zealand Dollar:	NZD 0.40	0.30
Brazilian Real:	BRL 0.60	0.36	Norwegian Krone:	NOK 2.80	0.50
Canadian Dollar:	CAD 0.30	0.31	Philippine Peso:	PHP 15.00	0.35
Czech Koruna:	CZK 10.00	0.57	Polish Zlotych:	PLN 1.35	0.47
Danish Krone:	DKK 2.60	0.48	Singapore Dollar:	SGD 0.50	0.39
Euro:	EUR 0.35	0.48	Swedish Krona:	SEK 3.25	0.52
Hong Kong Dollar:	HKD 2.35	0.30	Swiss Franc:	CHF 0.55	0.59
Hungarian Forint:	HUF 90	0.46	Taiwan New Dollar:	TWD 10.00	0.34
Israeli Shekel:	ILS 1.20	0.33	Thai Baht:	THB 11.00	0.36
Japanese Yen:	JPY 40	0.49	U.K. Pounds Sterling:	GBP 0.20	0.33
Mexican Peso:	MXN 4.00	0.33	U.S. Dollar:	USD 0.30	0.30