

The Adaptation Fund

June 19, 2008

ADAPTATION FUND BOARD

First Meeting

Bonn, March 26-28, 2008

REPORT OF THE FIRST MEETING OF THE ADAPTATION FUND BOARD

Introduction

1. The First Meeting of the Adaptation Fund Board of the Kyoto Protocol was held at the "Langer Eugen" UN Campus in Bonn from 26 to 28 March 2008. The Meeting was convened pursuant to Decision 1/CMP.3 adopted at the Third Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.
2. A list of all participants and observers is provided in document AFB/B.1/Inf.5, which can be found at the Adaptation Fund website at <http://www.adaptation-fund.org/documents.html>.

Agenda Item 1: Opening of the Meeting

3. The Meeting was opened by Ms. Monique Barbut, Chief Executive Officer and Chairperson of the Global Environment Facility (GEF), which according to decision 1/CMP.3 provides secretariat services to the Adaptation Fund Board on an interim basis. Ms. Barbut said that the Board had before it an historic opportunity to use some of the financial resources that were being generated by putting a price on carbon emissions, in the present case the clean development mechanism (CDM). It was for the Board at its first meeting to take decisions on the administrative and institutional structures that would allow the Fund to operate most efficiently, so that at its next meeting, in June 2008, it could perfect its operational guidelines and strategies to allow it to approve projects before the next Conference of Parties serving as the meeting of the Parties to the Protocol (referred to hereafter as the 'Conference of the Parties'). Bringing Board-approved projects to the Conference of the Parties within only one year should demonstrate that the Adaptation Fund was operating efficiently, with transparent, democratic decision-making processes.
4. In his welcoming remarks, Mr. Yvo de Boer, Executive Secretary of the UNFCCC, described the two advances that had been most crucial to the movement to address climate change. One was the creation of the CDM, which had made it possible to levy funds for addressing climate change without recourse to official development assistance; the other was the establishment of the Adaptation Fund, which was a unique mechanism for levying funds from the CDM to pay for the costs of adaptation to climate change. The Board, at its important first meeting, would decide on the functioning of the Fund and the ways in which it would determine how Parties dealt with adaptation.

Agenda Item 2: Election of the Chair and Vice-Chair of the Adaptation Fund Board for 2008–2009

5. Ms. Barbut invited the Members of the Board to elect a chair and a vice-chair for 2008–2009. Mr. Farrukh Iqbal Khan (Pakistan, Non-Annex I Parties) said that after consultations held before the meeting the representatives of non-Annex 1 countries wished to nominate Mr. Richard Muyungi (United Republic of Tanzania, LDCs) as the Chair of the Adaptation Fund Board. Mr. Muyungi was elected Chair unanimously by acclamation. Mr. Anton Hilber (Switzerland, WEOG) proposed Ms. Marita Steinke (Germany, WEOG) as Vice-Chair, who was also elected unanimously by acclamation.

Agenda Item 3: Adoption of the Agenda

6. The Chair invited the Board to consider documents AFB/B.1/1/Rev.2, *Provisional Agenda*, and AFB/B.1/2/Rev.1, *Provisional Annotated Agenda*. One Member suggested that the Board's work plan for 2008 (item 15) be discussed before the budgets (item 9) were discussed. Furthermore, it was proposed that the legal arrangements for the Trustee (item 14) be discussed at the same time as the roles and responsibilities of the Trustee (item 8). In response to a request that the proposals on monetization of certified emission reductions (item 18), which would be the source of financing, be presented earlier in the meeting, the Chair said that a brief presentation could be made immediately before the discussion on the budgets; however, as the representative of the Trustee would arrive only towards the end of the meeting, item 18 would remain. The following modified agenda was adopted and can be found in Annex 1.

Agenda Item 4: Rules of Procedure of the Adaptation Fund Board

7. The Chair invited the Board to consider document AFB/B.1/3, *Rules of Procedure of the Adaptation Fund Board*. The Secretariat introduced the document and recalled that the Board had been asked in decision 1/CMP.3 paragraph 5(e), which is to be found in Annex 7 to document AFB/B.1/Inf.3, to discuss rules of procedure additional to those laid down in the decision and to recommend them for adoption by the Conference of the Parties. Until that time, the rules of procedure would remain in draft form. He suggested that the word 'organization' in paragraph 12 (c) of document AFB/B.1/3 be changed to 'entity,' and emphasized that paragraph 2 (j) was not meant to be exclusive and that applications to become an implementing entity could be submitted to the Board.

8. With regard to the roles and rights of Alternates at the meetings of the Board, it was pointed out that, while they could participate fully in the discussions of the Board, only Members were entitled to vote. It therefore followed that only Members could exclude observers from meetings, although an Alternate could raise an objection through a Member. Members agreed that the rules of procedure need not provide for the nomination of temporary Alternates.

9. Other issues discussed by the Board that were still missing from the document included: potential conflicts of interests, privileges and immunities of Members, compensation for the costs of participation in Board meetings, travel arrangements for attending Board meetings, management of the website of the Board, Board involvement in setting the provisional agenda and the responsibility of the Secretariat for keeping records of the meetings of the Board. It was agreed to incorporate these issues in the rules of procedure.

10. It was agreed that a provision on conflict of interest would be introduced in the Draft Rules of Procedure for further consideration.

11. The Board agreed to adopt Sections I and II of the Rules of Procedure of the Adaptation Fund Board and requested the Secretariat to prepare a revised document, taking into account the expressed comments, for further discussion at the next meeting of the Board.

Agenda Item 5: Role and Responsibilities of the Adaptation Fund Board

12. The Chair invited the Board to consider document AFB/B.1/4, *Role and Responsibilities of the Adaptation Fund Board*. The Secretariat introduced the document, pointing out that it was based on decision 1/CMP.3 and suggesting that the words ‘tasks and responsibilities’ in paragraph 2 (l) be replaced by ‘functions’, in accordance with the wording in the decision. It was agreed that the role and responsibilities of the Board should be consistent with 1/CMP.3.

13. The Board requested the Secretariat to prepare a revised document, taking the comments of the Board Members into account, for discussion at the next meeting of the Board.

Agenda Item 6: Role and Responsibilities of the Adaptation Fund Secretariat

14. The Chair invited the Board to consider document AFB/B.1/5, *Role and Responsibilities of the Adaptation Fund Secretariat*. After a brief introduction by the Secretariat, in which it was pointed out that the document was derived from decision 1/CMP.3, several editorial changes were proposed to ensure that the respective roles of the Board and the Secretariat were clear.

15. After several further proposals to clarify the wording, particularly of paragraphs 3(a) and (i), the revised text was adopted (included as Annex 2 to this document) and will be forwarded by the Chairman of the Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at the next meeting.

Agenda Item 7: Roles and Responsibilities of the Implementing and Executing Entities

16. The Chair invited the Board to consider document AFB/B.1/6, *Roles and Responsibilities of the Implementing and Executing Entities*. The Secretariat, in introducing the document, emphasized the importance of ensuring that both entities meet international fiduciary standards. The definitions of ‘implementing entity’ and ‘executing entity’ from the draft Rules of Procedure that had been formulated by the working group (see paragraph 20) were read out. In the light of the ensuing discussion, it was decided to revise the definitions further to clarify the roles of the various bodies that might act as implementing and executing entities.

17. At a later session, the Board considered a revised text prepared by the Chair, the Vice-Chair and the Members of the working group that had submitted the earlier definitions of ‘implementing entity’ and ‘executing entity.’ The Board requested the Secretariat to prepare a revised document, taking the comments into account, for discussion at the next meeting of the Board.

**Agenda Item 8: Draft Role and Responsibilities of the Adaptation Fund Trustee; and
Agenda Item 9: Legal Arrangements for the Adaptation Fund Trustee**

18. The Chair invited the Board to consider document AFB/B.1/7, *Draft Role and Responsibilities of the Adaptation Fund Trustee*. The Director of Multilateral Trusteeship and Innovative Finance of the World Bank, speaking as the representative of the invited Trustee, explained that the core functions of the Trustee were to manage incoming funds, including monetization of CERs; provide sound investment and financial management of the trust fund resources; transfer funds to implementing and executing entities; and report on accounting records and financial data to the Board.

19. The invited Trustee further explained that the pricing of CERs was uncertain, as the market for them was limited. At the date of the meeting, there were only 130 million tons of CERs, while a possible 2.5 billion tons could be issued by 2012. When risk-adjusted for under-delivery the amount of CERs issued is projected to be about 2.1 billion tons. Some 40 million tons would be held in the Adaptation Fund account at the CDM. The World Bank was therefore seeking a short-term solution to monetize the Adaptation Fund CERs until the market was fully developed.

20. The invited Trustee also explained fiduciary management by the Trustee. While trust resources were kept separate from the assets of the World Bank, they were co-mingled for investment-maximization purposes. She indicated that paragraph 21 of decision 1/CMP.3 may not allow this practice.

21. In closing, she observed that the implementing and executing entities would be responsible for use of Fund resources transferred to them and that the Trustee would bear no responsibility for how those resources were used. Since time for discussion was limited and deeper understanding was required, the Trustee was requested to make a more detailed presentation at the next Board meeting.

22. A Senior Counsel of the World Bank described the legal arrangements necessary for the Bank to act as Trustee to the Adaptation Fund. Both the Bank and the Conference of the Parties would have to approve or adopt a legal instrument setting out the roles and responsibilities of the Trustee. In order for the Trustee to sell the CERs held in the Adaptation Fund's account at the CDM registry, it would have to be authorized to sell, and obtain titles to, if necessary, the CERs and to transfer the title to buyers. The Trustee would also have to be indemnified against liability incurred in connection with its activities.

23. The Board requested the invited Trustee to prepare a revised document, taking into account the comments and views expressed at the Meeting, for discussion at the next meeting of the Board.

Agenda Item 10: 2008 Work Plan of the Adaptation Fund Board

24. The Chair invited the Board to consider document AFB/B.1/12, *2008 Work Plan of the Adaptation Fund Board*. In his introduction, the Secretariat said that the document covered the proposed work plan of the Board for its first three meetings.

25. The document was adopted as the “2008 Meeting Plans for the Adaptation Fund Board”. It was agreed that the Secretariat would prepare a work plan following the comments made by the Board Members. The Plan is provided in Annex 3 of this document.

Agenda Item 11: Budgets of the Adaptation Fund Secretariat

26. The Chair invited the Board to consider document AFB/B.1/8, *Budgets of the Adaptation Fund Secretariat*. In introducing the document, the Secretariat noted that the totals did not include the costs of interpretation and informed the Board that the cost of interpretation into three languages for a three-day meeting would amount to about US\$ 40,000, while the cost for interpretation into six languages would be about US\$ 100,000. The amounts for personnel costs for 1 April 2008 to 30 June 2008 would, in fact, be similar to those for 1 January 2008 to 31 March 2008, as permanent personnel would not be hired until adequate resources were secured. At present, the Secretariat had in hand about US\$ 500,000, which would just cover the cost of the period 1 January 2008 to 31 March 2008.

27. The revised budget for 1 April 2008 to 30 June 2008 and the budget for 1 June 2008 to 30 June 2009 were adopted but may be further revised in June, and are included in Annex 4 to this document.

Agenda Item 16: Other Matters

28. The Chair, noting his experience serving on the CDM Board, suggested that it would be appropriate for Board Members and Alternates to receive a letter from the Executive Secretary of the UNFCCC attesting to their contributions to the meeting of the Board and, more broadly, to the global mechanisms to address climate change.

29. Mr. Yvan Biot (United Kingdom of Great Britain and Northern Ireland, Annex I Parties) and Mr. Julien Rencki (France, Annex I Parties) said that the contributions made by their countries to finance the operations of the Adaptation Fund Board were not earmarked for financing any particular activities. Mr. Rencki stated, however, that it was important to accommodate the plurality of languages spoken by Board Members. With support from several other Members, he requested that interpretation be provided at the meetings of the Board. It was agreed that interpretation of the meetings would continue to be provided as was done at this meeting, in English, Spanish and French, and the issue of languages would be taken up again at the Second Board Meeting.

30. Mr. Biot also informed the Board of the Pilot Programme for Climate Resilience, in which his country was involved. The proposed programme would demonstrate ways to mainstream climate risk management and climate resilience into core development planning and budgeting. The pilot projects would be country-led and would build on national adaptation programmes of action, as well as other relevant country studies and strategies. The Adaptation Fund Board would be invited to participate actively in the design and governance of the Programme, and Mr. Biot invited the Board to consider ways in which it could participate fully. He invited the Chair and Vice-Chair of the Board to become members of the oversight committee, and other Members would be invited to serve on expert committees.

31. Members welcomed the exchange of information and the invitation to the Board to contribute to the Pilot Programme's governance structure.

Agenda Item 17: Date and Venue of the Second Meeting of the Adaptation Fund Board

32. The Chair proposed that the next two regular meetings of the Board be held in Bonn and Poznan respectively, back-to-back with the meetings of the UNFCCC Subsidiary Bodies Meeting and the CMP on 16-19 June 2008 and 15-17 December 2008, respectively.

33. The Chair also proposed that an additional meeting of the Board be held in August, at a date to be determined at the next meeting of the Board.

Agenda Item 18: Monetization of Certified Emission Reductions

34. Mr. Ivan Zelenko, Head of Derivatives and Structural Finance, Capital Markets Department, the World Bank, made a presentation to the Board on proposed arrangements for the monetization of CERs. The text of the presentation was subsequently circulated to the participants.

35. It was agreed that further elaboration on this issue would be provided by the Trustee at the Second Board Meeting.

36. The Chair agreed that Board Members should make every effort to identify further resources to allow its work to continue. The Board requested the invited Trustee to continue to brief the board on developments regarding the monetization of CERs at subsequent meetings of the Board.

Agenda Item 19: Adoption of the Report and Closure of the Meeting

37. A draft report of the meeting was provided to the Board for comments, and the Chair requested that comments be sent to the Secretariat by 11 April 2008 for a revision to be completed by the Chair, supported by the Secretariat, which would be presented to the Board for its verification and adoption at the June meeting. In the meantime, the Chair presented a brief summary of the Meeting. The summary is provided as Annex 5 in this document.

38. The Board expressed its appreciation to the UNFCCC for its support and to the Government of Germany for hosting the meeting. The meeting was adjourned at 15:25 on Friday 28 March 2008

ADOPTED AGENDA OF THE FIRST ADAPTATION FUND BOARD MEETING

1. Opening of the Meeting
2. Election of the Chair and Vice-Chair of the Adaptation Fund Board for 2008-2009
3. Adoption of the Agenda
4. Rules of Procedure of the Adaptation Fund Board
5. Role and Responsibilities of the Adaptation Fund Board
6. Role and Responsibilities of the Adaptation Fund Secretariat
7. Roles and Responsibilities of the Implementing and Executing Entities
8. Draft Role and Responsibilities of the Adaptation Fund Trustee
9. Legal Arrangements for the Adaptation Fund Trustee
10. 2008 Work Plan of the Adaptation Fund Board
11. Budgets of the Adaptation Fund Secretariat
12. Legal Status of the Adaptation Fund Board
13. Provisional Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund
14. Invitation to Implementing Entities to Cooperate with the Adaptation Fund Board
15. Legal Arrangements for the Adaptation Fund Secretariat
16. Other Matters
17. Date and Venue of the Second Meeting of the Adaptation Fund Board
18. Monetization of Certified Emissions Reductions (CERs)
19. Adoption of the Report and Closure of the Meeting

ROLE AND RESPONSIBILITIES OF THE ADAPTATION FUND SECRETARIAT

1. Secretariat services shall be provided to the Adaptation Fund Board in order to support and facilitate its activities.
2. Decision 1/CMP.3 invited the GEF Secretariat to provide secretariat services to the Adaptation Fund Board on an interim basis.
3. The Secretariat shall:
 - (a) As a dedicated team of officials, provide secretariat services to the Adaptation Fund Board in a functionally independent and effective manner;
 - (b) Manage the daily operations of the Fund and report to the Adaptation Fund Board;
 - (c) Assist the Board in developing strategies, policies and guidelines for the Fund;
 - (d) Ensure timely implementation of the decisions of the Board;
 - (e) With respect to the day to day functioning of the Fund, act as liaison between the Board and Parties and implementing and executing entities;
 - (f) Make arrangements for the meetings of the Board, including issuance of invitations and preparation of documents and reports of meetings and provide a Secretary of the Board meeting;
 - (g) Develop the work programme and annual administrative budget of the Fund and submit them for approval by the Board;
 - (h) Ensure the implementation of Adaptation Fund operational policies and guidelines developed by the Board through, inter alia, the development of a project cycle based on criteria to be adopted by the Board;
 - (i) Operationalize the project cycle by:
 - undertaking initial review and screening of project proposals to assess conformity with guidelines approved by the Board,
 - presenting project proposals for Board approval,
 - monitoring implementation of progress, and
 - periodically reporting to the Board on portfolio performance;
 - (j) Coordinate the formulation and monitor the implementation of projects, ensuring liaison with other bodies as required;

- (k) Liaise as appropriate, with the secretariats of other relevant international bodies;
 - (l) Provide the Trustee with all relevant information to enable it to carry out its responsibilities, consistent with the decision 1/CMP.3 and the decisions of the Board;
 - (m) Provide services to ensure and facilitate proper communication with parties;
 - (n) Perform any other functions assigned to it by the Board.
4. The head of the secretariat responsible for rendering the services shall be accountable to the Adaptation Fund Board.

2008 MEETING PLANS OF THE ADAPTATION FUND BOARD

1. The following is the proposed work plan for the Adaptation Fund Board for the calendar year 2008:

First Meeting: March 2008

- (a) Review and approve draft rules of procedure for the meetings of the Adaptation Fund Board.
- (b) Review the legal status of the Adaptation Fund;
- (c) Review and approve the proposed work plan for the Board for 2008.
- (d) Review and approve proposed roles and responsibilities of the:
 - (i) Adaptation Fund Board;
 - (ii) Adaptation Fund Secretariat;
- (e) The budget of the Adaptation Fund Secretariat:
 - (i) Review the report on administrative expenses incurred by the Secretariat for the period January 1, 2008 to March 31, 2008.
 - (ii) Review and approve the interim budget for the Secretariat to cover the period April 1, 2008 to June 20, 2008.
 - (iii) Review and approve the proposed budget of the Adaptation Fund Secretariat covering the period July 1, 2008 to June 30, 2009, including approval of staff salaries for the two-year period covering July 1, 2008 to July 30, 2010 so that staff can be hired on two-year co-terminus contracts.
- (f) Consider the Trustee presentations on legal arrangements for the Trustee, Roles and Responsibilities of the Trustee and arrangements for monetization of certified emission reductions.

Second Meeting of the Board: June 2008

- (a) Review and approve proposed roles and responsibilities of the:
 - (i) Implementing and Executing entities;
 - (ii) Trustee.
- (b) Review and approve draft rules of procedure for the meetings of the Adaptation Fund Board.

- (c) Review and approve the invitation to implementing entities to cooperate with the Adaptation Fund Board.
- (d) Invite implementing and executing entities to submit pilot projects for review and funding at the third meeting of the Board.
- (e) Review and approve proposed operational policies for access to funding by implementing and executing entities;
- (f) Review and approve arrangements for monetization of certified emission credits;
- (g) Review and approve legal arrangements between the Conference of Parties serving as the meeting of the Parties to the Kyoto Protocol and: (i) the Adaptation Fund Secretariat; and (ii) the Trustee.
- (h) Authorize the Secretariat to prepare a report on the actions taken by the Board on the implementation of items 5(a), (b), (c), (e), (j), and (k) of Decision 1/CMP.3, to be circulated for Board decision by mail prior to submission to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

Third Meeting of the Board: December 2008

- (a) Review and approve the proposed work plan for 2009 for the Board.
- (b) Review the elements of the Business Plan for the Fund for the period July 1, 2009 to June 30, 2011.
- (c) Review and approve a proposed work program (of pilot projects) for funding by the Adaptation Fund.

APPROVED BUDGETS OF THE ADAPTATION FUND SECRETARIAT

The Adaptation Fund Board approved the following three budget items:

(i) The estimated expenses incurred by the Secretariat during the period January 1 to March 31, 2008 (Table 1);

(ii) The budget for activities of the Secretariat and the Board for the period April 1 to June 30, 2008 (Table 2); and

(iii) The budget for activities of the Secretariat and the Board for the period July 1, 2008 to June 30, 2009, including cost of staff through June 2010 (Table 3). Appendix 1 provides the organizational chart of the Secretariat staff.

Expenses Incurred by the Interim Secretariat: January 1 – March 31, 2008

It is estimated that the Secretariat has incurred \$ **501,855** to: (i) staff costs to research and prepare documentation for the meeting of the Adaptation Fund Board; (ii) travel costs of Board Members to participate in the First Meeting of the Board; and (iii) travel costs of Secretariat staff to organize and manage the First Meeting of the Board. Details are in Table 1.

**Table 1: Estimated Expenses of the Adaptation Fund Secretariat:
January 1 to March 31, 2008**

Expense Category	
<u>Staff Costs (Salaries and Benefits)</u>	67,901
2 months/year 10 GEF staff:	
Head of the Secretariat	
Legal Counsel	
Operations Advisor	
Communications Advisor	
Program Manager	
Monitoring Officer	
Information Officer	
Finance & Admin Officer	
Human Resources Assistant	
Executive Assistant	
<u>Travel @ \$9,000 trip</u>	288,000
Consultants	18,000
6 GEF staff to attend March 2008 meeting	54,000
Board - 24 eligible Members	216,000
<u>Consultants</u>	16,000
<u>General Operations Costs</u>	13,954
Office Space, Equipment, and Supplies	
<u>Cost of 3 day meeting in Bonn (including 30pp report translation to 6 languages @ 25,000)</u>	116,000
Total	\$501,855

Table 2. Estimated **Budget** for the Adaptation Fund Secretariat: **April 1 to June 30, 2008**

Expense Category	
<u>Staff Costs (Salaries and Benefits)</u>	67,901
2 months/year for 10 GEF staff	67,901
<u>Travel @ \$9,000 trip</u>	360,000
Consultant	18,000
6 GEF staff to attend 1 meeting each	54,000
Board - 1 meeting (Jun 08)	216,000
Committees - 8 members x 1 meeting	72,000
<u>Consultants</u>	16,000
<u>General Operations Costs</u>	13,954
Office Space, Equipment, and Supplies (prorated for all GEF staff)	
<u>Cost of meetings</u>	123,500
<u>3 day Board meeting in Bonn (including interpretation @ 45,000\$ for 3 languages and 30pp report translation to 6 languages @ 25,000)</u>	116,000
<u>Committee meeting</u>	7,500
-	
Total	\$581,355

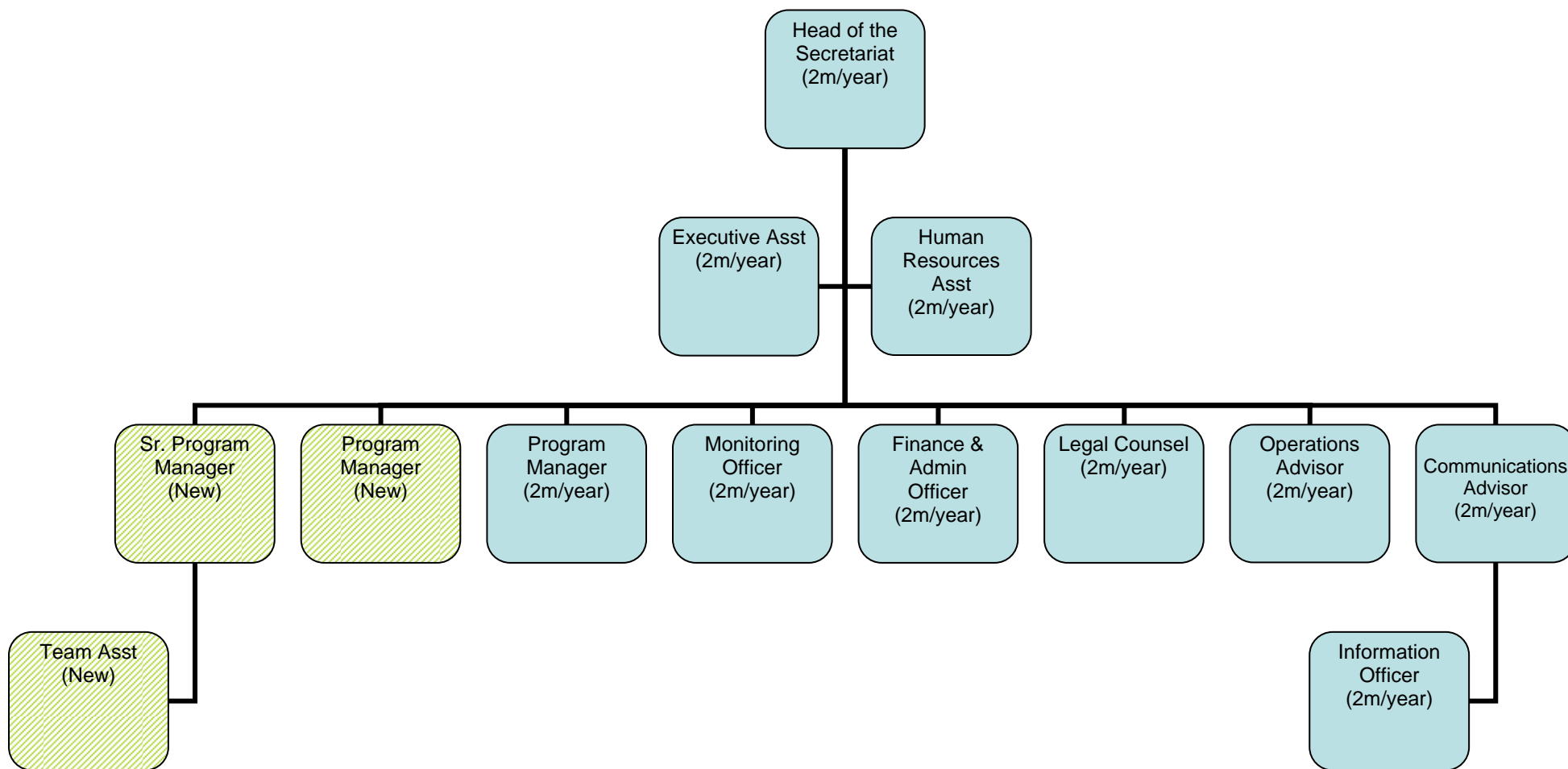
Table 3. Proposed Budget for Activities of the Adaptation Fund Secretariat and the Board: July 1, 2008 to June 30, 2009 (includes staff costs from July 1, 2008 to June 30, 2010)

Expense Category	
<u>Staff Costs (Salaries and Benefits)</u>	1,441,140
2 months/year 10 GEF staff (24 months)	575,798
100% 2 Professional-level (24 months)	718,362
100 % 1 Support-level (24 months)	146,980
<u>Travel @ \$9,000 trip</u>	958,800
Consultants	45,000
GEF staff	49,800
2 Professional-level - 10 missions each	180,000
6 GEF staff to attend 2 meetings each	108,000
Board - 2 meetings (Dec 08, Jun 09)	432,000
Committees - 8 members x 2 meetings	144,000
<u>Consultants</u>	100,000
<u>General Operations Costs</u>	172,474
Office Space, Equipment, and Supplies (prorated for all GEF staff)	
<u>Cost of meetings (regular & committee)</u>	157,000
<u>2 Board meetings for 3 days (including 30pp report translation to 6 languages @ 25,000)</u>	142,000
<u>2 Committee meetings</u>	15,000
-	
<u>Audit Services</u>	25,000
<u>Procurement Services will be included within eventual project costs (estimated at 845,000 for 10 – 20 projects</u>	
Total	\$2,841,414

Details of Proposed Budget	
July 1, 2008 - June 30, 2009	
(Staff Costs through June 30, 2010)	
<u>Staff Costs (Benefits are 50% of Salaries)</u>	
(includes 3% for inflation each year)	
2 months/year 10 GEF Staff:	-
Head of the Secretariat	
Legal Counsel	
Operations Advisor	
Communications Advisor	
Program Manager	
Monitoring Officer	
Information Officer	
Finance & Admin Officer	
Human Resources Assistant	
Executive Assistant	
sub-total 2 months/year 10 GEF staff	\$575,798
1 Sr. Program Manager (Market Reference \$128,730 + Benefits)	\$409,361
1 Program Manager (Market Reference \$97,170 + Benefits)	\$309,001
sub-total 2 Professional-level	\$718,362
1 Team Assistant (Market Reference \$46,220 + Benefits)	\$146,980
TOTAL STAFF COSTS FOR 2 YEARS:	\$1,441,140
<u>Travel</u>	
2 months/year 10 GEF Staff:	-
Head of the Secretariat	
Legal Counsel	
Operations Advisor	
Communications Advisor	
Program Manager	
Monitoring Officer	
Information Officer	
Finance & Admin Officer	
Human Resources Assistant	
Executive Assistant	
sub-total 2 months/year 10 GEF staff	\$49,800
Consultants (5 trips @ \$9,000/trip)	\$45,000
sub-total Consultants & 2 months/year 10 GEF staff	\$94,800
Sr. Program Manager & Program Manager: 10 trips each @ \$9,000/trip	\$180,000
6 GEF Staff to attend 2 meetings each @ \$9,000/trip	
Head of the Secretariat	
Legal Counsel	
Operations Advisor	
Communications Advisor	
Program Manager	
Monitoring Officer	
sub-total 6 GEF staff to attend 2 meetings each	\$108,000

Details of Proposed Budget	
July 1, 2008 - June 30, 2009 (Staff Costs through June 30, 2010)	
Board - 2 meetings (Dec 08, Spring 09) 24 eligible for funding @ \$9,000/trip	\$432,000
Committee Meetings: 8 members x 2 meetings @ \$9,000/trip	\$144,000
TOTAL TRAVEL COSTS:	\$958,800
<u>Consultants</u>	
Adaptation Board initial set-up & implementation	\$80,000
Committees, panels, working groups	\$20,000
TOTAL CONSULTANT COSTS	\$100,000
<u>General Operations Costs</u>	
- Indirect rate to cover office space, equipment & supplies is \$17.89/hr. 2 months/year 10 GEF Staff	\$57,491
100% 3 full-time staff	\$114,983
TOTAL GENERAL OPERATIONS COSTS	\$172,474
<u>Cost of meetings:</u>	
- Hospitality	\$10,000
Translation (30 page single space into 6 UN languages)	\$25,000
Interpretation (between Spanish, English and French)	\$45,000
Support Services (copier, AV, security, computers, venue hire, etc.)	\$6,000
total cost of meeting per day:	\$30,000
2 regular meetings (Dec 08, Spring 09) @ 2 days each 71,000 per meeting:	\$142,000
2 committee meetings (8 attendees) @ 1 day @ \$7,500/day	\$15,000
COST OF MEETINGS	\$157,000
<u>Audit & Procurement Services:</u>	
- Audit Services (per World Bank estimates)	\$25,000
Procurement Services (20 projects x \$41,000 per project)	\$820,000
per World Bank estimate: \$41,000 per project for accounting, disbursement & procurement services plan: 10-20 projects; \$45-\$200m total project cost	
TOTAL PROCUREMENT SERVICES	820,000
Grand Total	\$2,841,414

Adaptation Fund Secretariat



Note: All positions marked as contributing 2 months/year will be serviced by current GEF Secretariat staff.

SUMMARY OF THE FIRST MEETING OF THE ADAPTATION FUND BOARD

The first meeting of the Adaptation Fund Board, held in Bonn from 26 to 28 March 2008, was attended by 16 Board Members, 16 Alternates and several observers of Parties to the United Nations Framework Convention on Climate Change (UNFCCC), accredited bodies and various international and national institutions.

The Members of the Board elected a chair and a vice-chair for 2008–2009. Mr. Farrukh Iqbal Khan (Pakistan) said that the non-Annex 1 countries wished to nominate Mr. Richard Muyungi (United Republic of Tanzania) for Chair. Mr. Muyungi was elected Chair unanimously by acclaim. Mr. Anton Hilber (Switzerland) nominated Ms. Marita Steinke (Germany) as Vice-Chair, and she was elected unanimously by acclaim.

“The following agenda items were considered at the meeting:

- Provisional agenda
- Provisional annotated agenda
- Rules of procedure of the Adaptation Fund Board
- Role and responsibilities of the Adaptation Fund Board
- Role and responsibilities of the Adaptation Fund Secretariat
- Roles and responsibilities of the implementing and executing entities
- Role and responsibilities of the Adaptation Fund Trustee
- Budgets of the Adaptation Fund Secretariat
- 2008 work plan of the Adaptation Fund Board

The Members decided to adopt the revised versions of the following documents: *Role and responsibilities of the Adaptation Fund Secretariat*; *Budgets of the Adaptation Fund Secretariat*; and *2008 meeting plans for the Adaptation Fund Board*. These documents will be posted after the June meeting on the Adaptation Fund website by the Secretariat as final documents of the first meeting of the Adaptation Fund Board.

The Board deliberated on, and agreed upon some changes to, but decided not to adopt, the following documents, which will be considered at the next meeting: *Rules of procedure of the Adaptation Fund Board (Sections I and II were adopted)*; *Roles and responsibilities of implementing and executing entities*; and *Role and responsibilities of the Adaptation Fund Board*.

A draft report of the meeting was provided to the Board for comments, and the Chair requested that comments be sent to the Secretariat by 11 April 2008 for a revision to be completed by the Chair, supported by the Secretariat, which would be presented to the Board for adoption at the June meeting.

The Board decided to take up all the agenda items that were not completed during this meeting at its next meeting and decided that the next two regular meetings of the Board should be held in Bonn, back-to-back with the UNFCCC Subsidiary Bodies Meeting and the CMP, on 16-19 June 2008 and 15-17 December 2008, respectively.