



ADAPTATION FUND

AFB/EFC.29/5/Rev.1  
8 April 2022

---

Adaptation Fund Board  
Ethics and Finance Committee  
Twenty-ninth Meeting  
Bonn, Germany (Hybrid meeting), 5-6 April 2022

Agenda item 4 c)

**ADMINISTRATIVE BUDGETS OF THE BOARD AND  
SECRETARIAT, AND TRUSTEE FOR FISCAL YEAR 2023,  
AND THE AF-TERG AND ITS SECRETARIAT FOR FISCAL  
YEARS 2023-2024**

## SECTION I: DOCUMENT STRUCTURE

### Budget overview

1. This document presents administrative budgets of the Adaptation Fund Board (the Board) and the Adaptation Fund Board Secretariat (the secretariat), and the trustee (the Trustee), for fiscal year 2023 (FY23), i.e., 1 July 2022 to 30 June 2023 as well as the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) and its secretariat for fiscal years 2023 and 2024 (FY23 and FY24), i.e., 1 July 2022 to 30 June 2024. Table 1 below presents an overview of the budget proposals of the Board and secretariat, and the Trustee for FY23 and the AF-TERG and its secretariat for FY23 and FY24, which are explained in detail in the next two sections of the document: Section II presents the budget proposal for the Board and secretariat, Section III the budget proposal of the AF-TERG and its secretariat, and Section IV the budget proposal of the Trustee.

**Table 1: Approved FY22 and proposed FY23 budget of the Board and Secretariat, and the Trustee and FY23 and 24 budgets of the AF-TERG and its secretariat<sup>1</sup>**

All amounts in US\$	<b>FY22</b>	<b>FY22</b>	<b>FY23</b>	
	<b>Approved</b>	<b>Estimate</b>	<b>Proposed</b>	
<b>BOARD AND SECRETARIAT</b>				
1 Personnel	4,111,220	3,439,865	5,475,648	
2 Travel	456,000	187,000	456,000	
3 General operations	508,875	489,000	728,050	
4 Meetings	236,980	176,000	237,400	
<b>Sub-total secretariat administrative services [a]</b>	<b>5,313,075</b>	<b>4,291,865</b>	<b>6,897,098</b>	
5 Accreditation [b]	608,550	491,000	567,050	
6 Readiness Programme [c]	756,950	272,329	748,700	
<b>Total Board and Secretariat [a] + [b] + [c]</b>	<b>6,678,575</b>	<b>5,055,194</b>	<b>8,212,848</b>	
All amounts in US\$	<b>FY22</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
	<b>Revised Approved</b>	<b>Estimate</b>	<b>Proposed revised</b>	<b>Proposed</b>
<b>AF-TERG AND ITS SECRETARIAT</b>				
1 Personnel	408,083	447,142	457,552	466,396
2 Travel	134,702	10,924	108,744	112,006
3 General operations	136,327	120,441	115,000	116,879
4 Meetings	10,000	-	10,200	10,404
<b>Sub-total management</b>	<b>689,112</b>	<b>578,507</b>	<b>691,496</b>	<b>705,684</b>
5 Evaluation	611,717	446,739	638,469	630,729
<b>Total AF-TERG and its secretariat</b>	<b>1,300,829</b>	<b>1,025,246</b>	<b>1,329,965</b>	<b>1,336,413</b>
All amounts in US\$	<b>FY22</b>	<b>FY22</b>	<b>FY23</b>	
	<b>Approved</b>	<b>Estimate</b>	<b>Proposed</b>	
<b>TRUSTEE</b>				
1 Monetization	180,000	165,000	180,000	
2 Financial and Program Management	320,000	320,000	320,000	
3 Investment Management	245,000	268,000	256,500	
4 Accounting and Reporting	60,000	58,000	58,000	
5 Legal Services	56,000	56,000	64,000	
<b>Total trustee</b>	<b>861,000</b>	<b>867,000</b>	<b>878,500</b>	
<b>GRAND TOTAL ALL COMPONENTS</b>	<b>8,840,404</b>	<b>6,947,440</b>	<b>10,421,313</b>	

<sup>1</sup> Decimal points in the table are rounded.

## Recommendation

2. The Ethics and Finance Committee (EFC) is requested to recommend the Board:
- (a) To approve, from the resources available in the Adaptation Fund Trust Fund:

### Board and secretariat

- (i) The proposed budget of **US\$ 8,212,848** to cover the costs of the operations of the Board and secretariat over the period from 1 July 2022 to 30 June 2023, comprising **US\$ 6,897,098** for Board and secretariat administrative services (the main secretariat budget), **US\$ 567,050** for accreditation services and **US\$ 748,700** for the Readiness Programme.

### AF-TERG and its secretariat

- (ii) The proposed revised budget of **US\$ 1,329,965** to cover the costs of the operations of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) and its secretariat for fiscal year 2023, from 1 July 2022 to 30 June 2023, comprising US\$ 691,496 for the management component and US\$ 638,469 for the evaluation component. (The resulting increase of **US\$ 36,916** over the originally approved AF-TERG budget for fiscal year 2023 consists of a carry-over of US\$ 60,000 from fiscal year 2022 and a net *decrease* of US\$ 23,084 for fiscal year 2023 that requires an additional transfer from the Trust Fund).
- (iii) The proposed budget of **US\$ 1,336,413** to cover the costs of the operations of the AF-TERG and its secretariat for fiscal year 2024, from 1 July 2023 to 30 June 2024, comprising US\$ 705,684 for the management component and US\$ 630,729 for the evaluation component.

### Trustee

- (iv) The proposed increase of **US\$ 6,000** in the trustee budget for fiscal year 2022.
- (v) The proposed budget of **US\$ 878,500** for the trustee services to be provided to the Adaptation Fund during fiscal year 2023.
- (b) To authorise the trustee to transfer the amounts in subparagraphs (a) (i), (ii) and (iii) to the respective secretariats, and the amounts in subparagraphs (a) (iv) and (v) to the trustee.

## SECTION II: BOARD AND SECRETARIAT PROPOSED BUDGET FOR THE PERIOD 1 JULY 2022 – 30 JUNE 2023 (FY23)

### Background

3. The Board, at its thirty-sixth meeting, decided:
  - (a) To approve, from the resources available in the Adaptation Fund Trust Fund:
    - (i) The proposed budget of US\$ 6,678,575 to cover the costs of the operations of the Board and the Adaptation Fund Board Secretariat over the period from 1 July 2021 to 30 June 2022, comprising US\$ 5,313,075 for secretariat administrative services (the main secretariat budget), US\$ 608,550 for accreditation services and US\$ 756,950 for the Readiness Programme;
    - (ii) The proposed revised budget of US\$ 1,300,829 to cover the costs of the operations of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) and its secretariat for fiscal year 2022, from 1 July 2021 to 30 June 2022, comprising US\$ 689,112 for the management component and US\$ 611,717 for the evaluation component. (The resulting increase of US\$ 113,758 over the originally approved AF-TERG budget for fiscal year 2022 consists of a carry-over of US\$ 52,739 from fiscal year 2021, and a net increase of US\$ 61,019 for fiscal year 2022 that requires an additional transfer from the Trust Fund.);
    - (iii) The proposed budget of US\$ 1,293,049 to cover the costs of the operations of the AF-TERG and its secretariat for fiscal year 2023, from 1 July 2022 to 30 June 2023, comprising US\$ 689,705 for the management component and US\$ 603,344 for the evaluation component;
    - (iv) The proposed increase of US\$ 142,000 in the trustee budget for fiscal year 2021;
    - (v) The proposed budget of US\$ 861,000 for the trustee services to be provided to the Adaptation Fund during fiscal year 2022;
  - (b) To authorize the trustee to transfer the amounts in subparagraphs (a) (i), (ii) and (iii) above to the respective secretariats and the amounts in subparagraphs (a) (iv) and (v) above to the trustee.

### **(Decision B.36/31)**

4. Details of the budgets for FY22 can be found in Tables 2-5 which also include estimates of the year-end actuals of FY22 and the proposed budgets for FY23 (1 July 2022 – 30 June 2023).
5. Funds for approved concrete adaptation projects and programme, project formulation grants as well as other small grants such as the technical assistance grants, south-south

cooperation grants, project formulation assistance grants, project scale-up grants, learning grants and innovation grants are not part of the administrative budget of the Board and secretariat. Those funds are held in the Adaptation Fund Trust Fund and directly transferred to implementing entities by the Trustee upon the Board's approval.

### **FY22 current estimates vs. approved budget**

6. As of 31 December 2021, the funds available for new funding decisions in the Adaptation Fund Trust Fund amounted to US\$ 271.49 million, as reflected in the Financial Report prepared by the Trustee. This represents an increase of US\$ 17.99 million that had been available as of 31 December 2020.

7. In FY22 to date, the pandemic of Coronavirus disease 2019 (COVID-19) has continued to substantially affect the implementation of activities and events planned in a physical format but with some signs of improvement. While none of the planned travels was undertaken in the previous fiscal year (FY21), the Board Chair and secretariat staff travelled to Glasgow, the United Kingdom, to participate in COP26 in the first half of FY22. The thirty-eighth meeting of the Board will be organized in early April 2022 in a hybrid modality. Also, the FY22 year-end actuals are estimated by factoring the remaining activities and events which can be implemented in a virtual or hybrid format until the end of FY22. As the pandemic situation has not improved worldwide, the secretariat will keep pursuing opportunities for virtually implementable activities when necessary and re-programme resources towards the end of FY22 to make a good use of available resources approved for FY22.

8. Based on the actuals to date and remaining planned activities to implement in FY22, the estimated FY22 year-end actuals as of 30 June 2022 are US\$ 4,291,865 for the main secretariat budget, which is 80.8 per cent of the approved FY22 budget (US\$ 5,313,075), US\$ 491,000 for the accreditation component, which is 80.7 per cent of the approved FY22 budget (US\$ 608,550), and US\$ 272,329 for the readiness programme, which is 36.0 per cent of the approved FY22 budget (US\$ 756,950).

9. The secretariat will continue implementing the planned or virtually implementable alternative activities until the end of FY22. The final actual expenditure for FY22 as of 30 June 2022 will be reported at the first board meeting in FY23.

### **Implications of the COVID-19 pandemic to the administrative budgets for FY23**

10. The outlook for FY23 seems to be more hopeful for resumption of normal operations compared to FY20-22. By adopting "new normal" practices established in the pandemic, events and activities in a physical or hybrid format are gradually becoming an option. However, many regions are in the midst of a pandemic of Omicron strains and the pandemic is not over worldwide yet. Like for FY21 and FY22, the secretariat proposes the administrative budgets for FY23, which is formulated normally and allows the Fund to aim to implement its mandate and operations at the maximum extent, expecting that the global public health situation will allow the Fund to do so.

Accordingly, the FY23 budget proposals incorporate costs of physical participation and organization of global events such as the Board meetings, the Bonn Climate Conference, the United Nations Climate Change Conference in Sharm el-Sheikh, South Sinai, Egypt (COP 27) as well as the Fund level events such as readiness workshops and seminars.

11. In contrast to the above-mentioned “optimistic” approach, a more pessimistic approach would be to actively scale down the Fund’s operations and set a lower goal for the overall Fund’s achievement for the year. Such an approach in the administrative budget is not recommended, as it would mainly reduce variable costs (for activities) rather than the fixed costs such as dedicated staff costs and office spaces. If the budget is prepared according to the pessimistic scenario, and the actual situation should end up being better, the Fund would be prevented from fully using available human resources (e.g., the fixed staff costs would incur but there would be no funds for them to scale-up implementation of activities). Further, in the current unpredictable situation, it would be extremely difficult for the Fund to anticipate various scenarios and to assess their impact on the Fund. In the longer term, the scaled-down administrative budgets might also erode confidence in the Fund’s ability to deliver on its mandate.

12. The secretariat will closely monitor the developments around the COVID-19 pandemic and make every effort to implement the budgeted activities as fully as possible. If the situation does not allow doing so, the secretariat will come up with alternative activities to re-programme on an ad-hoc basis, such as ones that are virtually implementable, which could be carried out within the approved budget and that would align with the objectives set for the original activities. In accordance with the rules of the trust fund management, all unspent administrative budget for the Board and secretariat will return to the Adaptation Fund Trust Fund after the end of fiscal year. Therefore, the secretariat has no incentive for the unspent portion of the budget as it can neither create a saving nor carry over to the next fiscal year.

### **Development in the World Bank trust fund reform and its implications to the FY23 proposed budgets**

13. The Adaptation Fund Board Secretariat is administratively housed in the World Bank Group as part of the Vice-Presidency of the Global Environment Facility (GEF), as a dedicated and functionally independent unit. Since January 2018, the World Bank Group has implemented the second phase of its trust fund reform. The reform process has reviewed issues and opportunities for reform relating to the wide range of trust funds at the World Bank, including Financial Intermediary Funds (FIFs) such as the Adaptation Fund, while respecting the governance and operational requirements for funds. The secretariats of GEF and the Adaptation Fund have been exchanging information and negotiating with the World Bank management on the new cost recovery measures for Trust Funds, FIF Trustee Services<sup>2</sup>, FIF Secretariats and Externally Financed Outputs released by the World Bank in March 2021. The new cost recovery measures are proposed to introduce a uniform rate against total costs to, according to the provided rationale, fully recover associated indirect costs incurred by the secretariats, phasing out

---

<sup>2</sup> The new cost recovery measures have already been reflected in the administrative budget for the Trustee since FY21, which is prepared by the World Bank.

existing arrangements including some of the direct costs that the secretariats pay to the World Bank per service.

14. To date, the negotiation with the World Bank management is still ongoing, and there is no final conclusion on the proposed rate. In addition, the secretariats are still pursuing the practical information from the World Bank management on how the indirect costs are recovered under the new cost recovery measures (e.g., from the trust fund directly or from its child funds for the administrative budgets; and against the approved administrative budgets or the actual costs.). Therefore, the FY23 proposed administrative budgets are prepared without factoring the new indirect costs, with which the secretariat proposes to start the operations in FY23. The development of the negotiation will have an effect on how the new cost recovery measures may or may not be implemented for the Fund in FY23. However, in the event that the parties agree on new cost recovery arrangement, the operational costs of the Fund are likely to change, and in such a situation, revisions of the administrative budgets would be required at subsequent Board meetings if the indirect cost is recovered from the child fund for the administrative budgets. The secretariat will present the development of the matter at subsequent Board meetings.

### **Proposal of the main secretariat budget for FY23**

15. In FY23, the secretariat proposes the creation of three staff positions and three Extended-Term Consultant (ETC) positions. Continuing from last year, the secretariat proposes to reform its organizational structure, and, at the same time, to add new full-time positions to strengthen its operational capacity to support the existing and emerging work streams. As it started at operationalization, the secretariat still maintains its original flat structure, in which most of the staff members report to the manager directly. To respond to the demands and expectations for adaptation finance, and as laid out in its Medium-term Strategy, the Adaptation Fund has expanded its work streams at a fast pace, and the secretariat has grown and is still growing horizontally in the current structure. In this circumstance, the secretariat structure needs to be amended from the current one in which a majority of decision-making and managerial roles is concentrated on the manager to a more tiered one in which senior staff can be assigned to undertake certain decision-making and supervisory duties that until now have been performed by the manager. Even with the addition of the new positions, the secretariat maintains a very lean organization that compares favourably to larger climate funds, with a structure where most workstreams and thematic units, with the exception of the project review and result based management (RBM), are covered by a single officer, supported by staff members in other thematic units and Short-Term Consultants (STCs) on more or less ad-hoc basis. While the secretariat has been able to fulfil its duties, this has entailed often unsustainable levels of workload, which has created a risk for the continuation of the operations, and is further unlikely to be sustainable when the Fund is expected to grow its support to developing countries to another level. The unprecedented amount of funding raised at COP 26 is a sign of further demands and expectations for the Adaptation Fund. The creation of the new positions is also in line with the general expectation envisaged in the implementation plan for the Fund's medium-term strategy endorsed by the Board.

16. The three proposed staff positions are Senior Programme Officer, Innovation Specialist and Program Analyst<sup>3</sup>. The Senior Programme Officer, with the main responsibility of working with the manager in coordinating cross-cutting operations, will oversee work streams of legal/governance support, communications, budget and administration. The new position would enable efficient and coordinated management of the different work streams and provide the high-level and decision-making support to the secretariat manager together with the Senior Programme Officer (Accreditation, Readiness and Resource Mobilization), one of the new staff positions approved by the Board last year as well as the two existing Senior Climate Change Specialists. The Innovation Specialist will coordinate, under the supervision of the Sr Climate Change Specialist, the growing innovation programs of the Fund. The innovation programmes of the Fund are coordinated by a Senior Climate Change Specialist whose initial main responsibility has been to coordinate programming. With the growing volume in the innovation related work, a dedicated Specialist working on innovation will be necessary to support the Senior Climate Change Specialist in implementing its programme operations effectively. A Program Analyst position would support the project review process, maintaining the project database, assist with quality assurance and performing financial checks, and provide support to project-related IT and website workstreams.

17. The three new ETCs will support three thematic units respectively on a full-time basis; 1) accreditation, 2) knowledge management and 3) programming. Both accreditation and knowledge management units are operated by only one dedicated staff respectively with part-time support of staff in other thematic units and STCs, and are chronically shorthanded. The two new ETCs will support these thematic units respectively on a full-time basis. In addition to these two new ETC positions, the job description of an existing ETC position who has supported three thematic units (programming, innovation and knowledge management) on a part-time basis in a shared manner, will be focused to support programming, which is made possible by the creation of the Innovation Specialist position and the knowledge management ETC position. The third one is a senior-level ETC position that will support the growing volume of project review work being coordinated by the Senior Climate Change Specialist (Project Review, Innovation) and would provide support or help coordinate strategic and policy work, as well as help coordinate the junior staff.

18. The position of the Junior Professional Officer (JPO) was externally funded by the government of Germany for its first and second year (August 2019 – August 2022). The position was extended and has been funded by the government of Germany for the third year (August 2021 – August 2022) on the condition that the Adaptation Fund commits to fund the position for its fourth and fifth years (August 2022 to August 2024) from the Fund's budget. To start the fourth year of the tenure, the position will be converted from the JPO to a World Bank graded position (the Climate Change Specialist) and its staff cost will be borne by the Adaptation Fund from FY23 as presented in the budget document<sup>4</sup> last year.

---

<sup>3</sup> The positions titles are provisional.

<sup>4</sup> [Administrative Budgets of the Board and Secretariat, and Trustee for Fiscal Year 2022, and the AF-TERG and its Secretariat for Fiscal Years 2022-2023](#)



19. In addition, the secretariat looked for host governments to fund additional JPO or mid-career positions in the Adaptation Fund and received an interest from a few governments. The recruitment process has launched for one of the positions recently, and the position is expected to be filled in the first half of FY23. Like the above-mentioned JPO position, the staff costs of the additional JPO or mid-career position will be externally funded by a host government until the third year if the Fund meets the condition. Therefore, the staff cost (salary and benefits) for this position is not factored in the FY23 proposal.

20. Other than the full-time positions, the operations of the secretariat will be supplemented by STCs as well as the cross-support from the Global Environment Facility (GEF) and the World Bank Group.

21. The budget request for the Board and secretariat administrative services for FY23 amounts to **US\$ 6,616,656** and consists of the following components:

*a) Personnel component.*

The total request for the personnel component is **US\$ 5,475,648**.

- i. Full-time staff: The estimate of **US\$ 4,189,078** is to cover staff costs (salary, benefits and staff training cost<sup>5</sup>) of the 19 full-time positions comprising the 15 existing staff positions including the JPO position in transition (to be funded by the Adaptation Fund in FY23 and FY24), one existing ETC position and six proposed new positions (three staff and three ETC positions). The new JPO or mid-career position (20<sup>th</sup> full-time staff) will be funded by a government for the first two years as mentioned in earlier paragraphs. The complete list of full-time staff positions is as follows.

List of full-time staff positions

1. Manager
2. Senior Climate Change Specialist (Project review, Innovation)
3. Senior Climate Change Specialist (RBM)
4. Senior Programme Officer (Accreditation, Readiness, Resource mobilization)
5. Operations Officer (Accreditation)
6. Programme Officer (Readiness)
7. Communications Officer
8. Knowledge Management Officer
9. Governance Specialist
10. Climate Change Specialist (RBM)

<sup>5</sup> The World Bank promotes continued training and learning of staff members. Within the GEF secretariat, the practice is that staff members excluding consultants are granted annual training budget up to US\$ 5,000 upon the manager's approval.

11. Climate Change Specialist [to be upgraded from the existing Programme Analyst position]
12. Financial Analyst
13. Senior Programme Assistant
14. Climate Change Specialist [The JPO in transition to the WB graded position (to be funded by the Adaptation Fund in FY23 and FY24)]
15. ETC (Programming) [Existing and the cost shared by the programming, innovation and KM budgets until FY22]

Proposed new full-time positions (3 staff and 3 ETC positions)

(The position titles to be confirmed)

16. Senior Programme Officer (Legal, communications, budget, administration)
17. Innovation Specialist
18. Program Analyst (Programming)
- 
19. ETC (Knowledge Management)
20. ETC (Accreditation)
21. ETC (Programming)

New JPO or mid-career position to be created in FY23

22. New JPO or mid-career position (to be funded by a government and no staff costs to the Adaptation Fund for the first three years if the Fund meets the condition.)

- ii. GEF Secretariat staff cross-support: The estimate of **US\$ 155,000** is to cover the part of the staff costs (salary and benefits) of the GEF Secretariat staff outside of the Adaptation Fund Board Secretariat dedicated team, that provides cross-support to the operations of the secretariat. The budget consists of a 10% fixed staff cost of the GEF Chief Executive Officer (CEO) and actual costs of other GEF staff members including the Advisor to the CEO, Program Analyst (HR), Resource Management Officer and project co-reviewers. Except the fixed percentage-based cost of the GEF CEO, the staff costs of the GEF cross-support are based on the estimated number of staff hours/days of the respective cross-supporters. As usual, the proposed budget for FY23 includes some amounts for contingency in case the number of submitted proposals and the volume of the project review increases.
- iii. Consultants and others:

The total request for the consultants and others is **US\$ 1,131,570**.

- The secretariat support (US\$ 192,300) covers legal support from the World Bank including *DocuSign* (the online agreement signing tool), staff retreat facilitators, management advisory services and a short-term temporary (STT) for administrative support. As the ongoing term of the Medium-term strategy is ending in 2022, costs for development of the strategy are also included in this budget item.
- The design and operations of dedicated website (US\$ 50,000) covers the hosting and maintenance of the Fund's public website.
- The communications strategy (US\$ 76,000) covers costs of short-term consultants who will support communications activities including events, publications, social media and website content management on a part-time basis. As the Fund will celebrate its fifteenth anniversary of the operationalization, the event costs for that are included in FY23. The development of the Fund's communications strategy is also planned.
- The environmental and social safeguards (E&S safeguards) and gender (US\$ 112,720) covers consultancy fees of E&S safeguards experts for non-project/programme review services such as the review of the policies and guidance documents, consultancy fees of gender experts who will engage in implementing the updated gender policy and action plans, and costs for gender training for the Fund's stakeholders.
- The knowledge management (KM) (US\$ 157,000) covers costs of the production of knowledge publications, learning events and knowledge management of lessons learned from the Fund's projects and activities. This budget item also includes a cost for updating the Fund's knowledge management strategy. Until FY22, the shared cost for an ETC was allocated here, who supports knowledge management operations (and project review) on a part-time basis. This is not factored in this budget item in FY23 as the secretariat proposes to create a dedicated ETC position (full-time position) for knowledge management and allocate its staff costs under the personnel component presented in *paragraph 20. a) i*.
- The result-based management (RBM) (US\$ 286,000) covers costs of portfolio monitoring missions, cost of STCs for the review of the project performance reports (PPRs), the production of the annual performance report (APR) and the maintenance and enhancement of the Financial Intermediary Funds (FIFs) collaboration platform in relation to the RBM. As the project portfolio of the Fund grows, a bigger budget allocation to the RBM is deemed necessary to provide the quality and timely provision of the services to the post-approval project operations in the secretariat.
- The programming (incl. innovation) (US\$ 197,550) covers costs of STCs who support the review of concrete project proposals, concepts, pre-concepts and innovation grant proposals, as well as interaction with their proponents. This budget item also covers emerging innovation related activities and enhancement of the FIFs collaboration platform to build an online proposal submission form. Until FY22, the shared cost for an ETC was allocated here, who supports project review (and innovation and knowledge management) on a part-time basis. This is not factored in

this budget item in FY23 as the secretariat proposes to create a dedicated ETC position (full-time position) for programming and allocate its staff costs under the personnel component presented in *paragraph 20. a) i*.

- The resource mobilization (US\$ 60,000), which was newly created in FY22 covers costs of STCs who support the implementation of the resource mobilization strategy. The development costs for web pages on resource mobilization are also included in this line item.

*b) Travel component*

The total request for the travel component is **US\$ 456,000**.

- i. The secretariat staff travel (US\$ 280,500) covers the participation of selected secretariat staff members<sup>6</sup> in two Board meetings, the Bonn Climate Change Conference, the 27th UN Climate Change Conference (COP 27) in Sharm El-Sheikh, Egypt, and other ad-hoc meetings.
- ii. The awareness raising staff travel (US\$ 45,500) covers the participation in meetings of the UNFCCC committees, the Green Climate Fund Board and other awareness raising travels including resource mobilization engagement.
- iii. The 'travels for non-Annex I eligible Board members' (US\$ 130,000) covers travel costs of the eligible Board members to participate in two Board meetings. *Per diem* allowances<sup>7</sup> are provided according to the UN rules with the support of the UNCCD Secretariat in Bonn and the expected amount is transferred from the Adaptation Fund Trust Fund to the UNCCD Secretariat directly before each Board meeting. Therefore, it is not part the administrative budget of the Board and secretariat.

*c) General operations component*

The total request for the general operations component is **US\$ 728,050**.

- i. The 'office space, equipment and supplies' (US\$ 310,000) covers the office rental spaces, desk-top/lap-top computers and telephone leases, remote access systems and audio-conference systems for the full-time staff members and office-based consultants of the secretariat. The secretariat, with the GEF secretariat, is in the process of renewing the lease starting in January 2023. The costs are estimated based on the current lease for the first half of FY23 and on the market rate for the second half of FY23. Though the negotiation for the lease will continue until later in 2022, the costs for the office space will likely rise from the FY22 level considering the current market rate and the secretariat's emerging needs to accommodate the increasing number of full-time staff.

<sup>6</sup> From FY18, the secretariat has rotated its staff members who attend the Board meetings based on agenda items.

<sup>7</sup> This is included in the cash transfer amounts reported by the Trustee and is not tied with a specific fiscal year: The most recent transfers include US\$ 25,000 for AFB38, US\$ 30,000 for AFB33, US\$ 15,000 for the additional meeting (AFB33b) and US\$ 34,000 for AFB34. No Board meeting took place in a physical format in 2020 and 2021, therefore no per diem payment to the eligible Board members incurred.

- ii. The 'support to the Chair' (US\$ 20,000) covers the Chair's travels and communications activities representing the Fund.
- iii. The 'publications and outreach' (US\$ 223,050) covers costs to produce the Fund's promotional videos and the podcasts, project stories, flyers and briefing notes including graphic design, printing, and translating as well as the collaborative activity with the Climate Home News. Following the success of the pavilion that set up at COP 26, the related costs for the COP 27 including a pavilion, office space and exhibits are allocated in this budget item, which could potentially be very high. This budget item also includes a share of the sponsorship for the biennial Adaptation Futures conference in 2023 and costs for updating the communication strategy.
- iv. The 'IT services from the World Bank' (US\$ 175,000) covers the IT support provided by the World Bank for a series of the secretariat operations such as email, internet, intranet, applications, files, storage, back up, security, online conferencing and so on. The bigger budget allocation for the IT services is made for FY23 to accommodate the secretariat's emerging needs from the increased number of full-time staff.

*d) Meetings component*

The total request for the meetings component is **US\$ 237,400**.

- i. The 'logistics, interpretation, report writing etc.' (US\$ 161,400) covers the organisational costs of two Board meetings, two accreditation panel meetings and other small events including staff retreats and group training.
- ii. The translation costs (US\$ 76,000) will cover the translation of two Board meeting reports into five UN languages and other policy and guidance documents as necessity arises.

**Table 2: Approved FY22 budget, FY22 estimate and proposed FY23 budget of the Board and the secretariat**

All amounts in US\$		<b>FY22</b>	<b>FY22</b>	<b>FY23</b>
		<b>Approved</b>	<b>Estimate</b>	<b>Proposed</b>
<b>PERSONNEL COMPONENT</b>				
<b>Full-time staff (including benefits):</b>				
01	15 staff positions (incl. the JPO in transition and 1 ETC)			
02	6 proposed new positions (3 staff and 3 ETC positions)			
03	1 new JPO/mid-career position (funded by a government)			
(20 full-time positions in total)				
<b>sub-total AFB staff</b>		<b>2,912,080</b>	<b>2,385,165</b>	<b>4,189,078</b>
<b>GEF staff cross-support (including benefits):</b>				
01	Head of the AFB Secretariat (10% fixed)			
02	Advisor			
03	Project co-reviewers (multiple staff)			
04	Program Analyst (HR)			
05	Resource Management Officer (Accounting)			
<b>sub-total GEF staff</b>		<b>150,000</b>	<b>150,000</b>	<b>155,000</b>
<b>Consultants &amp; Others</b>				
01	AFB Secretariat Support (Legal support etc.)	102,300	100,000	192,300
02	Design and Operation of dedicated websites	33,000	41,100	50,000
03	Communications Strategy	67,000	60,000	76,000
04	Environment and social safeguards & Gender	96,020	85,600	112,720
05	Knowledge Management	213,000	143,000	157,000
06	Result Based Management	231,000	205,000	286,000
07	Programming (incl. innovation)	246,820	237,000	197,550
08	Resource mobilization	60,000	33,000	60,000
<b>sub-total Consultants</b>		<b>1,049,140</b>	<b>904,700</b>	<b>1,131,570</b>
<b>SUB-TOTAL PERSONNEL COMPONENT</b>		<b>4,111,220</b>	<b>3,439,865</b>	<b>5,475,648</b>
<b>TRAVEL COMPONENT</b>				
01	AF Secretariat staff	280,500	144,000	280,500
02	Awareness Raising	45,500	-	45,500
03	Board - Non-Annexed eligible members	130,000	43,000	130,000
<b>SUB-TOTAL TRAVEL COMPONENT</b>		<b>456,000</b>	<b>187,000</b>	<b>456,000</b>
<b>GENERAL OPERATIONS COMPONENT</b>				
01	Office Space, Equipment and Supplies	200,000	200,000	310,000
02	Support to Chair (communications)	20,000	5,000	20,000
03	Publications and Outreach	163,875	159,000	223,050
04	IT services from the World Bank	125,000	125,000	175,000
<b>SUB-TOTAL GENERAL OPERATIONS COMPONENT</b>		<b>508,875</b>	<b>489,000</b>	<b>728,050</b>
<b>MEETINGS COMPONENT</b>				
01	Logistics, interpretation, report writing etc.	160,980	100,000	161,400
02	Translation	76,000	76,000	76,000
<b>SUB-TOTAL MEETINGS COMPONENT</b>		<b>236,980</b>	<b>176,000</b>	<b>237,400</b>
<b>TOTAL ALL COMPONENTS</b>		<b>5,313,075</b>	<b>4,291,865</b>	<b>6,897,098</b>

## Accreditation Programme

22. The budget request for the accreditation services for FY23 amounts to **US\$ 567,050**.
- a) The Accreditation Panel (fees) (US\$ 394,650) covers fees of four Accreditation Panel experts for 80 days each. Considering the recent development in the accreditation programme that allows an application of up to two entities per country, a modest amount for contingency is included in this budget item.
  - b) The Accreditation Panel/staff travel (US\$ 107,400) covers travel costs of the Panel members' participation (including one non-Annex I Board member) in two Accreditation Panel meetings in Washington, DC, and experts' and staff's visits to applicant entities when necessity arises. The consultancy fees and travel costs for the Accreditation Panel experts vary year to year depending on rates and residing cities of the experts forming the Accreditation Panel.
  - c) The Accreditation system and others (US\$ 65,000) covers the hosting and maintenance costs of the online accreditation workflow system through which accreditation applications are submitted and reviewed. It also includes a cost of a STC who supports the Panel on E&S safeguards and gender. Until FY22, the cost for another STC who supports the accreditation operations on a part-time basis was budgeted. This is not factored here in FY23 as the secretariat proposes to create a dedicated ETC position (full-time position) for the accreditation programme and allocate its staff costs under the personnel component presented in *paragraph 20. a) i*.

**Table 3: Approved FY22 budget, FY22 estimate and proposed FY23 budget for the accreditation services**

All amounts in US\$		FY22	FY22	FY23
		Proposed	Estimate	Proposed
01	Accreditation Panel (fees)	394,650	356,000	394,650
02	Accreditation Panel/Staff (travel)	107,400	-	107,400
03	Accreditation System & others	106,500	135,000	65,000
<b>TOTAL ACCREDITATION</b>		<b>608,550</b>	<b>491,000</b>	<b>567,050</b>

## Readiness Programme

23. The budget request for the Readiness Programme for FY23 amounts to **US\$ 748,700** and consists of the following components:

- a) *Personnel component (Consultants & Others)*

The total request for the personnel component is **US\$ 151,000**.

- i. Secretariat support: The estimate of **US\$ 107,700** covers costs of a STC and STT who will support the activities under the readiness programme on a part-time basis. Costs of innovation consultants in the readiness activities and support for the chair of the community of practice for direct access entities (CPDAE) are also included in this budget item in FY23.
- ii. Environmental and social safeguards (E&S safeguard) and gender: The estimate of **US\$ 8,500** covers costs of an E&S safeguard and gender expert to participate in readiness seminars and workshops as resource person.
- iii. Accreditation: The estimate of **US\$ 34,800** covers costs of accreditation experts to participate in readiness seminars and workshops as resource persons.

b) *Travel component*

The total request for the travel component is **US\$ 509,000**. The AF secretariat staff (US\$ 135,000) and the meeting participants (US\$ 374,000) cover the respective travel costs for the participation in planned readiness events including the 2022 annual seminar for National Implementing Entities (NIEs), workshops on accreditation and innovation, a country exchange, capacity-building activities with the Adaptation Fund Climate Innovation Accelerator (AFCIA) and CPDAE.

c) *Meetings component*

The total request for the meetings component (logistics) is **US\$ 88,700**, which covers local arrangements such as venues, interpretation services, equipment, catering and local transportation, for the readiness events mentioned in section b) above.

**Table 4: Approved FY22 budget, FY22 estimate and proposed FY23 budget of the readiness programme**

All amounts in US\$		<b>FY22</b>	<b>FY22</b>	<b>FY23</b>
		<b>Approved</b>	<b>Estimate</b>	<b>Proposed</b>
<b>PERSONNEL COMPONENT (Consultants &amp; others)</b>				
01	Secretariat Support	117,500	38,250	107,700
02	Environment and social safeguards & Gender	17,700	-	8,500
03	Accreditation	23,200	-	34,800
<b>SUB-TOTAL PERSONNEL COMPONENT</b>		<b>158,400</b>	<b>38,250</b>	<b>151,000</b>
<b>TRAVEL COMPONENT</b>				
01	AF Secretariat staff	140,000	34,593	135,000
02	Meeting participants	372,000	98,000	374,000
<b>SUB-TOTAL TRAVEL COMPONENT</b>		<b>512,000</b>	<b>132,593</b>	<b>509,000</b>
<b>MEETINGS COMPONENT</b>				
01	Logistics	86,550	101,486	88,700
<b>SUB-TOTAL MEETINGS COMPONENT</b>		<b>86,550</b>	<b>101,486</b>	<b>88,700</b>
<b>TOTAL ALL COMPONENTS</b>		<b>756,950</b>	<b>272,329</b>	<b>748,700</b>



### **SECTION III: EVALUATION FUNCTION PROPOSED BUDGETS FOR THE PERIOD FROM 1 JULY 2022 – 30 JUNE 2024 (FY23 – 24)**

#### **Background**

23. On 4 June 2020, the Board approved the draft strategy and work programme of the AF-TERG as contained in Annex 1 of the document AFB/EFC.26.a-26.b/3 (Decision B.35.a-35.b/29), which included a proposal for two-year budgets with adjustments on a rolling basis.

24. The process for budget carry over and adjustments on a rolling basis was further explained in document AFB/EFC.26.a-26.b/1, Administrative Budgets of the Board and Secretariat, and Trustee for Fiscal Year 2021 and the AF-TERG and its Secretariat for Fiscal Years 2021-2022.

25. On 4 June 2020 the Board approved the first two-year budget for the AF-TERG covering FY21-FY22 (Decision B.35.a-35.b/27). On 8 April 2021, the Board approved the two-year budget FY22-FY23 for the AF-TERG (Decision B.36/31), consisting of an adjustment for FY22 and new budget for FY23.

#### **FY22 current estimates vs approved budget**

26. The FY22 year-end actuals are estimated by factoring the remaining evaluative work elements and activities which can be implemented by the end of FY22. Based on the actuals to date, contractual commitments and the remaining planned work to be implemented in FY22, the estimated FY22 year-end actual for the AF-TERG and its secretariat as of 30 June 2022 is US\$ 1,025,246 (79 per cent) of the approved FY22 budget (US\$ 1,300,829).

27. The COVID-19 pandemic has influenced the way AF-TERG work elements have been / are being implemented, in part due to travel restrictions limiting field missions and the inability of the AF-TERG to meet in person. Beyond field missions for the ex-post evaluation work, implemented through local evaluators trained from a distance, online engagement and virtual stakeholder consultation have been the main vehicle to ground AF-TERG work elements in contextual realities. In the interim, the AF-TERG members have taken on a more active role in the outreach and interviews with key stakeholders. The above has led to limited spending in the travel budget component.

28. The AF-TERG and its secretariat are likely to continue implementing planned and/or virtual implementable alternative work elements until the end of FY22, subject to pandemic-related restrictions. However, the AF-TERG aims for a positive outlook on the developments of the COVID-19 pandemic and believes that the administrative budget for FY23 should be formulated under a return-to-normal scenario. Accordingly, the FY23 budget proposal incorporates costs of physical participation in global events, including the Board meetings, and field missions related to evaluative work elements.

29. The final year-end actual for FY22 will be reported in the reconciliation budget as of 30 June 2022.

### **Proposal of adjustments to the approved FY23 budget**

30. The paragraphs below discuss, when relevant for a specific budget component, whether carryover from the current fiscal (FY22) to the next (FY23) is requested. This would be the case if certain activities have started or are projected to start in FY22 but will not be completed before the end of the fiscal year, or when the activities are not anticipated to start in FY22 and will carry over entirely to FY23. A second element discussed, when relevant for a specific budget component, is any proposed adjustments to the FY23 budget as it was approved by the Board at its thirty-sixth meeting. Proposed adjustments are the sum of carryover cost elements from FY22 and adjustments in FY23 due to changes in budget projections or new work elements that have been requested of or developed by the AF-TERG since the approval of the proposed FY23 budget.

31. The Board, at its thirty-sixth meeting, approved the budget of US\$ 1,293,049 to cover the costs of the operations of the AF-TERG and its secretariat for FY23, from 1 July 2022 to 30 June 2023, comprising US\$ 689,705 for the management component and US\$ 603,344 for the evaluation component.

32. The proposed upward adjustment for the AF-TERG approved budget for FY23 totals **US\$ 36,916** which comprises of a carry-over of US\$ 60,000 from FY22 and a net *decrease* of US\$ 23,084 due to changes in budget projections for FY23.

- a) Under the personnel component an upward adjustment of US\$ 43,355 is requested for FY23, which is due to staff changes resulting in a different picture in staff cost (salaries and benefits) from what was previously projected.
- b) Under the travel component a *downward* adjustment of US\$ 30,000 is requested for FY23, which is not informed by COVID-19 travel restrictions but due to efficiencies in the AF-TERG's modus operandi informing changes in travel budget projections for FY23.
- c) Under the general operations component a *downward* adjustment of US\$ 11,564 is requested for FY23 due to changes in publications and outreach budget projections, informed by past burn rates for this cost component.
- d) The personnel, travel and general operations component adjustments are all part of the management component of the budget, and the resultant upward adjustment under the management component requested for FY23 is US\$ 1,791.
- e) Under the evaluation component an upward adjustment of US\$ 35,125 is requested for FY23, which includes a total of US\$ 60,000 carry-over from FY22 to FY23 for continued preparation for the overall evaluation and a net decrease of US\$ 24,875.

33. With the above-listed adjustments, the proposed revised budget for FY23 (1 July 2022 to 30 June 2023) amounts to **US\$ 1,329,965**, comprising US\$ 691,496 for the management component and US\$ 638,469 for the evaluation component.

### **Proposal of the FY24 budget**

34. As a third element, the proposed budget for FY24 will be discussed for each budget component.

35. The total request for the AF-TERG budget for FY24 amounts to **US\$ 1,336,413**. Document AFB/EFC.29/Inf.2, "Work Update Report of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG)" provides an in-depth explanation of the planned work.

a) The sub-total of the management component is **US\$ 705,684** for FY24.

i. *Personnel component*

The total request for the personnel cost component is **US\$ 466,396**. The cost includes staff costs (salary and benefits) of the AF-TERG secretariat Coordinator / Evaluation Officer, fees of the AF-TERG Chair and Members (Short-Term Consultants) and 100 days in Short-Term Consultant AF-TERG secretariat support for FY24.

A total of 430 person-days in data analysis support through consultants is included under the evaluation part, with their work being in full support of the evaluation work elements. These consultants are allocated to evaluation work elements by the AF-TERG secretariat on requests from the evaluation focal points.

ii. *Travel component*

The total request for the travel cost component is **US\$ 112,006**. The cost includes participation in two Board meetings for the secretariat staff member and the AF-TERG Chair, participation in one AF-TERG meeting for the AF-TERG secretariat staff and consultant and the AF-TERG Chair and Members, as well as the travel component of the AF-TERG outreach work.

iii. *General operations component*

The total request for the general operations cost component is **US\$ 116,879**. The request covers office space, equipment and supplies for the AF-TERG staff and short-term consultants, and publications, outreach and online presence cost.

iv. *Meetings component*

The total request for the meetings component is **US\$ 10,404** for organisational costs of the AF-TERG meetings, such as venue, equipment and catering cost.

- b) The total request for the evaluation component is **US\$ 630,729** for FY24. The planned evaluation activities are as follows. (The amount in bracket for each activity is an indicative estimate.)
- i. Evaluation Framework review / revision and evaluation policy guidance development after approval (US\$ 45,000)
  - ii. Co-learning and capacity building, linked to the AF-TERG's advisory function (US\$ 45,000)
  - iii. Medium-term strategy final evaluation (US\$ 50,000)
  - iv. The execution of two ex-post evaluations of strategically selected projects that have closed 3-5 years before, that would provide learning on the sustainability of climate change actions and accountability of results financed by the Fund (US\$ 90,000)
  - v. The overall evaluation of the performance of the Fund (US\$ 130,000)
  - vi. Peer review of the evaluation function (US\$ 80,000)
  - vii. Two studies to inform the development of the subsequent AF-TERG work programme (US\$ 50,000)
  - viii. Data analysis support towards evaluation activities. The consultants are allocated to evaluative work elements by the AF-TERG secretariat for direct data analysis support towards above evaluation activities. This cost element is separated from office support tasks provided, which is part of the personnel cost component, discussed earlier (US\$ 140,729)

Table 5: Approved and estimate FY22, approved and proposed revised FY23, proposed FY24 budget of the AF-TERG and its secretariat<sup>8</sup>

All amounts in US\$		Approved FY22	Estimate FY22	FY22 -> FY23 Carry-over (a)	Approved FY23	Proposed adjustment in approved FY23 (b)	(a) + (b)	Proposed revised FY23	Proposed FY24
<b>MANAGEMENT COMPONENT</b>									
<b>PERSONNEL COMPONENT</b>									
01	Personnel - Staff (AF-TERG Secretariat Coordinator / Evaluation Officer)								
02	Personnel - Office support (STC)								
03	Personnel - Consultant (TERG members)								
	<b>SUB-TOTAL PERSONNEL COMPONENT</b>	<b>408,083</b>	<b>447,142</b>	<b>-</b>	<b>414,197</b>	<b>43,355</b>	<b>43,355</b>	<b>457,552</b>	<b>466,396</b>
<b>TRAVEL COMPONENT</b>									
01	Staff members	41,961	-	-	43,220	(10,000)	(10,000)	33,220	34,217
02	TERG members	92,741	10,924	-	95,523	(20,000)	(20,000)	75,523	77,789
	<b>SUB-TOTAL TRAVEL COMPONENT</b>	<b>134,703</b>	<b>10,924</b>	<b>-</b>	<b>138,744</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>108,744</b>	<b>112,006</b>
<b>GENERAL OPERATIONS COMPONENT</b>									
01	Office space, equipment and supplies	50,468	54,036	-	51,982	-	-	51,982	52,600
02	Publications, outreach	85,859	66,405	-	74,582	(11,564)	(11,564)	63,018	64,279
	<b>SUB-TOTAL GENERAL OPERATIONS COMPONENT</b>	<b>136,327</b>	<b>120,441</b>	<b>-</b>	<b>126,564</b>	<b>(11,564)</b>	<b>(11,564)</b>	<b>115,000</b>	<b>116,879</b>
<b>MEETINGS COMPONENT</b>									
01	Logistics	10,000	-	-	10,200	-	-	10,200	10,404
	<b>SUB-TOTAL MEETINGS COMPONENT</b>	<b>10,000</b>	<b>-</b>	<b>-</b>	<b>10,200</b>	<b>-</b>	<b>-</b>	<b>10,200</b>	<b>10,404</b>
	<b>SUB-TOTAL MANAGEMENT COMPONENT</b>	<b>689,113</b>	<b>578,507</b>	<b>-</b>	<b>689,705</b>	<b>1,791</b>	<b>1,791</b>	<b>691,496</b>	<b>705,684</b>
<b>EVALUATION COMPONENT</b>									
	<b>SUB-TOTAL EVALUATION COMPONENT</b>	<b>611,717</b>	<b>446,739</b>	<b>60,000</b>	<b>603,344</b>	<b>(24,875)</b>	<b>35,125</b>	<b>638,469</b>	<b>630,729</b>
	<b>TOTAL AF-TERG AND ITS SECRETARIAT</b>	<b>1,300,829</b>	<b>1,025,246</b>	<b>60,000</b>	<b>1,293,049</b>	<b>(23,084)</b>	<b>36,916</b>	<b>1,329,965</b>	<b>1,336,413</b>

<sup>8</sup> Decimal points in the table are rounded.

## SECTION IV: ADAPTATION FUND – TRUSTEE ESTIMATED ACTUALS FOR FY22 AND PROPOSED BUDGET FOR FY23

### Background

36. The Trustee provides a range of services for the Adaptation Fund as defined in the Terms and Conditions of Services to be Provided by the International Bank for Reconstruction and Development as Trustee of the Adaptation Fund. The Trustee's costs for its services provided to the Adaptation Fund are presented in five categories i.e., Monetization, Financial and Program Management, Investment Management, Accounting and Reporting, and Legal Services.

37. The details of Trustee services for each category are provided below:

- a) **Monetization** services provided by the World Bank Treasury includes the management of monetization procedures and systems, daily sales on exchanges, settlement of sales transactions, and management of direct, over-the-counter, and other transactions. This also includes the reimbursable transactions related to preparation, execution and settlement of trades.
- b) **Financial and program management** services relate to management and execution of financial transactions, including receiving and processing of receipts of CERs and other sales proceeds, donations, and other cash proceeds in the Adaptation Fund Trust Fund. It includes recording allocations and commitments, executing cash transfers to implementing entities using World Bank financial systems and procedures, and regular financial reporting for the Trust Fund. It also includes collaboration with the Adaptation Fund Board and Secretariat, responding to day-to-day enquiries from the Secretariat, donors and other Adaptation Fund constituencies and stakeholders, and travel, if any, for trustee representatives to attend regular Adaptation Fund Board meetings.
- c) **Investment management** services include the investment of the cash balance in adaptation fund and the Cash flow management. The investment management fees are calculated as a flat fee of 4.5 basis points (i.e., 0.045%) of the estimated average annual cash balances in the Trust Fund.
- d) **Accounting and reporting** services include managing the accounting model for the Trust Fund, clearance of agreements and maintenance of appropriate records, accounts and systems to support financial reporting.
- e) **Legal** services include drafting, negotiating and preparing donation agreements/ arrangements, and other legal agreements as needed, as well as providing policy advice and legal review on issues raised by the AF Board and Secretariat and others as they may impact the Adaptation Fund Trust Fund and the services of the Trustee. It also includes providing policy advice, consulting with the AF secretariat and others on amending existing legal documents and agreements, as required (e.g. amendments to the Terms and Conditions that may be required due to decisions under UNFCCC processes).

## FY22 End of Year Actual Costs and FY23 Proposed Budget

38. The following sections present the trustee's estimate of actual costs for services provided during the current fiscal year 2022 (FY22, July 1, 2021 – June 30, 2022) and the proposed budget for trustee services to be provided during the fiscal year 2023 (FY23, July 1, 2022 - June 30, 2023).

**Table 6: FY22 estimated actuals and FY23 proposed budget (USD)**

<b>Trustee Services</b>	<b>FY22 Approved</b>	<b>FY22 Estimated Actuals</b>	<b>FY23 Proposed</b>
Monetization	180,000	165,000	180,000
Financial and Program Management	320,000	320,000	320,000
Investment Management	245,000	268,000	256,500
Accounting and Reporting	60,000	58,000	58,000
Legal Services	56,000	56,000	64,000
<b>TOTAL</b>	<b>861,000</b>	<b>867,000</b>	<b>878,500</b>

39. In March 2021, the Adaptation Fund Board approved a budget estimate of USD 861,000 for FY22 to cover Trustee's services. The actual costs for FY22 are estimated to be USD 867,000, which is USD 6,000 higher than the approved FY22 budget. This increase is due to higher investment management fee, which is driven by higher expected average cash balance (USD 595 million) when compared to the estimates (USD 545 million) at the beginning of FY22. The higher investment management costs are expected to be offset by lower monetization and accounting and reporting costs.<sup>9</sup>

40. The FY23 proposed budget is higher by USD 17,000 compared to FY22 approved budget. The increase was primarily due to the investment management fees. For the purpose of the budget estimate for FY23, an average annual cash balance of USD 570 million is assumed. Actual investment management costs may vary depending on the actual average liquidity balance in the Trust Fund during FY23.

### **Budget request:**

41. The Adaptation Fund Board is requested to approve:

- (i) the increase of USD 6,000 in the FY22 budget;
- (ii) the proposed budget of USD 878,500 for trustee services to be provided during FY23.

<sup>9</sup> Actuals will be used as of the date the budget is prepared and estimated for the remainder of the fiscal year.