



ADAPTATION FUND

AFB/EFC.30/9
7 October 2022

Adaptation Fund Board
Ethics and Finance Committee
Thirtieth Meeting
Bonn, Germany, 11-12 October 2022

Agenda item 5 e)

REVISION OF THE ADMINISTRATIVE BUDGET OF THE AF- TERG AND ITS SECRETARIAT FOR FISCAL YEAR 2023

Background

1. The Adaptation Fund Board, at its thirty-eighth meeting, decided:

(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 for 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;

(Technical Evaluation Reference Group of the Adaptation Fund and 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, covering the period 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 consisted 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 required 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, covering the period 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 authorize 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.

(Decision B.38/46)

2. Table 1 below presents an overview of the approved budgets of the Board and secretariat, and the Trustee for FY23 and the AF-TERG and its secretariat for FY23 and FY24.

Table1: Approved FY22 budget, actual FY22 and approved FY23 budget of the Board and the Secretariat, the Evaluation Function and the Trustee, and the approved FY24 budget of the Evaluation Function¹

All amounts in US\$	FY22 Approved	FY22 Actual	FY23 Approved	
BOARD AND SECRETARIAT				
1 Personnel	4,111,220	3,306,569	5,475,648	
2 Travel	456,000	275,822	456,000	
3 General operations	508,875	397,060	728,050	
4 Meetings	236,980	136,851	237,400	
Sub-total secretariat administrative services [a]	5,313,075	4,116,302	6,897,098	
5 Accreditation [b]	608,550	381,953	567,050	
6 Readiness Programme [c]	756,950	275,257	748,700	
Total Board and Secretariat [a] + [b] + [c]	6,678,575	4,773,512	8,212,848	
All amounts in US\$	FY22 Approved revised	FY22 Actual	FY23 Approved revised	FY24 Approved
AF-TERG AND ITS SECRETARIAT				
1 Personnel	408,083	426,821	457,552	466,396
2 Travel	134,702	60,529	108,744	112,006
3 General operations	136,327	87,201	115,000	116,879
4 Meetings	10,000	2,186	10,200	10,404
Sub-total management	689,112	576,737	691,496	705,684
5 Evaluation	611,717	387,930	638,469	630,729
Total AF-TERG and its secretariat	1,300,829	964,667	1,329,965	1,336,413
All amounts in US\$	FY22 Approved	FY22 Actual	FY23 Approved	
TRUSTEE				
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	
Total trustee	861,000	867,000	878,500	
GRAND TOTAL ALL COMPONENTS	8,840,404	6,605,179	10,421,313	

3. This document proposes a revision for the administrative budget of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) and its secretariat for fiscal year 2023 (FY23), i.e., 1 July 2022 to 30 June 2023.

¹ The numbers after decimal point are rounded.

Proposed revision for the administrative budget of the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) and its secretariat for the period from 1 July 2022 to 30 June 2023 (FY23)

4. The secretariat of the AF-TERG currently consists of an Ex officio Manager (the Manager of the Adaptation Fund Board Secretariat) and two office-based full-time members: an Evaluation Officer (staff position) and an Extended-Term Consultant. The operations of the evaluation function are also supported by a number of Short-Term Consultants.

5. As per emerging needs and a request of the AF-TERG, the secretariat proposes an upgrade of the existing staff position from the current Evaluation Officer to a Senior Evaluation Officer. The Senior Evaluation Officer will be recruited through a competitive process and will be on board as early as January 2023. This requires additional staff costs (salary and benefits) for the new position from January to June 2023 for six months in FY23 therefore the secretariat requests for additional US\$ 155,000 for the administrative budget of the AF-TERG and its secretariat in FY23.

6. This request follows on from an expert-led Organisational Development (OD) process commissioned by the AF-TERG to strengthen its operational effectiveness, pace of delivery, and ways of working. The OD process found that:

- (i) The AF TERG's approach to the operational model is effective and remains fully consistent with the TORs that were approved by the Board, and that the work programme and budget as approved by the Board drive prioritization.
- (ii) The AF-TERG has made good progress in establishing and clarifying its operational ways of working since it was formed just over three years ago. The AF-TERG chair provides strategic oversight and leadership to the AF-TERG work programme and its personnel, and the four senior technical members play an important focal point role in driving forward the work programme individually and collectively.
- (iii) The AF-TERG secretariat has a critical administrative and support function. Over the last three years, the secretariat helped to establish the AF-TERG through setting up systems, recruitment of personnel, procurement of expert consultants, and financial management. This function is expanding to support delivery of the AF-TERG's work.
- (iv) The evaluation work programme is taking off well, moving this fairly new unit up the organisational curve from establishment to stabilisation and growth stages. The numbers of days of the Chair and the Members have increased slightly to reflect the growing workloads and complexity of tasks. This falls within the approved budget and remains consistent with the model.
- (v) The AF TERG is at a critical point and has identified the need to urgently strengthen its core administrative and management functions (processes, systems, capacities), that would naturally reside within the AF TERG Secretariat, for strengthening operational effectiveness, enabling delivery of its work programme commitments, and increasing productivity.

- (vi) However, the current capacity of the AF-TERG Secretariat is stretched with increased workloads, extended work hours, and an unmet emerging requirement for taking on these higher-level administrative responsibilities.

7. The upgraded position will enable the Senior Evaluation Officer to take on a stronger role in overall programme and financial management, leadership of strategic business processes, and procurement functions that are fully reflective of the enhanced levels of responsibilities and workloads that are needed to deliver an ambitious AF-TERG work programme.

8. The enhanced administrative function of the Senior Evaluation Officer is expected to reduce the engagement of the AF-TERG members and Chair in operational matters, enabling them to direct their time towards technical quality and strategic work elements. In this enhanced role, the AF-TERG secretariat is also expected to become a critical bridge in solidifying working relationships with the AFB secretariat and with other stakeholders, including in advising the AF-TERG on upcoming avenues of the Fund's work, and opportunities for the AF-TERG's value addition to the Fund and to climate change adaptation.

9. The AF-TERG and its secretariat adopts the two-year rolling budget therefore the administrative budget for FY24 has also been approved by the Board at its thirty-eighth meeting. The budget revision that is associated with the staff costs of the upgraded position in FY24 will be presented to the Ethics and Finance Committee at the thirty-first meeting together with other potential revision proposal to the FY24 budget.

10. Table 2 below presents a proposed revision to the administrative budget of the AF-TERG and its secretariat for FY23.

Table 2: proposed revision to the administrative budget of the AF-TERG and its secretariat for FY23²

All amounts in US\$		<u>FY23</u> <u>Approved</u> <u>revised</u>	<u>(Proposed</u> <u>revision to</u> <u>FY23)</u>	<u>FY23</u> <u>Proposed</u> <u>revised</u>	<u>FY24</u> <u>Approved</u>
MANAGEMENT COMPONENT					
PERSONNEL COMPONENT					
01	Personnel - Staff (AF-TERG Secretariat Coordinator / Evaluation Officer)				
02	Personnel - Office support (STC)				
03	Personnel - Consultant (TERG members)				
SUB-TOTAL PERSONNEL COMPONENT		457,552	155,000	612,552	466,396
TRAVEL COMPONENT					
01	Staff members	33,220	-	33,220	34,217
02	TERG members	75,523	-	75,523	77,789
SUB-TOTAL TRAVEL COMPONENT		108,744	-	108,744	112,006
GENERAL OPERATIONS COMPONENT					
01	Office space, equipment and supplies	51,982	-	51,982	52,600
02	Publications, outreach	63,018	-	63,018	64,279
SUB-TOTAL GENERAL OPERATIONS COMPONENT		115,000	-	115,000	116,879
MEETINGS COMPONENT					
01	Logistics	10,200	-	10,200	10,404
SUB-TOTAL MEETINGS COMPONENT		10,200	-	10,200	10,404
SUB-TOTAL MANAGEMENT COMPONENT		691,496	155,000	846,496	705,684
EVALUATION COMPONENT					
SUB-TOTAL EVALUATION COMPONENT		638,469	-	638,469	630,729
TOTAL AF-TERG AND ITS SECRETARIAT		1,329,965	155,000	1,484,965	1,336,413

² Decimal points in the table are rounded.

Recommendation

11. 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, the proposed revised budget of **US\$ 1,484,965** 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\$ 846,496 for the management component and US\$ 638,469 for the evaluation component. (The resulting increase of **US\$ 155,000** over the revised approved AF-TERG budget for fiscal year 2023 that requires an additional transfer from the Trust Fund).

(b) To authorise the trustee to transfer the amount in subparagraph (a) to the secretariat of AF-TERG.