



ADAPTATION FUND

AFB/EFC.31/5  
9 March 2023

---

Adaptation Fund Board  
Ethics and Finance Committee  
Thirty-first Meeting  
Bonn, Germany, 21-22 March 2023

Agenda item 4 c)

**ADMINISTRATIVE BUDGETS OF THE BOARD AND  
SECRETARIAT, AF-TERG AND ITS SECRETARIAT, AND  
TRUSTEE FOR FISCAL YEAR 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), the Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) and its secretariat, and the trustee (the Trustee), for fiscal year 2024 (FY24), i.e., 1 July 2023 to 30 June 2024. Table 1 below presents an overview of the budget proposals of the Board and secretariat, the AF-TERG and its secretariat, and the Trustee for FY24, which are explained in detail in the subsequent sections of the document.

**Table 1: Approved FY23 and proposed FY24 budget of the Board and Secretariat, the AF-TERG and its secretariat, and the Trustee<sup>1</sup>**

All amounts in US\$	<b>FY23</b>	<b>FY23</b>	<b>FY24</b>
	<b>Approved</b>	<b>Estimate</b>	<b>Proposed</b>
<b>BOARD AND SECRETARIAT</b>			
1 Personnel	5,475,648	4,634,578	6,882,409
2 Travel	456,000	535,000	754,000
3 General operations	728,050	720,000	826,400
4 Meetings	237,400	236,000	280,000
<b>Sub-total secretariat administrative services [a]</b>	<b>6,897,098</b>	<b>6,125,578</b>	<b>8,742,809</b>
5 Accreditation [b]	567,050	485,000	542,300
6 Readiness Programme [c]	748,700	587,000	920,900
<b>Total Board and Secretariat [a] + [b] + [c]</b>	<b>8,212,848</b>	<b>7,197,578</b>	<b>10,206,009</b>
All amounts in US\$	<b>FY23</b>	<b>FY23</b>	<b>FY24</b>
	<b>Approved revised</b>	<b>Estimate</b>	<b>Proposed revised</b>
<b>AF-TERG AND ITS SECRETARIAT</b>			
1 Personnel	612,552	577,732	675,625
2 Travel	108,744	61,487	112,006
3 General operations	115,000	102,577	116,879
4 Meetings	10,200	8,500	10,404
<b>Sub-total management</b>	<b>846,496</b>	<b>750,296</b>	<b>914,913</b>
5 Evaluation	638,469	674,474	700,729
<b>Total AF-TERG and its secretariat</b>	<b>1,484,965</b>	<b>1,424,770</b>	<b>1,615,642</b>
All amounts in US\$	<b>FY23</b>	<b>FY23</b>	<b>FY24</b>
	<b>Approved</b>	<b>Estimated actual</b>	<b>Proposed</b>
<b>TRUSTEE</b>			
1 Monetization	180,000	180,000	180,000
2 Financial and Program Management	320,000	300,000	320,000
3 Investment Management	256,500	314,300	283,200
4 Accounting and Reporting	58,000	58,000	58,000
5 Legal Services	64,000	55,000	64,000
<b>Total trustee</b>	<b>878,500</b>	<b>907,300</b>	<b>905,200</b>
<b>GRAND TOTAL ALL COMPONENTS</b>	<b>10,576,313</b>	<b>9,529,648</b>	<b>12,726,851</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 take note of the budget proposals contained in document AFB/EFC.31/5 and approve, from the resources available in the Adaptation Fund Trust Fund:

### Board and secretariat

- (i) The proposed budget of **US\$ 10,206,009** to cover the costs of the operations of the Board and secretariat for fiscal year 2024, from 1 July 2023 to 30 June 2024, comprising **US\$ 8,742,809** for Board and secretariat administrative services (the main secretariat budget), **US\$ 542,300** for accreditation services and **US\$ 920,900** for the Readiness Programme.

### AF-TERG and its secretariat

- (ii) The proposed revised budget of **US\$ 1,615,642** 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 2024, from 1 July 2023 to 30 June 2024, comprising US\$ 914,913 for the management component and US\$ 700,729 for the evaluation component. (The resulting increase of US\$ 279,229 consists of an adjustment of US\$ 209,229 for the management component and US\$ 70,000 for the evaluation component)

### Trustee

- (iii) The proposed increase of **US\$ 28,800** in the trustee budget for fiscal year 2023.
- (iv) The proposed budget of **US\$ 905,200** for the trustee services to be provided to the Adaptation Fund during fiscal year 2024.
- (b) To authorise the trustee to transfer the amounts in subparagraphs (a) (i) and (ii) to the respective secretariats, and the amounts in subparagraphs (a) (iii) and (iv) to the trustee.

**SECTION II: APPROVED BUDGET OF THE BOARD AND SECRETARIAT AND THE TRUSTEE FOR FISCAL YEAR 2023, AND OF THE AF-TERG AND ITS SECRETARIAT FOR FISCAL YEARS 2023–2024**

3. The 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 (AFTERG) 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)**

4. The Board, at its thirty-ninth meeting, decided:

(Technical Evaluation Reference Group of the Adaptation Fund and secretariat)

- (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, representing an increase of US\$ 155,000 over the revised approved AF-TERG budget for fiscal year 2023 that required an additional transfer from the Adaptation Fund Trust Fund;
- (b) To authorize the trustee to transfer the amount of the increase indicated in paragraph (a) above to the AF-TERG secretariat.

**(Decision B.39/58)**

5. Details of the budgets for FY23 can be found in Tables 2-5 which also include estimates of the year-end actuals of FY23 and the proposed budgets for FY24 (1 July 2023 – 30 June 2024).

## **SECTION II: BOARD AND SECRETARIAT PROPOSED BUDGET FOR THE PERIOD 1 JULY 2023 – 30 JUNE 2024 (FY24)**

6. 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.

### **FY23 current estimates vs. approved budget**

7. As of 31 December 2022, the funds available for new funding decisions in the Adaptation Fund Trust Fund amounted to US\$ 290.58 million, as reflected in the Financial Report prepared by the Trustee. This represents an increase of US\$ 19.09 million that had been available as of 31 December 2021 (US\$ 271.49 million).

8. Since the beginning of FY23 (July 2022), the Fund's operations have almost returned to pre-pandemic levels. However, the Readiness Program is resuming face-to-face activities in a more phased manner, taking into account the different pandemic situations in the participants' countries. In accordance with guidelines of the World Bank Group related to Coronavirus disease 2019 (COVID-19), the secretariat members have been working in the office at least two times a week and undertaking travels at the pre-pandemic levels. Online events, on the other hand, have become one of the primary options for interactive engagement since the pandemic. While some global events remain online or as hybrid, new events are emerging as online formats. The secretariat sees both as important opportunities and participate in those events regardless of their formats whenever relevant to the Fund's operations and publicity. However, these increasing opportunities are at the same time new demands on the Fund, resulting in an increased workload in the post-pandemic environment.

9. Based on the actuals to date and remaining planned activities to implement in FY23, the estimated FY23 year-end actuals as of 30 June 2023 are US\$ 6,125,578 for the main secretariat budget, which is 88.8 per cent of the approved FY23 budget (US\$ 6,897,098), US\$ 485,000 for the accreditation component, which is 85.5 per cent of the approved FY23 budget (US\$ 567,050), and US\$ 587,000 for the readiness programme, which is 78.4 per cent of the approved FY23 budget (US\$ 748,700).

10. The secretariat will continue implementing the planned activities until the end of FY23. The final actual expenditure for FY23 as of 30 June 2023 will be reported at the first board meeting in FY24.

### **Development in the World Bank trust fund reform and its implications to the FY23 and FY24 budgets**

11. 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 Vice-Presidency Unit, including the Adaptation Fund Board Secretariat, have been exchanging information 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, with an attempt to come to a mutually agreeable solution. 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 existing arrangements including some of the direct costs that the secretariats pay to the World Bank per service.

12. To date, the interaction with the World Bank management is still ongoing, and there is no 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 FY24 proposed administrative budgets are prepared without factoring the new indirect costs, with which the secretariat proposes to start the operations in FY24. However, in the event that the parties agree on the new cost recovery arrangement including the recovery rate, the operational costs of the Fund will change, and in such a situation, revisions of the administrative budgets, potentially for both FY23 and FY24, would be required intersessionally or at subsequent Board meetings. The secretariat will report back to the Board as soon as progress is made on this matter.

### **Proposal of the main secretariat budget for FY24**

#### Impacts from global inflation

13. In response to soaring global prices since 2022, the budget proposal for FY24 takes into account a certain amount of price increases. Every year, the World Bank makes structural adjustment to its staff salary scale according to local inflation rates and price indices and the rate for it was unprecedentedly high of 5% in Washington DC for FY23. The structural adjustment for FY24 is not available yet but the secretariat factored the structural adjustment to costs of secretariat staff at a similar level to FY23. Other than the personnel costs, the secretariat made modest upward adjustments to travel, meeting and other

---

<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.

service items in the FY24 budget proposal considering the world-wide trend of high inflation.

#### Request for creating new full-time positions

14. With the new full-time position approved for FY23, the reform of the secretariat structure has progressed. The addition of the two senior staff members has created a hierarchical structure that takes on some of the decision-making and supervisory tasks that were previously performed by the manager, easing the related workload that had been concentrated on the manager. The addition of a few technical staff positions has alleviated some level of chronic staffing shortages in particular in the programming unit, which were created at the urgent request of the Project and Programme Review Committee, as well as in the accreditation unit and knowledge management unit. However, other units in the secretariat are still understaffed, and there is an urgent need to add full-time positions to those units. The creation of the new positions is also in line with the general expectation envisaged in the Fund's medium-term strategy endorsed by the Board.

15. In FY24, the secretariat proposes the creation of five staff positions and two Extended-Term Consultant (ETC) positions.

- 1) Climate Change Specialist (Result-Based Management (RBM))
- 2) Program Analyst (RBM)
- 3) Program Analyst (Crosscutting operations support)
- 4) Program Assistant
- 5) Financial Officer
- 6) ETC (Advisor to the Manager)
- 7) ETC (Readiness Programme)

#### *Result-based management (RBM)*

16. The RBM unit supports performance management of approved projects and projects under implementation, which includes review of project reports, portfolio management and project site visits. Approximately 150 projects and programmes have been overseen by two full-time staff (Senior Climate Change Specialist and Climate Change Specialist) and a few Short-Term Consultants (STCs) on a part-time basis. In recent years, the STCs have taken the responsibilities of full-time staff, and their roles have expanded beyond temporary support. Some of them have worked up to the maximum number of days that STCs are allowed in a year. The unit reliance on the STC support has been increasingly high, and this work arrangement is not sustainable any longer. More full-time positions are needed to manage a growing number of projects and programmes. Also, as the portfolio matures, there are increasingly numerous and diverse situations in which ongoing projects and programmes need to be specifically reviewed and addressed, for structural changes, extensions and other purposes.

- Climate Change Specialist (RBM)
- Program Analyst (RBM)



### *Administration*

17. The secretariat holds only one full-time administrative position (currently a Senior Program Assistant) since the operationalization of the Fund, and logistic support for all meetings and events such as the Board meetings, the COPs and readiness workshops, administrative tasks and other support requested by other units have been handled by one staff. In addition, the Financial Analyst has also performed some of administrative tasks to cover the shortage of human resources in administrative operations both in the Board secretariat and evaluation function. Considering 29 full-time positions in the secretariat including the additional positions that are being requested this time and the amount of administrative work that the secretariat already has and is expected in the future, the secretariat requests for an additional administrative staff position.

- Program Assistant

### *Governance and administration*

18. The secretariat proposes the creation of two staff positions in the operational unit of Governance and administration. The Financial Officer position will replace the Financial Analyst position and will be responsible for budget preparation and oversight, and functioning as the focal point for the development and oversight for governance related systems such as IT system. The Program Analyst (Crosscutting operations support) will support the different teams of the secretariat in multiple areas that span operation of databases, reporting and analysis, accreditation and readiness activities, as well as participating in the design, organization and delivery of events.

- Financial Officer (The position will replace the existing Financial Analyst position.)
- Program Analyst

### *ETCs*

19. In addition, the secretariat proposes to create two ETC positions. The first ETC will be senior and play an advising role for the Manager on strategic and policy matters for the Fund. Her/his role will include supporting the Manager through preparation of analyses and briefing notes, coordination with external partners, and representation of the Fund. The second ETC will support the Readiness Programme. The Readiness Programme has been supported by a dedicated Program Officer and a Short-Term Consultant (STC) as well as cross-support from other work streams. As the Fund's funding windows and scopes of work has diversified, a demand on the Fund's capacity building initiatives on the diverse themes has been increasing. A second dedicated full-time staff is needed to support event organization and proposal review for the readiness programme.

- ETC (Advisor to the Manager)
- ETC (Readiness Programme)

*Externally funded mid-career position*

20. The secretariat looked for host governments to fund an additional JPO or mid-career position in the Adaptation Fund and accepted an offer from the government of Sweden to sponsor a mid-career position. The recruitment process has been completed, and the position is expected to become active by the end of FY23. Like the Junior Professional Officer position, the staff costs of the additional mid-career position will be externally funded by the 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 FY24 proposal.

21. 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.

22. The budget request for the Board and secretariat administrative services for FY24 amounts to **US\$ 8,742,809** and consists of the following components:

a) *Personnel component.*

The total request for the personnel component is **US\$ 6,882,409**.

- i. Full-time staff: The estimate of **US\$ 5,651,959** is to cover staff costs (salary, benefits and staff training cost<sup>3</sup>) of the 29 full-time positions comprising the 21 staff positions, two JPO/mid-career positions to be funded by governments in FY24 and six ETC positions. The complete list of full-time staff positions is as follows.

List of full-time staff positions

1. Manager
2. Senior Program Assistant
3. Program Assistant (New)
4. ETC (Advisor to the Manager) (New)

*Programming and Innovation*

5. Senior Climate Change Specialist (Programming, Innovation)
6. Climate Change Specialist (Programming)
7. Innovation Specialist

<sup>3</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.

8. Mid-career Program Officer<sup>4</sup> → No staff cost in FY24
9. Junior Professional Officer (Innovation)<sup>5</sup> → No staff cost in FY24
10. Program Analyst (Programming)
11. ETC (Programming)
12. ETC (Programming)

*Result-based Management and Knowledge Management*

13. Senior Climate Change Specialist (RBM)
14. Climate Change Specialist (RBM)
15. Climate Change Specialist (RBM) (New)
16. Program Analyst (RBM) (New)
17. Knowledge Management Officer
18. ETC (Knowledge Management)

*Accreditation, Readiness Programme, Resource mobilization*

19. Senior Programme Officer (Accreditation, Readiness, Resource mobilization)
20. Operations Officer (Accreditation)
21. Programme Officer (Readiness)
22. Climate Change Specialist
23. ETC (Accreditation)
24. ETC (Readiness Programme) (New)

*Governance and administration*

25. Senior Programme Officer (Governance and administration)
26. Governance Specialist
27. Communications Officer
28. Financial Officer (New)
29. Program Analyst (New)

- ii. GEF Secretariat staff cross-support: The estimate of **US\$ 165,000** 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-

<sup>4</sup> To be funded by the government of Sweden and no staff costs to the Adaptation Fund for the first three years.

<sup>5</sup> To be funded by the government of Japan and no staff costs to the Adaptation Fund for the first three years.

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 FY24 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\$ 1,065,450**. Until FY23, the “Consultants and others” component included a small but increasing number of travel items that were tagged to and implemented by each thematic unit. To present actual travel needs of the secretariat, travel items for the thematic units will be included in section b) travel component i and ii from FY24.

- The secretariat support (US\$ 85,000) covers legal support from the World Bank including *DocuSign* (the online agreement signing tool), staff retreat facilitators, management advisory services and other required support by the secretariat on an ad-hoc basis.
- The design and operations of dedicated website (US\$ 57,500) covers hosting and maintenance of the Fund’s public website. In FY24, a small beautification and modernization project for the website is planned.
- The communications strategy (US\$ 60,500) 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. This budget item also covers costs for staff training on website content management and/or strategic presentation skills.
- The environmental and social safeguards (E&S safeguards) and gender (US\$ 111,450) covers consultancy fees of gender experts who will implement gender related activities such as producing an e-learning course, publications, and other gender related tools. This budget item also covers costs for implementing the updated gender policy and action plans and gender training for the Fund’s stakeholders.
- The knowledge management (KM) (US\$ 147,000) covers costs of the production of knowledge publications, learning events and knowledge management of lessons learned from the Fund’s projects and activities.
- The result-based management (RBM) (US\$ 192,000) covers costs of STCs for reviewing project performance reports (PPRs), 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.
- The programming (incl. innovation) (US\$ 359,000) covers costs of STCs in supporting 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.

- The resource mobilization (US\$ 53,000) covers costs of STCs who support the implementation of the resource mobilization strategy and programming coherence study. The development and maintenance of 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\$ 754,000**.

- The secretariat staff travel (US\$ 463,500) covers the participation of selected secretariat staff members<sup>6</sup> in two Board meetings, the Bonn Climate Change Conference, the 28th UN Climate Change Conference (COP 28) in United Arab Emirates, and other ad-hoc meetings. This budget item also covers staff travels that are required to implement thematic activities such as partnership and events on gender and innovation as well as project monitoring missions under the RBM.
- The awareness raising staff travel (US\$ 140,500) covers the participation in meetings of the UNFCCC committees, the Green Climate Fund Board and other awareness raising travels. This budget item also covers staff travels that are required to implement thematic activities such as events for knowledge management, communications, and resource mobilization.
- The 'travels for non-Annex I eligible Board members' (US\$ 150,000) 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 an UN organization<sup>8</sup> in Bonn and the expected amount is transferred from the Adaptation Fund Trust Fund to the UN organization 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\$ 826,400**.

- The 'office space, equipment and supplies' (US\$ 362,000) 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, has renewed the lease for the office rental space

---

<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 and US\$ 36,000 for AFB39.

<sup>8</sup> Until now, the UNCCD secretariat in Bonn has supported the local arrangements for the AF Board meetings. The AFB secretariat is negotiating with the UNFCCC secretariat to provide local arrangements for future AF Board meetings.

starting in February 2023 and ending in January 2024 for one year. As the current lease doesn't cover the latter half of FY24, the same estimate that was used for the first half of FY24 is used the latter half of FY24 as well.

- 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\$ 244,400) 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 activities with the Climate Home News. Following the success of the pavilion that set up at COP26 and COP27, the related costs for the COP 28 including a pavilion, office space and exhibits are allocated in this budget item, which could potentially be very high.
- iv. The 'IT services from the World Bank' (US\$ 200,000) 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 FY24 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\$ 280,000**.

- i. The 'logistics, interpretation, report writing etc.' (US\$ 200,000) 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\$ 80,000) 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 FY23 budget, FY23 estimate and proposed FY24 budget of the Board and the secretariat**

All amounts in US\$		<b>FY23</b>	<b>FY23</b>	<b>FY24</b>
		<b>Approved</b>	<b>Estimate</b>	<b>Proposed</b>
<b>PERSONNEL COMPONENT</b>				
<b>Full-time staff (including benefits):</b>				
01	21 staff positions			
02	6 Extended-Term Consultants (full-time positions)			
03	2 new JPO/mid-career positions (funded by governments) (29 positions in total)			
<b>sub-total AFB staff</b>		<b>4,189,078</b>	<b>3,538,578</b>	<b>5,651,959</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>155,000</b>	<b>120,000</b>	<b>165,000</b>
<b>Consultants &amp; Others</b>				
01	AFB Secretariat Support (Legal support etc.)	192,300	90,000	85,000
02	Design and Operation of dedicated websites	50,000	25,000	57,500
03	Communications Strategy	76,000	76,000	60,500
04	Environment and social safeguards & Gender	112,720	100,000	111,450
05	Knowledge Management	157,000	150,000	147,000
06	Result Based Management	286,000	260,000	192,000
07	Programming (incl. innovation)	197,550	230,000	359,000
08	Resource mobilization	60,000	45,000	53,000
<b>sub-total Consultants</b>		<b>1,131,570</b>	<b>976,000</b>	<b>1,065,450</b>
<b>SUB-TOTAL PERSONNEL COMPONENT</b>		<b>5,475,648</b>	<b>4,634,578</b>	<b>6,882,409</b>
<b>TRAVEL COMPONENT</b>				
01	AF Secretariat staff	280,500	310,000	463,500
02	Awareness Raising	45,500	80,000	140,500
03	Board - Non-Annexed eligible members	130,000	145,000	150,000
<b>SUB-TOTAL TRAVEL COMPONENT</b>		<b>456,000</b>	<b>535,000</b>	<b>754,000</b>
<b>GENERAL OPERATIONS COMPONENT</b>				
01	Office Space, Equipment and Supplies	310,000	320,000	362,000
02	Support to Chair (communications)	20,000	5,000	20,000
03	Publications and Outreach	223,050	220,000	244,400
04	IT services from the World Bank	175,000	175,000	200,000
<b>SUB-TOTAL GENERAL OPERATIONS COMPONENT</b>		<b>728,050</b>	<b>720,000</b>	<b>826,400</b>
<b>MEETINGS COMPONENT</b>				
01	Logistics, interpretation, report writing etc.	161,400	160,000	200,000
02	Translation	76,000	76,000	80,000
<b>SUB-TOTAL MEETINGS COMPONENT</b>		<b>237,400</b>	<b>236,000</b>	<b>280,000</b>
<b>TOTAL ALL COMPONENTS</b>		<b>6,897,098</b>	<b>6,125,578</b>	<b>8,742,809</b>

## Accreditation Programme

23. The budget request for the accreditation programme for FY24 amounts to **US\$ 542,300**.
- a) The Accreditation Panel (fees) (US\$ 396,000) covers fees of Accreditation Panel experts. 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\$ 89,200) 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\$ 57,100) 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.

**Table 3: Approved FY23 budget, FY23 estimate and proposed FY24 budget for the accreditation programme**

All amounts in US\$		<b>FY23</b>	<b>FY23</b>	<b>FY24</b>
		<b>Approved</b>	<b>Estimate</b>	<b>Proposed</b>
01	Accreditation Panel (fees)	394,650	360,000	396,000
02	Accreditation Panel/Staff (travel)	107,400	50,000	89,200
03	Accreditation System & others	65,000	75,000	57,100
<b>TOTAL ACCREDITATION</b>		<b>567,050</b>	<b>485,000</b>	<b>542,300</b>

## Readiness Programme

24. The budget request for the Readiness Programme for FY24 amounts to **US\$ 920,900** and consists of the following components:

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

The total request for the personnel component is **US\$ 101,500**.

- i. Secretariat support: The estimate of **US\$ 89,500** covers costs of developing training modules to be used for readiness events and support for the Chair of the Community of Practice for Direct Access Entities (CPDAE). The secretariat proposes to create a ETC (full-time) position for the Readiness Programme in FY24 in lieu of a STC position



that supported the Programme on a part-time basis until FY23. Therefore, the cost for the STC is not factored in the FY24 budget. The costs for the ETC is allocated in the Personnel component of the main secretariat budget.

- ii. Environmental and social safeguards (E&S safeguard) and gender: The Readiness Programme will not use consultants for E&S safeguard and gender support in FY24 therefore no budget allocation is made in this line item..
- iii. Accreditation: The estimate of **US\$ 12,000** covers costs of accreditation experts to participate in accreditation workshops as resource persons.

*b) Travel component*

The total request for the travel component is **US\$ 711,000**. The AF secretariat staff (US\$ 165,000) and the meeting participants (US\$ 546,000) cover the respective travel costs for the participation in planned readiness events including the 2023 annual seminar for National Implementing Entities (NIEs), workshops on accreditation, regional workshops, a country exchange, an annual workshop for CPDAE.

*c) Meetings component*

The total request for the meetings component (logistics) is **US\$ 108,400**, 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 FY23 budget, FY23 estimate and proposed FY24 budget of the readiness programme**

All amounts in US\$		<b>FY23</b>	<b>FY23</b>	<b>FY24</b>
		<b>Approved</b>	<b>Estimate</b>	<b>Proposed</b>
<b>PERSONNEL COMPONENT (Consultants &amp; others)</b>				
01	Secretariat Support	107,700	100,000	89,500
02	Environment and social safeguards & Gender	8,500	-	-
03	Accreditation	34,800	-	12,000
<b>SUB-TOTAL PERSONNEL COMPONENT</b>		<b>151,000</b>	<b>100,000</b>	<b>101,500</b>
<b>TRAVEL COMPONENT</b>				
01	AF Secretariat staff	135,000	34,000	165,000
02	Meeting participants	374,000	265,000	546,000
<b>SUB-TOTAL TRAVEL COMPONENT</b>		<b>509,000</b>	<b>299,000</b>	<b>711,000</b>
<b>MEETINGS COMPONENT</b>				
01	Logistics	88,700	188,000	108,400
<b>SUB-TOTAL MEETINGS COMPONENT</b>		<b>88,700</b>	<b>188,000</b>	<b>108,400</b>
<b>TOTAL ALL COMPONENTS</b>		<b>748,700</b>	<b>587,000</b>	<b>920,900</b>

### **SECTION III: EVALUATION FUNCTION PROPOSED BUDGETS FOR THE PERIOD FROM 1 JULY 2023 – 30 JUNE 2024 (FY24)**

#### **Background**

25. 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. 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.

26. 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 2 June 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. On 27 May 2022, the Board approved the two-year budget FY23-24 for the AF-TERG (Decision B.38/46), consisting of an adjustment for FY23 and a new budget for FY24. On 14 October 2022, the Board approved the further revised budget for FY23 for the AF-TERG (Decision B.39/58).

27. With reference to the approved AF-TERG FY21-23 strategy and work programme and the approved FY23-24 update to the work programme (Document AFB/EFC.29/7, Decision B.38/47), the AF-TERG presents a budget request to only cover fiscal year 2024 due to the ending of its work programme. The AF-TERG will develop and present a new multi-year AF-TERG work programme at the 33<sup>rd</sup> meeting of the Ethics and Finance Committee, which will inform future two-year budget requests.

#### **FY23 current estimates vs approved budget**

28. The FY23 year-end actuals are estimated by factoring in the remaining evaluative work elements and activities which can be implemented by the end of FY23. Based on the actuals to date, contractual commitments, and the remaining planned work to be implemented in FY23, the estimated FY23 year-end actual for the AF-TERG and its secretariat as of 30 June 2023 is US\$ 1,424,770 (96 per cent) of the approved FY23 budget (US\$ 1,484,965).

29. The development of guidance materials to facilitate the implementation of the new Evaluation Policy, which will come into effect October 2023, has been front and centre in the AF-TERG's work during FY23. An in-person AF-TERG member meeting in Washington DC from 7 to 10 February 2023 also focused strongly on the refinement of Evaluation Policy Guidance Notes to be submitted to the thirtieth EFC meeting in March 2023.

30. The COVID-19 pandemic had much less of an impact on the implementation of the AF-TERG work programme in FY23, compared to previous years. This was in part because the development of guidance materials did not have a strong travel component. The lifting of

pandemic-related travel limitations and office re-openings have made it easier for the AF-TERG to connect with key stakeholders and engage in-person.

31. The final year-end actual for FY23 will be reported in the reconciliation budget as of 30 June 2023.

### **Proposal of adjustments to the approved FY24 budget**

32. No budget carry-over from the current fiscal year (FY23) to the next (FY24) is requested for any of the budget components.<sup>9</sup> Proposed adjustments to the FY24 budget of US\$ 1,336,413, as it was approved on 27 May 2022, are discussed below.<sup>10</sup>

33. The proposed upward adjustment for the AF-TERG approved budget for FY24 totals US\$ 279,229, which consists of an adjustment of US\$ 209,229 for the management component and US\$ 70,000 for the evaluation component.

- a) Under the personnel component an upward adjustment of US\$ 209,229 is requested for FY24, which is due to staff changes resulting in different staff cost (salaries and benefits) from what was previously projected. Document AFB/EFC.30/9 (and Decision B.39/58) upgrades the existing staff position from the current Evaluation Officer to a Senior Evaluation Officer position. It has also proven to be challenging to hire and retain a financial-administrative part-time consultant over the past years. The aim is to convert the financial-administrative position to a staff position, to guarantee a more sustainable secretarial support function to the AF-TERG.
- b) No changes are requested for travel, general operations and meetings components.
- c) Under the evaluation component an upward adjustment of US\$ 70,000 is requested for FY24, compared to the indicative budget explanation in document AFB/EFC.29/5/Rev.1, paragraph 35 b), consisting of the following:
  - i. An upward adjustment from US\$ 45,000 to US\$ 90,000 for the evaluation policy guidance development
  - ii. The indicative amount of US\$ 50,000 for the Medium-term Strategy final evaluation (MTS2) has been taken out and a final analysis will be rolled into the overall evaluation of the Fund

---

<sup>9</sup> Budget carry-over is requested if certain activities have started or are projected to start in the current fiscal year but will not be completed before the end of the fiscal year, or when planned activities are not anticipated to start in the current fiscal year and will carry over entirely into the next fiscal year.

<sup>10</sup> Proposed adjustments are the sum of carry-over cost elements from the current fiscal year – none in this case – and adjustments in the next fiscal year 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 FY24 budget.

- iii. Two thematic evaluations have been indicatively planned for FY24, the topics to be identified in close collaboration with key stakeholders. None were planned eventually, resulting in an upward adjustment of US\$ 100,000
  - iv. A synthesis of final evaluations is now planned for FY24, resulting in an upward adjustment of US\$ 20,000
  - v. A downward adjustment of US\$ 10,000 is foreseen in the data analyst support towards evaluation activities.
  - vi. With reference to document AFB/EFC.30/11 “Options for the overall evaluation of the Fund (AF-TERG)” (and Decision B.39/57 a proposed upward adjustment of US\$ 45,000 increases the amount for the overall evaluation of the Fund in FY24 to US\$ 175,000.
  - vii. A downward adjustment of US\$ 80,000 is foreseen for the peer review of the evaluation function. The activity will be reviewed and planned once the second phase of the overall evaluation of the Fund is planned.
  - viii. There are no adjustments to the indicative lines of co-learning and capacity building (US\$ 45,000), ex post evaluations (US\$ 90,000) and studies to inform the development of the next AF-TERG work programme (US\$ 50,000).
34. With the above-listed adjustments, the proposed revised budget for FY24 (1 July 2023 to 30 June 2024) amounts to **US\$ 1,615,642**, comprising US\$ 914,913 for the management component and US\$ 700,729 for the evaluation component.
35. Over time, the AF-TERG and its internal processes have developed and matured, and a growing workload has tested the work processes and the AF-TERG model. The AF-TERG is cognizant that its current ‘modus operandi’, while support and resulting in an efficient delivery model, might not be fully aligned anymore with the original AF-TERG Terms of Reference. As part of the development of its next work programme, the AF-TERG will also aim to present an update of its Terms of Reference to the 32nd meeting of the Ethics and Finance Committee.

Table 5: Approved and estimate FY23, approved and proposed revised FY24 budget of the AF-TERG and its secretariat<sup>11</sup>

All amounts in US\$		FY23 Approved	FY23 Estimate	FY23 -> FY24 carry-over (a)	FY24 Approved	FY24 Proposed adjustment in approved (b)	(a) + (b)	FY24 Proposed Revised
<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>612,552</b>	<b>577,732</b>	<b>-</b>	<b>466,396</b>	<b>209,229</b>	<b>209,229</b>	<b>675,625</b>
<b>TRAVEL COMPONENT</b>								
01	Staff members	33,220	10,600	-	34,217	-	-	34,217
02	TERG members	75,523	50,887	-	77,789	-	-	77,789
<b>SUB-TOTAL TRAVEL COMPONENT</b>		<b>108,744</b>	<b>61,487</b>	<b>-</b>	<b>112,006</b>	<b>-</b>	<b>-</b>	<b>112,006</b>
<b>GENERAL OPERATIONS COMPONENT</b>								
01	Office space, equipment and supplies	51,982	66,337	-	52,600	-	-	52,600
02	Publications, outreach	63,018	36,240	-	64,279	-	-	64,279
<b>SUB-TOTAL GENERAL OPERATIONS COMPONENT</b>		<b>115,000</b>	<b>102,577</b>	<b>-</b>	<b>116,879</b>	<b>-</b>	<b>-</b>	<b>116,879</b>
<b>MEETINGS COMPONENT</b>								
01	Logistics	10,200	8,500	-	10,404	-	-	10,404
<b>SUB-TOTAL MEETINGS COMPONENT</b>		<b>10,200</b>	<b>8,500</b>	<b>-</b>	<b>10,404</b>	<b>-</b>	<b>-</b>	<b>10,404</b>
<b>SUB-TOTAL MANAGEMENT COMPONENT</b>		<b>846,496</b>	<b>750,296</b>	<b>-</b>	<b>705,684</b>	<b>209,229</b>	<b>209,229</b>	<b>914,913</b>
<b>EVALUATION COMPONENT</b>								
<b>SUB-TOTAL EVALUATION COMPONENT</b>		<b>638,469</b>	<b>674,474</b>	<b>-</b>	<b>630,729</b>	<b>70,000</b>	<b>70,000</b>	<b>700,729</b>
<b>TOTAL AF-TERG AND ITS SECRETARIAT</b>		<b>1,484,965</b>	<b>1,424,770</b>	<b>-</b>	<b>1,336,413</b>	<b>279,229</b>	<b>279,229</b>	<b>1,615,642</b>

<sup>11</sup> Decimal points in the table are rounded.

## SECTION IV: ADAPTATION FUND – TRUSTEE ESTIMATED ACTUALS FOR FY23 AND PROPOSED BUDGET FOR FY24

### 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, outreach and relationship management with existing and potential counterparties, 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. The investment management fees are calculated as a flat fee of 4.5 basis points (i.e. 0.045%) of the 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).

### **FY23 End of Year Actual Costs and FY24 Proposed Budget**

38. The following sections present the trustee's estimate of actual costs for services provided during the current fiscal year 2023 (FY23, July 1, 2022 – June 30, 2023) and the proposed budget for trustee services to be provided during the fiscal year 2024 (FY24, July 1, 2023 - June 30, 2024).

**Table 6: FY23 estimated actuals and FY24 proposed budget (USD)**

<b>Trustee Services</b>	<b>FY23 Approved</b>	<b>FY23 Estimated Actuals</b>	<b>FY24 Proposed</b>
Monetization	180,000	180,000	180,000
Financial and Program Management	320,000	300,000	320,000
Investment Management	256,500	314,300	283,200
Accounting and Reporting	58,000	58,000	58,000
Legal Services	64,000	55,000	64,000
<b>TOTAL</b>	<b>878,500</b>	<b>907,300</b>	<b>905,200</b>

39. In April 2022, the Adaptation Fund Board approved a budget estimate of USD 878,500 for FY23 to cover Trustee's services. The actual costs for FY23 are estimated to be USD 907,300, which is USD 28,800 higher than the approved FY23 budget. This increase is due to higher investment management fee, which is driven by higher expected average cash balance (USD 698 million) compared to the estimate (USD 570 million) at the beginning of FY23. The higher investment management costs are expected to be offset by lower financial and program management as well as legal costs.<sup>12</sup>

40. The FY24 proposed budget is lower by USD 2,100 compared to the FY23 estimated actuals. For the purpose of the budget estimate for FY24, the Trustee assumes the same level of activity for each of the Trustee services and an average annual cash balance of USD 629 million for the investment management fee. Actual investment management costs may vary depending on the actual average liquidity balance in the Trust Fund during FY24.

<sup>12</sup> Based on actual expenditure for the first seven months of FY23 and revised projections for the remaining five months.