



ADAPTATION FUND

AFB/EFC.33/5  
9 April 2024

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Adaptation Fund Board  
Ethics and Finance Committee  
Thirty-third Meeting  
Bonn, Germany, 16-17 April 2024

Agenda item 4 c)

**ADMINISTRATIVE BUDGETS OF THE BOARD AND  
SECRETARIAT, AF-TERG AND ITS SECRETARIAT, AND TRUSTEE  
FOR FISCAL YEAR 2025**

## 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 2025 (FY25), i.e., 1 July 2024 to 30 June 2025. 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 FY25, which are explained in detail in the subsequent sections of the document.

**Table 1: Approved FY24 and proposed FY25 budget of the Board and Secretariat, the AF-TERG and its secretariat, and the Trustee<sup>1</sup>**

All amounts in US\$	<b>FY24</b>	<b>FY24</b>	<b>FY25</b>
	<b>Approved</b>	<b>Estimate</b>	<b>Proposed</b>
<b>BOARD AND SECRETARIAT</b>			
1 Personnel	6,882,409	5,594,500	7,915,177
2 Travel	754,000	840,000	969,500
3 General operations	826,400	802,400	1,168,000
4 Meetings	280,000	250,000	249,020
<b>Sub-total secretariat administrative services [a]</b>	<b>8,742,809</b>	<b>7,486,900</b>	<b>10,301,697</b>
5 Accreditation [b]	542,300	466,000	566,800
6 Readiness Programme [c]	920,900	863,000	1,289,625
<b>Total Board and Secretariat [a] + [b] + [c]</b>	<b>10,206,009</b>	<b>8,815,900</b>	<b>12,158,122</b>
All amounts in US\$	<b>FY24</b>	<b>FY24</b>	<b>FY25</b>
	<b>Approved revised</b>	<b>Estimate</b>	<b>Proposed</b>
<b>AF-TERG AND ITS SECRETARIAT</b>			
1 Personnel	675,625	595,695	629,358
2 Travel	112,006	112,006	156,043
3 General operations	116,879	92,000	175,886
4 Meetings	10,404	11,000	10,664
<b>Sub-total management</b>	<b>914,913</b>	<b>810,701</b>	<b>971,951</b>
5 Evaluation	700,729	672,853	969,705
<b>Total AF-TERG and its secretariat</b>	<b>1,615,642</b>	<b>1,483,554</b>	<b>1,941,656</b>
All amounts in US\$	<b>FY24</b>	<b>FY24</b>	<b>FY25</b>
	<b>Approved</b>	<b>Estimate</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	283,200	369,200	369,000
4 Accounting and Reporting	58,000	58,000	58,000
5 Legal Services	64,000	64,000	64,000
<b>Total trustee</b>	<b>905,200</b>	<b>971,200</b>	<b>991,000</b>
<b>GRAND TOTAL ALL COMPONENTS</b>	<b>12,726,851</b>	<b>11,270,654</b>	<b>15,090,778</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.33/5 and approve, from the resources available in the Adaptation Fund Trust Fund:

### Board and secretariat

(i) The proposed budget of **US\$ 12,158,122** to cover the costs of the operations of the Board and secretariat for fiscal year 2025, from 1 July 2024 to 30 June 2025, comprising **US\$ 10,301,697** for Board and secretariat administrative services (the main secretariat budget), **US\$ 566,800** for accreditation services and **US\$ 1,289,625** for the Readiness Programme.

### AF-TERG and its secretariat

(ii) The proposed budget of **US\$ 1,941,656** 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 2025, from 1 July 2024 to 30 June 2025, comprising US\$ 971,951 for the management component and US\$ 969,705 for the evaluation component.

### Trustee

(iii) The increase of USD 66,000 in the FY24 estimated actuals;

(iv) The proposed budget of USD 991,000 for trustee services to be provided during FY25.

(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, THE AF-TERG AND ITS SECRETARIAT, AND THE TRUSTEE FOR FISCAL YEAR 2025

3. The Board, at its fortieth meeting, decided:

- (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 budget of US\$ 10,206,009 to cover the costs of the operations of the Board and secretariat for the period 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;

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

- (ii) The 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, covering the period 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 consisted of an adjustment of US\$ 209,229 for the management component and US\$ 70,000 for the evaluation component);

(Trustee)

- (iii) The increase of US\$ 28,800 in the trustee budget for fiscal year 2023;

- (iv) The budget of US\$ 905,200 for the trustee services to be provided to the Adaptation Fund during fiscal year 2024;

- (b) To authorize 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.

**(Decision B.40/65)**

4. Details of the budgets for FY24 can be found in Tables 2-5 which also include estimates of the year-end actuals of FY24 and the proposed budgets for FY25.

## **SECTION II: BOARD AND SECRETARIAT PROPOSED BUDGET FOR FISCAL YEAR 2025 (FY25; 1 JULY 2024 – 30 JUNE 2025)**

5. Funds for approved concrete adaptation projects and programmes, project formulation grants as well as other small grants such as the technical assistance grants, readiness package 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.

### **FY24 current estimates vs. approved budget**

6. As of 31 December 2023, the funds available for new funding decisions in the Adaptation Fund Trust Fund amounted to US\$ 526.45 million, as reflected in the Financial Report prepared by the Trustee. This represents an increase of US\$ 235.87 million that had been available as of 31 December 2022 (US\$ 290.58 million).

7. In FY24, the secretariat has continued to see increased demand to represent in global events such as United Nations Regional Climate Weeks and events organized by UNFCCC. While this has been a positive sign of the Fund's increased visibility and presence in the global climate architecture, it has put pressure on the secretariat's travel costs. With limited travel budgets, the secretariat carefully selects the events and meetings to participate in. However, considering the increasing demand for adaptation finance and the calls by Parties to facilitate access to the Fund, as well as the Board's affirmation for the Fund to synergistically collaborate with other organizations and to invest in sharing information and lessons learned from the Fund's portfolio, it is important for the Fund to participate in relevant events and meetings and continue. Therefore, the secretariat believes that an increase in the travel budget is warranted in FY25 as well.

8. Based on the actuals to date and remaining planned activities to implement in FY24, the estimated FY24 year-end actuals as of 30 June 2024 are US\$ 7,486,900 for the main secretariat budget, which is 85.6 per cent of the approved FY24 budget (US\$ 8,742,809), US\$ 466,000 for the accreditation component, which is 85.9 per cent of the approved FY24 budget (US\$ 542,300), and US\$ 863,000 for the readiness programme, which is 93.7 per cent of the approved FY24 budget (US\$ 920,900).

9. The secretariat will continue implementing the planned activities until the end of FY24. The final actual expenditure for FY24 as of 30 June 2024 will be reported at the first board meeting in FY25.

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

10. 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.

11. The interaction with the World Bank management on the above matter 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 would be recovered under the new proposed 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 FY25 proposed administrative budgets are prepared without factoring the new indirect costs, with which the secretariat proposes to start the operations in FY25. 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 likely change, and in such a situation, revisions of the administrative budgets 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 FY25**

### Request for creating new full-time positions

12. With the new full-time positions approved in the past few fiscal years, the reform of the secretariat structure has progressed. While the creation of a hierarchical structure in the secretariat is nearing complete, some technical units are still operated by just one full-time staff member with the part-time support of short-term consultants, and those units have chronic staffing shortages. When the units are supported by only one full-time staff, it is very difficult for the secretariat to take on additional work arising from the increasing needs. Also, the entire responsibility bears on the one person, and it is not ideal concerning the sustainability of Fund's operations. In order to strengthen these technical departments and beyond, the secretariat requests that two more full-time positions be created and that some Extended Term Consultant (ETC) positions be converted to staff positions. 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.

13. In FY24, the secretariat proposes the creation of two Extended-Term Consultant (ETC) positions.

- 1) ETC (Communications)
- 2) ETC (Gender)

### *Communications*

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<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.

14. The communications team supports design and operation of Fund's websites, support for communications strategies, and other publications and outreach activities. The operations have been supported by a full-time staff member and a few part-time consultants. In FY25, the secretariat is planning to launch relatively large website projects. The projects will include revamping and beautification of the website and to improve the presentation and provision of information required for internal and external users. That includes the provision of country-specific information on the website, which has been also requested by civil society. The ETC will replace previous part-time consultant resources and support the above-said website project primarily as well as the business-as-usual communications activities.

### *Gender*

15. The gender team supports gender related activities including the implementation of the gender policy and gender action plan and organization of gender training for internal and external stakeholders. The operations have been supported by a full-time staff member "at a part-time basis" and a few part-time consultants. The said full-time staff also supports other work streams and the required support for such work streams is increasing as much as it does for gender. In FY25, the gender team is planning to expand its work to the implementation of gender scorecard for projects and programmes under implementation, which will involve a full-time support for the data collection and analysis. Due to the increasing importance of gender considerations in climate change adaptation and the subsequently increased workload, the current work arrangement is not sustainable any longer. The ETC will support the above-said gender scorecard operations primarily as well as other gender related activities.

### Request for converting ETC positions to staff positions

- 1) Advisor to the Manager (ETC → Staff)
- 2) Senior ETC in the Programming Team → (Senior) Climate Change Specialist (Staff) in the Programming Team

16. Both positions have been approved by the Board for FY24, and have been filled for part of the fiscal year. For both positions, it has been identified that the ETC contract type, due to its limited duration, is not ideal for a longer-term stability of the secretariat's operations. Therefore, both positions are proposed to be replaced by term staff positions, which are also full-time but don't have a limitation in duration. The secretariat proposes to convert both listed ETC positions to staff positions, anticipating the need for long-term support required from both positions. The Advisor position is proposed to be filled at the same level as it was previously approved (senior specialist equivalent). The ETC in the programming team (senior specialist equivalent) is proposed to be replaced at the specialist level, with an option of re-advertising it at the senior specialist level if a suitable candidate is not found at the specialist level.

### *Externally funded Junior Professional Officer (JPO)*

17. The existing position of the Junior Professional Officer (JPO) is externally funded by the government of Japan for its first and second year (January 2023 – December 2024). The extension of the JPO position is being planned. The government of Japan will fund its third year (January 2025 -

December 2025) on the condition that the Adaptation Fund commits to fund the position for its fourth and fifth years (January 2026 to December 2027) from the Fund's budget. The extension of the JPO position for the third year has no associated impact on the staff costs in the administrative budget of FY25. However, the arrangement will create a provision of the staff costs covering the JPO position in FY26 and FY27.

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

19. The budget request for the Board and secretariat administrative services for FY25 amounts to **US\$ 10,301,697** and consists of the following components:

a) *Personnel component.*

The total request for the personnel component is **US\$ 7,915,177**.

- i. Full-time staff: The estimate of **US\$ 6,313,217** is to cover staff costs (salary, benefits and staff training cost<sup>3</sup>) of the 31 full-time positions comprising 23 staff positions, two JPO/mid-career positions being funded by governments in FY25 and six ETC positions. The complete list of full-time staff positions is as follows.

List of full-time staff positions

*Front office*

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

*Programming and Innovation*

5. Senior Climate Change Specialist (Programming, Innovation)
6. Climate Change Specialist (Programming) (ETC → Staff)
7. Climate Change Specialist (Programming)
8. Climate Change Specialist (Innovation)
9. Mid-career Program Officer<sup>4</sup> → No staff cost in FY25
10. Junior Professional Officer (Innovation)<sup>5</sup> → No staff cost in FY25
11. Program Analyst (Programming)

<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.

<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.



12.	ETC (Programming)
<i>Result-based Management (RBM) and Knowledge Management (KM)</i>	
13.	Senior Climate Change Specialist (RBM, KM)
14.	Climate Change Specialist (RBM)
15.	Climate Change Specialist (RBM)
16.	Program Analyst (RBM)
17.	Knowledge Management Officer
18.	ETC (KM)
<i>Accreditation, Readiness Programme, Resource mobilization</i>	
19.	Senior Programme Officer (Accreditation, Readiness, Resource mobilization)
20.	Programme Officer (Accreditation)
21.	Programme Officer (Readiness)
22.	Climate Change Specialist
23.	ETC (Accreditation)
24.	ETC (Readiness)
<i>Governance and administration</i>	
25.	Senior Programme Officer (Governance and administration)
26.	Governance Specialist
27.	Communications Officer
28.	Financial Officer
29.	Program Analyst
30.	ETC (Communications) (New)
31.	ETC (Gender) (New)

- ii. GEF Secretariat staff cross-support: The estimate of **US\$ 160,000** 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 proposal 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 FY25 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\$ 1,441,960**.

- The 'secretariat support' (US\$ 200,000) covers costs for legal support from the World Bank, staff retreat facilitators, management coaching and other ad-hoc support required by the secretariat. In FY25, the secretariat foresees the needs of legal support more than FY24, in relation to the transition to the Paris Agreement.
- The 'design and operations of dedicated website' (US\$ 95,000) covers hosting and maintenance of the Fund's public website. In FY25, a relatively large website project is planned, and the required costs for the website revamping is allocated.
- The 'communications strategy' (US\$ 57,300) 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. Costs of the requested ETC for communications are included in the personnel component.
- The 'environmental and social safeguards (E&S safeguards) and gender' (US\$ 98,660) covers consultancy fees of gender experts who will implement gender related activities such as updating the environmental and social policy and its guidance document, implementation of the gender policy and its action plans, implementation of the gender score card. This budget item also covers costs for gender training for the Fund's stakeholders. Costs of the requested ETC for gender are included in the personnel component.
- The 'knowledge management (KM)' (US\$ 223,000) 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\$ 187,000) covers costs of STCs for reviewing project performance reports (PPRs), production of the annual performance report (APR), policy updates, and the maintenance and enhancement of the Financial Intermediary Funds (FIFs) collaboration platform in relation to the RBM.
- The 'programming and innovation' (US\$ 527,000) 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 the maintenance and enhancement of the FIFs collaboration platform to follow up on the ongoing project for the online proposal submission form.
- The 'resource mobilization' (US\$ 54,000) covers costs for the maintenance and updates of the microsites, building partnerships for resource mobilization and communications activities for resource mobilization.

*b) Travel component*

The total request for the travel component is **US\$ 969,500**.

- i. The 'secretariat staff travel' (US\$ 650,000) covers the participation of secretariat staff in two Board meetings, Bonn Climate Change Conference, the 29th UN Climate Change Conference (COP 29) in Baku, Azerbaijan, 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, programming and innovation as well as portfolio monitoring missions under the RBM.

- ii. The ‘awareness raising staff travel’ (US\$ 169,500) covers the participation in meetings of the UNFCCC committees, the Green Climate Fund Board, UN4NAPs related events, 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.
- iii. 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>6</sup> are provided according to the UN rules with the support of an UN organization 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\$ 1,168,000**.

- i. The ‘office space, equipment and supplies’ (US\$ 655,000) covers the office rental spaces, computer 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 starting in February 2024 and ending in January 2029 for six years. Under the new lease, the Adaptation Fund Board Secretariat has expanded its office space so that all full-time staff of the secretariat are assigned a dedicated office or workstation. In the past few years, due to the increased number of the full-time secretariat staff and limited availability of office space allotted to the Adaptation Fund, the secretariat was short of office space both by headcount and types of suitable offices for different grades, therefore staff members were forced to share offices physically or temporally, and to work in offices that were not up to the standard for their respective positions. Such a solution was feasible during the pandemic when staff members had the option of home-based-work for at least part of the week. The World Bank changed the policy on home-based-work in September 2023, after which all staff members were required to work in office at least four days a week, while giving units flexibility to determine specific arrangements – in the GEF Vice-Presidency Unit (including the Adaptation Fund), the requirement for four days per week was postponed until January 2024. Given the recent development, the secretariat is expanding its office space to another floor of the building. This expansion takes place within the renewed lease, for which the negotiation had started already in 2022 but which was stalled for about a year due to a lack of clarity regarding the post-pandemic office arrangement across the World Bank Group. The expansion will require to double the budget for the office space costs from FY25 compared to previous years.

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<sup>6</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\$ 35,000 for AFB40 and U\$ 36,218 for AFB41.

- 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\$ 243,000) covers costs to produce 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. This line item also includes costs for the COP 29 including a pavilion, office space and exhibits, which could potentially be very high.
- iv. The 'IT services from the World Bank' (US\$ 250,000) 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.

*d) Meetings component*

The total request for the meetings component is **US\$ 249,020**.

- i. The 'logistics, interpretation, report writing etc.' (US\$ 199,020) covers organisational costs of two Board meetings, two accreditation panel meetings and other meetings including staff retreats.
- ii. The translation costs (US\$ 50,000) will cover the translation of two Board meeting reports into five UN languages and other policy and guidance documents as necessity arises. The secretariat decreased the allocation for this item following the recent development that the World Bank's translation unit started using Artificial Intelligence (AI) for translation and reduced the costs to the Fund.

**Table 2: Approved FY24 budget, FY24 estimate and proposed FY25 budget of the Board and the secretariat**

All amounts in US\$		<b>FY24</b>	<b>FY24</b>	<b>FY25</b>
		<b>Approved</b>	<b>Estimate</b>	<b>Proposed</b>
<b>PERSONNEL COMPONENT</b>				
<b>Full-time staff (including benefits):</b>				
01	23 staff positions			
02	6 Extended-Term Consultants (full-time positions)			
03	2 JPO/mid-career positions (funded by governments)			
	(31 positions in total)			
	<b>sub-total AFB staff</b>	<b>5,651,959</b>	<b>4,500,000</b>	<b>6,313,217</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>165,000</b>	<b>130,000</b>	<b>160,000</b>
<b>Consultants &amp; Others</b>				
01	AFB Secretariat Support (Legal support etc.)	85,000	85,000	200,000
02	Design and Operation of dedicated websites	57,500	57,500	95,000
03	Communications Strategy	60,500	61,000	57,300
04	Environment and social safeguards & Gender	111,450	110,000	98,660
05	Knowledge Management	147,000	136,000	223,000
06	Result Based Management	192,000	190,000	187,000
07	Programming (incl. innovation)	359,000	300,000	527,000
08	Resource mobilization	53,000	25,000	54,000
	<b>sub-total Consultants</b>	<b>1,065,450</b>	<b>964,500</b>	<b>1,441,960</b>
	<b>SUB-TOTAL PERSONNEL COMPONENT</b>	<b>6,882,409</b>	<b>5,594,500</b>	<b>7,915,177</b>
<b>TRAVEL COMPONENT</b>				
01	AF Secretariat staff	463,500	550,000	650,000
02	Awareness Raising	140,500	160,000	169,500
03	Board - Non-Annexed eligible members	150,000	130,000	150,000
	<b>SUB-TOTAL TRAVEL COMPONENT</b>	<b>754,000</b>	<b>840,000</b>	<b>969,500</b>
<b>GENERAL OPERATIONS COMPONENT</b>				
01	Office Space, Equipment and Supplies	362,000	350,000	655,000
02	Support to Chair (communications)	20,000	8,000	20,000
03	Publications and Outreach	244,400	244,400	243,000
04	IT services from the World Bank	200,000	200,000	250,000
	<b>SUB-TOTAL GENERAL OPERATIONS COMPONENT</b>	<b>826,400</b>	<b>802,400</b>	<b>1,168,000</b>
<b>MEETINGS COMPONENT</b>				
01	Logistics, interpretation, report writing etc.	200,000	200,000	199,020
02	Translation	80,000	50,000	50,000
	<b>SUB-TOTAL MEETINGS COMPONENT</b>	<b>280,000</b>	<b>250,000</b>	<b>249,020</b>
	<b>TOTAL ALL COMPONENTS</b>	<b>8,742,809</b>	<b>7,486,900</b>	<b>10,301,697</b>

## Accreditation Programme

20. The budget request for the accreditation programme for FY25 amounts to **US\$ 566,800**.
- The 'Accreditation Panel (fees)' (US\$ 374,300) covers fees of Accreditation Panel experts. Responding to the 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.
  - The 'Accreditation Panel/staff travel' (US\$ 101,200) 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.
  - The 'Accreditation system and others' (US\$ 91,300) covers hosting and maintenance costs of the online accreditation workflow system through which accreditation applications are submitted and reviewed. It also includes costs of STCs who supports the Panel on E&S safeguards and gender, communications activities for accreditation, as well as costs for enhancements of the accreditation workflow.

**Table 3: Approved FY24 budget, FY24 estimate and proposed FY25 budget for the accreditation programme**

ACCREDITATION			
All amounts in US\$			
	<b>FY24</b>	<b>FY24</b>	<b>FY25</b>
	<b>Approved</b>	<b>Estimate</b>	<b>Proposed</b>
01 Accreditation Panel (fees)	396,000	360,000	374,300
02 Accreditation Panel/Staff (travel)	89,200	50,000	101,200
03 Accreditation System & others	57,100	56,000	91,300
<b>TOTAL ACCREDITATION</b>	<b>542,300</b>	<b>466,000</b>	<b>566,800</b>

## Readiness Programme

21. The budget request for the Readiness Programme for FY25 amounts to **US\$ 1,289,625** and consists of the following components:

- Personnel component (Consultants & Others)*

The total request for the personnel component is **US\$ 130,625**.

- Secretariat support: The estimate of **US\$ 130,625** covers costs of supporting the Chair of the Community of Practice for Direct Access Entities (CPDAE) in developing a communication strategy and STCs to support activities of the Readiness Programme in general.

- ii. In FY25, the secretariat will not use external support for environment and social safeguards & gender as well as accreditation.

*b) Travel component*

The total request for the travel component is **US\$ 824,500**. The secretariat staff (US\$ 232,000) and the meeting participants (US\$ 592,500) cover the respective travel costs for the participation in planned readiness events including the 2024 annual seminar for National Implementing Entities (NIEs), workshop on innovation, regional workshop on enhanced direct access, and a country exchange.

*c) Meetings component*

The total request for the meetings component (logistics) is **US\$ 334,500**, which covers local arrangements such as venues, interpretation services, equipment, catering and local transportation for physical events mentioned in section b) above as well as webinars.

**Table 4: Approved FY24 budget, FY24 estimate and proposed FY25 budget of the readiness programme**

<b>READINESS PROGRAM</b>				
All amounts in US\$				
		<b>FY24</b>	<b>FY24</b>	<b>FY25</b>
		<b>Approved</b>	<b>Estimate</b>	<b>Proposed</b>
<b>PERSONNEL COMPONENT (Consultants &amp; others)</b>				
01	Secretariat Support	89,500	50,000	130,625
02	Environment and social safeguards & Gender	-	-	-
03	Accreditation	12,000	-	-
<b>SUB-TOTAL PERSONNEL COMPONENT</b>		<b>101,500</b>	<b>50,000</b>	<b>130,625</b>
<b>TRAVEL COMPONENT</b>				
01	AF Secretariat staff	165,000	136,000	232,000
02	Meeting participants	546,000	457,000	592,500
<b>SUB-TOTAL TRAVEL COMPONENT</b>		<b>711,000</b>	<b>593,000</b>	<b>824,500</b>
<b>MEETINGS COMPONENT</b>				
01	Logistics	108,400	220,000	334,500
<b>SUB-TOTAL MEETINGS COMPONENT</b>		<b>108,400</b>	<b>220,000</b>	<b>334,500</b>
<b>TOTAL ALL COMPONENTS</b>		<b>920,900</b>	<b>863,000</b>	<b>1,289,625</b>

### **SECTION III: EVALUATION FUNCTION PROPOSED BUDGETS FOR THE PERIOD FROM 1 JULY 2024 – 30 JUNE 2025 (FY25)**

#### **Background**

23. On 4 June 2020, the Board approved the initial 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 carryover 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. Through a series of subsequent decisions, the Board approved and amended the budget of AF-TERG covering the period until the end of FY24.

24. Based on its experience with the implementation of the initial work programme and the associated budget, AF-TERG proposes to simplify the budgeting process for the next work programme period (FY25 – FY27). For that purpose, an indicative three-year budget is included in the draft second multi-year work programme of the AF-TERG contained in document AFB/EFC.33/6. Against this indicative budget, the AF-TERG will present a detailed budget request every year reflecting guidance from EFC and any operational changes that may occur during the implementation of the new work programme. The budget of AF-TERG for FY25 is presented for Board consideration in this document AFB/EFC.33/5 *Administrative budgets of the Board and secretariat, AF-TERG and its secretariat, and trustee for fiscal year 2025*.

#### **FY24 budget estimates vs approved budget**

25. The approved budget of AF-TERG and its secretariat for FY24 amounts to US\$ 1,615,642 and consists of five components as described below. The total execution rate is projected to reach 92% (US\$ 1,483,554) by the end of FY24.

#### **Personnel component**

26. The approved budget for the personnel component for FY24 is US\$ 675,625. By the end of FY24, the burn rate is expected to reach 88% (US\$ 595,695). The difference from the approved budget is mainly due to the late joining of the programming assistant of the AF-TERG Secretariat, who joined the Adaptation Fund in November 2023.

#### **Travel component**

27. The approved budget for the travel component for FY24 is US\$ 112,006. Based on the current mission plans of the AF-TERG members and AF-TERG Secretariat, the budget is expected to be fully utilized by the end of FY24 with a possible small overflow due to the increase in ticket prices in FY24 compared to the original projections.

#### **General operations component**



28. The approved budget for the General Operations Component for FY24 is US\$ 116,876. The budget utilization of the general operations component is projected to reach 79% (US\$ 92,000) by the end of FY24. The main reasons for the difference with the approved budget are the cost reduction in rent associated with the abatement provided by the landlord at the beginning of the new lease period that started in February 2024.

### **Meetings component**

29. The approved budget for the meeting component for FY24 is US\$ 10,404. The first in-person meeting of AF-TERG took place in July 2023, while the second one is planned for May 2024. Due to the increase in venue and catering costs in this fiscal year, a small overflow is projected at the level of 106% (US\$ 11,000). This overflow will be compensated by savings under other components of the management budget.

### **Evaluation component**

30. The approved budget for the Evaluation Component for FY24 is US\$ 700,729. The AF-TERG will launch several evaluations by the end of the fiscal year, including the readiness evaluation, and develop in collaboration with the AFB Secretariat video training modules for IEs on the application of the evaluation policy. A new ex-post evaluation is also planned to be launched this fiscal year. As a result of that, the expenditure rate is expected to reach 96% (US\$ 672,853) by the end of FY24.

### **Proposal of FY25 budget**

31. The budget request for the AF-TERG and its secretariat for FY25 amounts to US\$ 1,941,656, an increase of 20% (US\$ 1,615,642) and consists of the following components:

#### **Personnel component**

32. The budget request for the personnel component in FY25 is US\$ 629,358, a decrease of 7% from FY24 (US\$ 675,625) due to recalculation of the costs of AF-TERG members and AF-TERG Secretariat Staff. No changes are proposed compared to FY24.

#### **Travel component**

33. The budget request for the travel component is US\$ 156,043, an increase of 39% from FY24 (US\$ 112,006). This will allow the AF-TERG and its Secretariat to better exercise the oversight and advisory functions and participate in monitoring missions and evaluations, as well as in external events.

#### **General operations component**

34. The budget request for the general operations component is US\$175,886, an increase of 50% from FY24 (US\$ 116,879). The main reason for that is the increase in the costs of office space and equipment resulting from the new lease associated with the expansion of office space for the entire Fund's secretariats. Additionally, the AF-TERG Secretariat will provide partial sponsorship to

Adaptation Futures, one of the flagship events of the Adaptation Fund, which is planned to take place in FY25.

### **Meetings component**

35. The budget request for the meetings component is US\$ 10,664. A small increase of 3% from FY24 (US\$ 10,404) in the meetings component is proposed to adjust for the inflation.

### **Evaluation component**

36. The budget request for the evaluation component is US\$ 969,705, an increase of 38% from FY24 (US\$ 700,729), to accommodate the start of the comprehensive evaluation of the fund and the midterm review of the medium-term strategy of the Adaptation Fund. Additionally, an extended term consultant will be hired to support the delivery of the evaluation work in FY25. The thematic evaluation of the readiness programme will also continue through FY25 and will serve as one of the building blocks of the comprehensive evaluation. Additional budget allocation is also made for the advisory and oversight functions, as well as for utilization evaluation and evaluation capacity development. It is important to emphasize that the last two components will be executed in close cooperation with the Adaptation Fund Board Secretariat teams.

**Table 5: Approved and estimate FY24, approved and proposed revised FY25 budget of the AF-TERG and its secretariat<sup>7</sup>**

All amounts in US\$		<u>FY24</u> <u>Approved</u>	<u>FY24</u> <u>Estimate</u>	<u>FY25</u> <u>Proposed</u>
<b>MANAGEMENT COMPONENT</b>				
<b>PERSONNEL COMPONENT</b>				
1	Personnel - Staff (AF-TERG Secretariat Coordinator / Evaluation Officer)			
2	Personnel - Evaluation Officer (ETC)			
3	Personnel - Consultant (TERG members)			
<b>SUB-TOTAL PERSONNEL COMPONENT</b>		<b>675,625</b>	<b>595,695</b>	<b>629,358</b>
<b>TRAVEL COMPONENT</b>				
1	Staff members	34,217	34,217	58,500
2	TERG members	77,789	77,789	97,543
<b>SUB-TOTAL TRAVEL COMPONENT</b>		<b>112,006</b>	<b>112,006</b>	<b>156,043</b>
<b>GENERAL OPERATIONS COMPONENT</b>				
1	Office space, equipment and supplies	52,600	32,000	100,000
2	Publications, outreach	64,279	60,000	75,886
<b>SUB-TOTAL GENERAL OPERATIONS COMPONENT</b>		<b>116,879</b>	<b>92,000</b>	<b>175,886</b>
<b>MEETINGS COMPONENT</b>				
1	Logistics	10,404	11,000	10,664
<b>SUB-TOTAL MEETINGS COMPONENT</b>		<b>10,404</b>	<b>11,000</b>	<b>10,664</b>
<b>SUB-TOTAL MANAGEMENT COMPONENT</b>		<b>914,913</b>	<b>810,701</b>	<b>971,951</b>
<b>EVALUATION COMPONENT</b>				
1	<b>SUB-TOTAL EVALUATION COMPONENT</b>	<b>700,729</b>	<b>672,853</b>	<b>969,705</b>
<b>TOTAL AF-TERG AND ITS SECRETARIAT</b>		<b>1,615,642</b>	<b>1,483,554</b>	<b>1,941,656</b>

<sup>7</sup> Decimal points in the table are rounded.

## SECTION IV: ADAPTATION FUND – TRUSTEE ESTIMATED ACTUALS FOR FY24 AND PROPOSED BUDGET FOR FY25

### Background

37. 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.

38. 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).

### **FY24 End of Year Actual Costs and FY25 Proposed Budget**

39. The following sections present the trustee's estimate of actual costs for services provided during the current fiscal year 2024 (FY24, July 1, 2023 – June 30, 2024) and the proposed budget for trustee services to be provided during the fiscal year 2025 (FY25, July 1, 2024 - June 30, 2025).

**Table 6: FY24 estimated actuals and FY25 proposed budget (USD)**

<b>Trustee Services</b>	<b>FY24 Approved</b>	<b>FY24 Estimated Actuals</b>	<b>FY25 Proposed</b>
<b>Monetization</b>	180,000	180,000	180,000
<b>Financial and Program Management</b>	320,000	300,000	320,000
<b>Investment Management</b>	283,200	369,200	369,000
<b>Accounting and Reporting</b>	58,000	58,000	58,000
<b>Legal Services</b>	64,000	64,000	64,000
<b>TOTAL</b>	<b>905,200</b>	<b>971,200</b>	<b>991,000</b>

40. In March 2023, the Adaptation Fund Board approved a budget estimate of USD 905,200 for FY24 to cover Trustee's services. The actual costs for FY24 are estimated to be USD 971,200, which is USD 66,000 higher than the approved FY24 budget. This increase is due to a higher investment management fee, which is driven by higher expected average cash balance (USD 820 million) in FY24 compared to the initial estimate (USD 629 million). The higher investment management fee is expected to be offset by lower financial and program management costs.<sup>8</sup>

41. The FY25 proposed budget is higher by USD 19,800 compared to the FY24 estimated actuals. For the purpose of the budget estimate for FY25, the Trustee assumes the same level of activity for each of the Trustee services and an average annual cash balance of USD 820 million for the investment management fee. Actual investment management costs may vary depending on the actual average liquidity balance in the Trust Fund during FY25.

<sup>8</sup> Based on actual expenditure for the first seven months of FY24 and revised projections for the remaining five months.