



Adaptation Fund Board  
Ethics and Finance Committee  
Thirty-sixth Meeting  
Bonn, Germany

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

### **Strategic issues**

- A) Budget reconciliation is a critical tool that enables the Board to assess the execution of planned workplans and determine the optimal allocation of future budgets.
- B) The FY26 budget, approved by the Board at its forty-fourth meeting in April 2025, introduced the new budget structure constructed in two parts of fixed and variable costs, reflecting the Secretariat's consolidated structural changes. The FY25 budget was implemented under the previous budget format base on thematic units, and it is the final fiscal year with which the old structure is used in budget reconciliation.
- C) During FY25, the World Bank executed the cost recovery of the FY24 hosting fee in arrears and the FY25 hosting fees on a quarterly basis, against the approved administrative budgets.

### **Purpose**

1. This board document presents the reconciliation of the administrative budgets of the Board and the Secretariat, the AF-TERG and its Secretariat, and the Trustee for Fiscal year 2025 (FY25 – July 1, 2024 to June 30, 2025).

### **Recommendation**

2. The Ethics and Finance Committee (EFC) may wish to take note of the reconciliation of the administrative budgets of the Board and the Secretariat, the AF-TERG and its Secretariat, and the Trustee for Fiscal year 2025, presented in document AFB/EFC.36/4.

## **Introduction**

3. This document reports the final expenditures for the 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 – July 1, 2024 to June 30, 2025). Table 1 below presents an overview of the approved budgets and actuals for FY25 as well as the approved budgets for FY26 of the Board and Secretariat, the AF-TERG and its Secretariat, and the Trustee.

4. From FY26, the budget structures for the Board and Secretariat, as well as the AF-TERG and its Secretariat, were changed to the structures organized into fixed and variable costs, using cost categories that clearly identify types of costs and what is driving those costs. In Table 1, the approved budgets for FY26 for the Board and Secretariat, as well as the AF-TERG and its Secretariat, are hypothetically expressed in the old budget structure for informal comparison purposes only. In subsequent reconciliation reports, the budgets for the two offices will be presented in the new budget structure only.

**Table1: FY25 Approved Budget and FY25 actual, and FY26 Approved Budget of the Board and the Secretariat, the AF-TERG and its Secretariat, and the Trustee<sup>1</sup>**

All amounts in US\$	<b>FY25</b>	<b>FY25</b>	<b>FY26</b>
	<b>Approved</b>	<b>Actual</b>	<b>Approved</b>
<b>BOARD AND SECRETARIAT</b>			
1 Personnel	7,915,177	6,132,777	10,151,405
2 Travel	969,500	1,076,406	1,275,833
3 General operations	1,168,000	1,058,455	1,123,000
4 Meetings	249,020	429,743	373,276
<b>Sub-total secretariat administrative services [a]</b>	<b>10,301,697</b>	<b>8,697,381</b>	<b>12,923,514</b>
5 Accreditation [b]	566,800	476,533	738,020
6 Readiness Programme [c]	1,289,625	1,022,015	828,954
<b>Total Board and Secretariat [a] + [b] + [c]</b>	<b>12,158,122</b>	<b>10,195,929</b>	<b>14,490,488</b>
All amounts in US\$	<b>FY25</b>	<b>FY25</b>	<b>FY26</b>
	<b>Approved</b>	<b>Actual</b>	<b>Approved</b>
<b>AF-TERG AND ITS SECRETARIAT</b>			
1 Personnel	629,358	565,585	660,326
2 Travel	156,043	140,061	163,010
3 General operations	175,886	118,304	148,000
4 Meetings	10,664	1,336	5,000
<b>Sub-total management</b>	<b>971,951</b>	<b>825,286</b>	<b>976,336</b>
5 Evaluation	969,705	644,907	1,021,423
<b>Total AF-TERG and its secretariat</b>	<b>1,941,656</b>	<b>1,470,193</b>	<b>1,997,759</b>
All amounts in US\$	<b>FY25</b>	<b>FY25</b>	<b>FY26</b>
	<b>Approved</b>	<b>Actual</b>	<b>Approved</b>
<b>TRUSTEE</b>			
1 Monetization	180,000	180,000	180,000
2 Financial and Program Management	320,000	320,000	320,000
3 Investment Management	369,000	473,600	446,100
4 Accounting and Reporting	58,000	58,000	58,000
5 Legal Services	64,000	64,000	64,000
<b>Total trustee</b>	<b>991,000</b>	<b>1,095,600</b>	<b>1,068,100</b>
<b>GRAND TOTAL ALL COMPONENTS</b>	<b>15,090,778</b>	<b>12,761,722</b>	<b>17,556,347</b>

<sup>1</sup> The numbers after decimal point are rounded.

5. In addition, during FY25, the World Bank (WB) executed the cost recovery of the FY24 hosting fees in arrears and the FY25 hosting fees on a quarterly basis. The final operational costs including the WB hosting fees for the Board and Secretariat as well as the AF-TERG and its Secretariat are presented in Tables 2 and 3.

**Table 2: FY25 Administrative Budget and World Bank Hosting Fees**

	AFB Sec	AF-TERG	Total
FY25 Approved budgets	12,158,122.00	1,941,656.00	14,099,778.00
FY25 Actual as per SAP (a)	10,195,929.00	1,470,193.00	11,666,123.00
FY25 WB hosting fee (b)	1,121,551.00	161,721.25	1,283,272.25
(a) + (b)	11,317,480.00	1,631,914.25	12,949,395.25

**Table 3: FY24 Administrative Budget + World Bank Hosting Fees**

	AFB Sec	AF-TERG	Total
FY24 Approved budgets	10,206,009.00	1,615,642.00	11,821,651.00
FY24 Actual as per SAP (a)	7,919,563.00	1,031,505.00	8,951,068.44
FY24 WB hosting fee (b)	871,151.53	113,466.00	984,617.53
(a) + (b)	8,790,714.53	1,144,971.00	9,935,685.97

6. As the Secretariat reported to the EFC at its thirty-fifth meeting, the World Bank had agreed to cap the “payment” of its hosting fee at 11% of the total administrative expenses for units in the GEF Vice Presidency, including the Adaptation Fund, as per the associated GEF Council decision (Decision 23/ 2024). Nevertheless, the World Bank maintains that the full hosting fees should represent 20.48% in FY24 and 18.35%<sup>2</sup> in FY25 of the total administrative expenses for the hosted units. As a result, the World Bank records any portion of these full fees not paid by the Adaptation Fund as liabilities for the respective units. The GEF Secretariat continues to serve as the World Bank's negotiating party on this matter, while the Adaptation Fund Board Secretariat is closely monitoring developments related to the hosting fees.

**The Adaptation Fund Board and its Secretariat**

7. Tables 4, 5 and 6 report the final expenditures for the administrative budgets of the Board and its Secretariat for FY25 in detail, which comprise the main board and secretariat administrative services, accreditation services and the readiness programme. The notes below the tables provide explanations for budget items where expenditures deviated from the budget by more than 25%.

<sup>2</sup> The percentage reduction in the WB hosting fee from FY24 to FY25 was achieved by scaling back services provided by the Budget, Performance and Strategy Vice Presidency.

**Table 4: FY25 Approved Budget and FY25 Actual of the Board and the Secretariat (Detailed)<sup>3</sup>**

All amounts in US\$		<b>FY25</b>	<b>FY25</b>
		<b>Approved</b>	<b>Actual</b>
<b>PERSONNEL COMPONENT</b>			
<b>Full-time staff (including benefits):</b>			
01	23 staff positions		
02	10 Extended-Term Consultants (full-time positions)		
03	2 JPO/Secondee (funded by governments)		
	(35 positions in total)		
	<b>sub-total AFB staff</b>	<b>6,313,217</b>	<b>4,933,787</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>160,000</b>	<b>50,959</b>
<b>Consultants &amp; Others</b>			
01	AFB Secretariat Support (Legal support etc.)	200,000	184,206
02	Design and Operation of dedicated websites	95,000	93,816
03	Communications Strategy	57,300	57,300
04	Environment and social safeguards & Gender	98,660	69,917
05	Knowledge Management	223,000	200,789
06	Result Based Management	187,000	192,174
07	Programming (incl. innovation)	527,000	337,713
08	Resource mobilization	54,000	12,116
	<b>sub-total Consultants</b>	<b>1,441,960</b>	<b>1,148,031</b>
	<b>SUB-TOTAL PERSONNEL COMPONENT</b>	<b>7,915,177</b>	<b>6,132,777</b>
<b>TRAVEL COMPONENT</b>			
01	AF Secretariat staff	650,000	664,025
02	Awareness Raising	169,500	208,300
03	Board - Non-Annexed eligible members	150,000	204,081
	<b>SUB-TOTAL TRAVEL COMPONENT</b>	<b>969,500</b>	<b>1,076,406</b>
<b>GENERAL OPERATIONS COMPONENT</b>			
01	Office Space, Equipment and Supplies	655,000	797,500
02	Support to Chair (communications)	20,000	18,141
03	Publications and Outreach	243,000	242,814
04	IT services from the World Bank	250,000	-
	<b>SUB-TOTAL GENERAL OPERATIONS COMPONENT</b>	<b>1,168,000</b>	<b>1,058,455</b>
<b>MEETINGS COMPONENT</b>			
01	Logistics, interpretation, report writing etc.	199,020	361,373
02	Translation	50,000	68,370
	<b>SUB-TOTAL MEETINGS COMPONENT</b>	<b>249,020</b>	<b>429,743</b>
	<b>TOTAL ALL COMPONENTS</b>	<b>10,301,697</b>	<b>8,697,381</b>

<sup>3</sup> The numbers after decimal point are rounded.

## **Notes:**

- a) The FY25 expenditures for the Board and Secretariat were 84% of the approved budget, excluding the World Bank hosting fees.

### Personnel component

- b) **GEF staff cross-support:** Expenditure on this item was 32% of the budget line. These covered partial staff costs of the GEF's CEO, as well as other GEF staff, who provided cross-support to the Adaptation Fund's operations, such as project proposal review. The GEF staff cross-support budget was significantly reduced in FY26 following a recent trend of using GEF staff services less to review project proposals.

### Consultants & Others

- c) **Environment, Social safeguards and gender:** Expenditure on this item was 71% of the budget line. Due to time constraints, the updated Environment and Social Policy of the Fund was not discussed at the forty-fourth meeting of the Board. The allocated budget for the preparation of the guidance document for the updated policy was not expensed, as it was implementable only after the approval of the policy.
- d) **Programming (incl. innovation):** Expenditure on this item was 64% of the budget line, which covered costs for STCs for reviewing project proposals, enhancement of the FIF platform, partnership agreements for an AI project, and sponsorship for the Adaptation Futures Conference in New Zealand in October 2025. The budget allocated for the innovation advisory body was not used as the Board was ultimately not in favor of establishing it. A few promotional activities for innovation and Locally Led Adaptation (LLA) windows were implemented in-house, resulting in cost savings. The budget allocated for modernizing analytics and tools was used to support research collaboration with Wageningen University on the application of AI for adaptation. The actual costs were lower than anticipated, resulting in the initiative coming in under budget.
- e) **Resource mobilization:** Expenditure on this item was 22% of the budget line. Activities planned for this budget were mostly implemented in-house and therefore a large part of the allocated budget was not utilized in FY25. A few outsourced activities, such as consulting services for resource mobilization, graphic work for Fund's reporting, and an event for contributors at the Bonn Climate Change Conference, took place in June 2025, the final month of FY25. The costs for those activities were expensed from the FY26 budget.

### Travel component

- f) **Board – 24 eligible members:** Expenditure on this component was 136% of the budget line. The travel budget for eligible board members to participate in board meetings has increased in FY26.

### Meetings component

- g) **Logistics, interpretation, report writing etc.:** Expenditure on this item was 182% of the budget line. The main reasons for the overrun include higher costs for board meeting organization and staff retreats. In FY25, the meeting service provider for board meetings was changed from UNCCD to UNFCCC. Due to the new arrangements with UNFCCC, a different costing methodology was applied to the board meeting costs, resulting in an increase in costs. Following the structural changes in the Secretariat, the Secretariat conducted several staff retreats at both the Secretariat and team levels, pushing up the meeting costs in FY25.

- h) **Translation:** Expenditure on this item was 136% of the budget line. The cost overrun for this item was in part due to a delay in the finalization of the meeting report of the forty-second meeting of the Board, a translation cost of which was expensed at the beginning of FY25.

**Table 5: FY25 Approved Budget and FY25 Actual of the Accreditation Programme (Detailed)**

<b>ACCREDITATION</b>				
All amounts in US\$			<b>FY25</b>	<b>FY25</b>
			<b>Approved</b>	<b>Actual</b>
01	Accreditation Panel (fees)		374,300	332,855
02	Accreditation Panel/Staff (travel)		101,200	64,142
03	Accreditation System & others		91,300	79,536
<b>TOTAL ACCREDITATION</b>			<b>566,800</b>	<b>476,533</b>

**Notes:**

- a) Expenditure on the overall accreditation budget was 84%. The execution levels of all sub-items are within acceptable limits.

**Table 6: FY25 Approved Budget and FY25 Actual of the Readiness Programme (Detailed)**

<b>READINESS PROGRAM</b>				
All amounts in US\$			<b>FY25</b>	<b>FY25</b>
			<b>Approved</b>	<b>Actual</b>
<b>PERSONNEL COMPONENT (Consultants &amp; others)</b>				
01	Secretariat Support		130,625	123,199
02	Environment and social safeguards & Gender		-	-
03	Accreditation		-	5,388
<b>SUB-TOTAL PERSONNEL COMPONENT</b>			<b>130,625</b>	<b>128,587</b>
<b>TRAVEL COMPONENT</b>				
01	AF Secretariat staff		232,000	216,922
02	Meeting participants		592,500	558,737
<b>SUB-TOTAL TRAVEL COMPONENT</b>			<b>824,500</b>	<b>775,659</b>
<b>MEETINGS COMPONENT</b>				
01	Logistics		334,500	117,769
<b>SUB-TOTAL MEETINGS COMPONENT</b>			<b>334,500</b>	<b>117,769</b>
<b>TOTAL ALL COMPONENTS</b>			<b>1,289,625</b>	<b>1,022,015</b>

**Notes:**

- a) Expenditure on the overall Readiness Programme budget was 79%. In FY25, several meetings and events were organized under the Readiness Programme, which include the annual NIE workshop (Johannesburg, South Africa, September 2024), Readiness Write-shop (Recife, Brazil, May 2025), the regional workshop on enhancing access to Adaptation Fund resources

in the Caribbean (San Pedro, Belize, May 2025) as well as a number webinars on focused topics.

**Technical Evaluation Reference Group of the Adaptation Fund (AF-TERG) and its secretariat**

8. Table 7 reports the final expenditures for the administrative budget of the AF-TERG and its Secretariat for FY25. The notes below the table provide explanations for each budget item.

**Table 7: FY25 Approved Budget and FY25 Actual of the Technical Evaluation Reference Group of the Adaptation Fund and its secretariat (Detailed)<sup>4</sup>**

All amounts in US\$		<u>FY25</u> <u>Approved</u>	<u>FY25</u> <u>Actual</u>
<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>629,358</b>	<b>565,585</b>
<b>TRAVEL COMPONENT</b>			
01	Staff members	58,500	56,981
02	TERG members	97,543	83,080
<b>SUB-TOTAL TRAVEL COMPONENT</b>		<b>156,043</b>	<b>140,061</b>
<b>GENERAL OPERATIONS COMPONENT</b>			
01	Office space, equipment and supplies	100,000	60,509
02	Publications, outreach	75,886	57,795
<b>SUB-TOTAL GENERAL OPERATIONS COMPONENT</b>		<b>175,886</b>	<b>118,304</b>
<b>MEETINGS COMPONENT</b>			
01	Logistics	10,664	1,336
<b>SUB-TOTAL MEETINGS COMPONENT</b>		<b>10,664</b>	<b>1,336</b>
<b>SUB-TOTAL MANAGEMENT COMPONENT</b>		<b>971,951</b>	<b>825,286</b>
<b>EVALUATION COMPONENT</b>			
01	<b>SUB-TOTAL EVALUATION COMPONENT</b>	<b>969,705</b>	<b>644,907</b>
<b>TOTAL AF-TERG AND ITS SECRETARIAT</b>		<b>1,941,656</b>	<b>1,470,193</b>

<sup>4</sup> The numbers after decimal point are rounded.

**Notes:**

- a) Expenditure on the overall budget of the AF-TERG and its Secretariat was 76% excluding the World Bank hosting fee, which represents significant improvement compared to FY24. This is a reflection of the improved budget management and tracking system introduced by the AF-TERG Secretariat, as well as the transition to corporate vendors for the delivery of the evaluative work.
- b) The personnel costs were lower than expected due to the delays of the recruitment of the Extended Term Consultant (ETC) position in the AF-TERG Secretariat. The new ETC joined only in June 2024. Additionally, the AF-TERG operated with only four members in the period July 2024 – January 2025 before the appointment of the newest member of the group in February 2025.
- c) The logistics costs were significantly lower as only one in-person meeting took place in FY25 in Washington D.C., which led to much lower meeting costs than originally planned.
- d) Expenditure on the evaluation component was 67% of the budget. There are two reasons behind that. The primary reason was linked to the need for further consultations with the Secretariat and the Board on the Evaluations of the Governance, Processes and Systems of the Fund. The approach to the evaluation was discussed and confirmed at EFC in April 2025 and hence the work of the vendor could not start in FY25. It is also important to additionally note that the introduction of open bidding corporate procurement also led to cost savings which is another factor in the cost underrun.

**Trustee**

- 9. Tables 8 reports the final expenditure for the administrative budget of the Trustee for FY25. The notes below the table provide explanations for items where expenditures deviated from budget.

**Table 8: FY25 Approved Budget, FY25 Actual, and FY26 Approved Budget of the Trustee**

<b>Trustee Services</b>	<b>FY25 Approved</b>	<b>FY25 Actuals</b>	<b>FY26 Proposed</b>
Monetization	180,000	180,000	180,000
Financial and Program Management	320,000	320,000	320,000
Investment Management	369,000	473,600	446,100
Accounting and Reporting	58,000	58,000	58,000
Legal Services	64,000	64,000	64,000
<b>TOTAL</b>	<b>991,000</b>	<b>1,095,600</b>	<b>1,068,100</b>

**Notes**

- a) Investment management fees were higher in FY25 due to a larger average cash balance (USD 1.05 billion) in the AF Trust Fund than originally anticipated (USD 819 million) at budget proposal submission.