



Framework Convention on Climate Change

Distr.: General
4 November 2010

Original: English

**Conference of the Parties serving as the meeting
of the Parties to the Kyoto Protocol**
Sixth session
Cancun, 29 November to 10 December 2010

Item 9 (a) of the provisional agenda
Adaptation Fund
Report of the Adaptation Fund Board

Report of the Adaptation Fund Board

Note by the Chair of the Adaptation Fund Board*

Summary

This report has been prepared in response to decision 1/CMP.3 requesting the Adaptation Fund Board to report on its activities at each session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) and covers the period from December 2009 to September 2010. The Chair will report orally to the CMP at its sixth session on activities carried out from September 2010 to December 2010. The report provides information on progress made with respect to the Adaptation Fund, in particular on the implementation of tasks mandated by the CMP, and recommends actions to be taken by the CMP, as appropriate. The report contains, inter alia, a draft decision prepared for approval by the CMP in accordance with decision 1/CMP.3 and information on decisions and actions taken by the Adaptation Fund Board to be noted by the CMP.

* This document was submitted after the due date owing to the timing of the 11th meeting of the Adaptation Fund Board.

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I. Introduction

A. Mandate

1. The Conference of the Parties, at its seventh session, agreed to the establishment of the Adaptation Fund.¹ The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), at its third session, decided that the operating entity of the Adaptation Fund would be the Adaptation Fund Board, serviced by a secretariat and a trustee.²

2. By its decision 1/CMP.3, the CMP requested the Adaptation Fund Board to report on its activities at each session of the CMP. It further invited the Global Environment Facility (GEF) to provide secretariat services to the Adaptation Fund Board, and the World Bank to serve as the trustee for the Adaptation Fund, both on an interim basis.

B. Scope of the note

3. This report provides information on progress made with respect to the Adaptation Fund, in particular on the implementation of the mandate from the CMP, and recommends actions to be taken by the CMP, as appropriate. The report covers the period from December 2009 to September 2010.

C. Recommendations for action by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

4. The CMP may wish to take note of the information contained in this report and consider adopting a draft decision on the amendment to the terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as trustee for the Adaptation Fund.

5. The Adaptation Fund Board invites the CMP to take note of the following key actions and decisions, taken in accordance with decision 1/CMP.4, paragraph 10, and decision 4/CMP.5, paragraph 3, during the reporting period:

(a) Inception of the accreditation process of implementing entities, including the accreditation of three national implementing entities that can access resources from the Adaptation Fund directly;

(b) Issuance of a call for proposals and approval of the first two funding decisions, including a direct access programme for Senegal;

(c) Submission to the German Parliament for adoption of the draft law to confer legal capacity on the Adaptation Fund Board;

(d) Accrual of proceeds from the monetization of certified emission reductions (CERs) of over USD 120 million.

6. The Adaptation Fund Board further invites the CMP to adopt a decision on the amendment to the terms and conditions of services to be provided by the World Bank as trustee for the Adaptation Fund (the Terms and Conditions)³ to extend the services of the World Bank through the ninth session of the CMP. Unless a decision to amend the Terms

¹ Decision 10/CP.7.

² Decision 1/CMP.3, paragraph 3.

³ Decision 1/CMP.4, annex III.

and Conditions and extend the services of the World Bank is made by the CMP, and agreed by the World Bank, the Terms and Conditions of the trustee will expire automatically three months after CMP 6, in March 2011. Accordingly, the Adaptation Fund Board, at its 11th meeting, decided to recommend an extension to the services provided by the World Bank as interim trustee servicing the Adaptation Fund under the Terms and Conditions for an additional three years, and is submitting to the CMP for approval a proposed amendment to the Terms and Conditions as contained in annex I.

II. Work undertaken during the reporting period

7. The Adaptation Fund Board has held three meetings during the reporting period, each of which was convened at the premises of the United Nations Convention to Combat Desertification in Bonn, Germany. The agendas and annotations (including background documentation on the agenda items) and detailed reports of the meetings have been made available on the Adaptation Fund website.⁴

8. The following sections describe the major work undertaken by the Board during the reporting period.

Election of the Chair and Vice-Chair of the Adaptation Fund Board

9. In accordance with decision 1/CMP.3, paragraph 13, the Adaptation Fund Board, at its 9th meeting, elected, by consensus, Mr. Farrukh Iqbal Khan (Pakistan) as Chair and Mr. Hiroshi Ono (Japan) as Vice-Chair of the Adaptation Fund Board.

Changes in composition of the Adaptation Fund Board

10. During the reporting period, a number of members and alternate members of the Adaptation Fund Board have been replaced. Among the members of the Board, the following changes took place: Mr. Selwin Hart (Barbados, small island developing States (SIDS)) was replaced by Mr. Peceli Vocea (Fiji, SIDS). Ms. Merlyn Van Voore (South Africa, African Group) was replaced by Mr. Zaheer Fakir (South Africa, African Group). Mr. Mohammed Al-Maslamani (Qatar, Asian Group) was replaced by Mr. Abdulhadi Al-Marri (Qatar, Asian Group). Mr. Mahendra Siregar (Indonesia, Asian Group) was replaced by Mr. Liucui Zhu (China, Asian Group), who was subsequently replaced by Mr. Wang Zhongjing (China, Asian Group).

11. The following changes took place among the alternate members of the Board: Ms. Dinara Gershinkova (Russian Federation, Eastern European Group) was replaced by Mr. Valeriu Cazac (Republic of Moldova, Eastern European Group). Mr. Octavio Perez Pardo (Argentina, Latin American and Caribbean Group) was replaced by Mr. Santiago Reyna (Argentina, Latin American and Caribbean Group). Ms. Vanesa Alvarez Franco (Spain, Parties included in Annex I to the Convention (Annex I Parties)) was replaced by Ms. Ana Fornells de Frutos (Spain, Annex I Parties). Mr. Yvan Biot (United Kingdom of Great Britain and Northern Ireland, Annex I Parties) was replaced by Ms. Kate Binns (United Kingdom, Annex I Parties). Mr. William Kojo Agyemang-Bonsu (Ghana, Parties not included in Annex I to the Convention (non-Annex I Parties)) was replaced by Ms. Sally Biney (Ghana, non-Annex I Parties). Mr. Elsayed Sabry Mansour (Egypt, African Group) was replaced by Mr. Ezzat Lewis Hannalla Agaiby (Egypt, African Group).

12. The complete list of Board members and alternate members is given in annex II.

⁴ <<http://www.adaptation-fund.org>>.

Calendar of meetings of the Adaptation Fund Board in 2010

13. At its 9th meeting, held in Bonn from 23 to 25 March 2010, the Adaptation Fund Board adopted a calendar of meetings for 2010 (see table 1).

Table 1

Calendar of meetings of the Adaptation Fund Board in 2010

<i>Dates</i>	<i>Location</i>
23–25 March	Bonn, Germany
14–16 June	Bonn, Germany
15–17 September	Bonn, Germany
13–15 December	Cancun, Mexico

Workplan of the Adaptation Fund Board

14. The Board, at its 10th meeting, adopted the workplan for the Adaptation Fund Board corresponding to the fiscal year 30 June 2010 to 1 July 2011.

Budget of the Adaptation Fund Board, secretariat and trustee

15. At its 10th meeting, the Adaptation Fund Board considered and approved resources to support the work of the Adaptation Fund Board and its secretariat through to 30 June 2011 and of the trustee through to 31 March 2011 (annex III). The budget requirement projected for the fiscal year 2011 was USD 3,632,347 as at 31 July 2010.

Inception of the accreditation process of implementing entities of the Adaptation Fund

16. Decision 1/CMP.3, paragraph 30, provides that “in order to submit a project proposal, Parties and implementing...entities shall meet the criteria adopted by the Adaptation Fund Board...in order to access funding from the Adaptation Fund”.

17. The Accreditation Panel met for the first time in Washington, D.C., on 17 and 18 February 2010. As of the date of issuance of this report it had met three times. The Accreditation Panel elected Mr. Agyemang-Bonsu as Chair and Mr. Jerzy Janota Bzowski (Poland, Eastern European Group) as Vice-Chair. Mr. Agyemang-Bonsu was replaced by Mr. Bzowski in the chairmanship due to his resignation, and Mr. Reyna was appointed as Vice-Chair. A further three expert members constitute the Accreditation Panel. They reviewed the applications received using different modalities of work: e-mail communication; teleconferencing; and face-to-face meetings. As of the date of issuance of this report, the Accreditation Panel had reviewed four applications as national implementing entities (NIEs) and seven as multilateral implementing entities (MIEs).

18. In line with the provision referred to in paragraph 16 above, the Board, at its 9th meeting, considered the recommendations of the Accreditation Panel and approved the accreditation of one NIE, the Center for Ecological Monitoring of Senegal, and two MIEs, the United Nations Development Programme (UNDP) and the World Bank. In subsequent meetings, a further two NIEs were accredited: the Planning Institute of Jamaica and the National Agency for Research and Innovation of Uruguay, as well as a further four MIEs, the Asian Development Bank, the International Fund for Agricultural Development, the United Nations Environment Programme (UNEP) and the World Food Programme. As of the date of issuance of this report, further applications for accreditation as NIEs and MIEs are being reviewed by the Panel.

First sessions of the Adaptation Fund Board committees

19. The Ethics and Finance Committee (EFC) and the Project and Programme Review Committee (PPRC), established by the Board in 2009, held their first meetings immediately prior to the 10th meeting of the Board. Since then, both committees have scheduled their meetings on the day before the meetings of the Board. Ms. Ana Fornells de Frutos (Spain, Annex I Parties) was elected Chair of the EFC and Mr. Reyna as Vice-Chair. Mr. Reyna resigned and was replaced by Mr. Mirza Shawkat Ali (Bangladesh, Least Developed Countries Group). Mr. Amjad Abdulla (Maldives, SIDS) was elected as Chair of the PPRC and Mr. Hans Olav Ibrekk (Norway, Western European and Other Group) as Vice-Chair.

20. The EFC considered and made recommendations on the following items: draft code of conduct for the Adaptation Fund Board; results-based management issues; funding for project formulation costs; the memorandum of understanding between the Board and the implementing entities; implementing entities fees; the budget for the Adaptation Fund Board, secretariat and trustee; and the status of resources of the Adaptation Fund.

21. The PPRC reviewed 13 concepts for projects and programmes (from Senegal, Egypt, Guatemala, Madagascar, Mauritania, Mauritius, Mongolia, Nicaragua, Niue, Pakistan, Solomon Islands, Turkmenistan and Uganda) and three fully developed project and programme documents (from Senegal, Egypt and Honduras). It also discussed and conveyed the outcomes of its deliberations to the Board on issues identified during the project or programme review process, such as: definition of concrete adaptation projects and programmes; implementing entities fees; funding for project formulation costs; project or programme review criteria; review process timeline; and adaptation reasoning in projects and programmes.

Call for proposals and approval of funding decisions on adaptation projects and programmes

22. Decision 1/CMP.4, paragraph 10, “requests the Adaptation Fund Board to start processing proposals for funding projects, activities or programmes, as applicable, and to report back on progress made to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.”

23. In line with the provision referred to in paragraph 22 above, the Adaptation Fund Board, at its 9th meeting, decided to issue a call for project and programme proposals from eligible Parties. The Board considered the first project concepts at its 10th meeting. At its 11th meeting the Board approved one programme proposal and one project proposal for funding for a total amount of USD 14,317,000.

24. The approved proposals include the first direct access programme to be implemented by the NIE of Senegal, the Center for Ecological Monitoring. The project aims to combat coastal erosion exacerbated by climate change and sea level rise. The other project approved, which would reduce the vulnerability of about 13,000 poor households in the Tegucigalpa region by improving water management, was submitted by Honduras through UNDP.

25. As of the date of issuance of this report, in addition to the funding decisions referred to above, the Board has endorsed six project concepts representing the following regions and groups: Africa (one), Asia (three) and Latin America and the Caribbean (two). The areas represented in the approved fully developed proposals and endorsed concepts are: rural development, agriculture, water resources management, food security, coastal management and disaster risk reduction.

26. Following requests by the non-governmental organization observers, all project proposals are posted on the Adaptation Fund website as they are received, and a facility to post comments online has been made available to interested stakeholders.

Legal capacity of the Adaptation Fund Board

27. At its fifth session, the CMP decided to endorse “the decision of the Adaptation Fund Board to accept the offer of Germany to confer legal capacity on the Adaptation Fund Board”.⁵ It also decided to request “the Adaptation Fund Board to consult further with the Government of Germany to conclude the necessary legal arrangements to confer legal capacity on the Adaptation Fund Board and to report back on progress made to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its sixth session”.⁶

28. Accordingly, the Chair and Vice-Chair concluded the consultations with the Government of Germany on the draft law that would confer legal capacity to the Adaptation Fund Board. The agreed text was approved by the German Cabinet on 7 June 2010. As of the date of issuance of this report, the draft law was being considered by the upper house of the German Federal Parliament (the Bundesrat), which is expected to adopt it by the end of November 2010. Following signature by the German President, the law is expected to come into effect during December 2010.

Approval of the code of conduct for the Adaptation Fund Board

29. At its 10th meeting, the Adaptation Fund Board approved a code of conduct (annex IV) for the implementation of section VII of the rules of procedures, in order to protect Board members and alternates and the staff of the secretariat from conflicts of interests in their participation and to identify cases of conflict of interest and related procedures to deal with conflicts of interest. The code of conduct also applies to the Board’s advisory bodies, such as the Accreditation Panel.

Results-based management framework for the Adaptation Fund

30. At its 10th meeting the Adaptation Fund Board adopted an approach to implementing results-based management. The Board also adopted a Strategic Results Framework for the Adaptation Fund and an Adaptation Fund Level Effectiveness and Efficiency Results Framework, both described in the report of the meeting.⁷ The Board has requested the secretariat to take the necessary steps over the course of the 2011 fiscal year to ensure that a robust results-based management system is in place. This includes the following: developing a monitoring and evaluation framework; designing a practical guide on how project baselines and project results frameworks may be prepared; drafting guidance for project performance reports; and developing an independent project database.

Resources in the Adaptation Fund Trust Fund

31. The World Bank, as trustee, has sold 7.4 million CERs since inception of the CER monetization programme in May 2009 and has generated revenues of USD 124.6 million through CER sales as of 10 September 2010. The trustee conducts CER sales through exchange trades on a daily basis as well as through over-the-counter transactions in order to provide a predictable flow of resources for the Adaptation Fund, consistent with the CER monetization guidelines adopted by the Adaptation Fund Board. The trustee has also

⁵ Decision 4/CMP.5, paragraph 1.

⁶ Decision 4/CMP.5, paragraph 3.

⁷ Adaptation Fund Board document AFB/B.10/7/Rev.1, annex IV. Available at <http://www.adaptation-fund.org/system/files/AFB%2010%20Rev.1%20final%20report_9_7_10.pdf>.

facilitated donations totalling USD 57.3 million, in accordance with the donation guidelines adopted by the Adaptation Fund Board in November 2009. Net funding availability in the Adaptation Fund Trust Fund as of 10 September 2010 is USD 168.7 million, representing an increase of USD 145.7 million since last reported (30 November 2009).

Reimbursements of funds to Parties for their contributions

32. During the 5th meeting of the Adaptation Fund Board in March 2009, the Adaptation Fund Board authorized the World Bank, as trustee of the Adaptation Fund Trust Fund, to repay the donors that have elected reimbursement of their contribution to the Multi-donor Trust Fund for the secretariat for the Adaptation Fund Board (the Administrative Trust Fund), subject to the availability of funds from the initial monetization of CERs. As of 10 September 2010, the trustee has reimbursed USD 500,000 to UNEP and USD 191,340 to Australia for its contribution to the Administrative Trust Fund. Reimbursement of the United Kingdom's contribution of USD 990,300 will be made pending formal instruction from the donor.

Closure of the Adaptation Fund Administrative Trust Fund

33. The Adaptation Fund Administrative Trust Fund expired on 30 June 2010, with the remaining unused balance of donor contributions totalling USD equivalent 0.70 million. The Governments of Finland, France, Japan, Norway and Switzerland pledged to transfer their remaining pro rata share as a donation to the Adaptation Fund Trust Fund. As of 10 September 2010, the trustee had executed donation agreements with Finland, Japan, Norway and Switzerland. In accordance with the donor agreements with the trustee, the pro rata shares of Denmark, the Netherlands and Sweden will be transferred to their respective Donor Balance Accounts maintained by the World Bank.

III. Support for the Adaptation Fund Board and implementation of its mandate

34. The CMP, at its fourth session, requested the Adaptation Fund Board to start processing proposals for funding projects, activities or programmes, as applicable, and to report back on progress made.⁸ The Board has completed those tasks as instructed by the CMP, and it is the view of the Board that it has commenced the operation of the Adaptation Fund, including the operationalization of direct access.

35. Decision 4/CMP.5, paragraph 9, "encourages Parties included in Annex I to the Convention and international organizations to provide funding to the Adaptation Fund, which will be additional to the share of the proceeds from clean development mechanism project activities". The Board acknowledged the financial support provided in response to this decision by the Governments of Spain and Monaco and the pledges made by the Governments of Germany and Sweden.

36. The Board also acknowledged the support from the Governments of Finland, France, Japan, Norway and Switzerland, which had pledged to transfer their pro rata share of the balance of the Administrative Trust Fund as a donation to the Adaptation Fund Trust Fund.

37. In addition, the Board recognized the support of the Adaptation Fund Board secretariat, the trustee and the UNFCCC secretariat.

38. In accordance with decision 1/CMP.3, paragraph 18, the recruitment of two additional dedicated officials to serve the Adaptation Fund Board – an Adaptation Officer and a Programme Assistant – was completed in February 2010. The recruitment process of

⁸ Decision 1/CMP.4, paragraph 10.

two additional dedicated officials has been initiated and is expected to be completed by the end of 2010.

39. The funding of project and programme proposals will require substantial resources in addition to those available in the Adaptation Fund. The net resources available in the Adaptation Fund Trust Fund to support funding decisions amount to USD 168.7 million as of 10 September 2010. Estimates of potential funds available to the end of 2012 range from approximately USD 270 million to USD 400 million.⁹

⁹ The estimates provided are based on publicly available information and do not in any way constitute trustee predictions with respect to future CER prices, exchange rates, CER issuance or other variables.

Annex I

[English only]

Proposed amendments to the terms and conditions of services to be provided by the International Bank for Reconstruction and Development as trustee for the Adaptation Fund

In accordance with the terms and conditions of services to be provided by the International Bank for Reconstruction and Development as trustee for the Adaptation Fund (the terms and conditions), paragraph 34, the following text is put forward for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol as amendments to the terms and conditions contained in appendix to annex 3 of decision 1/CMP.4.

1. The following text should replace the text contained in paragraph 34:

“The Trustee’s role as trustee servicing the Adaptation Fund under the Terms and Conditions shall be automatically terminated three months after the ninth session of the CMP, unless the CMP and the Trustee affirmatively agree in writing to extend beyond this date the term of the Trustee’s services under the Terms and Conditions”.

2. The following text should replace the text contained in paragraph 37:

“The Terms and Conditions or any amendments to the same shall become effective and constitute an agreement between the CMP and the World Bank upon decisions by the CMP and the World Bank to adopt and accept the Terms and Conditions or any amendments to the same”.

Annex II

[English only]

Board members and alternates

Table 2

Board members and alternates

<i>Name</i>	<i>Country</i>	<i>Constituency represented</i>
Mr. Cheikh Ndiaye Sylla ^a	Senegal	African Group
Mr. Richard Mwendandu ^b	Kenya	African Group
Mr. Zaheer Fakir ^a	South Africa	African Group
Mr. Ezzat Lewis Hannalla Agaiby ^b	Egypt	African Group
Mr. Abdulhadi Al-Marri ^a	Qatar	Asian Group
Mr. Damdin Davgadorj ^b	Mongolia	Asian Group
Mr. Wang Zhongjing ^a	China	Asian Group
Ms. Tatyana Ososkova ^b	Uzbekistan	Asian Group
Mr. Jerzy Janota Bzowski ^a	Poland	Eastern European Group
Mr. Valeriu Cazac ^b	Republic of Moldova	Eastern European Group
Ms. Medeia Inashvili ^a	Georgia	Eastern European Group
Ms. Iryna Trofimova ^b	Ukraine	Eastern European Group
Mr. Jeffery Spooner ^a	Jamaica	Latin American and Caribbean Group
Mr. Luis Paz Castro ^b	Cuba	Latin American and Caribbean Group
Mr. Luis Santos ^a	Uruguay	Latin American and Caribbean Group
Mr. Santiago Reyna ^b	Argentina	Latin American and Caribbean Group
Mr. Hans Olav Ibrekk ^a	Norway	Western European and Other Group
Mr. Anton Hilber ^b	Switzerland	Western European and Other Group
Mr. Jan Cedergren ^a	Sweden	Western European and Other Group

<i>Name</i>	<i>Country</i>	<i>Constituency represented</i>
Mr. Markku Kanninen ^b	Finland	Western European and Other Group
Mr. Peceli Vocea ^a	Fiji	Small island developing States
Mr. Amjad Abdulla ^b	Maldives	Small island developing States
Mr. Richard Muyungi ^a	United Republic of Tanzania	Least Developed Countries Group
Mr. Mirza Shawkat Ali ^b	Bangladesh	Least Developed Countries Group
Mr. Hiroshi Ono ^a	Japan	Annex I Parties
Ms. Ana Fornells de Frutos ^b	Spain	Annex I Parties
Mr. Julien Rencki ^a	France	Annex I Parties
Ms. Kate Binns ^b	United Kingdom	Annex I Parties
Mr. Ricardo Lozano Picon ^a	Colombia	Non-Annex I Parties
Ms. Sally Biney ^b	Ghana	Non-Annex I Parties
Mr. Farrukh Iqbal Khan ^a	Pakistan	Non-Annex I Parties
Mr. Bruno Sekoli ^b	Lesotho	Non-Annex I Parties

^a Board member.

^b Alternate.

Annex III

[English only]

Budget of the Adaptation Fund Board, secretariat and trustee

Table 3

Approved fiscal year 2010 and fiscal year 2011 budgets of the Adaptation Fund Board and secretariat

(United States dollars)

	<i>Approved fiscal year 2010</i>	<i>Actual fiscal year 2010</i>	<i>Approved fiscal year 2011</i>
Personnel component			
Full-time staff:			
1 Programme Manager (Grade-G)	0	0	80 000
2 Programme Manager (Grade-F)	306 961	86 214	0
3 Programme Manager (Grade-F)	0	0	150 045
4 Programme Assistant (Grade-C)	151 348	53 844	0
5 Short-term temporary	0	0	24 807
6 Junior Professional Associate	0	0	66 795
Subtotal Adaptation Fund Board staff	458 309	140 058	321 647
Global Environment Facility (GEF) staff cross-support:			
1 Head of the Secretariat (Grade-J)			
2 Operations Adviser (Grade-H)			
3 Communications Adviser (Grade-H)			
4 Monitoring Officer (Grade-F)			
5 Information Officer (Grade-F)			
6 Finance and Administration Officer (Grade-F)			
7 Human Resources Assistant (Grade-D)			
8 Executive Assistant (Grade-D)			
Subtotal GEF staff	241 240	255 667	248 477
Consultants			
1 Adaptation Fund Board secretariat support	23 750	2 463	24 463
2 Design and operation of dedicated website	50 000	15 092	50 000
3 Adaptation Fund logo competition	600	375	0
4 Communications strategy	86 500	93 438	50 000
5 M&E guideline development	0	0	80 000
6 Fiduciary standards experts (fees and contingency)	249 600	35 699	198 175
Subtotal consultants	410 450	147 067	402 638
Subtotal personnel component	1 109 999	542 792	972 761
Travel component			
1 Adaptation Fund secretariat staff	157 500	167 477	157 500
2 Awareness-raising	0	0	43 400
3 Board – 24 eligible members ^a	720 000	260 231	576 000
4 Committee meetings	135 000	0	135 000
5 Logo competition prize winner travel	9 000	4 050	0
6 Two experts to attend three committee meetings	45 000	0	45 000

	<i>Approved fiscal year 2010</i>	<i>Actual fiscal year 2010</i>	<i>Approved fiscal year 2011</i>
7 Fiduciary standards experts/staff (travel) ^b	120 000	46 447	123 000
Subtotal travel component	1 186 500	478 205	1 079 900
General operations component			
1 Office space, equipment and supplies	69 784	84 856	93 511
2 Support to Chair (communications)	0	0	23 175
3 Publications and outreach	0	0	50 000
Subtotal general operations component	69 784	84 856	166 686
Meetings component			
1 Logistics, translation, interpretation, etc.	340 000	426 370	500 000
Audit component			
2 Trust Fund audit fees	25 000	0	0
Grand total all components	2 731 283	1 532 223	2 719 347

^a Daily Subsistence Allowance (DSA) amounts are not included. DSA is transferred from the Adaptation Fund Trust Fund and reported by the trustee in fiscal status reports.

^b One of the panel members has not billed for fiscal year 2010 work. Reimbursement for the work will be paid in fiscal year 2011 upon receipt of bills.

Table 4

Adaptation Fund – Trustee Administrative Budget: Reconciliation of actual costs incurred with approved budget (1 July 2009 to 30 June 2010)

(United States dollars)

	<i>Approved fiscal year 2010</i>	<i>Revised fiscal year 2010</i>	<i>Difference</i>
Trustee Services			
1 CER Monetization	675 000	610 000	(65 000)
2 Financial and Programme Management	330 000	253 000	(77 000)
3 Investment Management ^a	17 500	20 000	(2 500)
4 Accounting and Reporting	55 000	55 000	-
5 Legal Services	190 000	32 100	(157 900)
6 External Audit ^b	90 000	-	(90 000)
7 Travel	105 000	105 000	-
Total	1 462 500	1 075 100	(387 400)

^a Investment Management fees are calculated based on a cost of 3.5 basis points against the average annual balance of the portfolio; the original projected average portfolio size was USD 50 million and the revised fiscal year 2010 average portfolio size is USD 56 million.

^b External audit costs for the fiscal year 2010 financial statements are covered under the fiscal year 2011 budget.

Table 5
Adaptation Fund - Trustee Administrative Budget: Approved Trustee Budget (1 July 2010 to 31 March 2011)

(United States dollars)

	<i>Fiscal year 2011 (Q1-Q3)</i>	<i>Annualized^a</i>
Trustee Services		
1 CER Monetization	520 000	693 000
2 Financial and Programme Management	182 000	242 000
3 Investment Management ^b	35 000	46 000
4 Accounting and Reporting	41 000	55 000
5 Legal Services	45 000	60 000
6 External Audit	90 000	90 000
Total	913 000	1 186 000

^a Annualized figures are presented for comparison purposes only.

^b Investment Management fees are calculated based on a cost of 3.5 basis points against the average annual balance of the portfolio; the projected average portfolio size is USD 132 million for fiscal year 2011.

Annex IV

[English only]

Code of conduct for the Adaptation Fund Board

Each member and alternate of the Adaptation Fund Board shall:

1. Discharge his/her duties with honesty, integrity and full regard for his/her responsibilities as a Board member or alternate member.
2. Observe the principles of independence, accuracy and integrity in dealing with other Board members and alternates, the secretariat, the trustee and other stakeholders.
3. With regard to the rules on conflict of interest outlined in section VII of the rules of procedure of the Adaptation Fund Board, each member or alternate shall disclose:
 - a) Activities, including business, government or financial interests which might influence his/her ability to discharge his/her duties and responsibilities objectively;
 - b) Any financial, contractual or personal relationship or link with an Implementing Entity seeking or receiving funding from the Fund, or with an Executing Entity involved in a project/programme proposal submitted to or in execution under the Adaptation Fund;
 - c) Activities or interests of his/her spouse or personal partner or dependant that would influence his/her work with respect to the subject matter being considered by the Board or its advisory bodies;
 - d) Any actual or perceived conflicts of interest of a direct or indirect nature of which s/he is aware and which s/he believes could compromise in any way the reputation or performance of the Board or its advisory bodies.
4. Disclose such activities or relationships before starting consideration of a subject matter for which s/he has an actual or perceived conflict of interest.
5. Be absent during the deliberations and adoption of the recommendations or decisions related to proposals for funding and any other matter for which s/he has an actual or perceived conflict of interest.
6. Exercise personal discretion in deciding whether s/he has an actual or perceived conflict of interest with respect to any matter under consideration by the Board or its advisory bodies. S/he may also seek the advice of the Chair. Cases of conflicts of interest or likely conflicts of interest related to the Committee's Chair may be raised with the Chair of the Board.
7. Remain committed to observing, developing and implementing the principles embodied in this Code in a conscientious, consistent and rigorous manner.