



作为《京都议定书》缔约方会议的
《公约》缔约方会议

第八届会议

2012年11月26日至12月7日，多哈
临时议程项目10(a)

适应基金

适应基金董事会的报告

适应基金董事会的报告*

适应基金董事会主席的说明**

概要

本报告是根据第 1/CMP.3 号决定编写的，该决定请适应基金董事会向作为《京都议定书》缔约方会议的《公约》缔约方会议(《议定书》/《公约》缔约方会议)的每届会议报告其活动情况；本报告涵盖 2011 年 11 月 30 日至 2012 年 6 月 30 日这一阶段。适应基金董事会主席将向《议定书》/《公约》缔约方会议第八届会议口头报告 2012 年 7 月 1 日至 2012 年 12 月开展的活动。本报告提供关于适应基金所获进展情况的信息，尤其是《议定书》/《公约》缔约方会议所授权任务的执行情况，并酌情提出建议《议定书》/《公约》缔约方会议采取的行动。本报告载有关于适应基金董事会所作决定和所采取行动的信息，以请《议定书》/《公约》缔约方会议注意。

* 按照附属履行机构第三十六届会议的要求(FCCC/SBI/2012/15, 第 83 段)，本报告载有适应基金董事会关于适应基金临时安排业绩审查报告的意见(见附件五)。

** 本文件逾期提交是由于内部审议所致。

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一. 导言

A. 任务

1. 《公约》缔约方会议(缔约方会议)第七届会议商定设立适应基金(“基金”)。¹ 作为《京都议定书》缔约方会议的《公约》缔约方会议(《议定书》/《公约》缔约方会议)第三届会议决定, 适应基金的经营实体为适应基金董事会(“董事会”), 配备秘书处和一个临时受托管理人(“受托管理人”)为其提供服务。²

2. 《议定书》/《公约》缔约方会议通过第 1/CMP.3 号决定, 请董事会向《议定书》/《公约》缔约方会议的每届会议报告其活动情况。它还请全球环境基金临时向董事会提供秘书处服务, 请世界银行作为基金的临时受托管理人。

B. 本说明的范围

3. 本报告提供关于基金所获进展情况的信息, 尤其是关于《议定书》/《公约》缔约方会议所授权任务执行情况的信息, 并酌情提出建议《议定书》/《公约》缔约方会议采取的行动。本报告涵盖 2011 年 11 月 30 日至 2012 年 6 月 30 日这一阶段。

C. 供作为《京都议定书》缔约方会议的《公约》缔约方会议第八届会议采取行动的建议

4. 《议定书》/《公约》缔约方会议不妨注意本报告所载资料。

5. 董事会请《议定书》/《公约》缔约方会议注意以下在报告所述期间根据第 1/CMP.4 号决定第 10 段举行的重要活动和采取的行动和决定:

(a) 认证了 12 个可直接获取基金资源的国家执行实体, 其中在报告所述期间认证了 6 个;

(b) 适应基金托管基金的累积收入达到 3.011 亿美元, 其中 1.8 亿美元来自核证的排减量货币化, 1.195 亿美元来自额外缴款; 160 万美元来自投资收入;

(c) 累计项目和方案批准额达到 1.665 亿美元;

¹ 第 10/CP.7 号决定。

² 第 1/CMP.3 号决定, 第 3 段。

(d) 截至 2012 年 6 月 30 日，可用于资助新获批准方案的资金达到 1.128 亿美元。预计潜在的额外资源(包括 2012 年底来自核证的排减量货币化的资源)可能达到 1.44 亿美元；³

(e) 董事会决定提供基金核证的排减量⁴ 供各国政府直接购买(经修订的核证的排减量货币化方案指南载于附件一)；

(f) 2013 年之前的筹资目标设定为 1 亿美元。

二. 报告所述期间开展的工作

6. 董事会在报告所述期间举行了 3 次会议：第 16 次会议是在南非德班 Protea Hotel Umhlanga 紧接着《公约》缔约方会议和《议定书》/《公约》缔约方会议届会举行的。其他两次会议都是在德国波恩《联合国防治荒漠化公约》所在地举行的。会议议程和说明(包括关于议程项目的背景文件)以及会议的详细报告均可在基金网站查阅。⁵

7. 以下各节介绍董事会在报告所述期间开展的主要工作。

A. 选举适应基金董事会主席和副主席

8. 根据第 1/CMP.3 号决定第 13 段，董事会第 16 次会议一致选举 Luis Santos 先生(乌拉圭，拉丁美洲和加勒比国家集团)为董事会主席，Anton Hilber 先生(瑞士，西欧和其他国家集团)为副主席。

B. 适应基金董事会人员组成变动

9. 在报告所述期间，替换了董事会的一些董事和候补董事。董事会董事变动如下：Barbara Letachowicz 女士(波兰，东欧集团)由 Laura Dzelzyte 女士(立陶宛，东欧集团)替换；Richard Muyungi 先生(坦桑尼亚联合共和国，最不发达国家)由 Mamadou Honadia 先生(布基纳法索，最不发达国家)替换；Farrukh Iqbal Khan 先生(巴基斯坦，非附件一缔约方)由 Bruno Sekoli 先生(莱索托，非附件一缔约方)替换(Bruno Sekoli 先生此前担任候补董事，现在成为董事)；He Zheng 女士(中国，亚太集团)辞职，到本报告发布日期尚未有人替换。此外，Philip S. Weech 先生(巴哈马，拉丁美洲和加勒比国家集团)替换 Jeffery Spooner 先生(牙买加，拉丁美洲和加勒比国家集团)担任董事，而 Spooner 先生则替换 Luis Paz Castro 先生

³ 依据 2012 年 7 月所见核证的排减量的现价及美元和欧元之间的汇率，以及联合国环境署(环境署)里瑟中心估计发放的核证的排减量(环境署里瑟清洁发展机制/联合执行渠道分析和数据库，2012 年 7 月 1 日)。

⁴ 仅限于工业气体项目产生的排减量。

⁵ <http://www.adaptation-fund.org>。

(古巴，拉丁美洲和加勒比国家集团)，成为候补董事。Anton Hilber 先生(瑞士，西欧和其他国家集团)和 Hans Olav Ibrekk 先生(挪威，西欧和其他国家集团)互换了职位，Hilber 先生成为董事，Ibrekk 先生成为候补董事。

10. 董事会候补董事变动如下：Monowar Islam 先生(孟加拉国，最不发达国家)由 Adao Soares Barbosa 先生(东帝汶，最不发达国家)替换；Kate Binns 女士(大不列颠及北爱尔兰联合王国，附件一缔约方)由 Su-Lin Garbett-Shiels 女士(大不列颠及北爱尔兰联合王国，附件一缔约方)替换；此前担任候补董事的 Bruno Sekoli 先生(莱索托，非附件一缔约方)成为董事，其职位由 Dembele Boubacar Sidiki 先生(马里，非附件一缔约方)填补；Amjad Abdulla 先生(马尔代夫，小岛屿发展中国家)由 Mohamed Shareef 先生(马尔代夫，小岛屿发展中国家)替换；在上一次报告所述期间辞职的 Iryna Trofimova 女士(乌克兰，东欧集团)由 Aram Ter-Zakaryan 先生(亚美尼亚，东欧集团)替换。亚太区域一名董事和一名候补董事的席位仍然空缺。

11. 董事会所有董事和候补董事的名单见附件二。

C. 适应基金董事会 2012 年会议日历

12. 董事会第 16 次会议通过了 2012 年会议日历(见表 1)。项目与方案审查委员会和道德与财务委员会在每次董事会会议前夕举行会议。董事会第 17 次会议决定将董事会每年的会议次数由 4 次削减为 3 次。委员会和认证小组的会议次数也分别削减。

表 1
适应基金董事会 2012 年会议日历

日期	地点
3 月 15 日和 16 日	德国，波恩
6 月 28 日和 29 日	德国，波恩
TBC	TBC

缩略语：TBC = 待定

D. 适应基金董事会的工作计划

13. 董事会第 18 次会议通过了董事会 2012 年 7 月 1 日至 2013 年 6 月 30 日财政年度的工作计划。

E. 适应基金董事会、秘书处和受托管理人的预算

14. 董事会第 18 次会议审议并批准了用以支持董事会、其秘书处和受托管理人工作至 2013 年 6 月 30 日的资源(附件三)。截至 2012 年 6 月 30 日, 已经批准的 2013 财政年度预计所需预算为 3,323,470 美元, 较上一年度批准的金额减少了 6.8%。

F. 执行实体的认证

15. 第 1/CMP.3 号决定第 30 段规定: “为了提交项目提议, 缔约方和执行实体应符合适应基金董事会……通过的标准, 以获得适应基金的资金”。

16. 认证小组在报告所述期间举行了 3 次会议。董事会选举 Angela Churie-Kallhauge 女士(瑞典, 西欧和其他国家集团)为主席, Santiago Reyna 先生(阿根廷, 拉丁美洲和加勒比国家集团)为副主席。这些董事会董事和另外 3 位专家董事组成了认证小组。在此期间, 认证小组审查了 8 份非附件一缔约方的国家执行实体认证申请和两份多边组织和发展银行的申请。

17. 根据以上第 15 段提到的决定, 董事会审议了认证小组的建议并批准认证了其他 6 个国家执行实体: 约旦规划与国际合作部、卢旺达自然资源部、阿根廷农村变革部、肯尼亚国家环境管理局、墨西哥水利技术学院和印度国家农业与农村开发银行; 以及联合国教育、科学及文化组织这个多边执行实体。报告所述期间获得认证的国家执行实体的数目与认证程序开始运作的前两年相比增加了 100%。到本报告发布日期为止, 获得认证的执行实体总数为 12 个国家执行实体、1 个区域执行实体和 10 个多边执行实体。

18. 董事会、认证小组和秘书处继续与气候公约秘书处合作, 组织和开展第 5/CMP.6 号决定第 8 段授权举办的区域认证研讨会, 这些研讨会于本报告所述期间结束。亚洲和东欧区域研讨会在菲律宾马尼拉举行(2012 年 3 月 19 日至 21 日)。太平洋区域研讨会在萨摩亚阿皮亚举行(2012 年 4 月 23 日至 25 日)。每期研讨会上, 由两名认证小组专家和两名秘书处工作人员介绍认证要求和程序。

G. 适应基金董事会各委员会

19. 董事会 2009 年设立的道德与财务委员会和项目与方案审查委员会在报告所述期间举行了 3 次会议, 日期安排在董事会第 18 次会议前一日和其后董事会会议的前两日。Jeffery Spooner 先生(牙买加, 拉丁美洲和加勒比国家集团)当选为项目与方案审查委员会主席, Hans Olav Ibrekk 先生(挪威, 西欧和其他国家集团)当选为副主席。Yutaka Matsuzawa 先生(日本, 附件一缔约方)当选为道德与财务委员会主席, Medea Inashvili 女士(格鲁吉亚, 东欧集团)当选为副主席。

20. 道德与财务委员会审议了下列项目并就其向董事会提出了建议: 调查程序; 执行评价框架; 筹资活动和战略; 落实多边执行实体 50% 的上限; 年度报

告；项目绩效报告；董事会与执行实体之间关于执行由基金、私人捐款、核证的排减量货币化方案、受托管理人的投资管理及董事会、秘书处和受托管理人的预算供资的项目和方案的标准法律协议。

21. 截至本报告期结束时，项目与方案审查委员会审查了 11 个项目构想和 25 个详尽提案，涉及 29 个独立的拟议项目。委员会还讨论了项目或方案审查过程中发现的问题，例如执行实体作为实施实体时适用的规则，并向董事会通报了讨论结果。项目与方案审查委员会讨论了一份由秘书处编写的文件，该文件介绍了从董事会第 16 次会议之前的审议程序中获得的经验教训，提供了宝贵资料。项目与方案审查委员会还向董事会建议将秘书处的项目/方案审查报告公布于基金的网站，从而使对其讨论的报告更加透明。最后，在报告所述期间修订了基金资助项目或方案申请的编写须知。

H. 适应项目和方案的供资决定

22. 第 1/CMP.4 号决定第 10 段“请适应基金董事会开始酌情处理申请资金的项目、活动或方案提议，并向作为《京都议定书》缔约方会议的《公约》缔约方会议报告进展情况”。

23. 根据以上第 22 段所述的规定，董事会在《议定书》/《公约》缔约方会议第七届会议之后举行的会议期间，批准了 14 个资金申请提议，包括两个直接获取资金的提议，申请资金总额为 9,670 万美元。

24. 报告所述期间，下列缔约方申请资金的提议获得批准：柬埔寨、哥伦比亚、库克群岛、吉布提、埃及、格鲁吉亚、牙买加、黎巴嫩、马达加斯加、毛里塔尼亚、巴布亚新几内亚、萨摩亚、坦桑尼亚联合共和国和乌拉圭。

25. 除了以上所列供资决定，董事会在《议定书》/《公约》缔约方会议第七届会议之后举行的会议期间，还批准了 10 个项目构想，资金总额为 7,040 万美元。报告所述期间，下列缔约方的提议得到批准：阿根廷、伯利兹、贝宁、柬埔寨、埃及、黎巴嫩、毛里塔尼亚、缅甸、巴拉圭和秘鲁。董事会还批准了贝宁和阿根廷境内两项直接获取资金提议的项目拟定拨款，总额为 59,000 美元。

26. 经批准的详尽提案和所核可的项目构想涉及以下部门：农业、海岸管理、减少灾害风险、粮食安全、农村发展、基础设施和水资源管理。

27. 董事会决定维持对多边执行实体执行的项目/方案 50%的供资上限，而且计算 50%时将项目/方案构想排除在外。董事会还决定为项目与方案审查委员会建议董事会批准、超出信托基金可用资源 50%上限的、详尽拟定的项目/方案开设一条通道。它进一步决定通过依次采用以下标准来决定该通道中项目/方案的优先次序：(a) 经项目与方案审查委员会推荐的日期；(b) 提交日期；(c) “净”成本较低。董事会进一步决定在资源允许和尊重 50%上限的情况下，审议该通道中详尽拟定的项目/方案，以便批准。

28. 应观察员组织的建议和请求，所有项目提案均按收到时的原样发布在基金网站上，感兴趣的利害关系方可以在网上就提案发布意见。

I. 项目组合监测

29. 报告所述期间，董事会审议了基金的第一份年度报告，并批准了一份项目业绩报告模板和程序。还修订了资金拨付日期模板，以便在项目业绩年度报告提交后拨付资金。

30. 《议定书》/《公约》缔约方会议第六届会议在第 6/CMP.6 号决定第 3 段中请“适应基金董事会，按照第 1/CMP.3 号决定第 33 段的要求，在提交给作为《京都议定书》缔约方会议的《公约》缔约方会议第七届会议的报告中，提供为适应基金服务的临时秘书处和临时受托管理人的绩效审评情况”。董事会按照上述请求选择并聘用了一名独立顾问编写所要求的绩效审评，该审评载于 FCCC/KP/CMP/2011/6/Add.1 号文件。

31. 《议定书》/《公约》缔约方会议第七届会议在第 7/CMP.7 号决定第 1 段中请适应基金董事会“在其 2012 年 3 月第一次会议之后尽快向秘书处提交其对适应基金临时安排审查报告的意见，以便收入一份资料文件”。在同一份决定的第 2 段中，《议定书》/《公约》缔约方会议还决定请“附属履行机构考虑在其第三十六届会议上初步审查适应基金，并考虑到所要求的投入”，这些投入来自董事会和第 6/CMP.6 号决定附件第 5(a)至 5(d)段所列其他来源。

32. 董事会在附属履行机构第三十六届会议上报告了按照以上第 30 段所述任务开展的工作。

“履行机构注意到适应基金董事会关于适应基金临时安排审查报告的意见。⁶ 履行机构请适应基金董事会在 2012 年 8 月 13 日之前，在向《议定书》/《公约》缔约方会议第八届会议提交的报告中，除在 FCCC/SBI/2012/INF.2 号文件中提出的意见之外，提交其对适应基金临时安排审查报告的意见。”⁷

33. 董事会关于秘书处和受托管理人业绩审查的决定载于附件五。

34. 除以上所述情况，附属履行机构第三十六届会议商定请：

“适应基金董事会就适应基金董事会的行政费用提供更多的分类信息，并请秘书处在 FCCC/KP/CMP/2011/6/Add.1 号文件所载资料的基础上，将现有的资料、包括有关最不发达国家基金和气候变化特别基金的资料汇编并综合成一份资料文件，供履行机构第三十七届会议审议，以便由缔约方对作为适应

⁶ FCCC/SBI/2012/INF.2。

⁷ 附属履行机构第三十六届会议批准的结论，见 FCCC/SBI/2012/15 号文件，第 83 段。

基金董事会临时秘书处的全球环境基金和充当适应基金和适应基金董事会临时受托管理人的世界银行的行政费用作一比较分析。”⁸

35. 根据上述邀请，董事会在附件六中提供了关于行政费用的更多信息。董事会谨此强调，为保持一致，提供的信息所考虑的时间段与临时秘书处和临时受托管理人的绩效审查所考虑的时间段相同(FCCC/KP/CMP/2011/6/Add.1)。

J. 适应基金信托基金的资源

36. 截至 2012 年 6 月 30 日，受托管理人已经出售了基金的 1,230 万核证的排减量，平均价格为 9.92 欧元，产生收入 1.8 亿美元。报告所述期间核证的排减量货币化的收入达到 1,170 万美元。截至 2012 年 6 月 30 日，根据董事会通过的“核证的排减量货币化方案指南”，仍有 589 万核证的排减量可供出售。受托管理人还根据适应基金董事会的捐款准则，促进为适应基金捐助总计 1.195 亿美元。迄今为止，董事会已指示受托管理人将总计 2,610 万美元转交给执行实体。

37. 截至 2012 年 6 月 30 日，批准新供资项目的可用资金达到 1.128 亿美元。预计到 2012 年底，核证的排减量货币化产生的潜在额外资源可达 3,140 万美元，总计 1.442 亿美元的潜在额外资源可用于批准新项目和方案。⁹

K. 适应基金董事会秘书处多捐助方信托基金的关闭

38. 董事会在 2009 年 3 月的第五次会议上授权作为适应基金信托基金受托管理人的世界银行，视核证的排减量货币化最初所获资金具备情况，向那些对其为适应基金董事会秘书处多捐助方信托基金(行政信托基金)所作捐款选择付还的捐助方偿还资金。所有这类偿付均已完成，大不列颠及北爱尔兰联合王国 990,300 美元的捐款除外，这笔款项将待捐助方对受托管理人做出正式指示后支付。

L. 与民间社会组织的对话

39. 董事会在第十二次会议上启动了与民间社会组织的定期对话会，以便听取它们的提议，获取关于董事会议程中各议题的反馈并交流看法。对话会计划在董事会会议结束前或者在气候公约各附属机构届会和董事会会议之间举行。

⁸ FCCC/SBI/2012/15, 第 89 段。

⁹ 所提供的估计数依据的是公开信息，决不构成受托管理人对核证的排减量的未来价格、汇率、核证的排减量的发放或其它变量的估计。依据 2012 年 7 月所见核证的排减量的现价及美元和欧元之间的汇率，以及联合国环境署里瑟中心估计发放的核证的排减量。

三. 向适应基金董事会及其任务履行提供的支持

40. 第 4/CMP.5 号决定第 9 段“鼓励附件一缔约方和国际组织在清洁发展机制项目活动收益分成之外向适应基金提供资金”。此外，《议定书》/《公约》缔约方会议在第 6/CMP.7 号决定第 5 段中继续鼓励附件一缔约方和国际组织向基金提供资金。

41. 董事会在第十四次会议上讨论了筹集更多资金的需要，并且决定请适应基金董事会秘书处经理与主席协商开展捐助方的筹资活动。董事会还在考虑筹资活动和战略的各种可能。经理根据以上任务授权，于认证小组第 10 次会议期间在斯德哥尔摩瑞典外交部向瑞典政府做了介绍。与捐助方进行双边接触后，在 2012 年 5 月波恩举行的气候公约秘书处附属机构第三十六届会议期间进行了对话。还计划在卡塔尔多哈举行的公约缔约方第十八届会议期间再次举行对话会。

42. 报告所述期间，基金分别收到瑞典、瑞士和大不列颠及北爱尔兰联合王国共计 1,453 万美元、319 万美元和 1,591 万美元的捐款，瑞典是首个再次向基金捐款的缔约方。澳大利亚和比利时布鲁塞尔首都地区做出了捐款承诺。

43. 董事会谨此感谢瑞典、瑞士和大不列颠及北爱尔兰联合王国政府对基金的支持。董事会还要感谢适应基金董事会秘书处、受托管理人和气候公约秘书处的支持。

44. 根据第 1/CMP.3 号决定第 18 段，专门官员小组的人员构成如下：秘书处经理、2 名适应基金官员和 1 名业务(认证)官员，即 4 名专业工作人员；1 名初级专业人员；1 名项目助理和 1 名任期可延长的咨询顾问。

Annex I

[English only]

Amended and restated Certified Emission Reduction Monetization Program guidelines, June 2012

I. Scope

1. These amended and restated Guidelines apply to monetization of certified emission reductions (CERs) by the International Bank for Reconstruction and Development (the World Bank) as trustee for the Adaptation Fund (the Trustee) for the Adaptation Fund (the AF) (the CER Monetization Program) pursuant to the terms and conditions (the Terms and Conditions) of services to be provided by the Trustee.

II. Objectives of the Certified Emission Reduction Monetization Program

2. Through the CER Monetization Program, the Trustee will convert the AF's CERs into cash to support funding decisions by the AF Board. According to Decision 1/CMP.3, paragraph 28, the three objectives of the CER Monetization Program are to:

- (a) Ensure predictable revenue flow for the AF;
- (b) Optimize revenue for the AF while limiting financial risks;
- (c) Enhance transparency and monetize the share of the proceeds in the most cost-effective and inclusive manner, utilizing appropriate expertise.

3. The three Program objectives are discussed below.

A. Ensure predictable revenue flow

4. CER Monetization is undertaken in advance of formal approvals of AF programs/projects by the AF Board. This will support the AF Board's decisions about calls for proposals and specific project/program commitments, and ensure cash will be available to fund the initial disbursements for AF programs/projects.

(a) The CER Monetization Program will help to ensure that project and program commitments authorized by the AF Board are made on the basis of liquid assets, consistent with best financial management practice;

(b) The Trustee will provide the AF Board with information on funds in the AF Trust Fund available to be disbursed for program/project commitments. AF Board authorization of specific projects and programs would then be based on cash levels in the AF Trust Fund. This process will help insulate AF commitments from the uncertainties of the CER market.

B. Optimize revenue and limit financial risks

5. An essential objective of the CER Monetization Program is to obtain the market value for the AF's assets.

6. **Sales revenue optimization:** Ideally, the Trustee will carry out CER monetization through an on-going program of spot sales in highly liquid markets. This will ensure fair and transparent pricing, reduce transaction costs associated with price discovery, and minimize costs and risks coming from insufficient liquidity or settlement processes. It is possible to trade spot on liquid exchanges, which represent the best approximation of an efficient market as long as the volume of sales is consistent with their capacity. The Trustee may supplement spot sales with the use of futures contracts and occasional OTC sales.

7. **Risk mitigation:** Market risk arising from future movements of CER prices will be managed by spreading transactions over time to smooth price fluctuations. Settlement risk from the potential default by buyers of CERs will be mitigated by the use of delivery-versus-payment settlement mechanisms, either when trading on exchanges or OTC through dealers.

C. Enhance transparency, inclusiveness and cost-effectiveness

8. The CER Monetization Program should be designed so that the sales processes are transparent, inclusive, and cost-effective.

9. **Transparency and disclosure:** The CER Monetization Program guidelines will be made publicly available. The Trustee will record details of all transactions executed under the Program, either conducted on exchanges or OTC. While full transparency may be difficult to implement and potentially detrimental to best execution in some instances, given the public international nature of the AF and its role under the Kyoto Protocol, the highest level of transparency possible will apply to the implementation of the CER Monetization Program.

10. **Inclusiveness:** The guidelines should allow the broadest range of compliance buyers and participants in emissions trading to participate in the transactions executed under the CER Monetization Program, especially major CER buyers (governments and corporations with Kyoto or EU ETS commitments).

11. **Cost effectiveness:** The most cost-effective approach is trading spot on highly liquid and developed markets in which various transaction costs are minimized. Trading on exchanges represents the approach closest to trading on an efficient market. Nevertheless the Trustee will be responsible for minimizing implied costs (membership, margin calls for future trading, etc.). The direct cost of selling through dealers (payment of fees) will also have to be minimized and balanced against the benefits associated with the sponsorship of the dealer community (broad outreach to investors, market information, etc.).

D. Six criteria to implement the program objectives

12. These three objectives are divided into six criteria which have been presented and discussed with the AF Board, and which the CER Monetization Program guidelines aim to satisfy. The six criteria are to:

- (a) Optimize revenues;
- (b) Minimize risks;
- (c) Enhance transparency;

- (d) Be inclusive;
- (e) Be cost effective;
- (f) Make funding rapidly available.

13. These overall objectives and six related criteria establish the framework for how the CER Monetization Program is structured.

III. Rules guiding the execution: three-tiered approach

14. It may not be possible to achieve all these criteria at the same time, and in certain circumstances trade-offs may have to be considered. To help address this, the CER Monetization Program guidelines outline an approach consisting of:

- (a) On-going mechanistic sales conducted on liquid carbon exchanges (including auctions);
- (b) OTC sales through dealers in the case of high CER inventory;
- (c) Sales directly to governments;
- (d) Request for guidance from the AF Board under exceptional market circumstances.

15. The Guidelines may be amended or supplemented by decision of the AF Board, with the agreement of the Trustee.

16. See *Table 1* at the end of this Section for an illustration of how the three-tiered approach meets each of the Program's objectives and corresponding criteria.

A. On-going mechanistic sales conducted on liquid carbon-exchanges

17. The Trustee will follow a mechanistic approach for CER sales executed on exchanges and will not try to time the market or make forecasts as to the direction of CER prices. The approach described below will be driven by the volume of incoming CERs, exchange liquidity and desired inventory levels.

- (a) Continuous execution of spot straight sales on liquid exchanges:
 - (i) The Trustee will primarily conduct straight spot sales (meaning sales executed spot, according to the way trades are normally executed on the exchange, as opposed to a specific form of auction or any form of customized and out-of-the-ordinary transaction), whenever possible on every trading day on the selected exchange(s). The size and the number of transactions executed on a given day will be determined by the Trustee so as to:
 - Maximize, to the extent possible, the volume of CER spot sales conducted on exchanges over the period of the CER Monetization Program;
 - Accommodate the liquidity on the exchange and not move or disrupt the market price. To determine the size and number of transactions, the Trustee will rely on indicators made public by exchanges such as the total number of trades per day and the average size of a transaction;
 - Spread the sales of CERs over time so as to average CER market prices. At the beginning of each quarter, the Trustee will determine the planned daily sales volume for such quarter based on the amount of CERs issued during the previous

quarter and based on the volume of CERs expected to flow into the AF account, with the goal being to spread transactions evenly throughout the upcoming quarter;

(ii) The Trustee will keep records of all transactions executed on the selected exchange(s). In particular, the record of daily number, volume and selling price of transactions will be kept as well as the corresponding data applicable to the exchange;

(iii) The Trustee will monitor over time the effective presence and access to the selected exchange(s) of compliance buyers and investors, either directly or through brokers;

(iv) The Trustee will conduct trades on an anonymous basis;

(v) The Trustee will mitigate settlement risk by using the delivery-versus-payment settlement facility provided by the exchange. The Trustee will interrupt trading whenever and as long as this facility is discontinued;

(b) Limited use of futures contracts;

(i) Although the Trustee will sell CERs on selected exchanges primarily through spot contracts, the Trustee may use futures to a limited extent. Specifically, the Trustee will sell CERs on exchanges using futures contracts only to: access through the futures contracts a liquidity which is manifestly lacking on the spot contracts in the selected exchange(s); and maintain a presence in futures CER trading to diversify selling channels and maintain a continuous and seamless access to CER markets;

(c) The Trustee will determine the maximum amount of sales through futures contracts based on their characteristics and associated costs and risks:

(i) The Trustee will place a limit on selling CERs through futures contract derived from the costs and risks associated with “margin calls” or collateral requirements. Selling futures could entail the transferring of cash, known as “collateral”, or “margin”, to the exchange or the clearing house performing the settlement functions for the exchange. An initial margin deposit, which would be made in cash in the case of the AF, is required whenever a futures position is opened. With market movements, the margin is recalculated over time, resulting in margin adjustments or “margin calls” and the possible provision of additional collateral until the futures contract is closed. While all margin posted is returned at the expiration of the contract, a sharp increase in the price of CERs could entail suddenly raising large amounts of cash to post as collateral;

(ii) The Trustee will set the limit on future trades of CERs in the following way; determine the cumulative size of futures trades so as to cap to a reasonable amount the margin call, not to exceed €20 million, which would result from the strongest possible increase in the CER price. Cash used will be put aside in the Trust Fund cash account. The amount of CERs that should be delivered at expiration will be kept aside as well in the CDM registry account of the AF;

(iii) The Trustee will furthermore limit the trading on futures based on the AF’s objective of rapid availability of funds. Currently CER futures contracts only have liquidity for December expiration. Therefore, cash proceeds from the sales will not become available until the end of a given year. The Trustee will continuously assess the availability and liquidity of futures contracts with intermediate expiry dates (March, June and September for instance). In determining the maximum amount of futures sales in a given year, the Trustee will incorporate the objective of keeping a

cash inventory in the AF Trust Fund cash account commensurate with the expected disbursements of the AF throughout the year;

(d) Selection of exchanges based on their strength, reputation and liquidity.

18. Several exchanges have been established for emissions trading; the largest are ICE/ECX, and the BlueNext environmental exchange. The Trustee will continue to monitor the evolution of the status and offering of the various exchanges in competition in carbon markets according to the criteria used for the initial selection, and will adapt accordingly its selection of exchanges in the future. A summary presentation of the selected exchanges is given in Annex II.

B. Over-the-counter sales

19. OTC transactions will be considered in the following situations:

(a) Over-accumulation in the AF CER account due to high rates of CER issuance by the CDM, temporary suspension of on-going mechanistic sales, or other reasons;

(b) Illiquid markets for certain types of CERs after careful separation of the AF CERs ('green' CERs, CERs generated by large hydros, industrial gas, etc.);

(c) To attract potential price or volume advantages for 'green' CERs;

(d) To accelerate the availability of cash in response to the need for new project financing expressed by the AF;

(e) To accelerate the availability of cash for administrative costs associated with the management of the AF Trust Fund.

20. **Execution of an OTC transaction:** The Trustee will determine the size and timing of the OTC trade based on on-going consultation with dealer banks involved in carbon markets. The Trustee will select the dealers that will participate in the OTC sale based on an objective process, using the same general criteria that the Trustee uses when selecting dealers for its own capital market operations. In respect of a particular transaction, the Trustee will consult with dealers and seek their advice. The quality of the recommendations applicable to the specific transaction under consideration will be among the criteria the Trustee will use to select the dealers who will participate in the transaction.

21. When executing an OTC sale, the Trustee will verify the distribution of CERs to buyers achieved by the selected carbon dealer. The Trustee will ensure that the distribution meets the requirement of the CER Monetization Program for inclusiveness of all interested CER buyers. This includes making sure that as many as possible compliance buyers and governments will be made aware of, and given the opportunity to participate in, the OTC sale. While the sale price achieved in an OTC sale may not be directly comparable to prices then prevailing on exchanges, notably because of its larger size making it non-tradable on any existing exchange, the Trustee will monitor the pricing based on a number of public price references.

22. The Trustee will ensure that the settlement processes applicable to OTC transactions are 'delivery-versus-payment (DVP) processes to limit counterparty credit risk for the AF.

C. Direct sales to governments

23. While CER sales on exchanges and via OTC transactions will be the principal methods for monetizing Adaptation Fund CERs, direct sales to governments will be considered in the following situations:

- (a) Over-accumulation in the AF CER account due to high rates of CER issuance by the CDM, temporary suspension of on-going mechanistic sales, or other reasons;
- (b) Illiquid markets for certain types of CERs, after careful separation of the AF CERs ('green' CERs, CERs generated by large hydros, industrial gas, etc.);
- (c) To accelerate the availability of cash in response to the need for new project financing or for administrative costs associated with the management of the AF Trust Fund;
- (d) Governments express an interest in purchasing CERs, subject to the criteria below.

24. **Execution of direct sales:** Direct sales to governments would be undertaken only if there is a net benefit to the Adaptation Fund when compared with the alternatives of selling through exchanges or OTC transactions. The benefit would be identified either as: i) a price premium, net of transactions costs, when compared with alternative approaches, and/or ii) a higher volume of sales than would otherwise be possible through exchanges or OTCs.

25. Direct sales to national governments must meet the CMP principle of cost-effectiveness. Under normal circumstances, transaction costs associated with such sales could be high, as sales to national governments would require the negotiation and execution of a legal agreement for the sale, incurring legal and other costs both to the Adaptation Fund (through the trustee administrative budget), as well as to the buyer. Such a sale may also require an analysis of any tax, regulatory and other issues related to CER sales to be settled in the buyer's jurisdiction.

26. Thus, direct sales to national governments would only be undertaken if the buyer agrees to purchase a minimum of 500,000 CERs, subject to review and adjustment by the trustee based on prevailing CER market prices, thereby rendering the costs of the sale comparable to alternative sales methods.

27. The Trustee will ensure that the settlement processes applicable to direct sales transactions are DVP processes to limit counterparty credit risk for the AF.

28. Sales to national governments would be disclosed publicly. The ability to sell Adaptation Fund CERs directly to governments would be communicated in advance of any sales. The results of any sales, including amounts and average prices would be reported by the trustee in the quarterly financial reports to the Board; such reports are publicly available on the Adaptation Fund website.

D. Further requests for Adaptation Fund Board guidance

29. If extraordinary events occur that make compliance with the guidelines impracticable or impossible, the Trustee will report to the AF Board and request further guidance from the AF Board. An extraordinary event would include any event that results in extreme movements in prices and/or liquidity of CERs or in carbon markets generally. Such an event could be brought on by global macro-economic conditions, events specific to the CER markets, or a significant governance or economic policy change in the Kyoto Protocol, the UNFCCC or the global institutional framework for climate change.

30. In such event, the Trustee will provide the AF Board with relevant information about the event and its impact on the market and will propose alternative courses of action for consideration by the AF Board. The Trustee will act only upon these AF-Board approved Guidelines, AF Board decisions adopted according to AF Board rules and

procedures, or written instruction from the AF Board Authorized Designee,¹ in accordance with its Terms and Conditions.

31. The Trustee will suspend spot sale transactions under the CER Monetization Program if the CER market infrastructure becomes impaired. If the market infrastructure remains disrupted over an extended period, the Trustee will seek guidance from the AF Board. The Trustee will then present specific short-term funding options based on then-existing market conditions and limitations.

E. Settlement

32. **Settlement of a CER transaction:** The Trustee may settle trades directly, or rely on a bank to perform settlement functions (the “Settlement Agent”) as follows:

The Trustee will close a selling transaction with an eligible counterparty, either on an exchange or OTC. In the case of a spot transaction, on the settlement date, the trustee (or Settlement Agent) will then ensure that the CERs are delivered to the buyer while the payment in cash is received by the trustee for credit to the AF Trust Fund. The trustee will endeavour to use the DVP framework of an exchange, whereby confirmation of payment is received prior to delivery of the CERs. In case it is not possible on the exchange, the trustee will seek to settle outside the exchange on a DVP basis. Based on instructions from the trustee, the CERs sold will be transferred from the AF account in the CDM registry to the trustee’s account in the registry used for settlement, and then to the clearing house. The buyer’s cash payment will be transferred from the buyer’s account to the clearing house, and then to the AF Trust Fund cash account. The cash proceeds from the monetization will then be held in the AF Trust Fund.

33. **Selection of a Settlement Agent:** If the Trustee uses a Settlement Agent the selection of the Settlement Agent will be in a transparent manner following the procurement guidelines of the World Bank. Only firms that have experience in carbon trading and a strong settlement department will be considered for the role of Settlement Agent.

F. Summary

	<i>Optimization of revenues</i>	<i>Minimization of risk</i>	<i>Transparency</i>	<i>Inclusiveness</i>	<i>Cost effectiveness</i>	<i>Funding availability</i>
Start of monetization	After connection	After connection	After connection	After connection	After connection	Before connection
Ongoing straight sales on exchanges	Price efficiency in developed market	Spot transactions, averaging of prices, DVP settlement	Liquidity and price transparency in large and developed exchanges	Large fraction of compliance buyers, either directly or through brokers trade on selected exchanges	Trading on exchange avoids dealer’s fee Cost of exchange membership	Spot transactions make funding immediately available
OTC sales through	Efficient distribution and price	DVP settlement applies.	The Trustee checks the pricing with	The dealer is requested to distribute	Dealer’s fee controlled by	Immediate and large funding

¹ The Chair of the Adaptation Fund Board or authorized designee.

	<i>Optimization of revenues</i>	<i>Minimization of risk</i>	<i>Transparency</i>	<i>Inclusiveness</i>	<i>Cost effectiveness</i>	<i>Funding availability</i>
dealers based on criteria	discovery by dealers. Pricing checked by Trustee	Dealers provide information on market price evolution and best timing	public prices (exchanges or brokers). The Trustee has access to the order book of the dealer(s)	broadly to all compliance buyers	competitive selection process of dealer(s)	availability
Direct Sales to Governments	Price would be at minimum of the average bid-ask spread	DVP	All sales would be publicly disclosed in the trustee's financial status reports to the AF Board	Any government would be eligible to purchase CERs	Minimum number of CERs would be required to be purchased to ensure at least comparable cost to other sales methods	Depends on the number of countries likely to avail of this option

IV. Reporting

34. On a quarterly basis, the Trustee will provide the AF Board with a report on its activities undertaken under the CER Monetization Program.

35. The report will communicate the details of the trading activity in CER markets undertaken by the trustee on behalf of the AF. In such quarterly reports, the following information will be provided:

(a) Tonnage of CERs held by the AF CER account at the beginning and at the end of the period;

(b) Volume of new CERs tonnage entering the account of the AF in the CDM registry during the quarter; total volume of CERs having entered the AF CER account with the CDM registry since inception;

(c) Volume of sales of CERs executed during the quarter, and since the beginning of the calendar year; these volume of sales will be broken down into three categories: 1) spot sales on exchanges, 2) futures sales on exchanges, 3) OTC sales, and 4) sales to governments;

(d) Revenues in cash associated with the sales of CERs (in euros and in US dollars) during the quarter, and since the beginning of the calendar year; these revenues will be broken down into four categories: 1) spot sales on exchanges, 2) futures sales on exchanges, OTC sales, and 4) sales to governments;

(e) Average sales price per ton sold (in euros and in US dollars) during the quarter, and since the beginning of the year for CERs sold either spot or futures on exchanges, OTC, or to governments;

(f) For futures trades, the tonnage of CERs to be delivered at various maturities in the future (for instance the December maturity of the year under review) and the cash

amount to be received (in euros or in US dollars) at the expiration of the contracts. The report will indicate the value placed or received as collateral, the average at the beginning and at the end of the period.

36. In a highly volatile market, the Trustee will report on a more ad-hoc basis.

Annex II

[English only]

Adaptation Fund Board members and alternate members

<i>Term of office^a</i>	<i>Position</i>	<i>Name</i>	<i>Country</i>	<i>Constituency represented</i>
March 2012	Member	Mr. Cheikh Ndiaye Sylla	Senegal	Africa
to March 2014	Alternate member	Mr. Richard Mwendandu	Kenya	Africa
	Member	Mr. Ezzat Lewis Hannalla Agaiby	Egypt	Africa
	Alternate member	Mr. Zaheer Fakir	South Africa	Africa
	Member	Mr. Abdulahadi Al-Marri	Qatar	Asia
(CMP 7 to CMP 9) ^b	Alternate member	Mr. Damdiny Dagvadorj	Mongolia	Asia
	Member	-	-	Asia
	Alternate member	-	-	Asia
	Member	Ms. Medea Inashvili	Georgia	Eastern Europe
	Alternate member	Mr. Valeriu Cazac	Moldova	Eastern Europe
	Member	Ms. Laura Dzelzyte	Lithuania	Eastern Europe
	Alternate member	Mr. Aram Ter-Zakaryan	Armenia	Eastern Europe
	Member	Mr. Philip S. Weech	Bahamas	GRULAC
	Alternate member	Mr. Jeffrey Spooner	Jamaica	GRULAC
	Member	Mr. Luis Santos	Uruguay	GRULAC
	Alternate member	Mr. Santiago Reyna	Argentina	GRULAC
	Member	Mr. Anton Hilber	Switzerland	WEOG
	Alternate member	Mr. Hans Olav Ibrekk	Norway	WEOG
	Member	Ms. Angela Churie-Kallhauge	Sweden	WEOG
	Alternate member	Mr. Markku Kanninen	Finland	WEOG
	Member	Mr. Peceli Vocea	Fiji	SIDs
	Alternate member	Mr. Mohammed Shareef	Maldives	SIDs
	Member	Mr. Mamadou Honadia	Burkina Faso	LDCs
	Alternate member	Mr. Adao Soares Barbosa	Timor-Leste	LDCs
	Member	Ms. Ana Fornells de Frutos	Spain	Annex I Parties
	Alternate member	Mr. Yutaka Matsuzawa	Japan	Annex I Parties
	Member	Mr. Marc-Antoine Martin	France	Annex I Parties
	Alternate member	Ms. Su-Lin Garbett-Shiels	United Kingdom	Annex I Parties
	Member	Mr. Ricardo Lozano Picon	Colombia	Non-Annex I Parties
	Alternate member	Ms. Sally Biney	Ghana	Non-Annex I Parties
	Member	Mr. Bruno Sekoli	Lesotho	Non-Annex I Parties
	Alternate member	Mr. Dembele Boubacar Sidiki	Mali	Non-Annex I Parties

^a Members and alternate members shall serve for a term of two years and shall be eligible to serve a maximum of two consecutive terms (see decision 1/CMP.3). At the seventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, half of the members of the Adaptation Fund Board, and their alternate members from the same group, shall continue to serve in office for one additional and

final year. The terms as members do not count towards the terms as alternate members, and terms as alternate members do not count towards the terms as members (see decision 1/CMP.4).

^b The term of office of a member, or an alternate, shall start at the first meeting of the Board in the calendar year following his or her election and shall end immediately before the first meeting of the Board in the calendar year in which the term ends (see decision 4/CMP.5).

Annex III

[English only]

**Actual fiscal year 2012 and approved fiscal year 2013 budget of the
Adaptation Fund Board and the secretariat, and the trustee^a**

<i>All amounts in USD</i>		<i>Approved FY12</i>	<i>Actual estimated FY12</i>	<i>Proposed FY13</i>
Board and secretariat				
01	Personnel	1 727 768	1 304 128	1 754 747
02	Travel	1 057 810	591 727	717 400
03	General operations	297 264	195 614	351 323
04	Meetings	515 000	489 176	500 000
Sub-total Board and secretariat		3 597 842	2 580 645	3 323 470
Trustee				
01	CER monetization	678 000	514 000	520 000
02	Financial and program management	140 000	157 000	173 000
03	Investment management	70 000	85 000	70 000
04	Accounting and reporting	55 000	56 000	56 000
05	Legal services	55 000	34 000	15 000
06	External audit	90 000	42 000	60 000
Sub-total trustee services		1 088 000	888 000	894 000
07	Special initiative: FIF IT systems			150 000
Sub-total trustee		1 088 000	888 000	1 044 000

^a Decimal points in the table are rounded up.

Annex IV

[English only]

Project funding approvals by the Adaptation Fund Board since the seventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

Table 2
Eighteenth Adaptation Fund Board meeting (29 June 2012)

	Country/Title	IE	Document Ref	Project	Fee	NIE	MIE	IE fee %	Total Amount	Decision
1. Projects and Programs:										
	Jamaica	PIOJ	AFB/PPRC.9/7	9,185,000.00	780,000.00	9,965,000.00		8.5%	9,965,000.00	Approved
	Cambodia	UNEP	AFB/PPRC.9/9	4,566,150.00	388,123.00		4,954,273.00	8.5%	4,954,273.00	Approved
	Colombia	UNDP	AFB/PPRC.9/10	7,850,974.00	667,333.00		8,518,307.00	8.5%	8,518,307.00	Approved
	Djibouti	UNDP	AFB/PPRC.9/11	4,293,600.00	364,956.00		4,658,556.00	8.5%	4,658,556.00	Approved
	Egypt	WFP	AFB/PPRC.9/12	6,392,887.00	511,431.00		6,904,318.00	8.0%	6,904,318.00	Approved
	Lebanon	IFAD	AFB/PPRC.9/16	7,245,000.00	615,825.00		7,860,825.00	8.5%	7,860,825.00	Approved
	Mauritania	WFP	AFB/PPRC.9/18	7,225,561.00	578,044.00		7,803,605.00	8.0%	7,803,605.00	Approved
	Argentina	WB	AFB/PPRC.9/8	3,960,200.00	336,617.00		4,296,817.00	8.5%		Not approved
	El Salvador	UNDP	AFB/PPRC.9/13	5,000,000.00	425,000.00		5,425,000.00	8.5%		Not approved
	Fiji	UNDP	AFB/PPRC.9/14	5,280,000.00	448,800.00		5,728,800.00	8.5%		Not approved
	Ghana	UNDP	AFB/PPRC.9/15	8,156,682.00	693,318.00		8,850,000.00	8.5%		Not approved
	Mali	UNDP	AFB/PPRC.9/17	7,864,837.00	668,511.00		8,533,348.00	8.5%		Not approved
	Mauritania	WMO	AFB/PPRC.9/19	1,990,764.00	169,216.00		2,159,980.00	8.5%		Not approved
	Seychelles	UNDP	AFB/PPRC.9/20	5,950,000.00	505,750.00		6,455,750.00	8.5%		Not approved
	Sri Lanka	WFP	AFB/PPRC.9/21	7,371,401.00	589,712.00		7,961,113.00	8.0%		Not approved
	Sub-total			92,333,056.00	7,742,636.00	9,965,000.00	90,110,692.00	8.4%	50,664,884.00	
2. Project Formulation Grant:										
	Argentina	UCAR	AFB/PPRC.9/4/Add.1						30,000.00	Approved
	Sub-total								30,000.00	
3. Concepts:										
	Argentina	UCAR	AFB/PPRC.9/4	5,200,000.00	440,000.00	5,640,000.00		8.5%	5,640,000.00	Endorsed
	Paraguay	UNEP	AFB/PPRC.9/5	6,570,000.00	558,450.00		7,128,450.00	8.5%	7,128,450.00	Endorsed
	Peru	IDB	AFB/PPRC.9/6	6,405,750.00	544,489.00		6,950,239.00	8.5%	6,950,239.00	Endorsed
	Sub-total			18,175,750.00	1,542,939.00	5,640,000.00	14,078,689.00	8.5%	19,718,689.00	
4. Total (4=1+2+3)				110,508,806.00	9,285,575.00	15,605,000.00	104,189,381.00	8.4%	70,413,573.00	

Table 3
Seventeenth Adaptation Fund Board meeting (16 March 2012)

	Country/Title	IE	Document Ref	Project	Fee	NIE	MIE	IE fee %	Total Amount	Decision
1. Projects and Programmes:										
	Papua New Guinea	UNDP	AFB/PPRC.8/12	6,018,777.00	511,596.00		6,530,373.00	8.5%	6,530,373.00	Approved
	Colombia	UNDP	AFB/PPRC.8/6	9,064,000.00	770,440.00		9,834,440.00	8.5%	0.00	Not Approved
	Ghana	UNDP	AFB/PPRC.8/11	8,156,682.00	693,318.00		8,850,000.00	8.5%	0.00	Not Approved
	Sub-total			23,239,459.00	1,975,354.00		25,214,813.00	8.5%	6,530,373.00	
2. Project Formulation Grant:										
	Benin	FNE	AFB/PPRC.8/6/Add.1						29,000.00	Approved
	Sub-total								29,000.00	
3. Concepts:										
	Benin	FNE	AFB/PPRC.8/6	8,369,000.00	711,000.00	9,080,000.00		8.5%	9,080,000.00	Endorsed
	Belize	WB	AFB/PPRC.8/7	5,530,000.00	470,000.00		6,000,000.00	8.5%	6,000,000.00	Endorsed
	Cambodia	UNEP	AFB/PPRC.8/8	4,566,150.00	388,123.00		4,954,273.00	8.5%	4,954,273.00	Endorsed
	Lebanon	IFAD	AFB/PPRC.8/9	7,245,000.00	615,825.00		7,860,825.00	8.5%	7,860,825.00	Endorsed
	Sub-total			25,710,150.00	2,184,948.00	9,080,000.00	18,815,098.00	8.5%	27,895,098.00	
4. Total (4=1+2+3)				48,949,609.00	4,160,302.00	9,080,000.00	44,029,911.00	8.5%	34,454,471.00	

Table 4
Sixteenth Adaptation Fund Board meeting (14 December 2011)

	Country/Title	IE	Document Ref	Project	Fee	NIE	MIE	IE fee %	Total Amount	Decision
1. Projects and Programs:										
	Uruguay	ANII	AFB/PPRC.7/5	9,471,428.00	496,250.00	9,967,678.00		5.2%	9,967,678.00	approved
	Cook Islands	UNDP	AFB/PPRC.7/7	4,960,000.00	421,600.00		5,381,600.00	8.5%	5,381,600.00	approved
	Georgia	UNDP	AFB/PPRC.7/9	4,900,000.00	416,500.00		5,316,500.00	8.5%	5,316,500.00	approved
	Madagascar	UNEP	AFB/PPRC.7/10	4,705,000.00	399,925.00		5,104,925.00	8.5%	5,104,925.00	approved
	Samoa	UNDP	AFB/PPRC.7/14	8,048,250.00	684,101.00		8,732,351.00	8.5%	8,732,351.00	approved
	Tanzania	UNEP	AFB/PPRC.7/15	4,616,188.00	392,376.00		5,008,564.00	8.5%	5,008,564.00	approved
	Papua New Guinea	UNDP	AFB/PPRC.7/13	6,018,777.00	511,596.00		6,530,373.00	8.5%		not approved
	Sub-total			42,719,643.00	3,322,348.00	9,967,678.00	36,074,313.00	7.8%	39,511,618.00	
2. Concepts:										
	Egypt	WFP	AFB/PPRC.7/8	6,849,773.00	437,885.00		7,287,658.00	6.4%	7,287,658.00	endorsed
	Mauritania	WFP	AFB/PPRC.7/11	7,180,274.00	459,013.00		7,639,287.00	6.4%	7,639,287.00	endorsed
	Myanmar	UNDP	AFB/PPRC.7/12	7,289,425.00	619,601.00		7,909,026.00	8.5%	7,909,026.00	endorsed
	Cambodia	UNEP	AFB/PPRC.7/6	4,530,288.00	385,074.00		4,915,362.00	8.5%		not endorsed
	Sub-total			25,849,760.00	1,901,573.00		27,751,333.00	7.4%	22,835,971.00	
3. Total (3 = 1 + 2)				68,569,403.00	5,223,921.00	9,967,678.00	63,825,646.00	7.6%	62,347,589.00	

Annex V

[English only]

The Adaptation Fund Board's decisions with respect to the secretariat and the trustee performance review

I. Performance review of the interim arrangements of the Adaptation Fund

1. A working group, established in decision B.16/30, reviewed the report prepared by the consultant entitled "Performance Review of the Interim Arrangements of the Adaptation Fund." Upon deliberation of the recommendations contained within the consultant's report and the working group's recommendations, the following decisions include the Adaptation Fund Board's (AFB) measures taken, findings, and overall conclusions with respect to the arrangements of the AFB secretariat and Trustee.

A. Secretariat

2. Taking into account the working group's evaluations of the GEF cross-support to the AF, particularly on results-based management, human resources, information technology, knowledge management, and project review, the Board decides to:

(a) Request the Project and Programme Review Committee (PPRC) to consider authorizing the secretariat to decide on the endorsement of project concepts based on their technical reviews and assessments of proposals, and to notify proponents directly. The PPRC is requested to formulate a recommendation to the AFB in this regard.

(Decision B.18-19/2)

3. In order to ensure the quality of the project/programme review process, the Board decides to request the Head of the AFB Secretariat to:

(a) Ensure that the co-reviewers selected for the GEF Secretariat's cross support services for AF project reviews have at least the same amount of relevant experience as the dedicated team of the AFB secretariat project review team;

(b) Inform the AFB about the need of additional staff before recruiting, should there be any longer term human resource constraints regarding the provision of AF project review services.

(Decision B.18-19/3)

4. Recognizing high turnover amongst GEF Secretariat staff providing cross-support to the AFB Secretariat, the Board decides to request the Head of the AFB Secretariat to:

(a) Consistently ensure the quality of the work provided by the GEF cross-support staff, limit excessive turnover of the GEF staff to avoid undermining the quality of the support, and regularly report to the AFB the grade of GEF secretariat staff assigned to the provision of cross-support to the AF;

(b) Ensure that GEF staff providing cross-support are able to prioritize the work for the Adaptation Fund adequately and sufficiently.

(Decision B.18-19/4)

5. The Board decides to explore further how to guarantee that the GEF cross-cutting support provided and charged to the AF responds to the needs of the AFB.

(Decision B.18-19/5)

6. Regarding the GEF's role as the interim secretariat, the Board is of the view that the matter falls within the political mandate of the CMP. However, it is the Board's position that given the resource constraints the Fund faces, the challenges of CER monetization, and the need for the Board to focus on its core activities, including the implementation of concrete adaptation projects/programmes, a change in the interim secretariat is not recommended/ advised at this time. Further, the Board notes that establishing an independent secretariat at this juncture may undermine confidence in the effectiveness and efficiency of the Adaptation Fund and its Board, and may undermine the willingness of donors to provide support. It may also risk increasing the transaction costs to the Fund.

7. The Board decides to recommend the CMP maintain the GEF as interim Secretariat of the AFB and to include the above paragraph in its next report to the CMP.

(Decision B.18-19/6)

B. Trustee

8. At the 17th Board meeting, decisions were taken in relation with the investment strategy and reporting on the implementation of this strategy. Having considered the recommendation of the EFC the Board decided to:

(a) Express support for the trustee's proposed investment strategy as outlined in document AFB/EFC.8/10;

(b) Request the Trustee to provide further reporting on the implementation of this strategy at the next and future meetings.

(Decision B.17/26)

9. Further, the Board finds that the recommendation to shift the oversight role over the Trustee's activities from the Board to the Secretariat is not advisable. The Board decides to maintain oversight over the Trustee's activities.

(Decision B.18-19/7)

10. The Board decides to:

(a) Encourage the Trustee to increase the use of videoconferencing to ensure their efficient participation in AFB Meetings and to strive to limit their direct participation in AFB Meetings to one senior staff member;

(b) Request the Trustee to provide the Chair of the AFB intersessionally with justification of any need for their direct participation in the next AFB meetings at a level that goes beyond the above recommendation.

(Decision B.18-19/8)

11. The Board decides to request the Trustee to examine the report prepared by the consultant entitled "Performance Review of the Interim Arrangements of the Adaptation Fund" and advise at its next meeting about possible options/ measures to ensure that information about the amount of CERs available to the Adaptation Fund in its Share of Proceeds Account held with the Clean Development Mechanism is complete, accurate and received in a timely manner before the CERs are made available to the Trustee for monetization. Each option should include a cost estimate and a time line for implementation.

(Decision B.18-19/9)

Annex VI

[English only]

Comparative analysis of administrative costs

Adaptation Fund Board administrative cost Fiscal Year 2009, 2010 and 2011

	USD		
	FY09 (July 2008–June 2009)	FY10 (July 2009–June 2010)	FY11 (July 2010–June 2011)
Travel cost/airfare (eligible Board members)	76 996.81	576 000.00	593 280.00
Daily subsistence allowance (DSA)	145 709.96	141 729.00	161 009.00
Support to Chair	15 000.00	0	23 870.00
Total	237 706.77	717 729.00	778 159.00

Note: (1) The number of eligible Board members ranges from 20 to 25 depending on selection of members (Eastern European members can be from Annex I or non-Annex I Parties); (2) In FY09, some Board members arranged their travels on their own governments' cost so cost/airfare for this year is much lower than the following fiscal years. In accordance with paragraphs 41 and 42 of the Rules of procedure of the Adaptation Fund Board, travel arrangements for Board members and alternates following UN rules started from FY10.