



United Nations

FCCC/SBI/2012/INF.8/Rev.1



Framework Convention on  
Climate Change

Distr.: General  
22 November 2012

English only

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## **Subsidiary Body for Implementation**

**Thirty-seventh session**

**Doha, 26 November to 1 December 2012**

Item 6(c) of the provisional agenda

**Matters relating to finance**

**Initial review of the Adaptation Fund under the Kyoto Protocol**

## **Compilation and synthesis of additional, disaggregated information on the administrative costs of the Adaptation Fund Board**

**Revised note by the secretariat**

### *Summary*

In response to a request made by the Subsidiary Body for Implementation (SBI) at its thirty-sixth session, the secretariat has compiled and synthesized available information, including that in relation to the Least Developed Countries Fund and the Special Climate Change Fund, on the administrative costs of the services of the Global Environment Facility as the interim secretariat of the Adaptation Fund Board (AFB), of the International Bank for Reconstruction and Development (World Bank) acting as an interim trustee for the Adaptation Fund (AF) and of the AFB. The SBI, at its thirty-seventh session, may wish to consider the information contained in this document when discussing the initial review of the AF.

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## I. Introduction

### A. Mandate

1. At its thirty-sixth session, the Subsidiary Body for Implementation (SBI) invited the Adaptation Fund Board (AFB) to provide additional, disaggregated information on the administrative costs of the AFB and requested the secretariat, building on the information contained in document FCCC/KP/CMP/2011/6/Add.1, to compile and synthesize available information, including that in relation to the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF), into an information document for consideration at its thirty-seventh session, for the purpose of a comparative analysis by Parties of the administrative costs of the services of the Global Environment Facility (GEF) as interim secretariat of the AFB, the World Bank acting as an interim trustee for the Adaptation Fund (AF) and the AFB.<sup>1</sup>

### B. Scope of the note

2. This document provides a compilation and synthesis of available information on the administrative costs of the services of the GEF as the interim secretariat of the AFB, of the World Bank acting as an interim trustee for the AF and of the AFB, as well as information on the administrative costs as reported by the GEF Secretariat of the management of the LDCF and the SCCF, for the purpose of a comparative analysis by Parties.

### C. Possible action by the Subsidiary Body for Implementation

3. The SBI, at its thirty-seventh session, may wish to consider the information contained in this document when discussing the initial review of the AF.

## II. Administrative costs of the secretariats of different funds

### A. Aggregated administrative costs

4. For the purpose of the analysis to be undertaken by the SBI of the administrative costs of the services of the GEF as the interim secretariat of the AFB, table 1 contains information on the aggregated administrative costs of the secretariat of the AFB for the fiscal years 2010, 2011 and 2012.

Table 1

**Aggregated administrative expenses of the secretariat of the Adaptation Fund Board (USD)**

	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Adaptation Fund Board secretariat	2 218 358	1 971 416	2 580 645

5. Following the request made by the SBI referred to in paragraph 1 above, table 2 provides information on the administrative costs of the GEF Secretariat in managing the

<sup>1</sup> FCCC/SBI/2012/15, paragraph 89.

LDCF and the SCCF, as well as the total administrative costs of the secretariat of the Climate Investment Funds (CIF).

6. It should be noted that the GEF is the interim secretariat of the AFB and the permanent secretariat of the LDCF and the SCCF. While the GEF is a permanent, independent and separate institution from the World Bank system, since 1994 the World Bank has served as the trustee of the GEF Trust Fund and provided administrative services to the GEF.<sup>2</sup>

Table 2

**Aggregated administrative expenses of the secretariats of other funds (USD)**

<i>Fund</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Least Developed Countries Fund	501 181	544 712	521 819
Special Climate Change Fund	342 318	353 553	314 473
Climate Investment Funds	5 762 500	6 908 900	6 248 700

7. With regard to the AF, a dedicated team renders the following services to the AFB, as outlined in decision 1/CMP.4, annex II, appendix, chapter III:

- (a) Providing secretariat services to the AFB in a functionally independent and effective manner;
- (b) Managing the daily operations of the AF and reporting to the AFB;
- (c) Assisting the AFB in developing strategies, policies and guidelines for the AF;
- (d) With respect to the day-to-day functioning of the AF, acting as liaison between the AFB and Parties and implementing and executing entities;
- (e) Making arrangements for the meetings of the AFB, including the issuance of invitations and the preparation of documents for and reports on meetings, and providing a secretary for the AFB meetings;
- (f) Developing the work programme and annual administrative budget of the AF;
- (g) Ensuring the implementation of the operational policies and guidelines of the AF developed by the AFB through, inter alia, the development of a project cycle based on criteria to be adopted by the AFB;
  - (h) Operationalizing the project cycle by:
    - (i) Undertaking the initial review and screening of project proposals to assess conformity with guidelines approved by the AFB;
    - (ii) Presenting project proposals for approval by the AFB;
    - (iii) Monitoring implementation of progress;
    - (iv) Periodically reporting to the AFB on portfolio performance;
    - (i) Coordinating the formulation and monitoring the implementation of projects, ensuring liaison with other bodies as required;

<sup>2</sup> See <<http://www.thegef.org/gef/whatisgef>>.

- (j) Liaising, as appropriate, with the secretariats of other relevant international bodies;
- (k) Provide services to ensure and facilitate proper communication with Parties;
- (l) Providing the trustee of the AF with all relevant information to enable it to carry out its responsibilities, consistent with decision 1/CMP.3 and the decisions of the AFB;
- (m) Performing any other functions assigned to it by the Board, including supporting the accreditation process of the AF.

8. With respect to the LDCF and the SCCF, the GEF Secretariat is responsible for:

- (a) Overseeing the formulation of operational policies and programming strategies for the LDCF and the SCCF;
- (b) Reviewing and processing project proposals for approval by the Chief Executive Officer of the GEF or the GEF Council;
- (c) Managing the portfolio of LDCF and SCCF projects and programmes;
- (d) Coordinating with the GEF agencies, the LDCF and SCCF trustee and the UNFCCC secretariat;
- (e) Reporting to the LDCF/SCCF Council and the Conference of the Parties.<sup>3</sup>

9. With regard to the CIF, it is important to note that the figures provided in table 2 apply to both the Clean Technology Fund and the Strategic Climate Fund, the latter being an overarching fund that supports the three targeted programmes of the CIF: the Forest Investment Program, the Pilot Program for Climate Resilience and the Scaling Up Renewable Energy Program.

10. For the purpose of the comparison, all of the administrative costs provided in tables 1 and 2 are as per the publicly available information on the approved budgets of the bodies in question. The figures relate to the 'actual projected' budget in the case of the LDCF and the SCCF<sup>4</sup> and to the 'actual estimated' budget in the case of the AFB<sup>5</sup> and the CIF.<sup>6</sup> These budgets are revised at the mid-year meetings of these bodies to include the actual expenditure up until the time of the meeting plus the projected or estimated costs from that date until the end of the fiscal year.

## B. Disaggregated administrative costs

11. The documents containing the budgets of the AFB, the LDCF and the SCCF<sup>7</sup> provide an overview of the different components that make up the administrative costs of their secretariats, of which the most significant are:

- (a) Staff costs;
- (b) Travel costs;

<sup>3</sup> GEF/LDCF.SCCF.10/6/Rev.1, paragraph 3.

<sup>4</sup> See documents GEF/LDCF.SCCF.8/4, table 1 (fiscal year 2010), GEF/LDCF.SCCF.10/6/Rev.1, table 1 (fiscal year 2011) and GEF/LDCF.SCCF.12/05/Rev.01, table 1 (fiscal year 2012).

<sup>5</sup> See documents AFB/EFC.1/7/Rev.1, tables 1 and 2 (fiscal year 2010), AFB/EFC.5/9, tables 1 and 3 (fiscal year 2011) and AFB/EFC.9/6/Rev.1, tables 1 and 3 (fiscal year 2012).

<sup>6</sup> See documents CTF-SCF/TFC.4/5, table 5 (fiscal year 2010), CTF-SCF/TFC.6/4/Rev.1, table 4 (fiscal year 2011) and CTF-SCF/TFC.8/9, table 8 (fiscal year 2012).

<sup>7</sup> As per footnotes 4 and 5 above. Disaggregated costs of the Administrative Unit of the CIF were not publicly available – refer to the documents listed in footnote 6 above.

- (c) Consultant costs;
- (d) Operating costs;
- (e) Costs of meetings.

12. In undertaking a comparison of these costs, it is important to consider the significant differences in the scope of the functions, mandate and internal arrangements of the secretariat of the AFB and the GEF Secretariat in administering the LDCF and the SCCF, as well as the scale of the available funding and operations of each fund. It is equally important to bear in mind the differences in accounting methods and bases in the presentation of their respective budget figures, which hinders the possibility of directly comparing the administrative costs of each fund.

13. In relation to budgeting and accounting, the AF shares the same organizational unit code as the GEF at the World Bank, but it is allotted its own budget codes to differentiate between the expenditure of the AF and the GEF. In contrast, the LDCF and SCCF budgets are part of the overall budget of the GEF Secretariat, although they are reported on separately to the LDCF/SCCF Council in relation to staff, consultants, travel, publications and outreach, meetings, and general costs necessary for their operations.

14. Relating to staff costs, table 3 shows the costs of the staff of the AFB secretariat. It should be noted that some of the administrative functions are provided by GEF cross-support staff, including in areas such as website maintenance, communications, equipment, office space and publications.<sup>8</sup> Full-time staff costs include functions related to the accreditation process and AFB meeting arrangements.

Table 3

**Staff costs of the secretariat of the Adaptation Fund Board (USD)**

	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Full-time staff	458 309	558 273	646 115
Global Environment Facility cross-support staff	241 240	297 864	343 082
Total staff	699 549	856 137	989 197

15. Table 4 shows the staff costs as reported by the GEF Secretariat for the LDCF and the SCCF. With regard to these funds, it should be noted that the annual budgets of the LDCF and the SCCF indicate that GEF staff responsibilities include: the preparation of policy papers to respond to COP guidance to be submitted to the GEF Council and operational guidelines for the implementing agencies; the development of a strategic approach to the LDCF/SCCF adaptation portfolio; extensive upstream consultations with implementing agencies and stakeholders on how to design and develop adaptation projects under the new funds; the review of project proposals submitted for financing from the funds; and evolving work on indicators and a monitoring (and evaluation) system.<sup>9</sup> Table 4 therefore may not include any costs that the LDCF and the SCCF may incur with regard to administrative functions, such as in the areas of website maintenance, communications, equipment, office space and publications. Other relevant costs may also not be reflected, including those related to accreditation of GEF project agencies.

<sup>8</sup> FCCC/KP/CMP/2011/6/Add.1, paragraph 3.

<sup>9</sup> GEF/LDCF.SCCF.4/4, paragraph 5.

Table 4  
**Staff costs of the Global Environment Facility Secretariat for the Least Developed Countries Fund and the Special Climate Change Fund (USD)**

<i>Fund</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Least Developed Countries Fund	272 687	334 317	363 118
Special Climate Change Fund	211 593	204 910	219 260

16. Table 5 shows the costs specifically disclosed as travel costs of the AFB secretariat. The figures include all travel costs except the costs of the travel of eligible members of the AFB to participate in meetings, which are covered in chapter IV below. Travel costs associated with the work of the Accreditation Panel of the AFB are also included in these figures, representing 16 per cent, 46 per cent and 34 per cent, respectively, of the travel budget, excluding the travel of eligible AFB members, for the 2010, 2011 and 2012 fiscal years.

Table 5  
**Travel costs of the secretariat of the Adaptation Fund Board (USD)**

	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Adaptation Fund Board secretariat	191 550	371 900	362 166

17. Table 6 shows the travel costs reported by the GEF Secretariat for the LDCF and the SCCF. According to the budget documents of the LDCF and the SCCF, these costs refer primarily to the travel of GEF Secretariat staff to participate in UNFCCC meetings and learning missions as well as to improve communication with the least developed countries and implementing agencies.<sup>10</sup>

Table 6  
**Travel costs of the Global Environment Facility Secretariat for the Least Developed Countries Fund and the Special Climate Change Fund (USD)**

<i>Fund</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Least Developed Countries Fund	100 786	41 212	59 769
Special Climate Change Fund	26 523	11 528	34 404

18. Table 7 shows the costs of the consultancy services of the AFB secretariat. It should be noted that the AFB has its own Accreditation Panel experts, whose fees are covered under this budget line and which represent 41 per cent, 40 per cent and 59 per cent, respectively, of the total budget for consultants for the 2010, 2011 and 2012 fiscal years.

Table 7  
**Consultant costs of the secretariat of the Adaptation Fund Board (USD)**

	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Adaptation Fund Board secretariat	181 475	535 638	314 931

<sup>10</sup> See documents GEF/LDCF.SCCF.8/4, paragraph 8, and GEF/LDCF.SCCF.10/6/Rev.1, paragraph 9.

19. Table 8 shows the costs of consultancy services as reported by the GEF Secretariat for the LDCF and the SCCF.

Table 8

**Consultant costs of the Global Environment Facility Secretariat for the Least Developed Countries Fund and the Special Climate Change Fund (USD)**

<i>Fund</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Least Developed Countries Fund	62 207	47 464	5 225
Special Climate Change Fund	62 207	47 464	5 225

20. The general operating costs of the secretariat of the AFB are presented in table 9.

Table 9

**General operating costs of the secretariat of the Adaptation Fund Board (USD)**

	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Adaptation Fund Board secretariat	69 784	196 227	195 614

21. The general operating costs of the GEF Secretariat for the LDCF and the SCCF are presented in table 10.

Table 10

**General operating costs of the Global Environment Facility Secretariat for the Least Developed Countries Fund and the Special Climate Change Fund (USD)**

<i>Fund</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Least Developed Countries Fund	59 136	94 476	82 475
Special Climate Change Fund	35 630	61 374	44 268

### C. Comparison of the administrative costs of the secretariats of different funds in terms of their number of staff

22. The review of the interim arrangements of the AF<sup>11</sup> noted that there are various structures and profiles of climate change organizations, with varying administrative arrangements.<sup>12</sup> In order to deal with the different organizational profiles and significant differences in scale of these bodies, a relative measure was used for the purpose of comparison, by dividing, for each secretariat, the total administrative expenses by the total number of staff for the fiscal year 2011. This can be observed in table 11.<sup>13</sup> The table includes a comparison with the Multilateral Fund, which was created under the Montreal Protocol. The table uses the actual expenditure of the AFB for the fiscal year 2011, as opposed to the approved budget figure that was used for comparative purposes in chapters II.A and II.B above.

<sup>11</sup> FCCC/KP/CMP/2011/6/Add.1.

<sup>12</sup> FCCC/KP/CMP/2011/6/Add.1, paragraph 81.

<sup>13</sup> Originally table 6 contained in document FCCC/KP/CMP/2011/6/Add.1.



Table 11  
**Comparison of the administrative expenses of the secretariats of different funds in terms of cost per staff member for the fiscal year 2011**

<i>Fund</i>	<i>Administrative expenses of secretariat in fiscal year 2011 (USD)</i>	<i>No. of secretariat staff</i>	<i>Cost per secretariat staff member (USD)</i>
Adaptation Fund	2 521 301	7	360 000
Multilateral Fund	9 400 000	28	336 000
Climate Investment Funds	6 908 900	21	329 000

23. Table 12 expands on the comparison in table 11 by including information on the administrative costs of the GEF Secretariat for the LDCF and the SCCF. The total administrative expenses of the GEF Secretariat in managing the LDCF and the SCCF are based on the budget figures reported for the fiscal year 2011.<sup>14</sup> In that fiscal year, the GEF Secretariat had three full-time staff members under the LDCF and the SCCF, one staff member who charged for 50 per cent of their time and two staff members who charged for approximately 20 per cent of their time in that year.<sup>15</sup> As the staff is the same for the secretariat of both the LDCF and the SCCF, in table 12 the administrative costs of the LDCF and the SCCF have been added together for the purpose of comparison.

24. However, it is important to remember that the aggregated budget figures follow different budgeting and accounting bases, as stated in paragraph 12 above.

Table 12  
**Expanded comparison of the administrative expenses of the secretariats of different funds in terms of cost per staff member for the fiscal year 2011**

<i>Fund</i>	<i>Administrative expenses of secretariat in fiscal year 2011 (USD)</i>	<i>No. of secretariat staff</i>	<i>Cost per secretariat staff member (USD)</i>
Adaptation Fund Board	2 521 301	7	360 000
Multilateral Fund	9 400 000	28	336 000
Climate Investment Funds	6 908 900	21	329 000
Least Developed Countries Fund and Special Climate Change Fund	898 265 <sup>a</sup>	3.9	230 324

<sup>a</sup> Refer to document GEF/LDCF.SCCF.10/6/Rev.1, table 1. Total administrative expenses of USD 898,265 = USD 544,712 (Least Developed Countries Fund) + USD 353,553 (Special Climate Change Fund).

<sup>14</sup> As provided in document GEF/LDCF.SCCF.10/6/Rev.1, table 1, these budget figures are calculated by adding the actual expenditure up to the annual mid-year meeting to the projected costs from that date until the end of the fiscal year.

<sup>15</sup> Information provided in an e-mail from the LDCF/SCCF secretariat to the UNFCCC secretariat.

### III. Administrative costs of the trustee of different funds

#### A. Aggregated administrative costs

25. For the purpose of a comparative analysis of the administrative costs of the services of the World Bank acting as an interim trustee for the AF, table 13 shows the total administrative costs of the trustees of the AF, the LDCF, the SCCF, the CIF and the GEF Trust Fund, based on their approved budget figures for the fiscal years 2010, 2011 and 2012. The trustee for all five of the funds is the International Bank for Reconstruction and Development (IBRD) of the World Bank Group. With respect to funds supporting multilateral environmental agreements, it should be noted that the UNFCCC secretariat, in preparing this document, was not able to find publicly available information on the administrative costs of trustees other than IBRD.

26. For the purpose of the comparison, all of the administrative costs provided in table 13 are as per the publicly available information on the approved budgets of the bodies in question. The figures relate to the 'actual projected' budget in the case of the LDCF and the SCCF<sup>16</sup> and to the 'actual estimated' budget in the case of the AFB,<sup>17</sup> the CIF<sup>18</sup> and the GEF Trust Fund.<sup>19</sup> These budgets are revised at the mid-year meetings of these bodies to include the actual expenditure up until the time of the meeting plus the projected or estimated costs from that date until the end of the fiscal year.

Table 13

#### Aggregated administrative costs of the trustee of different funds (USD)

<i>Fund</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Adaptation Fund	1 075 100	1 040 479	888 000
Least Developed Countries Fund	122 300	177 900	220 000
Special Climate Change Fund	115 800	267 363	150 200
Climate Investment Funds	1 520 000	2 324 300	3 187 000
Global Environment Facility Trust Fund	2 913 265	2 749 000	3 177 000

#### B. Disaggregated administrative costs

27. The documents containing the budgets of the AF, the LDCF and the SCCF provide an overview of the different components that make up the administrative costs of the trustee of the different funds. It should be noted that, amongst the different funds, only in the case

<sup>16</sup> See documents GEF/LDCF.SCCF.8/4, tables 3 and 4 (fiscal year 2010), GEF/LDCF.SCCF.10/6/Rev.1, tables 4 and 5 (fiscal year 2011) and GEF/LDCF.SCCF.12/05/Rev.01, tables 4 and 5 (fiscal year 2012).

<sup>17</sup> See documents AFB/EFC.1/7/Rev.1, tables 1 and 2 (fiscal year 2010), AFB/EFC.5/9, tables 1 and 3 (fiscal year 2011) and AFB/EFC.9/6/Rev.1, tables 1 and 3 (fiscal year 2012).

<sup>18</sup> See documents CTF-SCF/TFC.4/5, table 9 (fiscal year 2010), CTF-SCF/TFC.6/4/Rev.1, table 9 (fiscal year 2011) and CTF-SCF/TFC.8/9, table 15 (fiscal year 2012).

<sup>19</sup> See documents GEF/C.37/5, table 7 (fiscal year 2010), GEF/C.40/05/Rev.1, table 6 (fiscal year 2011) and GEF/C.42/07/Rev.01, table 6 (fiscal year 2012). All figures for the GEF Trust Fund are core budget figures of the trustee, excluding special initiatives.

of the AF is the trustee required to provide the service of monetization of certified emission reductions (CERs). With the exception of that service, the most significant services that the trustee of the different funds provides are:

- (a) Financial and programme management;
- (b) Investment management;
- (c) Accounting and reporting;
- (d) Legal services.

28. Other services and related costs that were included in the budgets for the different funds, but were not consistently included as separate line items in all cases, were costs relating to: the preparation of financial statements and arrangement of external audits; the travel of trustee staff (it should be noted that the trustee is required to travel to Bonn, Germany, for the AFB meetings);<sup>20</sup> one-time trust fund set-up fees; information technology system upgrades and annual operation and maintenance; and consultant costs.

29. For the purpose of the comparison, all of the administrative costs provided in tables 14–17 are as per the publicly available information on the approved budgets of the bodies in question. The figures relate to the ‘actual projected’ budget in the case of the LDCF and the SCCF<sup>21</sup> and to the ‘actual estimated’ budget in the case of the AFB,<sup>22</sup> the CIF<sup>23</sup> and the GEF Trust Fund.<sup>24</sup> These budgets are revised at the mid-year meetings of these bodies to include the actual expenditure up until the time of the meeting plus the projected or estimated costs from that date until the end of the fiscal year.

30. In undertaking a comparison of these costs, it is important to consider the significant differences in the scope of the functions, mandate and required arrangements of the trustee of each of the funds, as well as the scale of the available funding and operations of each fund.

31. Table 14 provides information on the financial and programme management costs of the trustee of each of the different funds.

Table 14

**Financial and programme management costs of the trustee of different funds (USD)**

<i>Fund</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Adaptation Fund	253 000	140 000	157 000
Least Developed Countries Fund	45 000	45 000	53 900
Special Climate Change Fund	45 000	45 000	56 130
Climate Investment Funds	380 000	350 000	404 000

<sup>20</sup> As per decision 1/CMP.4, annex III, appendix, paragraph 16: “...the Trustee shall be entitled to attend any meetings of the AFB and, as an observer, any meetings of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol which may concern the operations and activities of the AF”.

<sup>21</sup> See documents GEF/LDCF.SCCF.8/4, tables 3 and 4 (fiscal year 2010), GEF/LDCF.SCCF.10/6/Rev.1, tables 4 and 5 (fiscal year 2011) and GEF/LDCF.SCCF.12/05/Rev.01, tables 4 and 5 (fiscal year 2012).

<sup>22</sup> See documents AFB/EFC.1/7/Rev.1, tables 1 and 2 (fiscal year 2010), AFB/EFC.5/9, tables 1 and 3 (fiscal year 2011) and AFB/EFC.9/6/Rev.1, tables 1 and 3 (fiscal year 2012).

<sup>23</sup> See documents CTF-SCF/TFC.4/5, table 9 (fiscal year 2010), CTF-SCF/TFC.6/4/Rev.1, table 9 (fiscal year 2011) and CTF-SCF/TFC.8/9, table 15 (fiscal year 2012).

<sup>24</sup> See documents GEF/C.37/5, table 7 (fiscal year 2010), GEF/C.40/05/Rev.1, table 6 (fiscal year 2011) and GEF/C.42/07/Rev.01, table 6 (fiscal year 2012).

<i>Fund</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Global Environment Facility Trust Fund	1 422 000	1 230 000	1 280 300

32. Table 15 provides information on the investment management costs of the trustee of each of the different funds. For all of the funds, the investment management fees were calculated on the basis of a cost of 3.5 basis points against the average annual balance of the portfolio.<sup>25</sup>

Table 15

**Investment management costs of the trustee of different funds (USD)**

<i>Fund</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Adaptation Fund	20 000	70 000	85 000
Least Developed Countries Fund	40 600	61 800	115 500
Special Climate Change Fund	31 500	34 300	43 470
Climate Investment Funds	287 000	767 000	1 007 000
Global Environment Facility Trust Fund	1 061 000	1 070 000	1 331 400

33. Table 16 provides information on the accounting and reporting costs of the trustee of the different funds. It is important to mention that the AF has its own accounting and reporting requirements, which may also be the case for all of the other funds depending on their governance and administrative arrangements.

Table 16

**Accounting and reporting costs of the trustee of different funds (USD)**

<i>Fund</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Adaptation Fund	55 000	55 000	56 000
Least Developed Countries Fund	20 300	22 600	25 300
Special Climate Change Fund	21 300	46 200	25 300
Climate Investment Funds	303 000	357 300	360 000
Global Environment Facility Trust Fund	158 000	168 000	201 800

34. Table 17 provides information on the costs of the legal services of the trustee of the different funds.

Table 17

**Legal service costs of the trustee of different funds (USD)**

<i>Fund</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Adaptation Fund	32 100	55 000	34 000
Least Developed Countries Fund	16 400	23 500	25 300
Special Climate Change Fund	18 000	20 000	25 300
Climate Investment Funds	200 000	198 000	180 000
Global Environment Facility Trust Fund	160 000	165 000	186 500

<sup>25</sup> Refer to the references contained in footnotes 21–24 above.

## C. Monetization costs of the Adaptation Fund

35. Table 18 provides a breakdown of the cost of the monetization of CER units from the share of proceeds of the clean development mechanism as reported by the trustee of the AF for the fiscal years 2010, 2011 and 2012.<sup>26</sup>

Table 18

### Certified emission reduction monetization costs of the Adaptation Fund

	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Total cost of CER monetization (USD)	610 000	678 000	514 000
Number of CERs sold – over the counter	3 570 000	800 000	-
Number of CERs sold – exchange	2 415 000	925 000	400 000 <sup>a</sup>
Number of CERs sold – auction	-	200 000	-
Monetization cost per t CO <sub>2</sub> eq (USD)	0.12	0.21	0.23 <sup>b</sup>

*Abbreviation:* CER = certified emission reduction.

<sup>a</sup> For first quarter of 2012 only.

<sup>b</sup> Actual costs for the fiscal year 2012 until 24 May 2012.

36. Table 19 provides publicly available information on the fees that the trustee of the AF pays to sell CERs through the BlueNext exchange. For the purpose of a comparative analysis of the monetization costs of the World Bank acting as an interim trustee for the AF, information is then presented, in paragraph 41 below, on the fees for selling CERs through the NASDAQ OMX Commodities Europe exchange (formerly Nord Pool).

37. In undertaking a comparison of the different exchanges, it is important to note that there are inherent differences in the pricing structure, modalities of transaction (spot versus futures contracts) and other general conditions of service of each exchange. These fundamental differences in the exchanges may make it difficult to perform an effective comparison.

38. The trustee of the AF has used the BlueNext environmental trading exchange to sell AF CERs. Through the exchange, members can buy and sell CERs on both a spot and a forward/future basis.<sup>27</sup> The BlueNext fees paid by the trustee of the AF are displayed in table 19 and were originally made publicly available in the trustee's financial report to the AFB.<sup>28</sup> These are all-inclusive costs.

Table 19

### BlueNext fees paid by the trustee of the Adaptation Fund to sell certified emission reductions

<i>Year</i>	<i>Quarter</i>	<i>Sale method</i>	<i>Quantity of CERs sold (t CO<sub>2</sub> eq)</i>	<i>BlueNext fees (EUR)</i>
2009	Q2	Exchange	20 000	480
	Q3	Exchange	80 000	1 920

<sup>26</sup> This information was originally presented in the annual approved budgets of the AF (see documents AFB/EFC.1/7/Rev.1, table 3 (fiscal year 2010), AFB/EFC.5/9, table 4 (fiscal year 2011) and AFB/EFC.9/6/Rev.1, section III, table 1 (fiscal year 2012)), document AFB/EFC.9/6/Rev.1, chart 2, and document AFB/EFC.9/8, annex.

<sup>27</sup> See <<http://www.blunext.eu/exchange/about.html>>.

<sup>28</sup> See document AFB/EFC.9/8, annex.

<i>Year</i>	<i>Quarter</i>	<i>Sale method</i>	<i>Quantity of CERs sold (t CO<sub>2</sub> eq)</i>	<i>BlueNext fees (EUR)</i>
2010	Q4	Exchange	450 000	10 800
	Q1	Exchange	420 000	10 080
	Q2	Exchange	895 000	12 270
	Q3	Exchange	540 000	7 560
	Q4	Exchange	560 000	7 840
2011	Q1	Exchange	180 000	2 520
	Q2	Exchange	315 000	4 350
	Q2	Auction	200 000	2 000
	Q3	Exchange	390 000	5 460
	Q4	Exchange	40 000	560
2012	Q1	Exchange	400 000	5 600

*Abbreviations:* CERs = certified emission reductions, Q = quarter.

39. The BlueNext website provides the following publicly listed information on the fees for selling CERs:<sup>29</sup>

(a) The transaction cost of selling spot and future CER units is currently EUR 0.01 per tonne of carbon dioxide equivalent (t CO<sub>2</sub> eq);

(b) The annual membership and licensing fee is EUR 7,500 (EUR 4,000 for the former; EUR 3,500 for the latter);<sup>30</sup>

(c) There is also a EUR 40 fee per trade executed.<sup>31</sup>

40. It should be noted that BlueNext has announced that it will be closing permanently in December 2012.<sup>32</sup>

41. The following public information listed on the NASDAQ OMX website<sup>33</sup> provides details of the fees for selling CER units through the NASDAQ OMX Commodities Europe exchange (formerly Nord Pool):<sup>34</sup>

(a) The transaction cost of selling CER units is a combined clearing and trading fee of EUR 0.003 per t CO<sub>2</sub> eq. This is the variable fee charged to direct clearing members;

(b) The annual membership fee is EUR 3,000 (EUR 1,500 for exchange and EUR 1,500 for clearing membership);

(c) There are additional optional costs for connectivity to the electronic trading system.

<sup>29</sup> See <<http://www.bluenext.eu/products/feesSpot.html>>.

<sup>30</sup> Information provided in an e-mail exchange between the UNFCCC secretariat and the trustee of the AF.

<sup>31</sup> As footnote 30 above.

<sup>32</sup> As footnote 30 above.

<sup>33</sup> See

<[http://www.nasdaqomx.com/digitalAssets/81/81516\\_clearingfeelist\\_jointappendix720120305.pdf](http://www.nasdaqomx.com/digitalAssets/81/81516_clearingfeelist_jointappendix720120305.pdf)>.

<sup>34</sup> The Nord Pool exchange for financial energy and CO<sub>2</sub> contracts was taken over by NASDAQ OMX Group Inc. in 2008 and has been renamed NASDAQ OMX Commodities Europe.

#### IV. Administrative costs of the governing bodies of different funds

42. The administrative costs of the AFB (the executive committee of the AF) are displayed in table 20.<sup>35</sup>

Table 20<sup>36</sup>

##### Administrative costs of the Adaptation Fund Board for the fiscal years 2009, 2010 and 2011 (USD)

<i>Adaptation Fund Board administrative costs (disaggregated)</i>	<i>Fiscal year 2009</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>
Travel costs/airfare (eligible Board members)	76 997	576 000	593 280
Daily subsistence allowance	145 710	141 729	161 009
Support to the Chair of the Board	15 000	0	23 870
<b>Total</b>	<b>237 707</b>	<b>717 729</b>	<b>778 159</b>

*Notes:* (1) The number of eligible Board members ranges from 20 to 25 depending on the selection of members (Eastern European members can be from Parties included in Annex I to the Convention or from Parties not included in Annex I to the Convention); (2) In the fiscal year 2009, some Board members arranged their travel at their own governments' cost, so the travel costs/airfare for that year are much lower than for 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 United Nations rules started from the fiscal year 2010.

43. For the purpose of a comparative analysis of the administrative costs of the AFB, table 21 presents information on the costs of meetings as listed in the budget of the AFB. The costs refer to the costs of holding the meetings of the AFB incurred by the AFB secretariat. It should be noted that the AFB is a stand-alone governing body and holds its meetings in Bonn as it has legal personality in Germany (with the exception of when it holds meetings back-to-back with sessions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol). Further information on the meetings is displayed in table 23.

44. For the purpose of the comparison, all of the meeting costs provided in tables 21 and 22 are as per the publicly available approved budgets of the bodies in question. Such budgets are the actual (projected) or actual (estimated) budgets of the bodies, which are revised at the annual spring meetings of these bodies to include the actual expenditure up until the spring meeting plus the projected or estimated costs from that date until the end of the fiscal year.<sup>37</sup>

<sup>35</sup> Originally the table contained in document FCCC/KP/CMP/2012/7, annex VI.

<sup>36</sup> The notes to this table are part of the table contained in document FCCC/KP/CMP/2012/7, annex VI.

<sup>37</sup> For the AF, see documents AFB/EFC.1/7/Rev.1, table 3 (fiscal year 2010), AFB/EFC.5/9, table 4 (fiscal year 2011) and AFB/EFC.9/6/Rev.1, section III, table 1 (fiscal year 2012). For the LDCF/SCCF, see documents GEF/LDCF.SCCF.8/4, table 3 (fiscal year 2010), GEF/LDCF.SCCF.10/6/Rev.1, table 4 (fiscal year 2011) and GEF/LDCF.SCCF.12/05/Rev.01, table 4 (fiscal year 2012).

Table 21  
**Meeting costs of the secretariat of the Adaptation Fund Board (USD)**

	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Adaptation Fund Board secretariat	500 000	500 000	489 176

45. Table 22 provides the meeting costs reported by the GEF Secretariat in relation to the services it provides to the LDCF and the SCCF. The costs refer to the costs of holding the LDCF/SCCF Council meetings. It should be noted that the LDCF/SCCF Council meetings are organized back-to-back with the GEF Council meetings, generating significant economies of scale and savings for the funds. Further information on the meetings is displayed in table 23.

Table 22  
**Meeting costs of the GEF Secretariat for the Least Developed Countries Fund and the Special Climate Change Fund (USD)**

<i>Fund</i>	<i>Fiscal year 2010</i>	<i>Fiscal year 2011</i>	<i>Fiscal year 2012</i>
Least Developed Countries Fund	6 365	6 556	6 753
Special Climate Change Fund	6 365	6 556	6 753

Table 23  
**Information on the meetings of the Adaptation Fund Board and the Least Developed Countries Fund/Special Climate Change Fund Council**

<i>Body</i>	<i>Number of meetings per year</i>	<i>Duration of each meeting</i>	<i>Total number of meeting days per year</i>	<i>Total number of members</i>	<i>Number of members eligible for funding</i>
Adaptation Fund Board	4 <sup>a</sup>	3 days <sup>a</sup>	12 days	16 <sup>b</sup>	11 <sup>b</sup>
Least Developed Countries Fund/Special Climate Change Fund Council	2 <sup>c</sup>	1 day <sup>c</sup>	2 days	32 <sup>d</sup>	16 <sup>d</sup>

<sup>a</sup> Source: <<http://www.adaptation-fund.org/afb-meetings>>.

<sup>b</sup> Source: <<http://www.adaptation-fund.org/about/the-board>>. Note that the number of eligible members may vary and that alternates are also eligible for funding, as per AFB/B.9/Inf.6, paragraphs 41 and 42.

<sup>c</sup> Source: <[http://www.thegef.org/gef/council\\_meetings/lDCF](http://www.thegef.org/gef/council_meetings/lDCF)>.

<sup>d</sup> Source: <<http://www.thegef.org/gef/council>>. Note that the number of eligible members may vary and that support for alternates is available from recipient countries in multi-Party constituencies when the alternate is from a different country than that of the Council member, as per the Global Environment Facility Instrument and GEF/C.34/Inf.9, paragraph 1.