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اللجنة التنفيذية للصندوق المتعدد الأطراف
لتنفيذ بروتوكول مونتريال
الاجتماع الثامن والستون
مونتريال، 3-7 ديسمبر/ كانون الأول 2012

تقييم نظام التكاليف الإدارية لفترة السنوات الثلاث
2015-2017 (المقرر 17/66(هـ))

إن وثائق ما قبل دورات اللجنة التنفيذية للصندوق المتعدد الأطراف لتنفيذ بروتوكول مونتريال
قد تصدر دون إخلال بأي قرار تتخذه اللجنة التنفيذية بعد صدورها.

خلفية

1- منذ استعراض نظم التكاليف الإدارية كل فترة ثلاث سنوات جديدة، طلب إلى اللجنة التنفيذية في اجتماعها الثاني والستين ما إذا كانت ترغب في تقييم مستقل أو تقييم من قبل الأمانة. وقررت اللجنة "أن تمديد نظام التكاليف الإدارية لفترة الثلاث سنوات 2012-2014 يمكن أن يكون قائماً على أساس تقرير عام 2012 لتكاليف الوحدة الأساسية الذي تعده أمانة الصندوق في الاجتماع الخامس والستين (المقرر 25/62(ج)).

2- عند تقييم ملاءمة النظام الحالي على ضوء الأدوار المتغيرة للوكالات المنفذة وحوافظها والآثار على تيسير متطلبات الإبلاغ، طلبت الأمانة إلى الوكالات المنفذة توفير معلومات عن المدى الذي يمكن فيه استخدام التكاليف الإدارية لمتطلبات الإبلاغ وتنفيذ المشروعات والمتطلبات الإدارية الداخلية. وبالرغم من أن اليونيب قدم تقديراً، أشار كل من اليونديبي والبنك الدولي أن لديهما تحليلات تفصيلية لتقييم مختلف عناصر تكاليفها الإدارية، ولم تقدم معلومات إلى أمانة الصندوق. ولم تتمكن اللجنة من الاتفاق على نظام للتكاليف الإدارية قبل بدء فترة الثلاث سنوات 2012-2014 ولا في أول اجتماع لفترة الثلاث سنوات. ونتيجة لذلك، تم تطبيق نظام التكاليف الإدارية في أول اجتماع لفترة 2012-2014.

3- في الاجتماع الخامس والستين، طلبت الأمانة ما إذا كانت اللجنة التنفيذية تود أن تطلب من الوكالات المنفذة أن تقدم تحليلاً للتكاليف عن استخدام التكاليف الإدارية للإبلاغ وتنفيذ المشروعات والمتطلبات الداخلية وأي تقييمات أخرى في سياق التكاليف الإدارية لفترة الثلاث سنوات 2015-2017. وتم تناول المسألة في الاجتماع السادس والستين حيث قررت اللجنة التنفيذية: "مواصلة المناقشة في الاجتماع الثامن والستين بشأن الحاجة الممكنة لوضع اختصاصات تقييم نظام التكاليف الإدارية لفترة الثلاث سنوات 2015-2017 وكيفية تعديل الاختصاصات على ضوء الاختصاصات السابقة" (المقرر 17/66(ه)).

4- نتناول هذه الوثيقة هذه المسألة من خلال استعراض تاريخ التكاليف الإدارية في الصندوق المتعدد الأطراف وتقييماتها والاختصاصات السابقة والملاحظات والتوصيات.

تاريخ التكاليف الإدارية وتقييماتها

5- كانت هناك أربعة أنظمة للتكاليف الإدارية بموجب الصندوق المتعدد الأطراف منذ إنشائه. وفي البداية، كان اليونديبي واليونيب واليونيدو يحصلون على رسم وكالة ثابت بمعدل 13 في المائة من قيمة المشروعات الموافق عليها فضلاً عن أنشطة إعداد المشروعات وإعداد البرامج القطرية، في حين كان البنك الدولي يحصل على ميزانية إدارية وقانونية ومالية كعنصر تمويل في برنامج عمله السنوي الذي كان يشمل إعداد المشروعات وإعداد البرامج القطرية كتكاليف إدارية. كما كان يحصل على 3 في المائة كتكاليف دعم عن الأموال الموافق عليها لكل مشروع لتغطية رسوم وسطائه الماليين المسؤولين عن تنفيذ المشروعات.

6- وأجري أول تقييم مستقل للنائب السابق للمدير التنفيذي لليونيب ونتج عنه حصول جميع الوكالات، بما فيها البنك الدولي، على رسم نسبته 13 في المائة (انظر الفقرة 41 من UNEP/OzL.Pro/ExCom/12/6 و UNEP/OzL.Pro/ExCom/14/12 والمقرر 10/18(ب)). ونتج عن التقييم الثاني الذي أجرته شركة كوبرز وليبراند عن تغيير ثالث لنظام التكاليف الإدارية (انظر الفقرة 6 من المقرر 4/8 من اجتماع الأطراف و UNEP/OzL.Pro/ExCom/26/67). وطبق نظام التكاليف الإدارية الجديد على جميع الوكالات ولكنه لا يسري بالكامل حالياً إلا على الوكالات الثنائية ويطبق جزئياً على اليونيب (المقرران 41/26 و 15/67(أ)). وقبل الاجتماع الثامن والثلاثين، خصصت اللجنة التنفيذية الموارد وفقاً لأنصبة الوكالات (45 في المائة للبنك الدولي و30 في المائة لليونديبي و25 في المائة لليونيدو) للمشروعات الاستثمارية. ونتيجة لهذا التغيير، حصل اليونديبي واليونيدو والبنك

الدولي على ميزانية للوحدة الأساسية بمعدل منخفض لتكاليف الدعم للأنشطة الفردية (انظر المقررين 68/37 (ج) و68/38). وهذا هو النظام المتبع حالياً لهذه الوكالات.

7 واستند تقييم مستقل آخر إلى اختصاصات نظر فيها في الاجتماع الحادي والخمسين (UNEP/OzL.Pro/ExCom/51/44 والمقرر 38/51). وأجرت الدراسة شركة برايس وترهاوس كوبرز وعُرضت على الاجتماع الخامس والخمسين (UNEP/OzL.Pro/ExCom/55/48 والمقرر 44/55)، وتلاها ورقة مسائل عرضتها أمانة الصندوق (UNEP/OzL.Pro/ExCom/56/19). ووافقت اللجنة التنفيذية على الإبقاء على نظم التكاليف الإدارية القائمة للوكالات الثنائية والمنفذة لفترة السنوات الثلاث 2009-2011 وطلبت إلى الوكالات المنفذة توفير بيانات فعلية كافية من أجل رصد الاختلافات بين دخل التكاليف الإدارية والتكاليف المتكبدة (المقرر 41/56 (ب) و(ج)).

8- طلبت اللجنة التنفيذية في اجتماعها الرابع والستين إلى أمانة الصندوق، في سياق الإبلاغ المرحلي "النظر في سياق استعراضها للتكاليف الإدارية الذي يقدم إلى الاجتماع الخامس والستين عملاً بالمقرر 25/62(ج)": " ما إذا كان نظام التكاليف الإدارية الحالي يعتبر ملائماً على ضوء الأدوار المتغيرة والحوافز للوكالات المنفذة؛ (ب) خيارات لضمان أن نسبة التكاليف الإدارية الشاملة تظل في إطار المتوسط التاريخي أو أقل" (المقرر 6/64(ج)3).

9- اعتمدت اللجنة التنفيذية في اجتماعها السابع والستين نظاماً جديداً للتكاليف الإدارية وقررت استعراض نظام التكاليف الإدارية وميزانية تمويل الوحدة الأساسية في الاجتماع الرابع والسبعين للجنة التنفيذية، أي، آخر اجتماع في فترة الثلاث سنوات 2012-2014 (المقرر 15/67(ب)ج).

10- وعند معالجة مسألة تقييم التكاليف الإدارية على أساس المصروفات المحتملة بدلاً من الموافقات، أثارت الأمانة إمكانية وضع نظام تكاليف إدارية يستند إلى الميزانيات السنوية الموافق عليها مسبقاً المحتمل النظر فيها، بداية بفترة السنوات الثلاث 2015-2017 لأن ذلك سيعني تجنب الحاجة إلى وجود أرصدة من الأموال تنتظر الصرف وسيؤدي إلى فهم أفضل لاستعمال عنصر رسوم الوكالة من التكاليف الإدارية. وكان عنصر رسوم الوكالة نسبة مئوية من تنفيذ وكالات الأمم المتحدة ولذلك كان يمكن أن يكون هناك فائض أو عجزاً في المصروفات إلا إذا تغير النظام. وإذا كانت اللجنة ترغب في النظر في نظام مختلف للتكاليف الإدارية لفترة السنوات الثلاث 2015-2017، ينبغي أن تحيط علماً بهذا الاحتمال في أي اتفاق للمرحلة الثانية من خطط إدارة إزالة المواد الهيدروكلوروفلوروكربونية التي قد تأخذ النظام الجديد في عين الاعتبار.

الاختصاصات السابقة

11- تعرض المرفقات الأول-الثالث الاختصاصات السابقة التي استخدمت للتقييمات المستقلة. وتشمل أيضاً الاختصاصات التي استخدمت في آخر دراسة للتكاليف الإدارية التي قام بها مرفق البيئة العالمية. وتحدد اختصاصات المرفق الأهداف والمسائل المحددة والمسائل التي يتعين تناولها والمنهجية والإطار الزمني والعلامات للتقييم.

الملاحظات

12- ينبغي أن يقدم استعراض نظام التكاليف الإدارية وميزانية تمويل وحدتها الأساسية إلى الاجتماع الرابع والسبعين للجنة التنفيذية عملاً بالمقرر 15/67(ج). وأعربت الوكالات المنفذة عن الرغبة في الاحتفاظ بالنظام الحالي لفترة الثلاث سنوات القادمة أيضاً. ومع ذلك، سيكون لدى فترة الثلاث سنوات التالية اتفاقات كثيرة للمرحلة الثانية من خطط إدارة إزالة المواد الهيدروكلوروفلوروكربونية طويلة الجمل التي قد تستمر أكثر من فترة ثلاث سنوات واحدة، وبالتالي ينبغي النظر في رسوم الوكالة في سياق توجيه المرحلة الثانية من خطط إدارة إزالة المواد الهيدروكلوروفلوروكربونية.

13- يمكن أداء الاستعراض من قبل استشاري مستقل أو أمانة الصندوق أو خبراء كما كان الأمر في الماضي. كانت الخبرة مع الاستشاريين المستقلين تكلفة عالية ومنحنيات تعلم طويلة لفريق الاستشاريين العاملين في التحليلات. ولم توفر الوكالات المنفذة تحليلاً للتكلفة في استخدام التكاليف الإدارية للإبلاغ وتنفيذ المشروعات والمتطلبات الداخلية وأي تقييمات طلبتها أمانة الصندوق لتمكينها من تقييم مدى التمويل المطلوب للتكاليف الإدارية. فضلاً عن ذلك، لم يكن هناك اختصاصات متفق عليها باستثناء النظر في خيارات لتحقيق معدل المستوى التاريخي للتكاليف الإدارية.

14- وبغض النظر عن الطرائق، من الأفضل وجود اختصاصات يكون للجنة التنفيذية فيها مدخلات وكذلك مدخلات من الوكالات المنفذة من عدم وجود اختصاصات وذلك لتوضيح ما يتضمنه التقييم. وقد ترغب اللجنة التنفيذية تقديم آرائها بشأن الاختصاصات وتطلب من الأمانة، بالتعاون مع الوكالات المنفذة، اقتراح اختصاصات وأسئلة لتناول المنهجية والعلامات والتكاليف، كما تطبق على التقييم الذي عهد به المقرر 15/67(ج).

15- لا يتوقع أن يحقق نظام التكاليف الإدارية لفترة الثلاث سنوات 2012-2014 المعدل التاريخي للتكاليف الإدارية البالغة 11.54 في المائة كما هو متوقع أن ينتج عن معدل متوسط يبلغ 11.55 في المائة لفترة الثلاث سنوات. إن نظام التكاليف الإدارية لم يلبي هدف الاجتماع الثامن للأطراف بتحقيق معدل تكلفة يبلغ أقل من 10 في المائة (المقرر 4/8). وينبغي على الاختصاصات أن تستكشف الوسائل لتحقيق هذه الأهداف في فترة الثلاث سنوات من 2015 إلى 2017.

التوصيات

16- قد ترغب اللجنة التنفيذية في:

(أ) أن تقدم آرائها بشأن محتويات اختصاصات تقييم التكاليف الإدارية لفترة الثلاث سنوات من 2015 إلى 2017؛

(ب) أن تطلب من الأمانة، بالتعاون مع الوكالات المنفذة، اقتراح اختصاصات وأسئلة لتناول المنهجية والعلامات والتكاليف، كما تطبق على التقييم الذي عهد به المقرر 15/67(ج) مع مقترحات تشمل ولكن لا تقتصر على تحقيق أهداف المقرر 15/67(ج) للجنة التنفيذية والمقرر 4/8 لاجتماع الأطراف.

Annex I

TERMS OF REFERENCE OF PROPOSED ENQUIRY FOR THE ADMINISTRATIVE COST ANALYSIS PRESENTED TO THE 14TH MEETING OF THE EXECUTIVE COMMITTEE

1. Define what should be regarded as admissible administrative costs of operating the Multilateral Fund, taking into account different practices amongst the implementing agencies and as far as practical comparable practices in other aid agencies.
2. On basis of figures reported to the Treasurer and such other supplementary figures as may be provided by the implementing agencies, calculate the administrative costs that fell within the definition of such costs and were charged to the Financial Mechanism by each implementing agency and by the Secretariat separately in the years 1991-1993.
3. Relate the calculated administrative costs over the period 1991-1993 in each implementing agency with the actual programme of activities implemented by each agency in those years, and relate the aggregate of all identified administrative costs, including the Secretariat administrative costs, to the programme of the Multilateral Fund overall in each year.
4. Establish how far a comparison of administrative costs can be made with the administrative cost ratios of the Global Environment Facility and other aid programmes.
5. Endeavour to define norms for admissible administrative costs involved in implementing the Multilateral Fund's approved programme of activities.
6. Advise how administrative costs of the implementing agencies might be made more transparent in future within the proposed norms.

Source: "The administrative costs of the financial mechanism", UNEP/OzL.Pro/ExCom/14/12, Annex A.

Annex II

TERMS OF REFERENCE OF THE CONSULTANCY ON THE ADMINISTRATIVE COSTS OF THE IMPLEMENTING AGENCIES

1. Decision VIII/4 of the Eighth Meeting of the Parties requested:

“That the Executive Committee should, over the next three years, work toward the goal of reducing agency support costs from their current level of 13 per cent to an average of below 10 per cent to make more funds available for other activities. The Executive Committee should report to the Parties annually on their progress, and the Parties may adjust the goal accordingly;”
2. In accordance with this decision, the consultant will work with the Secretariat and the implementing agencies to identify options and approaches for reducing the overall level of administrative costs focusing on revising the current uniform, fee-based approach.
3. Options to be considered could include:
 - (a) Establishment of different rates of support costs for different types of projects and projects in different sectors;
 - (b) Establishment of a sliding scale of support costs for different sized investment projects.
4. The option of deciding support costs on a project-by-project basis is excluded.
5. In undertaking this work, the consultant should take account of the previous reports prepared on this subject.
6. The consultant should also take account of experience in similar multilateral funding mechanisms.
7. The consultant will provide a report on progress to the Executive Committee at its Twenty-second Meeting.

Annex III

DRAFT TERMS OF REFERENCE FOR A COMPREHENSIVE INDEPENDENT ASSESSMENT OF THE ADMINISTRATIVE COSTS REQUIRED FOR THE 2009-2011 TRIENNIUM (FOLLOW-UP TO DECISION 50/27)

Items to be considered by the Consultant

10. At its 50th Meeting, during its review of proposed 2007 core unit costs, the Executive Committee was informed that there was a substantial balance in support costs amounting to between US \$30.8 and US \$40.8 million. Although this amount could have been used as it represented balances as at 31 December 2005 (in the first case) and only approved amounts for 2006 (in the second case), implementing agencies would continue to receive support costs on approvals and core unit costs at least until the end of the current triennium. Moreover, this amount could have theoretically covered support costs for an additional two to three years of overall administrative costs.

11. During the 2009-2011 triennium, CFCs, halons and CTC will be phased out by 2010. After 2010, only 20 per cent of the baseline for methyl bromide and 30 per cent of the baseline for TCA remain to be phased-out, along with the HCFC phase-out that is currently scheduled to occur by 2040. The assessment of administrative costs should take into account the costs associated with closing activities for the 2010 phase-outs.

12. Support costs are provided to enable the implementing agencies to complete the supervision, technical assistance and monitoring obligations at the programme level through 2010 and beyond until projects are completed, completion reports and assessments have been conducted, and accounts have been reconciled and closed and all commitments in multi-year agreements have been fulfilled. They would also be used to monitor any projects with activities following 2010.

13. Support cost funds associated with projects cannot be used by the United Nations' implementing agencies until there is a project-related disbursement freeing the funds for use for administrative purposes. There may therefore be a cash flow issue to consider in determining whether funds are sufficient for the agencies to administer their existing and approved-in-principle portfolios to achieve the 2010 compliance targets. The assessment of the balance of support costs should take into account any such concerns with cash flow that might arise for the implementing agencies.

14. At its 49th Meeting, the Executive Committee agreed to consider the capacity of UNDP, UNIDO and the World Bank to complete projects on time in the context of its review of administrative costs at its 50th Meeting (decision 49/7(c)). The assessment should include a review of the administrative cost regimes of these agencies for Article 5 countries to achieve their compliance efforts during the next triennium, and meet their fiduciary responsibilities, and provide reporting to the Executive Committee. This should take into account current plans for the use of the balance of support costs and any related cash flow issues.

15. Although UNEP does not receive core unit costs, previous independent assessments also considered UNEP's administrative costs. As indicated above, decision 26/41 is the basis for administrative costs for UNEP and bilateral agencies. In determining the level of administrative costs in decision 26/41, Coopers and Lybrand considered historical costs for UNEP and the other agencies. Similarly, a review of UNEP administrative costs along the categories identified by Coopers and Lybrand should be undertaken. Since bilateral agencies have not been included in any assessment of administrative costs to-date, a similar review should be undertaken for existing agencies engaged in ongoing bilateral activities.

16. In undertaking this work, the consultant should take account of the previous reports prepared on this subject both by independent consultants and by the Secretariat. The information should be used to establish norms of the costs of administration of Fund projects. The categories of administrative costs employed in previous studies may also be used as a basis for the analysis but may be added to, or revised, as necessary. The extent to which existing resources could be used to address future administrative cost requirements should also be considered. The consultant should identify the services provided with administrative costs taking into account the different administrative cost regimes for UNEP and the other multilateral and bilateral implementing agencies.

17. The consultant should also take into account different implementation modalities used by the multilateral and bilateral implementing agencies. In some cases, administrative costs are used to administer programmes through other agencies while some agencies use their own staff to execute projects approved by the Executive Committee. In some cases, agency fees are transferred to the executing agency (for example, some agencies transfer funds to national executing agencies and/or financial intermediaries) and in other cases the fees are maintained to varying degrees by the agency administering the project.

18. The offices of implementing agencies dealing with Multilateral Fund matters are also involved in implementing activities funded for other multilateral environmental agreements (MEAs). At its 50th Meeting, the Executive Committee decided that the UNEP's compliance "CAP budget should only be spent in accordance with the terms of reference for the financial mechanism contained in Article 10 of the Montreal Protocol and should not be spent on inter-multilateral environmental agreement coordination activities" (decision 50/26, para. a (iii)). The consultant should ascertain how this is being achieved for all agencies since the offices involved in activities for the Multilateral Fund are, for the most part, also involved in activities funded for other MEAs.

19. The consultant should also take into account the experience of the implementing agencies with similar multilateral funding mechanisms. In this respect, the administrative costs used for the Global Environmental Facility and other global and regional funds as applicable should be reviewed to inform a recommendation for future administrative costs of the Fund.

20. The consultant should propose any changes to the existing administrative cost regimes that would enable the implementing agencies to provide sufficient administrative support to Article 5 countries to help them achieve compliance during the next triennium with a view to providing sufficient capacity to complete all activities necessary for Article 5 countries to achieve their compliance efforts during the next triennium, enable implementing agencies to exercise their fiduciary responsibilities, and to provide sufficient oversight and reporting for the Executive Committee. In this respect, challenges for the next triennium (2009-2011) should be taken into account as mentioned above, in particular with respect to future control measures as well as the need to ensure that all commitments and financial accounts are closed. Any possible additional costs after 2011 would also have to be assessed taking into account any project activities expected to occur after 2010.

21. Any changes to the existing administrative cost regimes should also take into account current plans for the use of the balance of support costs and any related cash flow issues mentioned above. To do this, the consultant should consider project implementation trends for the existing portfolio of approved projects, earned versus unearned support costs, and fixed versus variable costs.

Deliverables

22. The consultant will provide a report on progress to the Executive Committee at its 53rd Meeting in the context of the annual assessment of core unit costs. A draft report should be submitted by 15 January 2008. The final report would be submitted by 15 February 2008 for consideration of the Executive Committee at its 54th Meeting.

UNEP/OzL.Pro/ExCom/51/44, paragraphs 10 to 22

Annex IV

Terms of reference

**FORMAT FOR REPORTING ON RESOURCES PROVIDED TO THE
AGENCIES FOR ADMINISTRATIVE PURPOSES**



GEF/C.40/Inf.11
April, 26, 2011

GEF Council Meeting
May 24-26, 2011
Washington, D.C.

**FORMAT FOR REPORTING ON RESOURCES PROVIDED TO THE
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ANNEX 1 – TERMS OF REFERENCE

In 2007, the GEF Secretariat, in response to a request from the GEF Council, contracted an external consulting firm to review administrative costs at the three GEF Agencies (UNDP, UNEP, and the World Bank) in order to estimate the costs of undertaking GEF-financed projects and engaging with the GEF partnership. Despite cooperation from the Agencies, the Consultant encountered difficulties in acquiring and assembling comparable data on administrative costs across the three agencies. The report from the consultant will be provided as background to the selected consultant undertaking this review of GEF Administrative Expenses.

Subsequently, a working group comprised of staff from the GEF Secretariat and all ten GEF Agencies convened in 2008 and agreed on common definitions of project cycle activities and a reporting format that would allow for an assessment of GEF administrative costs across Agencies. However, this agreed reporting format was insufficient to allow a comparison among agencies, and a recent paper presented to the GEF Council in November 2010⁸⁷ once again highlighted the commonality issues among Agencies and the difficulty to compile comparable information with regard to administrative expenses. The GEF Secretariat and all ten Agencies are now engaged through another inter-agency working group to develop an agreed common format to report on expenditures related to administrative resources provided by the GEF. This exercise is expected to be completed by mid-April 2011.

The term "administrative costs/expenses" is utilized in these terms of reference to refer to the costs incurred by all ten Agencies in the delivery of results using GEF resources towards project activities in recipient countries. For the purposes of this exercise, "administrative costs/expenses" capture two categories of expenses. The first category of administrative costs is met from the fees that are provided to Agencies. The fees are provided to the Agencies to cover their costs for two purposes: (a) to fulfill corporate responsibilities related to institutional relations, policy and program development/ management/ coordination, outreach/knowledge management/external relations, management and finance and monitoring and evaluation; and (b) to provide project cycle management services, including due diligence management, quality assurance and oversight of a project through the entire project cycle – development, preparation, supervision, and evaluation.⁸⁸

A second category relates to project management costs included in the GEF project grant. It is recognized that resources to finance these costs are not always provided to the Agency and that they often flow directly to the executing entity of the project. Nevertheless, the review is expected, through a review of a sample of projects, to provide information on the level and use of project management resources.

Objectives of the Review

The overall objective of the Review was to examine the current level of fees paid by the GEF to Agencies to cover project cycle management costs and corporate costs, and project management

⁸⁷ *Rules and Guidelines for Agency Fees and Project Management Costs*: October 20, 2010, GEF/C.39/09

⁸⁸ *Proposal for A Fee-Based System for Funding GEF Project Implementation*, April 7, 1999, GEF/C.13/11.

Table 7-1: Summary of Recommendations and Other Options

Cost Area	Recommendation	Other Options
(4) Corporate costs	On the assumption the GEF wishes to pay only those "corporate costs" strictly required of each GEF Agency in regard to its direct engagement with the GEF on administrative and policy matters, and the assumption that these core corporate tasks and their costs are very similar across Agencies, a standard annual payment per Agency is an appropriate instrument. GEFSEC has made an estimate of average corporate costs under these assumptions. However the complexities and uncertainties are sufficient in our opinion to justify further study and discussion of the approach and the amount of the subvention.	<ul style="list-style-type: none"> • The status quo of a notional one tenth of the fee allocated to corporate cost or some variant of that approach such as a higher or lower notional percentage within a 10% fee, or within a 9% fee. • Customized subventions that have been tried before and found less satisfactory than a fixed fee approach. • An additional supplement provided to GEF Agencies in a replenishment year, either a standard amount for all Agencies or a variable amount linked to their individual plans to participate.
(5) Project oversight (management and technical oversight of the EA by the IA)	Fee of 9% on top of each project budget available to the GEF Agency upon project endorsement by the GEF CEO.	<ul style="list-style-type: none"> • Supplementary "Development Grants" to Agencies that propose to upgrade their portfolio in a particular GEF Focal Area, and propose a detailed work plan to do so in the coming year. Activities and outputs could include thematic evaluations or reviews, producing strategy documents, general programming plans, or "Country Investment Plans" in a GEF Focal Area. • Lower fee for program-based approaches involving a series or cluster of projects. • Lower fee for a project where the IA is also the executing agency. • Lower fee when the GEF grant is fully blended with a larger loan. (not as a strict rule but open to GEFSEC or Agencies to negotiate on a case-by-case basis). • An additional fee, similar to the CIF fee of 0.25% of the project budget paid to the IA by the recipient country out of its own resources.
(6) Project management by the executing agency.	A ceiling of 5% of the project budget above which the financial proposal to the GEF would be subject to additional scrutiny.	<ul style="list-style-type: none"> • A somewhat higher ceiling, in the range of 5% to 10%, not to signal that a higher PMC can be routinely applied but to limit the demand on GEFSEC resources for review time. • Over time, the development by GEFSEC of a risk-based approach to identifying grant proposals that require higher levels of budget scrutiny prior to approval, including but not limited to scrutiny of PMCs.

costs; and to determine whether those administrative costs are reasonable relative to the services provided.

As far as possible within its constraints the External Review provides an assessment of whether GEF resources are being used effectively and efficiently, and makes recommendations, as appropriate, on ways to improve the management of administrative costs.

The consultant is required to prepare a brief report (about 50 pages + annexes) focusing on the following:

- a) Establish the current usage of fees (including provisions for corporate activities) and project management costs provided to Agencies;
- b) Estimate the core corporate activity costs required of all Agencies, based on GEF specifications of requirements.⁸⁹ (Requested by GEFSEC.)
- c) Assess whether deliverables in each category are in-line with the expenditures;
- d) Determine options and measures needed to rationalize Agency fees as appropriate;
- e) In carrying out this exercise, a sample of projects will be examined. This sample should be extracted from GEF-4 projects approved between fiscal years 2007 and 2010. The GEF Secretariat shall provide access to project information from the project database to facilitate the exercise.
- f) Review and apply the lessons learned from a previously conducted study by an independent consultant for the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer.
- g) Compare the GEF's fee system to other similar institutions to be selected by the consultant based on past experience.

Specific Questions and Issues to be Addressed

As the contractor develops the specific recommendations, the following questions and issues need to be considered:

Are the resources provided through fees and project management costs (in the projects sampled) in compliance with the GEF Secretariat's rules and guidelines? (See Annex 1) If not, identify the specific issues where the use of GEF administrative funds (fees and project management costs) are not properly used or applied.

Are the ten GEF Agencies using GEF project management costs to pay part of their own administrative expenses for non-GEF activities (in particular staff time)?⁹⁰

⁸⁹ Corporate activities would include *inter alia* participation in Council meetings, task force meetings, network meetings, and review of documents.

What expenses are included in the project management costs, and which are integrated with other components of the project financing request?

Are the ten Agencies delivering expected services for the level of resources they receive? *For example: Some project level funds may be used by the Agency's GEF coordinating unit. By the time the funds are received by the task manager of the project, is the level of funds adequate to perform proper supervision?*

Is the 1% corporate fee levied on the overall project amount used for corporate activities only?

Are there overlaps among the different resources provided by the GEF? Are there alternative ways to manage these resources?

Can there be a cost-neutral systematic tracking and reporting of usage of resources at a project level? Clarify why this may or may not be desirable, at what stage would it be most informative? Clarify how benefits compare to costs of introducing additional reporting and transaction costs of receiving a GEF grant.

How are other similar institutions tracking the proper use and management of administrative resources provided to implementing and executing entities?

Methodology

Meet with GEF Secretariat, all ten GEF Agencies and GEF Trustee to gather information and further refine the review approach.

In coordination with stakeholders, determine an appropriate methodology and sampling size of projects and obtain specific information on fees and project management costs provided for each of the sampled project. Assess how the resources provided by the GEF to cover Agencies' costs for project management and corporate activities are used.

The project samples should include projects from all Agencies and for all project types (full-sized, medium-sized and enabling activities) including SGP (Small Grant Program) projects. The samples should cover projects endorsed between FY2008 and FY2010. A relevant sampling size should be taken for each fiscal year to properly capture corporate expenditures related to the GEF-5 replenishment, more specifically in FY2009 and FY2010.

For each fiscal year, the 1% corporate fee should be computed for all CEO endorsed projects. Subsequently, the consultant should obtain the actual expenditures on corporate activities incurred by all GEF Agencies and provide an analysis on how the resources were used.

Similarly, for project cycle activities, the consultant should determine the activities that were undertaken for each project by the Agencies and analyze how they were delivered.

⁹⁰ See Appendix 12 of GEF Operations Manual: "The treatment of any projects that are to be implemented and internally executed by GEF Agencies", November 3, 2009.

The review should look at the resources allocated for project management costs and analyze how they were expended.

Conduct a comparative study with one or two similar institutions selected by the consultant to help assess the adequacy of the fee level.

Review the commonalities and differences in the data across Agencies to allow a more uniform reporting matrix and the ability to compare data across Agencies.

Time Frame/Milestones

- Initial meetings with GEF Secretariat, GEF Evaluation Office, GEF Agencies and GEF Trustee. Include meetings with other institutions as necessary.
- Assessment of existing usage of fees.⁹¹
- Interim report with initial findings and possible options to rationalize fees as appropriate.
- Circulate interim report to the working group on GEF Fees for comments and feedback.
- Further meetings with GEF Secretariat and GEF Agencies.
- Final report. Report should include all findings identified in c) above and an Executive summary of the findings Due by October 14, 2011. (Changed to October 1 during the Inception Phase.)

⁹¹ The report should include but is not limited to the following: identification of existing usage of fee, assessment of appropriation of fees and project management costs in line with established rules and guidelines, analysis of existing overlap issues among agency fee and project management costs, assessment of deliverable of expected services by GEF Agencies, draft findings and recommendations regarding management of administrative resources at the GEF Agencies, draft findings and recommendations regarding the fee-based system of the GEF. a sample tool to track and report uses of resources at a project level.

ANNEX 2 – AGENCY REPRESENTATIVES FOR THE ADMINISTRATIVE COST REVIEW

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