

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.