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THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
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**2012 CORE UNIT COSTS FOR UNDP, UNIDO AND THE WORLD BANK, AND  
ADMINISTRATIVE COST REGIME FOR THE 2012-2014 TRIENNIUM  
(DECISIONS 62/25(c) AND 64/6(c)(iii))**

## **Background**

1. The allocation of administrative costs for UNDP, UNIDO, and the World Bank was changed in November 1998 (decision 26/41) from a flat rate of 13 per cent applied to all projects to a graduated scale. The costs were changed again in December 2002 to a lower scale that included a core unit grant of US \$1.5 million per agency (decision 38/68). Annual increases have occurred for most agencies since the 46<sup>th</sup> meeting. Decision 41/94(d) requested the Secretariat to conduct an annual review of the current administrative costs regime. Decision 56/41 extended the operation of decision 38/68 and its administrative costs regime to apply to the 2009-2011 triennium. Section I addresses the core unit costs requested for 2012 that are approved from resources from the 2009-2011 triennium. It concludes with the observations of the Fund Secretariat.
2. Section II addresses options for the administrative cost regime for the 2012-2014 triennium. It provides a brief background and then addresses specific issues. These cover: assessing administrative costs on the basis of likely expenditures instead of approvals; the appropriateness of the existing regime in light of the changing roles and portfolios of implementing agencies; options for ensuring that the overall administrative cost ratio remained within the historical average or lower; and UNEP administrative costs taking into account Compliance Assistance Programme (CAP) administrative cost activities.
3. At its 62<sup>nd</sup> meeting, the Executive Committee decided “that the extension of the administrative cost regime for the 2012-2014 triennium could be based on the report on 2012 core unit costs to be prepared by the Fund Secretariat by the 65<sup>th</sup> meeting” (decision 62/25(c)).
4. The 64<sup>th</sup> Executive Committee meeting requested the Fund Secretariat in the context of progress reporting, to “consider in the context of its review of administrative costs to be submitted to the 65<sup>th</sup> meeting pursuant to decision 62/25(c): a. whether the current administrative cost regime continued to be appropriate in light of the changing roles and portfolios of implementing agencies; b. options for ensuring that the overall administrative cost ratio remained within the historical average or lower” (decision 64/6(c)(iii)).
5. This document concludes with the recommendations of the Fund Secretariat.

## **SECTION I: 2012 CORE UNIT COSTS FOR UNDP, UNIDO AND THE WORLD BANK**

6. In line with decision 56/41, the Executive Committee approved the requests for US \$1,970,766 for core unit funding for 2011 for UNDP, US \$1,970,766 for UNIDO, and US \$1,713,000 for the World Bank (decision 62/25(b)).
7. The implementing agencies have been requested to provide actual core and administrative budget data for 2010, estimated costs for 2011, and proposed costs for 2012 as well as the other information required by decision 56/41. Budget data for the 2008 and 2009 budgets and actual costs were based on information provided in the previous years’ report to the Executive Committee (UNEP/OzL.Pro/ExCom/59/18 and 62/17 and Corr.1). The implementing agencies have continued to provide data on the actual costs covering the core unit and other support activities in an agreed format corresponding to the data that had been submitted to the 26<sup>th</sup> meeting.
8. Included in the analysis is an assessment of the extent to which resources available for total administrative costs in 2011 could cover expected 2012 costs.

## **UNDP**

9. Table 1 presents the core unit budget and other information on administrative costs provided by UNDP.

Table 1

**THE CORE UNIT BUDGET DATA AND OTHER ADMINISTRATIVE COSTS FOR THE  
YEARS 2008-2012 FOR UNDP (US \$)**

Cost items	2008		2009		2010		2011		2012
	Budget (US \$)	Actual (US \$)	Budget (US \$)	Actual (US \$)	Budget (US \$)	Actual (US \$)	Budget (US \$)	Estimated (US \$)	Proposed (US \$)
<b>Core components</b>									
Core unit personnel and contractual staff	1,379,606	1,549,729	1,420,994	1,490,937	1,947,108	1,756,568	1,884,735	1,909,265	2,066,543
Travel	250,352	248,300	257,863	265,119	273,751	283,323	292,293	297,490	312,364
Space (rent and common costs)	100,000	93,724	100,000	89,096	100,000	86,059	100,000	103,991	109,191
Equipment supplies and other costs (computers, supplies, etc)	30,000	28,755	30,000	15,541	30,000	23,176	30,000	30,000	30,000
Contractual services (firms)	10,000	0	10,000	10,150	10,000	17,520	25,000	30,000	25,000
Reimbursement of central services for core unit staff	200,000	240,000	200,000	375,000	350,000	214,667	250,000	250,000	250,000
Adjustment (negative amount representing an overrun of the core unit budget)*	-166,428	-356,978	-161,221	-388,257	-797,494	-467,949	-611,262	-649,980	-763,209
<b>Total core unit cost</b>	<b>1,803,530</b>	<b>1,803,531</b>	<b>1,857,636</b>	<b>1,857,586</b>	<b>1,913,365</b>	<b>1,913,365</b>	<b>1,970,766</b>	<b>1,970,766</b>	<b>2,029,889</b>
Reimbursement of country offices and national execution including overhead	600,000	788,011	600,000	2,171,980	1,050,000	1,240,298	1,500,000	1,500,000	1,500,000
Executing agency support cost (internal) including overhead	50,000	28,073	50,000	15,747	50,000	11,496	30,000	20,000	20,000
Financial intermediaries including overhead	200,000	96,529	200,000	159,372	100,000	0	100,000	67,142	100,000
Cost recovery	200,000	240,000	200,000	375,000	350,000	214,667	250,000	250,000	250,000
Adjustment (positive amount to reflect the overrun deducted above)*	166,428	356,978	161,221	388,257	797,494	467,949	611,262	649,980	763,209
<b>Total administrative support costs</b>	<b>3,019,958</b>	<b>3,313,122</b>	<b>3,068,857</b>	<b>4,967,941</b>	<b>4,260,859</b>	<b>3,847,775</b>	<b>4,462,029</b>	<b>4,457,888</b>	<b>4,663,098</b>
Supervisory costs incurred by MPU	25,000	23,450	50,000	41,050	75,000	45,250	75,000	50,000	75,000
<b>Grand total administrative support costs</b>	<b>3,044,958</b>	<b>3,336,572</b>	<b>3,118,857</b>	<b>5,008,991</b>	<b>4,335,859</b>	<b>3,893,025</b>	<b>4,537,029</b>	<b>4,507,888</b>	<b>4,738,098</b>

\*The cost of the core unit is higher than the allowed subtotal of US \$1,803,530 in 2008; US \$1,857,636 in 2009; US \$1,913,365 in 2010, and US \$1,970,766 in 2011. An adjustment line and a negative adjustment were therefore introduced to arrive at the required ceiling. A corresponding positive adjustment is also provided to ensure that the total costs incurred for administrative costs also reflect the amount exceeded by the agency.

### Core unit costs

10. UNDP is requesting a 2012 core unit budget of US \$2,029,889, despite the fact that it expects the costs of its core unit to exceed this amount by US \$763,209 (indicated as "Adjustments" in Table 1, above). UNDP has normally exceeded its budget allocation for its core unit and recouped those costs from support costs earned through implementing Multilateral Fund projects. The level by which it exceeded its costs during the last three years has ranged from US \$356,978 in 2008 to US \$467,949 in 2010 and an estimated US \$649,980 in 2011.

11. Seventy-four per cent of UNDP's proposed core unit budget is for staff. Travel represents the next largest cost item amounting to 11.2 per cent, followed by 9 per cent for the reimbursement of central services and 3.9 per cent for space rental. The agency's request of US \$2,029,889 for 2012 represents a three per cent increase in the budget approved in 2011 which is allowed by decision 46/35 as applied to the current triennium through decision 56/41.

12. The proposed budget for staff is a 9.6 per cent increase over the 2011 budget and an 8.2 per cent increase over the estimated costs for 2011. However, staff costs have increased from US \$1.5 million in 2008 to a proposed level of US \$2.1 million in 2012. UNDP indicated that its staff costs would increase because it had recruited an additional staff person and was in the process of recruiting two more staff members to respond effectively to the HCFC phase-out management plan (HPMP) implementation challenges.

13. The proposed travel cost budget is a slight increase over that for 2011 and the estimated costs for 2011 by US \$20,071 and US \$14,874, respectively. UNDP indicated that this was due to increased fuel surcharges and airport congestion charges that have resulted in increased air ticket prices. All other core unit budget items reflect the 2011 budget.

#### Total administrative costs

14. Total administrative costs were US \$3.3 million in 2008, US \$5.0 million in 2009, US \$3.8 million in 2010, and US \$4.5 million in 2011. The non-core unit cost components are paid as a percentage of delivery. UNDP expects overall 2012 administrative costs to be higher than 2011 and to amount to US \$4.7 million.

15. The expected resources available to UNDP for administrative costs include both the core unit costs and the agency fees released on the basis of a disbursement against a project cost plus any balance of income for administrative costs not previously used. Table 2 presents this information for the years 2002 to 2011. The table assumes that approved funds are disbursed, therefore there may be a time lag before UNDP has access to all of the approved funds.

Table 2

#### **ASSESSMENT OF AVAILABILITY OF INCOME FOR FUTURE ADMINISTRATIVE COSTS FOR UNDP (US \$)**

<b>UNDP</b>	<b>2002*</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Net support costs plus core unit costs	6,239,121	4,458,093	3,470,821	4,080,191	2,962,502	2,751,613	3,707,126	3,001,726	3,483,484	7,092,973**
Total administrative cost	3,668,458	2,511,570	3,666,437	3,563,004	2,908,219	3,189,494	3,313,122	4,967,941	3,847,775	4,507,888
Balance per year	2,570,663	1,946,523	-195,616	517,187	54,283	-437,881	394,004	-1,966,215	-364,291	2,585,085
Running balance	2,570,663	4,517,186	4,321,570	4,838,758	4,893,041	4,455,160	4,849,164	2,882,949	2,518,658	5,103,743

\* Excludes any balance from previous years.

\*\* Including support costs approved in 2011, support costs and core unit costs submitted to the 65<sup>th</sup> meeting (as of 30 September 2011).

16. The table shows that UNDP could have an accumulated balance of almost US \$5.1 million in administrative cost income at the end of 2011 if UNDP receives all of the agency fees for projects submitted to the 65<sup>th</sup> meeting. It should be noted that UNDP only has access to these agency fees when there is an accompanying project expenditure, so a balance should be higher than requirements. Nevertheless, additional agency fee income and core unit costs should be provided in 2012, the accumulated balance in 2011 would be sufficient alone to cover UNDP's expected total 2012 administrative costs of US \$4.7 million indicated in Table 1. Although the expected contribution to the core unit from agency fees is US \$763,209, given the US \$5.1 million running balance and additional income to come next year, the US \$59,123 increase in core unit costs from the 2011 budget might also be absorbed from agency fees.

## UNIDO

17. Table 3 presents the core unit budget and administrative costs provided by UNIDO. The figures listed as actual for UNIDO are based on a model prepared by UNIDO to estimate the support cost of the Montreal Protocol programme.

Table 3

### THE CORE UNIT BUDGET DATA AND OTHER ADMINISTRATIVE COSTS FOR THE YEARS 2008-2012 FOR UNIDO (US \$)

Cost items	2008		2009		2010		2011		2012
	Budget (US \$)	Actual (US \$)	Budget (US \$)	Actual (US \$)	Budget (US \$)	Actual (US \$)	Budget (US \$)	Estimated (US \$)	Proposed (US \$)
<b>Core components</b>									
Core unit personnel and contractual staff	1,406,800	1,451,300	1,651,800	1,490,500	1,434,800	1,319,500	1,372,400	1,496,500	1,584,300
Travel	152,700	129,100	192,400	170,200	134,600	120,600	118,800	131,244	134,900
Space (rent and common costs)	81,900	87,600	100,900	84,700	82,100	81,000	79,000	98,500	91,100
Equipment supplies and other costs (computers, supplies, etc)	50,900	48,900	64,100	66,800	54,900	39,100	44,000	54,900	47,700
Contractual services (firms)	10,300	6,500	10,000	33,700	37,900	1,800	29,500	18,000	43,200
Reimbursement of central services for core unit staff	440,700	468,200	564,100	533,300	412,800	438,200	413,900	514,700	421,600
Adjustment (negative amount representing an overrun of the core unit budget)*	-339,770	-388,070	-725,664	-521,564	-243,735	-86,835	-86,834	-343,078	-292,911
<b>Total core unit cost</b>	<b>1,803,530</b>	<b>1,803,530</b>	<b>1,857,636</b>	<b>1,857,636</b>	<b>1,913,365</b>	<b>1,913,365</b>	<b>1,970,766</b>	<b>1,970,766</b>	<b>2,029,889</b>
Reimbursement of country offices and national execution including overhead	1,702,100	1,833,400	2,181,000	2,769,800	1,902,400	2,430,400	3,085,600	2,912,600	3,019,300
Executing agency support cost (internal) including overhead	2,518,000	2,686,200	2,946,900	2,302,500	3,124,200	2,255,500	2,799,400	3,010,700	3,118,800
Adjustment (positive amount to reflect the overrun deducted above)*	339,770	388,070	725,664	521,564	243,735	86,835	86,834	343,078	292,911
<b>Total administrative support costs</b>	<b>6,363,400</b>	<b>6,711,200</b>	<b>7,711,200</b>	<b>7,451,500</b>	<b>7,183,700</b>	<b>6,686,100</b>	<b>7,942,600</b>	<b>8,237,144</b>	<b>8,460,900</b>
Minus project-related costs		-1,754,039		-1,711,810		-1,688,408	-2,081,159	-2,212,384	-2,376,725
<b>Net total administrative support costs</b>		<b>4,957,161</b>		<b>5,739,690</b>		<b>4,997,692</b>	<b>5,861,441</b>	<b>6,024,760</b>	<b>6,084,175</b>

\*The cost of the core unit is higher than the allowed subtotal of US \$1,803,530 in 2008; US \$1,857,636 in 2009; US \$1,913,365 in 2010, and US \$1,970,766 in 2011. An adjustment line and a negative adjustment were therefore introduced to arrive at the required ceiling. A corresponding positive adjustment is also provided to ensure that the total costs incurred for administrative costs also reflect the amount exceeded by the agency.

#### Core unit cost

18. UNIDO is requesting a 2012 core unit budget of US \$2,029,889, despite the fact that it expects the costs of its core unit to exceed this amount by US \$292,911 (indicated as "Adjustments" in Table 3, above). UNIDO exceeded its 2008 budget by US \$388,070; its 2009 budget by US \$521,564; and its 2010 budget by US \$86,835. It is estimating that it will exceed its 2011 budget by US \$343,078. UNIDO has normally exceeded its budget allocation for its core unit and has confirmed several times that it constitutionally supports its technical cooperation programme, and any costs beyond the core unit costs and agency fees would be subsidized through UNIDO's regular budget. The support from the Organization to the core unit cost in 2012 has been reduced to about US \$292,911 in 2012 from the average of the years 2008 to 2011 of over US \$334,887. The difference amounts to over US \$41,976 while the three per cent increase in core funding for the core unit requested at this meeting amounts to US \$59,123. UNIDO indicated that since it does not charge project-related costs to the Multilateral Fund, its 3 per cent increase was justified. However, the increase in the project-related cost, US \$164,341,

could also be accommodated without additional use of support provided through the Organization and partially offset by agency fees.

19. 68.2 per cent of UNIDO's proposed core unit budget is for staff. The central services budget item represents the next largest cost item, amounting to 18.2 per cent of the budget followed by 5.8 per cent for travel and 3.9 per cent for space rental. The agency's request for US \$2,029,889 for 2012 represents a three per cent increase in the budget approved in 2011 which is allowed by decision 46/35 as applied to the current triennium through decision 56/41. UNIDO has increased its personnel cost for its core unit from US \$1.45 million in 2008 to US \$1.58 million proposed for 2012.

20. UNIDO increased all core unit cost components from its 2011 budget. The Secretariat enquired about the reasons additional funds had been requested, to which UNIDO replied that its core unit costs are greater than allowed by the current regime and therefore the full 3 per cent increase was justified.

#### Total administrative costs

21. UNIDO has indicated that some of the costs associated with non-core unit costs are project-related costs. Therefore, UNIDO provides an adjustment to deduct such costs to arrive at a comparable figure with other agencies' administrative costs. Total net administrative costs were US \$5.7 million in 2009, US \$5 million in 2010, an estimated US \$6 million for 2011 and a proposed US \$6.1 million for 2012.

Table 4

#### **ASSESSMENT OF AVAILABILITY OF INCOME FOR FUTURE ADMINISTRATIVE COSTS FOR UNIDO (US \$)**

UNIDO	2002*	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net support costs plus core unit costs	5,552,199	3,820,903	3,980,726	5,701,127	3,324,433	3,630,268	4,397,644	3,211,434	5,553,437	8,125,341**
Total administrative cost excluding project-related costs	3,684,996	4,258,971	3,459,257	4,128,045	3,610,750	5,065,086	4,957,161	5,739,690	4,997,692	6,024,760
Balance per year	1,867,203	-438,068	521,469	1,573,082	-286,317	-1,434,818	-559,517	-2,528,256	555,745	2,100,581
Running balance	1,867,203	1,429,135	1,950,604	3,523,686	3,237,369	1,802,551	1,243,034	-1,285,222	-729,477	1,371,104

\* Excludes any balance from previous years.

\*\* Including support costs approved in 2011, support costs and core unit costs submitted to the 65<sup>th</sup> meeting (as of 30 September 2011).

22. The table shows that UNIDO could have an accumulated balance of almost US \$1.4 million in administrative cost income at the end of 2011 if UNIDO receives all of the agency fees for projects submitted to the 65<sup>th</sup> meeting. Although additional agency fee income and core unit costs should be provided in 2012, the accumulated balance in 2011 would not be sufficient alone to cover UNIDO's expected total 2012 administrative costs of US \$6.1 million indicated in Table 3.

#### **World Bank**

23. Table 5 presents the core unit budget and other information on administrative costs provided by the World Bank.

Table 5

**THE CORE UNIT BUDGET DATA AND OTHER ADMINISTRATIVE COSTS FOR THE YEARS 2008-2012 FOR THE WORLD BANK (US \$)**

Cost items	2008		2009		2010		2011		2012
	Budget (US \$)	Actual (US \$)	Budget (US \$)	Actual (US \$)	Budget (US \$)	Actual (US \$)	Budget (US \$)	Estimated (US \$)	Proposed (US \$)
<b>Core components</b>									
Core unit personnel and contractual staff	1,014,900	785,257	1,210,267	888,671	1,060,237	787,450	1,100,000	954,800	1,077,014
Travel	255,000	206,818	170,000	328,475	297,000	283,892	348,000	259,400	277,558
Space (rent and common costs)	55,000	55,579	63,000	25,520	36,223	22,516	35,000	35,200	39,776
Equipment supplies and other costs (computers, supplies, etc)	80,000	60,945	87,000	35,911	74,375	77,797	45,000	74,100	83,733
Contractual services (firms)	45,000	7,836	10,000	12,487	112,500	13,452	35,000	85,100	96,163
Reimbursement of central services for core unit staff	165,000	138,396	123,080	167,420	121,132	125,654	150,000	150,400	150,400
Adjustment (negative amount representing an overrun of the core unit budget)	0	0	0	0	0		0		
<b>Total core unit cost</b>	<b>1,614,900</b>	<b>1,254,831</b>	<b>1,663,347</b>	<b>1,458,484</b>	<b>1,701,466</b>	<b>1,310,760</b>	<b>1,713,000</b>	<b>1,559,000</b>	<b>1,724,644</b>
Return of funds		<b>360,069</b>		<b>204,863</b>					
Reimbursement of country offices and national execution including overhead	3,264,000	2,312,085	2,300,000	1,420,599	2,300,000	1,959,418	2,000,000	1,696,827	1,866,510
Executing agency support cost (internal) including overhead									
Financial intermediaries including overhead	1,800,000	1,887,557	2,100,000	810,697	2,100,000	512,371	1,000,000	430,000	435,000
Cost recovery									
Adjustment (positive amount to reflect the overrun deducted above)*	0	0	0	0	0		0		
Supervisory costs incurred by MPU									
<b>Grand total administrative support costs</b>	<b>6,678,900</b>	<b>5,454,473</b>	<b>6,063,347</b>	<b>3,689,780</b>	<b>6,101,466</b>	<b>3,782,549</b>	<b>4,713,000</b>	<b>3,685,827</b>	<b>4,026,154</b>

### Core unit costs

24. The World Bank requested a 2012 core unit budget of US \$1,724,644. Unlike UNDP and UNIDO, the Bank does not expect its core unit costs to exceed its budget as its core unit budget is not subsidized by revenue from agency fees or the general fund of the Bank.

25. 62.4 per cent of the Bank's proposed core unit budget is for staff. The travel budget represents the next largest cost item, amounting to 16.1 per cent of the budget, followed by central services (8.7 per cent), contractual services (5.6 per cent), and equipment (4.9 per cent). The agency's request of US \$1,724,644 for 2012 represents less than one per cent increase in the budget approved in 2011, under which up to a three per cent increase is allowed by decision 46/35 as applied to the current triennium through decision 56/41.

26. The proposed budget for staff is a decrease (US \$22,986) from the 2011 budget. The Bank indicated that its cost savings in 2010 were due largely to vacant positions. Those positions were filled and a full time technical expert is currently under recruitment.

27. Travel costs in 2012 are expected to be less than budgeted in 2011 due to efforts to economize travel by limiting short duration trips and utilizing video conferencing where possible. Contractual costs are expected to increase to accommodate additional reporting requirements anticipated for 2012, for example for project completion reports for multi-year agreements (MYAs). The other line item increases are related to growth rates associated with staff costs.

Total administrative costs

28. Total administrative costs in 2012 (US \$4.02 million) are expected to be much lower than activities in 2008, but higher than the actual costs of the years 2009 to 2011. The expected resources available to the World Bank for administrative costs include both the core unit costs and the agency fees plus any balance of income for administrative costs not previously used. Table 6 presents this information for the years 2003 to 2011.

Table 6

**ASSESSMENT OF AVAILABILITY OF INCOME FOR FUTURE ADMINISTRATIVE COSTS  
FOR THE WORLD BANK (US \$)**

<b>World Bank</b>	<b>2003*</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Net support costs plus core unit costs	7,284,915	7,455,510	7,315,360	6,456,098	6,479,388	4,616,907	3,560,106	1,868,548	5,343,096**
Total administrative cost	6,118,162	5,914,544	6,658,371	7,106,215	6,030,398	5,454,473	3,689,780	3,782,549	3,685,827
Balance per year	1,166,753	1,540,966	656,989	-650,117	448,990	-837,566	-129,674	-1,914,001	1,657,269
Running balance	1,166,753	2,707,719	3,364,709	2,714,592	3,163,582	2,326,016	2,196,342	282,341	1,939,610

\* Excludes any balance from previous years.

\*\* Including support costs approved in 2011, support costs and core unit costs submitted to the 65<sup>th</sup> meeting (as of 30 September 2011).

29. The table shows that the World Bank could have accumulated a balance of US \$1.9 million based on approvals to-date in 2011 and submissions to the 65<sup>th</sup> meeting. Historically, the Bank has not had a sufficient balance of agency fees and core unit cost revenue to fully cover the following year's total administrative costs. On average, the running balance represented about 47 per cent of the following year's costs. The running balance for 2011 represents 48 per cent of the expected 2012 total administrative costs of US \$4,026,154.

**Observations**

30. UNDP and UNIDO requested a three per cent increase for core unit budgets in 2012 over the amounts approved for 2011. The World Bank requested a 0.68 per cent increase.

31. UNDP and UNIDO indicated that their core unit costs will exceed their requested budgets, thereby requiring the use of income generated from agency fees, or from the agency's general fund in the case of UNIDO, to cover the balance of core unit costs. While UNDP has sufficient funds from agency fees accrued to cover its overall estimated administrative costs in 2012, UNIDO and the World Bank will continue to need support from 2012 approvals and, in the case of UNIDO, possibly also from the agency's general fund to cover their overall estimated administrative costs in 2012.

32. Decision 46/35(b)(ii) allows an annual increase of up to three per cent for UNDP, UNIDO and the World Bank based on budgets to be submitted for approval at the last Meeting of the year for the following year. The World Bank's request represents an increase of US \$11,644 over its 2011 level and has returned balances for the past four years. UNDP might have access to a large part of its running balance of US \$5.1 million in 2011 depending upon its project expenditures. UNIDO has reduced support for its core unit from agency fees/the Organization budget by US \$41,976 from the average support provided for the core unit from 2008-2011. The Secretariat asked the agencies if a zero cost increase in their operational budgets could be accommodated as has been proposed by UNEP for its CAP. If zero growth is instituted for equipment, contractual services, travel and space, UNDP would have to cut back on the number of missions and services provided when it is facing a spike in implementation activities with all the HPMPs that were recently approved. UNIDO indicated that its core unit costs have been higher than the funds approved for it by the Executive Committee but that zero growth for the



approval of core unit funding would be acceptable if the Executive Committee so desires. The World Bank said that a zero growth could be applied to its contractual services and travel, but that its other budget items were tied to salary levels. The Executive Committee may wish to consider if any increase in core unit budgets is warranted at this time.

## **SECTION II: ADMINISTRATIVE COST REGIME FOR THE 2012-2014 TRIENNium**

33. The current administrative cost regime has largely two aspects: agency fees and core unit costs for UNDP, UNIDO and the World Bank and different rates for UNEP and the bilateral agencies. Annex I presents the current administrative cost regime for bilateral and implementing agencies. Annex II provides the definition of administrative costs from the last independent assessment of administrative costs prepared by PricewaterhouseCoopers (attached to document UNEP/OzL.Pro/ExCom/55/48).

### Background

34. The core unit costs are annually reviewed by the Fund Secretariat and are presented with six core unit budget line items along with three to four budget line items for other administrative costs. UNEP's CAP budget is also annually reviewed and is presented with 105 line items in a budget, while there is no accounting for the disposition of the agency fees that UNEP collects.

35. There are some variations in the application of administrative costs. For example, the United Nations agencies do not have access to agency fees until there is a project expenditure against them. This is not the case for the World Bank that could have immediate access to its agency fees if needed under its internal rules. The Bank manages its budget on the basis of expected expenditures on an annual basis. The need to have a project expenditure to obtain access to agency fees for administrative and project implementation purposes has the greatest impact on UNDP's operation since it receives no budget allocation from its agency but instead must have sufficient agency fees available from previous project expenditures to operate its annual programme. The agency fees and core unit fees received by UNIDO go into the general fund for the Organization. UNIDO does not need to have a previous project expenditure for its Montreal Protocol Unit as that is relevant only to when the Organization's general fund has access to the agency fees. It receives an annual budget from the Organization's general fund for its annual administrative activities. UNEP's OzonAction programme is also not impacted by the need to have access to agency fees from previous project expenditures because most of its administrative budget comes from CAP and is immediately available for OzonAction, and the agency fees have historically gone to the Nairobi headquarters for administering the financial, personnel, and legal aspects of the OzonAction programme. More recently, UNEP's OzonAction has received additional staff support in Paris from the agency fees that had gone completely to Nairobi.

### **Assessing administrative costs on the basis of likely expenditures instead of approvals**

36. An alternative means of assessing administrative costs could be based on a budget for likely annual expenditures. This is the case for UNEP's CAP, as expected expenditures are funded one year in advance. This is not however the case for the use of the agency fees that UNEP receives.

37. In the case of core unit costs, a six line item budget is presented and funded at a rate of up to 3 per cent above the previous approval. However, the administrative cost budget outside of the core unit cost budget for these agencies, which represents the largest share of administrative costs for all agencies, is only assessed with respect to three to four line items and is not approved in advance by the Executive Committee.

38. It should be noted that the first administrative cost regime provided a 13 per cent agency fee to all agencies except the World Bank that instead submitted an annual budget of likely expenditures and returned any unused funds on an annual basis. UNEP and the World Bank have returned funds from

unused administrative costs, for CAP in the first instance, and for core units in the second instance. Neither UNDP nor UNIDO have returned unused administrative costs.

39. The possibility of an administrative cost regime that is based on annual pre-approved budgets might be considered starting with the 2015-2017 triennium because this means avoiding the need to have balances of funds awaiting expenditures and would provide a clearer understanding of the use of the agency fee component of administrative costs. If the Committee wishes to consider a different administrative cost regime for the 2015-2017 triennium, it should note this possibility in any agreement for stage II HPMPs whose MYA agreements might need to account for the possibility of a different administrative cost regime. Moreover, the analysis of a different administrative cost regime should be considered earlier than the last meeting of the triennium. The Executive Committee may wish to request the Fund Secretariat in cooperation with the bilateral and implementing agencies to consider options for an administrative cost regime for the 2015-2017 triennium to be presented to its 68<sup>th</sup> meeting.

#### **Appropriateness of the existing regime in light of the changing roles and portfolios of implementing agencies**

40. Implementing agencies were asked to comment on their changing roles and portfolios, in light of the following: in the past, agencies had been dealing with a variety of ODS whereas now they are concentrating almost exclusively on HCFCs; there are now more instances of multiple implementing agencies, with lead and cooperating agencies; and there is greater regionalization of UNEP activities. There does not appear to be a difference in the administrative costs based on the reduction of substances to primarily one substance because there are many types of HCFCs; CFCs represented by far the largest consumption of ODS prior to 2010 and this is now the case for HCFCs; and HCFCs are involved in most of the same sectors as CFCs. With respect to the issue of lead and cooperating agencies, one agency emphasized the increased burden of lead agencies in as much as they were responsible for the submission of annual tranches and the completion of the input for the MYA format. There was recognition that cooperating agencies also had the additional task of coordinating with lead agencies and that these coordinating activities would imply additional administrative costs to UNDP and UNIDO for low-volume-consuming (LVC) countries where UNEP is the lead agency. It was felt that there were new challenges for HPMPs in particular with respect to obtaining co-financing from other institutions to maximise the climate impact. The administrative difficulties associated with this new task for implementing agencies were demonstrated with respect to the implementation record of the chiller projects for which co-financing was required.

41. In the light of the discussion at the 64<sup>th</sup> meeting with respect to streamlining reporting requirements, the Secretariat asked the implementing agencies to provide information on the extent to which their administrative costs were used for reporting requirements, project implementation, and internal administrative requirements. UNEP assessed 10 per cent of its CAP budget as having been applied for submitting and following-up project proposals, participating in project formulation activities with country offices, and following up on implementation status, including country visits and preparing progress reports. UNDP indicated that it would need more time to assess the various cost components of its administrative costs but it stated that a significant number of project completion reports (PCRs) for MYAs and terminal phase-out management plans (TPMPs) will represent a significant increase in the workload for the upcoming year as well as additional information requirements of business plans and progress reports. UNIDO replied that the reporting burden had significantly increased as there are reporting requirements on most projects to each meeting and multiple reports per meeting as well as annual detailed reports on MYAs. The World Bank indicated that additional reporting is directly related to staff time and therefore impacts on costs, but that a detailed assessment of the distribution could take additional time. It noted that at the 65<sup>th</sup> meeting a normally full schedule of reports coincided with a number of reports for projects with special reporting requirements. The Executive Committee may wish to request the implementing agencies to provide a cost analysis of the use of administrative costs for reporting, project implementation and internal requirements to the 66<sup>th</sup> meeting for consideration by the

Executive Committee in the context of the paper on the “nature, content and timing of status information to be provided in the progress reports while exploring ways to further systematize and streamline reporting on progress to the Executive Committee across the spectrum of reports” as per decision 64/6(c)(i).

### **Options for ensuring that the overall administrative cost ratio remained within the historical average or lower**

42. The historical average administrative cost including core unit costs is 11.3 per cent of project approvals. This level increased to 11.7 per cent during the period 2000-2010, during which time the core unit costs were initiated to ensure that there was core funding to keep implementing agencies operating and providing the necessary reporting and advisory services when resources from agency fees might be decreased, as was the case in 2010 when approvals and the resulting agency fee income were the lowest since 1991. The historical average for the period 2000-2010 might better reflect the current administrative cost requirements than the period 1991-2010.

43. The 2012-2014 triennium is likely to be characterized by funding indicated in HPMP agreements approved during the current triennium as well as other standard costs. In this respect, the agency fees for the next triennium are likely to be part of MYAs for HPMPs or institutional strengthening, for which the values are known at this time. The Committee has already approved 81 HPMP agreements with agency fees under the 2009-2011 administrative cost regime, with the exception of China for which a decision was planned in the context of the request of the second tranche of its HPMP.

44. Table 7 shows the impact on revenue for maintaining the existing administrative costs regime, applying a flat agency fee instead of core unit costs, and scenarios varying core unit costs and agency fees for China. The table takes into account 2012-2014 approvals to-date, as well as the business plan values for those countries for which the HPMPs have not been approved to-date, and other activities in the 2012-2014 business plans.

Table 7

### **OPTIONS FOR ADMINISTRATIVE COSTS FOR THE 2012-2014 TRIENNIUM**

Agency	Historical Average	Historical Averages	2012-2014 with status quo	Proposed 2012-2014 to achieve below 11%	Proposed 2012-2014 to achieve 11.3% historical average	Proposed 2012-2014 to achieve 11.3% historical average	Proposed 2012-2014 to achieve 11.7% historical average	Proposed 2012-2014 to achieve 11.7% historical average
	1991-2010	2000 to 2010		China 6% support costs and core unit for 2012-2014 3% lower than 2011	China 6% and core unit 3% increase	All agencies at 11.3% (no core units)	China 6.75% and core unit 3% increase	China 7.25% and core unit zero growth
Annual income for administrative activities (US dollars)								
UNDP	3,674,391	3,844,621	4,370,869	4,053,374	4,238,519	3,336,224	4,304,694	4,224,563
UNEP	802,175	1,009,600	1,181,796	1,167,421	1,167,421	1,935,248	1,174,609	1,179,400
UNIDO	3,878,470	4,165,127	4,288,084	3,886,200	4,071,344	3,207,100	4,179,714	4,127,714
World Bank	4,541,970	5,525,941	6,036,128	5,211,391	5,372,319	6,273,370	5,704,223	5,817,496
TOTAL (including bilateral)	13,049,866	15,514,665	16,417,586	14,833,000	15,364,612	15,346,457	15,891,099	15,885,599

Agency	Historical Average	Historical Averages	2012-2014 with status quo	Proposed 2012-2014 to achieve below 11%	Proposed 2012-2014 to achieve 11.3% historical average	Proposed 2012-2014 to achieve 11.3% historical average	Proposed 2012-2014 to achieve 11.7% historical average	Proposed 2012-2014 to achieve 11.7% historical average
	1991-2010	2000 to 2010		China 6% support costs and core unit for 2012-2014 3% lower than 2011	China 6% and core unit 3% increase	All agencies at 11.3% (no core units)	China 6.75% and core unit 3% increase	China 7.25% and core unit zero growth
Percentage of approvals								
UNDP	13.8%	14.6%	14.8%	13.7%	14.4%	11.3%	14.6%	14.3%
UNEP	9.0%	8.0%	6.9%	6.8%	6.8%	11.3%	6.9%	6.9%
UNIDO	13.0%	13.1%	15.1%	13.7%	14.3%	11.3%	14.7%	14.5%
World Bank	9.7%	10.4%	10.9%	9.4%	9.7%	11.3%	10.3%	10.5%
TOTAL (including bilateral)	11.3%	11.7%	12.1%	10.9%	11.3%	11.3%	11.7%	11.7%

45. Table 7 shows that the highest level of administrative costs would be under the status quo based on activities in the 2012-2014 business plans and approvals to-date, including the proposed CAP budget for 2012. It also shows that agencies would receive more revenue than their 1991-2010 average in all cases except where all agencies have an 11.3 per cent agency fee. This means that agencies would receive more administrative revenue in the 2012-2014 triennium even with a 10.9 per cent overall agency fee due to the level of funding anticipated for that triennium.

46. An agency fee of 11.3 per cent applied to all agencies would enable the elimination of the core unit costs and accounting for them, as well as providing a simple formula for administrative costs. It would result in more income for UNEP and the World Bank than historical averages and less for UNDP and UNIDO. Providing more revenue than historical averages appears inconsistent with the request from the Executive Committee at its 64<sup>th</sup> meeting to remain within the historical average or lower. Moreover, the World Bank has fewer projects than the other agencies and therefore not as many reporting requirements, and UNEP agency fees are already supplemented by CAP for administrative purposes.

47. Reducing core unit costs by 3 per cent from 2011 levels and keeping them stable at no growth for the period 2012- 2014 would save US \$531,612 which is also the difference in achieving an overall Fund administrative cost ratio of 10.9 per cent instead of 11.3 per cent with a 3 per cent core unit cost growth. Increasing core unit costs by up to 3 per cent per year would increase the administrative costs by US \$1.06 million for the 2012-2014 triennium. If the Committee were to agree to an overall administrative cost ratio of 11.7 per cent, the agency fee for China would be 7.25 per cent if core unit costs are held constant, as opposed to 6.75 per cent if core unit costs are allowed to grow to up to 3 per cent per year. It should be noted that maintaining the existing administrative cost regime for core unit costs does not mean that there will be an annual 3 per cent increase in funding, but instead that there might be an increase of up to 3 per cent per year.

48. Most of the scenarios depend upon alternative agency fees for China for the approved funding tranches for its HPMP components in the years 2012-2014. It was understood by the agencies that this would be addressed in the context of the second tranche of the HPMP to be submitted to the 67<sup>th</sup> meeting. However, to achieve the historical average of 1991-2010 or 2000-2010, the fee for China would have to be reduced from 7.5 per cent under the current regime. The Executive Committee may wish to consider if any modifications are warranted to the existing administrative cost regime and approving an administrative cost regime for the 2012-2014 triennium.

**UNEP administrative costs taking into account CAP administrative cost activities**

49. UNEP’s CAP includes activities that might be considered administrative in nature. For this reason, among others, and since CAP has staff to address institutional strengthening, UNEP is the only agency that does not receive an agency fee for administrative costs. The PricewaterhouseCoopers administrative cost study (UNEP/OzL.Pro/ExCom/55/48) assessed the costs of CAP by line item. The Fund Secretariat and UNEP CAP also made an assessment of those line items to estimate an overall administrative overhead for UNEP. Annex III contains the assumptions for the different assessments. The results of these alternative assessments are found in Annex IV, and are presented in table 8 for the period 2002-2011 and as proposed for the period 2012-2014.

Table 8

**ASSESSMENT OF UNEP’S ADMINISTRATIVE COSTS TAKING INTO ACCOUNT THE ADMINISTRATIVE COMPONENTS OF CAP**

<b>Administrative Cost Assessment</b>	<b>2002-2011*</b>	<b>2012-2014**</b>
PricewaterhouseCoopers	21.3%	19.8%
Fund Secretariat	59.3%	63.5%
UNEP	15.0%	13.5%

\*Including submissions to the 65<sup>th</sup> meeting.

\*\*Based on up to 3% annual growth in CAP budget, approved MYAs to-date, and 2012-2014 business plans.

50. Table 8 shows that under the PricewaterhouseCoopers and the UNEP assessments of administrative costs including CAP components, the application of the existing administrative cost regime to activities planned in 2012-2014, as modified by approvals to-date and the proposal for CAP funding to the current meeting, would result in administrative costs below historical averages. The Fund Secretariat’s assessment shows higher administrative costs, based on the assumptions that attempted to reflect likely project versus administrative activities. It should be noted that the values assumed for CAP from 2012 to 2014 are based on a 3 per cent increase in all line items. UNEP’s 2012 CAP budget is requesting an overall 1.7 per cent increase to address only the expected increases in salary components over the amount approved for the 2011 CAP budget. The Executive Committee may wish to consider whether the existing administrative cost regime should apply to UNEP for the 2015-2017 triennium with the possible exception of any agreement with respect to a special agency fee for HPMP activities in China.

**RECOMMENDATIONS**

51. The Executive Committee may wish to consider:

- (a) Noting the report on 2012 core unit costs for UNDP, UNIDO and the World Bank, and on administrative cost regime for the 2012-2014 triennium as presented in document UNEP/OzL.Pro/ExCom/65/20;
- (b) Whether:
  - (i) To approve the requested increases in the core unit budgets for UNDP, UNIDO and the World Bank or to maintain the current levels;
  - (ii) Any modifications are warranted to the existing administrative cost regime and approving an administrative cost regime for the 2012-2014 triennium;

- (iii) The existing administrative cost regime should apply to UNEP for the 2015-2017 triennium with the possible exception of any agreement with respect to a special agency fee for the HCFC phase-out management plan activities in China;
- (c) Requesting:
  - (i) The Fund Secretariat, in cooperation with the bilateral and implementing agencies, to consider options for an administrative cost regime for the 2015-2017 triennium to be presented to its 68<sup>th</sup> meeting; and
  - (ii) The implementing agencies to provide a cost analysis of the use of administrative costs for reporting, project implementation and internal requirements to the 66<sup>th</sup> meeting for consideration by the Executive Committee in the context of the paper on the “nature, content and timing of status information to be provided in the progress reports while exploring ways to further systematize and streamline reporting on progress to the Executive Committee across the spectrum of reports” as per decision 64/6(c)(i).

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## Annex I

### CURRENT ADMINISTRATIVE COST REGIME

1. For UNDP, UNIDO and the World Bank:

The Thirty-eighth meeting of the Executive Committee decided:

- (a) To adopt a new administrative cost regime for the 2003-2005 triennium that includes US \$1.5 million, subject to annual review, for a core unit funding budget per year, applying in addition:
  - (i) An agency fee of 7.5 per cent for projects with a project cost at or above US \$250,000, as well as institutional strengthening projects and project preparation;
  - (ii) An agency fee of 9 per cent for projects with a project cost below US \$250,000, including country programme preparation;
- (b) To apply the above regime to UNDP, UNIDO and the World Bank;
- (c) To urge Implementing Agencies to strive toward achieving optimization of these support costs, taking into account the goal of Decision VIII/4 of the Eighth Meeting of the Parties to reduce agency support costs to an average below 10 per cent, recognizing that new challenges in the implementation of projects during the compliance period would require substantial support from Implementing Agencies;
- (d) Review the administrative cost regime and its core unit funding budget at the 41<sup>st</sup> Meeting of the Executive Committee.

*(UNEP/OzL.Pro/ExCom/38/70, Decision 38/68, para. 116)*  
*(Supporting document: UNEP/OzL.Pro/ExCom/38/59).*

2. For UNEP and bilateral agencies:

The Twenty-sixth meeting of the Executive Committee decided:

- (a) To apply an agency fee of 13 per cent on projects up to a value of \$500,000;
- (b) That for projects with a value exceeding \$500,000 but up to and including \$5,000,000, an agency fee of 13 per cent should be applied on the first \$500,000 and 11 per cent on the balance;
- (c) To assess projects with a value exceeding \$5 million on a case-by-case basis;
- (d) That the agency fee for projects submitted under the SME window (Decision 25/56) should be 13 per cent;
- (e) That agencies implementing projects under the SME window should report back to the Executive Committee on the actual administrative costs of such projects;
- (f) To request the Secretariat and the Implementing Agencies to develop standardized cost items for future reporting on administrative costs;

- (g) To review the results of implementation of this decision at the second meeting of the Executive Committee in 1999 and to report to the Eleventh Meeting of the Parties in 1999, in line with decision VIII/4 of the Meeting of the Parties;
- (h) To apply this decision to projects approved beginning with the current meeting.

*(UNEP/OzL.Pro/ExCom/26/70, Decision 26/41, para. 77).*

*(Supporting document: UNEP/OzL.Pro/ExCom/26/67).*

3. UNEP agreed to an 8 per cent agency fee and zero agency fees for institutional strengthening in its request for CAP funding.

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## Annex II

### DEFINITION OF ADMINISTRATIVE COSTS

In keeping with the Executive Committee's 1994 recommendation, it is important to clarify the definition of administrative costs, at least for the purposes of this study. Unless there is a clear and common understanding of what is considered to be an administrative cost and what is considered to be a project cost, there will continue to be inconsistent approaches. If there are inconsistent approaches, it is very difficult to establish a uniform reimbursement rate based on actual costs.

Following this logic, the following paragraphs will serve first to propose a method of distinguishing between administrative and project costs, and second to propose criteria to identify the elements of administrative costs which could be considered as being eligible.

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### **Distinction between administrative and project activities**

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#### **Administrative activities**

In respect of Multilateral Fund programmes, the implementing agencies are expected to use their existing field office networks to match the needs of beneficiaries and the funds available from the Multilateral Fund. In doing so, they are required first to identify and submit potential projects to the Executive Committee and second, to ensure that the allocated funds are used in the manner authorised by the Executive Committee, in line with approved project proposals and budgets.

#### Project identification, formulation and approval

With respect to new and potential projects, the implementing agencies are expected to use the administrative cost allocation for the following activities:

- distributing information about the Multilateral Fund's programme to the agency's field offices network;
- collecting, reviewing and pre-qualifying project applications;
- dealing with governments and establishing legal agreements;
- preparing project proposals; obtaining project preparation budgets for larger projects;
- fielding consultants to project sites;
- submitting and following-up project proposals submitted to the Executive Committee for approval.

#### Project Implementation and Monitoring

With respect to approved projects, the implementing agencies are expected to use the administrative cost allocation for the following activities:

- co-ordinating each agency's efforts with the Secretariat;
- preparing implementation agreements and terms of reference for subcontractors
- mobilising implementation teams (executing agencies and consultants) for approved projects using appropriate bidding and evaluation mechanisms ;
- processing contractual and accounting documents associated with approved projects;
- monitoring the progress of a project from an administrative point of view, and ;
- reporting on results of projects and the program (preparing progress and project completion reports).

#### Other activities to be considered as administrative

- preparing annual business plans based on communications with national governments about

- sector needs and priorities;
- preparing progress reports;
- participating in project formulation activities with country offices;
- following up on implementation status, including country visits if there is evidence of undue delays or difficulties;
- providing input to the Multilateral Fund Secretariat with policy papers and issues; and
- participating in meetings sponsored by the Executive Committee, and the Secretariat.

### **Activities to be considered as project costs**

The following activities would not be considered to be administrative activities, and would be conducted only on the basis of approved projects :

- marketing, business development and prospecting for new projects (this activity is funded by an the Executive Committee which has established ozone units in each country) ;
- project formulation/preparation, in cases where a project preparation budget has been approved ;
- project implementation, including the provision of project management and technical skills. This would include participating in the design of the project "deliverable" regardless of the form of the deliverable or the method of delivery In other words, participation in the design of constructed equipment and training material would both be considered to be project activities..
- any activity considered to be a project, for instance country program preparation, technical assistance, training, etc.
- technical inspections of project "deliverables" by appropriately qualified experts.
- technical support provided at the programme or project level.

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## **Reimbursable elements of administrative cost**

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With respect to each implementing agency's co-ordinating unit, to the extent that it supports the Multilateral fund, the following costs would be deemed to be eligible:

### **1. Direct costs of the co-ordinating unit including**

- salaries and the associated benefits of permanent and contractual (consultants) staff;
- travel related to Multilateral Fund activities, and to administrative monitoring of projects.
- office accommodation cost including a fair allocation of operating costs, based on the proportion of useable space;
- equipment, office supplies, telecommunications and general expenses based on specific expenditures.
- contractual services related to activities of the co-ordinating unit.

### **2. A fair cost allocation from central support services of the implementing agency. This would include a fair and equitable allocation of the expense of central services such as:**

- human resources, based on the proportionate number of staff
- accounting, based on the volume of transactions generated
- management information systems, based on the proportionate number of workstations and the actual systems used by the co-ordinating unit
- procurement and legal, based on the volume of transactions generated
- general office and administrative services, based on the proportionate number of staff.

### **3. A fair allocation of country or field office costs. This allocation could be made globally on the basis of financial activity, i.e. Multilateral Fund spending vs. total agency spending.**

4. Direct costs of the **implementing arms, be they executing agencies, national governments, financial intermediaries or other consultants** contracted by the implementing agencies to the extent that they are involved in the administration of projects. These costs would be established by service contract or otherwise charged at rates equivalent to the fair value of the services received. These costs would exclude costs approved as part of project budgets (e.g. the cost of UNIDO's consultants in many of its projects).

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### **Non-reimbursable costs**

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It is proposed that the following items be considered as non-reimbursable for the purposes of determining actual administrative costs:

- Travel not directly related to Multilateral Fund business, including the non Multilateral Fund portion of multi-purpose trips, trips related to activities extraneous to the implementing agency's role;
- Allocations of general expenses already provided for in the general funds of implementing agencies
- Charges aimed at underwriting deficits or costs in other programs, budgets or activities.
- Any costs charged to projects.

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Annex III

ASSUMPTIONS FOR ASSESSMENTS OF UNEP'S ADMINISTRATIVE COSTS TAKING INTO ACCOUNT THE ADMINISTRATIVE COMPONENTS OF CAP

						% Admin. MFS distribution	% Admin. PWC distribution	% Admin. UNEP distribution
<b>PROJECT PERSONNEL COMPONENT</b>								
	<i>1100 Project personnel*</i>							
		Title	Location	Grade	m/y			
	1101	Head of Branch	Paris	D1	10	100%	100%	20%
	1102	Network & Policy Manager	Paris	P5	12	100%	50%	10%
	1103	Capacity Building Manager	Paris	P4/P5	12	0%	50%	10%
	1104	Information Manager	Paris	P4	12	0%	10%	10%
	1105	Monitoring & Administration Officer	Paris	P4	12	100%	100%	100%
	1106	Information Officer	Paris	P3	12	0%	10%	10%
	1107	Programme Officer - HCFC	Paris	P3	12	100%	10%	10%
	1108	Programme Officer - ECA / Paris	Paris / ECA	P3	12	100%	50%	10%
	1109	IT Specialist	Paris	P3	6	100%	10%	10%
	1110	ROA Programme Officer - HPMP	Nairobi	P4	12	100%	10%	10%
	1111	ROA Policy & Enforcement Officer	Nairobi	P4	12	0%	10%	10%
	1112	ROA Programme Officer - HPMP	Nairobi	P3/P4	12	100%	10%	10%
	1113	ROA MB Officer	Nairobi	P3	12	0%	10%	10%
	1114	ROLAC RNC	Panama	P4	12	100%	10%	10%
	1115	ROLAC Policy & Enforcement Officer	Panama	P4	12	0%	10%	10%
	1116	ROLAC Programme Officer - HPMP	Panama	P3	12	100%	10%	10%
	1117	ROLAC MB Officer	Panama	P3	12	0%	10%	10%
	1118	ROAP-SA RNC	Bangkok	P5	12	100%	10%	10%
	1119	ROAP Policy & Enforcement Officer	Bangkok	P4	12	0%	10%	10%
	1120	ROAP PIC Network Coordinator - HPMP	Bangkok	P4	12	100%	10%	10%
	1121	ROAP Programme Officer - HPMP	Bangkok	P4	12	100%	10%	10%
	1122	ROWA RNC	Bahrain	P4	12	100%	10%	10%
	1123	ROWA Programme Officer - HPMP	Bahrain	P4	12	100%	10%	10%
	1124	ROWA Programme Officer - Policy and Enforcement	Bahrain	P3	12	0%	10%	10%
	1125	ROA RNC (French)	Nairobi	P5	12	100%	10%	10%
	1126	RNC Europe/Central Asia1)	ECA	P4	12	100%	10%	10%
	1127	ROAP SEA Network Coordinator	Bangkok	P4	12	100%	10%	10%
1199	<i>Sub-total</i>							
	1) CAP is reevaluating the assignment of the post 1126							
1200	<i>Consultants (Description of activity/service)</i>							
	1201	Consultants (training of CAP staff)				100%		
1299	<i>Sub-total</i>							
1300	<i>Programme Assistance (General Service staff)</i>							
		Title/Description	Location	Level	m/m			
	1301	Secretary Chief	Paris	G6	12	100%	100%	10%
	1302	Assistant Network Manager	Paris	G6	12	100%	10%	10%
	1303	Assistant Clearinghouse	Paris	G6	12	0%	10%	10%
	1304	Assistant Monitoring & Administration	Paris	G5	12	100%	100%	100%
	1305	Assistant IS/RMP/CP	ECA	G5	12	100%	50%	10%
	1306	Assistant Programme	Paris	G5	12	100%	10%	10%
	1307	Assistant Data & Documentation	Paris	G5	12	100%	10%	10%
	1309	ROA RNC Assistant	Nairobi	G5	12	100%	10%	10%
	1310	ROA Office Assistant	Nairobi	G6	12	100%	10%	10%
	1311	ROLAC RNC Assistant	Panama	G6	12	100%	10%	10%
	1312	ROLAC Office Assistant	Panama	G5	12	100%	10%	10%
	1313	ROAP-SA RNC Assistant	Bangkok	G5	12	100%	10%	10%
	1314	ROAP Office Assistant	Bangkok	G6	12	100%	10%	10%
	1315	ROWA RNC Assistant	Bahrain	G6	12	100%	10%	10%
	1316	ROWA Office Assistant	Bahrain	G5	12		10%	10%
	1317	Temporary assistance CAP				100%	10%	10%
	1318	Assistant to RNC ECA	ECA	G5	12	100%	10%	10%
	1319	ROAP SEA Project Assistant	Bangkok	G4	12	100%	10%	10%

						% Admin. MFS distribution	% Admin. PWC distribution	% Admin. UNEP distribution
	1320	ROLAC Office Assistant	Panama	G3	12	100%	10%	10%
	1321	ROA Regional Outreach Assistant	Nairobi	G6	12	0%	10%	10%
	1322	ROLAC Regional Outreach Assistant	Panama	G6	6	0%	10%	10%
	1323	ROAP Regional Outreach Assistant	Bangkok	G6	12	0%	10%	10%
	1324	ROWA Regional Outreach Assistant	Bahrain	G6	6	0%	10%	10%
1399	<i>Sub-total</i>							
1600	<i>Travel on official business (UNEP staff)</i>							
	1601	Paris staff travel	Paris			100%	50%	10%
	1602	ROA staff travel	Nairobi			100%	10%	10%
	1603	ROLAC staff travel	Panama			100%	10%	10%
	1604	ROAP-SA staff travel	Bangkok			100%	10%	10%
	1605	ROWA staff travel	Bahrain			100%	10%	10%
	1606	ECA staff travel	ECA			100%	10%	10%
1699	<i>Sub-total</i>							
1999	<b>COMPONENT TOTAL</b>							
1999			<b>Paris</b>					
1999			<b>Regions</b>					
<b>SUB CONTRACT COMPONENT</b>								
2200	<i>Sub-contracts (MOUs/LAs for supporting organizations)</i>							
	2202	Sub-contracts with supporting organizations ROA	Nairobi			0%	10%	10%
	2203	Sub-contracts with supporting organizations ROLAC	Panama			0%	10%	10%
	2204	Sub-contracts with supporting organizations ROAP	Bangkok			0%	10%	10%
	2205	Sub-contracts with supporting organizations ROWA	Bahrain			0%	10%	10%
	2206	Sub-contracts with supporting organizations ECA	ECA			0%	10%	10%
	2212	Regional awareness raising ROA	Nairobi			0%	10%	10%
	2213	Regional awareness raising ROLAC	Panama			0%	10%	10%
	2214	Regional awareness raising ROAP	Bangkok			0%	10%	10%
	2215	Regional awareness raising ROWA	Bahrain			0%	10%	10%
	2216	Regional awareness raising ECA	ECA			0%	10%	10%
	2219	ROLAC Regional awareness raising - Caribbean	Panama			0%	10%	10%
	2220	ROLAC Regional awareness raising - Mexico & Central America	Panama			0%	10%	10%
2299	<i>Sub-total</i>							
2300	<i>Sub-contracts (for commercial purposes)</i>							
	2301	Technical and policy information materials				0%	10%	10%
	2302	OzonAction Newsletter	Paris			0%	10%	10%
	2303	illustration/graphics/layout design	Paris			0%	10%	10%
	2304	Exhibition/outreach	Paris			0%	10%	10%
	2305	Adaptable media materials for the international Ozone Day	Paris			0%	10%	10%
	2306	Regional Capacity Building and Tech support on HCFC phaseout	Regional			0%	10%	10%
2399	<i>Sub-total</i>							
2999	<b>COMPONENT TOTAL</b>							
2999			<b>Paris</b>					
2999			<b>Regions</b>					
<b>TRAINING COMPONENT</b>								
3300	<i>Meetings/conferences</i>							
	3301	Advisory and Consultative Meetings - Paris				100%	50%	10%
	3302	ROA network meetings/thematic workshops	Nairobi			0%	10%	10%
	3303	ROLAC network meetings/thematic workshops	Panama			0%	10%	10%

						% Admin. MFS distribution	% Admin. PWC distribution	% Admin. UNEP distribution
	3304	ROAP-SA network meetings/thematic workshops	Bangkok			0%	10%	10%
	3305	ROWA network meetings/thematic workshops	Bahrain			0%	10%	10%
	3306	ECA network meetings/thematic workshops	ECA			0%	10%	10%
	3307	PIC network meetings/thematic workshops	Bangkok			0%	10%	10%
	3308	ROAP-SEA meetings/thematic workshops	Bangkok			0%	10%	10%
	3309	ROLAC Thematic meeting of Caribbean Network	Panama			0%	10%	10%
	3310	ROLAC Thematic meeting of Latin America Networks	Panama			0%	10%	10%
	3312	ROA South-South cooperation	Nairobi			0%	10%	10%
	3313	ROLAC South-South cooperation	Panama			0%	10%	10%
	3314	ROAP South-South cooperation	Bangkok			0%	10%	10%
	3315	ROWA South-South cooperation	Bahrain			0%	10%	10%
	3316	ECA South-South cooperation	ECA			0%	10%	10%
	3319	ROLAC South-South cooperation - Caribbean	Panama			0%	10%	10%
	3320	ROLAC South-South cooperation - Mexico & Central America	Panama			0%	10%	10%
3399	<i>Sub-total</i>							
<b>3999</b>	<b>COMPONENT TOTAL</b>							
<b>3999</b>			<b>Paris</b>					
<b>3999</b>			<b>Regions</b>					
<b>EQUIPMENT AND PREMISES COMPONENT</b>								
4100	<i>Expendable equipment (items under \$1,500 each)</i>							
	4101	Office supplies - Paris and ECA	Paris			100%	50%	10%
	4102	Office supplies - Regions				100%	10%	10%
4199	<i>Sub-total</i>							
4200	<i>Non-expendable equipment</i>							
	4201	Office equipment / computer - Paris and ECA	Paris			100%	50%	10%
	4202	Office equipment / computer - Regions				100%	10%	10%
4299	<i>Sub-total</i>							
4300	<i>Rental of premises</i>							
	4301	Office rental - Paris and ECA	Paris			100%	50%	10%
	4302	Office rental - Regions				100%	10%	10%
4399	<i>Sub-total</i>							
<b>4999</b>	<b>COMPONENT TOTAL</b>							
<b>4999</b>			<b>Paris</b>					
<b>4999</b>			<b>Regions</b>					
<b>MISCELLANEOUS COMPONENT</b>								
5100	<i>Operation and maintenance of equipment</i>							
	5101	Rental and maintenance of office equipment - Paris and ECA	Paris			100%	50%	10%
	5102	Rental and maintenance of office equipment - Regions				100%	10%	10%
5199	<i>Sub-total</i>							
5200	<i>Reporting cost</i>							
	5201	Reporting/reproduction costs				0%	50%	10%
	5202	Translations				0%	10%	10%
5299	<i>Sub-total</i>							
5300	<i>Sundry</i>							
	5301	Communication & dissemination - Paris and ECA	Paris			100%	10%	10%
	5302	Communication - Regions				100%	10%	10%
5399	<i>Sub-total</i>							
5400	<i>Hospitality</i>							
	5401	Hospitality				100%	10%	10%
5499	<i>Sub-total</i>							
<b>5999</b>	<b>COMPONENT TOTAL</b>							
<b>5999</b>			<b>Paris</b>					

						<b>% Admin. MFS distribution</b>	<b>% Admin. PWC distribution</b>	<b>% Admin. UNEP distribution</b>
<b>5999</b>			<b>Regions</b>					
<b>99</b>	<b>TOTAL DIRECT PROJECT COST</b>							
			<b>Paris</b>					
			<b>Regions</b>					
	<i>Programme support costs (8%)</i>					100%	100%	100%
	<b>GRAND TOTAL</b>							

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**Annex IV**

**ASSESSMENT OF UNEP'S ADMINISTRATIVE COSTS TAKING INTO ACCOUNT THE ADMINISTRATIVE COMPONENTS OF CAP**

	<b>2002-2011</b>	<b>2012 BP</b>	<b>2013 BP</b>	<b>2014 BP</b>	<b>BP 2012 to BP-2014</b>
<b>MLF Calculation</b>					
CAP Administrative Cost	52,584,855	5,714,440	5,885,873	6,062,449	17,662,763
CAP support costs	6,761,030	754,537	777,173	800,488	2,332,198
Total Admin. and support costs	59,345,884	6,468,977	6,663,046	6,862,937	19,994,960
CAP Programme	31,928,014	3,717,270	3,828,788	3,943,652	11,489,710
Project approvals	77,847,975	4,128,355	13,271,652	4,443,089	21,843,096
Project support costs	5,791,873	187,539	780,956	192,516	1,161,012
Total Program	109,775,989	7,845,625	17,100,440	8,386,740	33,332,806
Total Administrative Cost	65,137,758	6,656,516	7,444,002	7,055,454	21,155,972
% Administrative Cost	59.3%	84.8%	43.5%	84.1%	63.5%
<b>PWC distribution</b>					
CAP Administrative Cost	18,117,182	1,784,784	1,838,328	1,893,477	5,516,589
CAP support costs	6,761,030	754,537	777,173	800,488	2,332,198
Total Admin. and support costs	24,878,212	2,539,321	2,615,500	2,693,965	7,848,787
CAP Programme	66,395,687	7,646,926	7,876,334	8,112,624	23,635,884
Project approvals	77,847,975	4,128,355	13,271,652	4,443,089	21,843,096
Project support costs	5,791,873	187,539	780,956	192,516	1,161,012
Total Program	144,243,662	11,775,281	21,147,986	12,555,712	45,478,979
Total Administrative Cost	30,670,085	2,726,860	3,396,457	2,886,482	9,009,798
% Administrative Cost	21.3%	23.2%	16.1%	23.0%	19.8%
<b>UNEP</b>					
CAP Administrative Cost	10,252,881	964,286	993,215	1,023,011	2,980,512
CAP support costs	6,761,030	754,537	777,173	800,488	2,332,198
Total Admin. and support costs	17,013,910	1,718,823	1,770,387	1,823,499	5,312,709
CAP Programme	74,259,988	8,467,424	8,721,447	8,983,090	26,171,961
Project approvals	77,847,975	4,128,355	13,271,652	4,443,089	21,843,096
Project support costs	5,791,873	187,539	780,956	192,516	1,161,012
Total Program	152,107,963	12,595,779	21,993,099	13,426,179	48,015,057
Total Administrative Cost	22,805,784	1,906,362	2,551,344	2,016,015	6,473,721
% Administrative Cost	15.0%	15.1%	11.6%	15.0%	13.5%