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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-third Meeting
Paris, 9-13 November 2014

FINAL 2013 ACCOUNTS

1. The implementing agencies (IAs) submitted to the Treasurer their provisional 2013 accounts¹ in January 2014 and their final 2013 accounts by the end of September 2014 (in line with the agreed deadline).
2. The provisional 2013 accounts as submitted by the IAs (schedules 1.1 through 1.7 attached as Annex I to the present document) were recorded in the final 2013 accounts of UNEP. Since the IAs' final accounts were submitted after UNEP 2013 accounts were closed, only the provisional accounts of the IAs were recorded in the UNEP final accounts. The differences between the IAs' 2013 provisional accounts and their final 2013 accounts are reflected in Tables 1 and 2, and shall be recorded in the 2014 accounts.

Table 1. Differences between IAs' provisional and final 2013 accounts on aggregate income (US\$)

Agency	Provisional	Final	Difference
UNDP	745,905,312	746,111,031	205,719
UNEP	248,358,040	248,433,319	75,279
UNIDO	746,401,487	766,693,712	20,292,225
World Bank	1,125,324,025	1,125,324,025	0
Total	2,865,988,864	2,886,562,087	20,573,223

Table 2. Differences between IAs' provisional and final 2013 accounts on aggregate expenditure (US \$)

Agency	Provisional	Final	Difference
UNDP	664,430,980	664,273,510	-157,470
UNEP	216,368,686	215,573,244	-795,442
UNIDO	689,160,896	689,160,896	0
World Bank	1,057,242,820	1,057,242,820	0
Total	2,627,203,382	2,626,250,470	-952,912

¹ The Treasurer was not able to submit the provisional 2013 accounts to the 72nd meeting in the light of decision 70/23(b), i.e., to hold two meetings in 2014 instead of three.

2013 Audited accounts report

3. The report of the United Nations Board of Auditors (UNBOA) for the biennium ended 31 December 2013 was completed and submitted to UNEP's Executive Director. There were no major issues of relevance to the Multilateral Fund. The UNBOA's observations and recommendations have been accepted by UNEP and are under implementation.

Follow-up to decision 72/42(b)(ii) and (iii)

4. At the 72nd meeting, under the agenda item "Accounts of the Multilateral Fund"² the Treasurer informed the Executive Committee that there was an established fund transfer policy with regard to the routine operations of UNEP to maximize the ability of implementing partners to conduct their operations, minimize associated risks and maximize interest accrued on deposits. A clarification was sought regarding the relationship between the UNEP-wide standard on cash advances and the 20 per cent disbursement threshold for tranches of HPMPs. Following a discussion, the Executive Committee decided *inter alia* to seek, in consultation with the Secretariat, expert views on the issue of fund transfers from the Treasurer to the IAs and to report back to the 73rd meeting; and to include in the next report on the accounts of the Multilateral Fund integrated information on the UNEP-wide standard on cash advances and the 20 per cent disbursement threshold for tranches of HCFC phase-out management plans to show clearly the relationship between the two issues, together with further information on the criteria used for the placement of funds to ensure risk reduction and the maximization of interest accrual (decision 72/42(b)(ii) and (iii)).

5. The Treasurer in consultation with the Secretariat considered that it would be more relevant to submit the information requested in decision 72/42(b)(ii) and (iii) together in a separate document. Accordingly, the Treasurer submitted to the 73rd meeting a report on the Multilateral Fund on the issues of fund transfers to implementing agencies, fund surplus, interest earnings, investments and the efficient utilization of resources (UNEP/OzL.Pro/ExCom/73/57).

RECOMMENDATION

6. The Executive Committee may wish:

(a) To note:

- (i) The final financial statements of the Multilateral Fund as at 31 December 2013 contained in document UNEP/OzL.Pro/ExCom/73/55;
- (ii) That UNEP has received the United Nations Board of Auditors report for the biennium ended 31 December 2013, and that there were no major issues of relevance to the Multilateral Fund;
- (iii) That the issue of fund transfers from the Treasurer to the implementing agencies and the information on the UNEP-wide standard on cash advances and the 20 per cent disbursement threshold for tranches of HCFC phase-out management plans to show clearly the relationship between the two issues, together with further information on the criteria used for the placement of funds to ensure risk reduction and the maximization of interest accrual requested under decision 72/42(b)(ii) and (iii), is presented in the Report on the Multilateral Fund on the issues of fund transfers to implementing agencies, fund surplus, interest earnings, investments and the efficient utilization of resources

² Agenda Item 14, paragraphs 196 to 199 of document UNEP/OzL.Pro/ExCom/72/47.

(UNEP/OzL.Pro/ExCom/73/57); and

- (b) To request the Treasurer to record in the 2014 accounts of the Multilateral Fund the differences between the implementing agencies' provisional 2013 financial accounts and final 2013 accounts as reflected in Tables 1 and 2 of the document UNEP/OzL.Pro/ExCom/73/55.

SCHEDULE 1.1 MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
2013 STATEMENT OF INCOME AND EXPENDITURE (in US\$)			
(Thousands of United States dollars)			
INCOME	2013	2012	1991- 2013
Agreed contributions	132,086	129,008	2,957,252
Interest income	2,370	2,347	212,352
Exchange gain/(loss) ⁽¹⁾	(2,987)	(3,090)	20,453
Miscellaneous income	49	351	31,266
TOTAL INCOME	131,518	128,616	3,221,323
EXPENDITURE			
UNEP Managed Activities	11,513	15,519	216,173
UNDP Managed Activities ⁽²⁾	45,040	34,170	664,431
UNIDO Managed Activities ⁽²⁾	65,241	59,345	689,155
World Bank Managed Activities ⁽²⁾	39,609	8,275	1,057,242
Secretariat	6,741	7,182	98,843
TOTAL EXPENDITURE	168,144	124,491	2,725,844
Excess of income over expenditure	(36,626)	4,125	495,479
Prior period adjustments	(1,842)	(5,815)	(172,910)
Net excess of income over expenditure	(38,468)	(1,690)	322,569
Fund balance, beginning of period	361,037	362,727	0
Fund balance, end of period	322,569	361,037	322,569

⁽¹⁾ The exchange loss for 2013 is in respect of the fixed-exchange rate mechanism.

⁽²⁾ In order to allow UNEP to comply with the requirement to issue the financial statements by 31 March of the following year, the Treasurer with the approval of the Executive Committee has adopted the practice of recording UNDP, UNIDO and World Bank unaudited expenditure submitted. There is however, an agreement that the implementing agencies will provide audited expenditures immediately they become available but not later 30 September of the following year.

N.B. During the 2010-2011 financial period, the Fund changed its accounting policy to start recording a provision for doubtful accounts receivable amounting to 100% of all outstanding receivable over four years old and other specific receivables considered uncollectible. Previously there was no provision for doubtful accounts being made. UNEP believes that this policy results in a more transparent treatment of uncollectible accounts.

SCHEDULE 1.2		
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL		
2013 STATEMENT OF ASSETS AND LIABILITIES		
(Thousands of United States dollars)		
ASSETS	2013	2012
Cash and term deposits	(59,949)	86,311
Voluntary pledges receivable	(10,929)	209,779
Less provision for doubtful receivables	(1,990)	(172,177)
Inter-fund balance receivable	0	0
Other accounts receivable	18	313
Other assets - deferred charges*	(38,525)	225,481
Promissory notes	14,782	21,790
Operating funds provided to implementing agencies	26,114	226,815
TOTAL ASSETS	(70,479)	598,312
LIABILITIES		
Deferred credits*	(33,133)	237,067
Reserve for obligations	135	99
Inter-fund balance payable	78	6
Other accounts payable	909	103
TOTAL LIABILITIES	(32,011)	237,275
RESERVES AND FUND BALANCES		
Cumulative surplus	(38,468)	361,037
TOTAL RESERVES AND FUND BALANCES	(38,468)	361,037
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	(70,479)	598,312

*Other assets and deferred credits include commitments for future years amounting to US \$225,473,000

SCHEDULE 1.3

A. 2013 Expenditures for Account MFL 2336-2211-2661: (Secretariat's Main Account)

			Approved Budget ⁽¹⁾	Actual Expenditure	Savings/ (Deficit)
10	PROJECT PERSONNEL COMPONENT				
	1100	<i>Project Personnel</i>			
	1101	Chief Officer (D-2)*	324,306	341,512	(17,206)
	1102	Deputy Chief Officer (Economic Cooperation) (D-1)	161,100	154,903	6,197
	1103	Programme Management Officer (P-3)	159,791	157,745	2,046
	1104	Deputy Chief Officer on Financial and Economic Affairs (P5)**	217,873	228,123	(10,249)
	1105	Senior Project Management Officer (P-5)*	217,873	191,026	26,847
	1106	Senior Project Management Officer (P-5)	217,873	206,004	11,869
	1107	Senior Project Management Officer (P-5)	217,873	193,164	24,709
	1108	Information Management Officer (P-3)*	192,647	193,549	(902)
	1109	Senior Administrative and Fund Management Officer (P-5)	195,478	191,469	4,009
	1110	Senior Monitoring and Evaluation Officer (P-5)	217,873	200,632	17,242
	1111	Programme Management Officer (P-3)	159,791	153,360	6,432
	1112	Information Network Officer (P-3)	133,900	128,767	5,133
	1114	Programme Management Officer (P-3)	159,791	155,631	4,160
	1188	Prior Year's Adjustment***		7,070	(7,070)
	1199	<i>Sub-total</i>	2,576,170	2,502,954	73,216
	1200	<i>Consultants</i>			
	1201	Projects and technical reviews etc	100,000	27,775	72,225
	1299	<i>Sub-total</i>	100,000	27,775	72,225
	1300	<i>Administrative Support Staff costs</i>			
	1301	Administrative Assistant (G-7)	91,836	83,857	7,978.88
	1302	Meetings Services Assistant (G-7)	91,836	76,920	14,916.28
	1303	Programme Assistant (G-7)	91,836	85,733	6,102.69
	1304	Programme Assistant (G-5)	68,027	37,881	30,145.70
	1305	Programme Assistant (G-5)	68,027	63,834	4,192.74
	1306	Computer Operations Assistant (G-6)	86,897	74,591	12,305.96
	1307	Programme Assistant (G-5)	71,897	70,555	1,342.01
	1308	Secretary/Clerk (Administration) (G-6)	77,128	55,519	21,608.42
	1309	Registry Clerk (G-4)	58,764	51,787	6,977.35
	1310	Database Assistant (G-7)	91,836	91,749	86.47
	1311	Programme Assistant (Monitoring and Evaluation) (G-5)	68,027	43,240	24,786.31
	1313	Programme Assistant (G-5)	68,027	57,445	10,581.16
	1314	Programme Assistant (G-5)	68,027	73,015	(4,988)
	1301-14	<i>Sub-total (support staff costs)</i>	1,002,162	866,126	136,036
	1333	69 th Meeting of the Executive Committee	220,000	220,032	(32)
	1334	70 th Meeting of the Executive Committee	300,000	299,651	349
	1336	71 th Meeting of the Executive Committee***	260,000	258,478	1,522
	1333-34 & 1336	<i>Sub-total (conference servicing)</i>	780,000	778,161	1,839
	1335	Temporary Assistance	43,782	33,221	10,561
	1337	Meeting Ozone	-	338.00	338
	1399	<i>Sub-total</i>	1,825,944	1,677,171	148,773

⁽¹⁾ 2013 Approved budget has been adjusted to reflect: a) US \$120,000 reallocated between budget lines in line with decision 71/48; and b) an amount of US \$27,064 repensed from prior year savings.

* Additional costs related to the departure and retirement of the Chief Officer

**Includes tax payment to the staff member's Government.

*** Employer share for the After Service Health Insurance (ASHI).

			Approved Budget ⁽¹⁾	Actual Expenditure	Savings/ (Deficit)
	1600	Travel on Official Missions			
	1601	Mission costs****	208,000	149,558	58,442
	1602	Network meetings	50,000	49,750	250
	1699	Sub-total	258,000	199,309	58,692
1999	COMPONENT TOTAL		4,760,114	4,407,208	352,906
20	SUB-CONTRACTS COMPONENT				
	2100	Sub-Contracts with UN Agencies:			
	2101	Treasury services	500,000	500,000	0
	2102	Corporate consultancies		(2,077)	2,077
	2199	Sub-total	500,000	497,923	2,077
	2300				0
	2300	Sub-Contracts with Profit Making Institutions			0
	2301	Corporate Consultancies	0	0	0
	2399	Sub-total	0	0	0
2999	COMPONENT TOTAL		500,000	497,923	2,077
30	MEETINGS PARTICIPATION COMPONENT				
	3300	Assistance to Participants from Developing Countries			
	3301	Travel of Chairman / Vice-Chairman	15,000	558	14,442
	3302	Executive Committee meetings	225,000	214,096	10,904
	3399	Sub-total	240,000	214,654	25,346
3999	COMPONENT TOTAL		240,000	214,654	25,346
40	EQUIPMENT COMPONENT				
	4100	Expendables			
	4101	Office stationery etc. (revision initiated to use anticipated savings)	17,550	4,438	13,112
	4102	Software & Computer expendables	10,530	5,016	5,514
	4199	Sub-total	28,080	9,454	18,626
	4200	Non-expendable Equipment			
	4201	Computer, printers etc.	23,128	12,674	10,454
	4202	Others	18,939	194	18,745
	4299	Sub-total	42,067	12,868	29,199
	4300	Rental of premises			
	4301	Rental of office premises*****	870,282	789,856	80,426
	4399	Sub-total	870,282	789,856	80,426
4999	COMPONENT TOTAL		940,429	812,178	128,251
50	MISCELLANEOUS COMPONENT				
	5100	Operations and Maintenance			
	5101	Computers, printers etc.	8,100	1,673	6,427
	5102	Office premises	8,000	2,487	5,513
	5103	Rental of Photocopiers	15,000	7,737	7,263
	5104	Telecommunications equipment	8,000	301	7,699
	5105	Miscellaneous equipment rentals	13,847	12,882	965
	5199	Sub-total	52,947	25,079	27,868
	5200	Reporting Costs			

****Includes staff travel costs to the 70th meeting in Bangkok.

*****Based on 2013 cost differentials, the rental costs will be offset by US \$742,993 leaving an amount of US \$46,863 to be charged to the Fund.

			Approved Budget ⁽¹⁾	Actual Expenditure	Savings/ (Deficit)
	5201	Executive Committee meetings	15,300	1,187	14,113
	5202	Reporting (others)			0
	5299	<i>Sub-total</i>	15,300	1,187	14,113
	5300	<i>Sundry</i>			
	5301	Communications	58,500	47,587	10,913
	5302	Freight charges	13,500	3,202	10,298
	5303	Bank charges	4,500	1,584	2,916
	5305	Staff training	20,137	16,939	3,198
	5399	<i>Sub-total</i>	96,637	69,312	27,325
	5400	<i>Hospitality</i>			
	5401	Official hospitality	24,000	20,292	3,708
	5499	<i>Sub-total</i>	24,000	20,292	3,708
5999	COMPONENT TOTAL		188,884	115,869	73,015
99	PROJECT TOTAL		6,629,427	6,047,832	581,595
		<i>Programme Support Costs (budget lines 1100 and 1300)</i>	465,183	437,980	27,203
		GRAND TOTAL	7,094,611	6,485,813	608,798
B. 2012 Expenditures for Account MFL 2336-2212-2661: (Monitoring and Evaluation)					
			Approved Budget	Actual Expenditure	Savings/ (Deficit)
	1201	Projects and technical reviews	219,750	133,662	86,088
	1202	Projects and technical reviews	15,000	0	15,000
	1203	Projects and technical reviews	15,000	13,500	1,500
	1204	Projects and technical reviews	15,000	3,916	11,084
	1205	Projects and technical reviews			0
	1206	Projects and technical reviews			0
	1207	Projects and technical reviews			0
	1601	Travel on Official business	68,231	36,411	31,820
	4201	Non Expendable Computer Equipment	6,000		6,000
				0	0
	ACCOUNT TOTAL		338,981	187,489	151,492
	TOTAL FOR ALL ACCOUNTS		7,433,592	6,673,302	760,290

SCHEDULE 1.4			
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
UNDP Managed Activities 1991 - 2013			
INCOME	2013	2012	1991 - 2013
Cash transferred from the Multilateral Fund	37,096,437	35,434,720	659,556,807
Promissory notes encashment		0	31,150,012
Interest and miscellaneous income earned and retained	600,000	1,051,278	55,198,493
TOTAL INCOME	37,696,437	36,485,998	745,905,312
TOTAL EXPENDITURE	44,200,375	34,667,291	664,430,980
EXCESS OF INCOME OVER EXPENDITURE	(6,503,938)	1,818,707	81,474,332
Prior period adjustments	0	0	0
NET EXCESS OF INCOME OVER EXPENDITURE	(6,503,938)	1,818,707	81,474,332
Fund balance, beginning of period	87,978,271	86,159,564	0
Add excess of income over expenditure	(6,503,938)	1,818,707	81,474,332
Fund balance, end of period	81,474,333	87,978,271	81,474,332

SCHEDULE 1.5			
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
UNEP Managed Activities 1991 - 2013			
INCOME	2013	2012	1991-2013
Cash transferred from the Multilateral Fund	15,747,308	19,626,003	238,783,695
Total transfers	15,747,308	19,626,003	238,783,695
Interest earned and retained	138,691	237,153	9,496,924
Other income	1,761	14,910	77,421
TOTAL INCOME	15,887,760	19,878,066	248,358,040
TOTAL EXPENDITURE	13,856,954	12,922,718	216,368,686
EXCESS OF INCOME OVER EXPENDITURE	2,030,806	6,955,348	31,989,354
Prior period adjustments	0	0	0
NET EXCESS OF INCOME OVER EXPENDITURE	2,030,806	6,955,348	31,989,354
Fund balance, beginning of period	29,958,548	23,003,200	0
Add excess of income over expenditure	2,030,806	6,955,348	31,989,354
Fund balance, end of period	31,989,354	29,958,548	31,989,354

SCHEDULE 1.6			
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
UNIDO Managed Activities 1991 - 2013			
INCOME	2013	2012	1991-2013
Cash transferred from the Multilateral Fund	34,570,672	17,718,522	709,360,523
Interest and miscellaneous income earned and retained	248,761	465,221	37,040,964
TOTAL INCOME	34,819,433	18,183,743	746,401,486
TOTAL EXPENDITURE	65,241,330	59,368,399	689,160,896
EXCESS OF INCOME OVER EXPENDITURE	(30,421,897)	(41,184,656)	57,240,590
NET EXCESS OF INCOME OVER EXPENDITURE	(30,421,897)	(41,184,656)	57,240,590
Fund balance, beginning of period	87,662,487	128,847,143	0
Add excess of income over expenditure	(30,421,897)	(41,184,656)	57,240,590
Fund balance, end of period	57,240,590	87,662,487	57,240,590

SCHEDULE 1.7			
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
World Bank Managed Activities 1991 - 2013			
INCOME	2013	2012	1991-2013
Cash transferred from the Multilateral Fund	37,391,351	0	864,810,872
Promissory notes encashed*	0	0	181,333,627
Interest and miscellaneous income earned and retained (investment income)	303,250	462,598	79,179,526
TOTAL INCOME	37,694,601	462,598	1,125,324,025
TOTAL EXPENDITURE	39,608,707	9,125,002	1,057,242,820
EXCESS OF INCOME OVER EXPENDITURE	(1,914,106)	(8,662,404)	68,081,205
NET EXCESS OF INCOME OVER EXPENDITURE	(1,914,106)	(8,662,404)	68,081,205
Fund balance, beginning of period**	69,995,311	78,657,715	0
Add excess of income over expenditure	(1,914,106)	(8,662,404)	68,081,205
Fund balance, end of period	68,081,205	69,995,311	68,081,205

*Promissory notes information provided by World Bank accounts.

**The World Bank restated its Opening Fund balance for 2012 by reducing cumulative total expenditure by US \$849,895