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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eightieth Meeting  
Montreal, 13-17 November 2017

**Corrigendum**

**2018 CORE UNIT COSTS FOR UNDP, UNIDO AND THE WORLD BANK**

This document is being issued at UNDP's request to:

- Revise information on its core unit costs in Tables 1 and 2, and paragraphs 5 to 9 and 12. The revisions are highlighted as follows:

**Table 1: Core unit budget data and other administrative costs for the years 2011-2018 for UNDP (US \$)**

Cost item	2011	2012	2013	2014	2015	2016	2017		2018
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
<b>A. Core unit</b>									
Core unit personnel and contractual staff	1,912,090	2,171,918	2,076,816	2,050,914	1,991,859	2,043,505	2,113,164	2,301,252	2,370,290
Travel (staff and consultant)	276,818	261,674	249,131	163,639	168,418	155,061	178,674	175,000	180,250
Space (rent and common costs)	103,991	104,805	101,236	105,219	109,380	159,872	120,592	167,866	176,259
Equipment supplies and other costs (computers, supplies, etc.)	28,285	25,052	17,781	16,967	19,442	16,485	22,000	20,000	20,000
Contractual services (firms)	0	0	18,461	22,955	16,175	0	28,000	25,000	26,000
Reimbursement of central services for core unit staff	389,935	258,332	384,704	311,137	317,160	251,317	350,000	350,000	350,000
Adjustments (+ = underuse and - = overrun)	-740,353	-837,220	-849,676	-658,389	-595,905	-585,526	-757,430	-984,118	-1,053,413
Return of funds (- = returned funds)	0	0	0	0	0	0	0	0	0
<b>A. Sub-total core unit costs*</b>	<b>1,970,766</b>	<b>1,984,561</b>	<b>1,998,453</b>	<b>2,012,442</b>	<b>2,026,529</b>	<b>2,040,715</b>	<b>2,055,000</b>	<b>2,055,000</b>	<b>2,069,385</b>

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

Cost item	2011	2012	2013	2014	2015	2016	2017		2018
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
<b>B. Agency fee/ implementation</b>									
Reimbursement of country offices and national execution, including overheads	1,961,063	1,828,279	2,442,896	1,694,992	1,775,969	1,472,814	1,925,000	1,925,000	1,925,000
Executing agency support cost (internal), including overheads	27,975	612	0	0	0	0	0	0	0
Financial intermediaries, including overheads	67,142	0	0	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)									
Cost recovery	389,935	258,332	384,704	311,137	317,160	251,317	350,000	350,000	350,000
Adjustments (+ = overrun and - = underuse)	740,353	837,220	849,676	658,389	595,905	585,526	757,430	984,118	1,053,413
Project costs (- = to be deducted and thus removed)	0	0	0	0	0	0	0	0	0
<b>B. Sub-total agency fee/ implementation costs</b>						<b>2,309,657</b>	<b>3,032,430</b>	<b>3,259,118</b>	<b>3,328,413</b>
<b>Total Administrative Support Costs</b>	<b>5,157,233</b>	<b>4,909,004</b>	<b>5,675,729</b>	<b>4,676,959</b>	<b>4,715,563</b>			<b>5,314,118</b>	<b>5,397,798</b>
Supervisory costs incurred by MPU	49,250	47,028	47,801	53,814	56,970		75,000		
<b>Grand total (A + B)**</b>	<b>5,206,483</b>	<b>4,956,032</b>	<b>5,723,531</b>	<b>4,730,773</b>	<b>4,772,532</b>	<b>4,350,371</b>	<b>5,087,430</b>	<b>5,314,118</b>	<b>5,397,798</b>

\*The cost of the core unit is higher than the allowed subtotal of US \$1,970,766 in 2011, US \$1,984,561 in 2012, US \$1,998,453 in 2013, US \$2,012,442 in 2014, US \$2,026,529 in 2015, US \$2,040,715 in 2016 and US \$2,055,000 in 2017. An adjustment line and a negative adjustment were therefore introduced to arrive at the required ceiling. A corresponding positive adjustment is also provided under agency fee/implementation to ensure that the total costs incurred for administrative costs also reflect the amount exceeded by the agency.

\*\*Reflects total annual amount provided by the Multilateral Fund. In the transition to the revised reporting format, the budget lines "total administrative support costs", and "supervisory costs incurred by MPU" are reflected in order to show trends in the period between 2011 and 2015. These lines will be removed over time.

### Core unit costs

5. UNDP's request of US \$2,069,385 for its 2018 core unit budget represents a 0.7 per cent increase in the budget approved for 2017. This level of funding is being requested despite that UNDP expects the costs of its core unit to exceed this amount by US \$1,053,413 (indicated as "Adjustment" 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.

6. The level by which it exceeded its costs has been more than US \$800,000 at least two times over the past six years: US \$837,220 in 2012 and \$849,676 in 2013. For 2017 and 2018, UNDP will exceed its budget by a million dollars, i.e., US \$984,118 (about 48 per cent over budget) and US \$1,053,413 respectively. The increase between 2017 and 2018 is seven per cent. As there is no subsidy from UNDP for Montreal Protocol activities and no other sources of income for its core unit costs, these funds are from realized agency fees. UNDP has indicated that part of its core unit staff functions is related to administering projects, and the estimated 2017 staff costs are higher than the budget because positions that were vacant in 2016 had been filled. UNDP has in the past indicated that it does not pro-rate such activities from its core unit costs thereby requiring the adjustment.

7. Overall, 74 per cent of UNDP's proposed 2018 core unit budget is for staff salaries, which remains in the same range as been the case over the past four years. At 11 per cent of the budget, reimbursement of central services is the second next largest cost, followed by six per cent for travel and for space rental.

8. The proposed travel budget (US \$180,250) is a three per cent increase from the estimated costs for 2017 (US \$175,000) as well as a 16 per cent increase over the actual 2016 costs (US \$155,061). These travel budgets are, however, at the lower end of the range of costs since 2011 (US \$155,061 to US \$276,818). Other costs (space, equipment and contractual services) are budgeted at near or the same levels as the estimated costs for 2017.

#### Total administrative costs

9. UNDP expects administrative costs to amount to US \$5,397,798 in 2018, slightly above the estimated 2017 costs of US \$5,314,118.

**Table 2: Assessment of availability of income for future administrative costs for UNDP (US \$)**

UNDP	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Net support costs plus core unit costs	2,926,053	3,459,525	6,307,162	4,502,929	4,512,461	3,663,842	4,489,907	5,084,697	5,811,988
Total administrative cost	5,008,991	3,893,025	5,206,483	4,956,032	5,723,531	4,730,773	4,772,532	4,350,371	5,314,118
Balance per year	-2,082,938	-433,500	1,100,679	-453,103	-1,211,070	-1,066,931	-282,625	734,326	497,870
Running balance**	2,551,863	2,118,363	3,219,042	2,765,940	1,554,870	487,939	205,314	939,640	1,437,510

\* Including support costs approved at the 79<sup>th</sup> meeting, and the value of agency fees and core unit costs from submissions to the 80<sup>th</sup> meeting.

\*\* Excludes any balance from years prior to 2002.

12. The table shows that UNDP could have an accumulated balance of US \$1,437,510 at the end of the year. UNDP would have to generate at least US \$3,960,288 in agency fees and core unit costs in 2018 to cover its expected total 2018 administrative costs of US \$5,397,798. It should be noted that UNDP only has access to these agency fees when there are accompanying project expenditures, so a balance should be higher than required.