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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-second Meeting  
Montreal, 3-7 December 2018

**2019 CORE UNIT COSTS FOR UNDP, UNIDO AND THE WORLD BANK**

Background

1. This document assesses the 2019 core unit costs requests and administrative cost<sup>1</sup> requirements from UNDP, UNIDO and the World Bank; provides an assessment of the extent to which resources available for total administrative costs in 2019 could cover expected 2019 costs; and concludes with a recommendation.
2. In line with decisions 67/15(b) and 79/41(c), the Executive Committee approved the requests for core unit funding for 2018 as follows: US \$2,069,385 for UNDP; US \$2,069,385 for UNIDO; and US \$1,735,000 for the World Bank (decision 80/56(b)).

<sup>1</sup> 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 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. At the 67<sup>th</sup> meeting, the Committee decided to apply a new administrative cost regime for the 2012-2014 triennium to UNDP, UNIDO and the World Bank, consisting of annual core unit funding for which an annual increase of up to 0.7 per cent could be considered subject to annual review, and to apply the following agency fees on the basis of funding per agency: an agency fee of 7 per cent for projects with a project cost above US \$250,000, as well as institutional strengthening projects and project preparation; an agency fee of 9 per cent for projects with a project cost at or below US \$250,000; an agency fee no greater than 6.5 per cent, to be determined on a case-by-case basis for projects in the production sector (decision 67/15(b)). At the 73<sup>rd</sup> meeting, the Committee decided to apply the existing administrative cost regime for the bilateral and implementing agencies during the 2015-2017 triennium; to review the administrative cost regime and its core unit funding budget at the first meeting of 2017 (decision 73/62(b) and (c)). At the 79<sup>th</sup> meeting, the Committee decided to apply the existing administrative cost regime for the implementing agencies during the 2018-2020 triennium; and to request UNDP, UNIDO and the World Bank to present their annual reports on core unit funding using the revised format for reporting (decision 79/41(c) and (e)).

3. The implementing agencies have provided actual core and administrative costs for 2017, estimated costs for 2018, and proposed budget for 2019. They have also used the revised format for reporting administrative costs<sup>2</sup> pursuant to decision 79/41(e).

## UNDP

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

**Table 1: Core unit budget data and other administrative costs for the years 2011-2019 for UNDP (US \$)**

Cost item	2011	2012	2013	2014	2015	2016	2017	2018		2019
	Actual	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	2,305,838	2,370,290	2,375,013	2,446,264
Travel (staff and consultants)	276,818	261,674	249,131	163,639	168,418	155,061	173,099	180,250	181,754	190,841
Space (rent and common costs)	103,991	104,805	101,236	105,219	109,380	159,872	162,982	176,259	171,131	179,688
Equipment supplies and other costs (computers, supplies, etc.)	28,285	25,052	17,781	16,967	19,442	16,485	9,196	20,000	15,000	20,000
Contractual services (firms)	0	0	18,461	22,955	16,175	0	24,547	26,000	15,000	25,000
Reimbursement of central services for core unit staff	389,935	258,332	384,704	311,137	317,160	251,317	308,375	350,000	350,000	350,000
Adjustments (+ = underuse and - = overrun)	-740,353	-837,220	-849,676	-658,389	-595,905	-585,526	-929,036	-1,053,413	-1,038,513	-1,127,921
Return of funds (- = returned funds)	0	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>2,069,385</b>	<b>2,069,385</b>	<b>2,083,871</b>
<b>B. Agency support costs/ 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	1,749,877	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	0
Financial intermediaries, including overheads	67,142	0	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	308,375	350,000	350,000	350,000
Adjustments (+ = overrun and - = underuse)	740,353	837,220	849,676	658,389	595,905	585,526	929,036	1,053,413	1,038,513	1,127,921
Project costs (- = to be deducted and thus removed)	0	0	0	0	0	0	0	0	0	0
<b>B. Sub-total agency support costs/ implementation costs</b>						<b>2,309,657</b>	<b>2,987,288</b>	<b>3,328,413</b>	<b>3,313,513</b>	<b>3,402,921</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>					
Supervisory costs incurred by Montreal Protocol Unit	49,250	47,028	47,801	53,814	56,970					
<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>5,042,289</b>	<b>5,397,798</b>	<b>5,382,898</b>	<b>5,486,792</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, US \$2,055,000 in 2017 and US \$2,069,385 in 2018. 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 support costs/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 Montreal Protocol Unit" are reflected in order to show trends in the period between 2011 and 2015. These lines will be removed over time.

<sup>2</sup> Annex XVIII to document UNEP/OzL.Pro/ExCom/79/51.

Core unit costs

5. UNDP's request of US \$2,083,871 for its 2019 core unit budget represents a 0.7 per cent increase in the budget approved for 2018. This level of funding is being requested despite that UNDP expects the costs of its core unit to exceed this amount by US \$1,127,921 (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. On three occasions over the past seven years, the level of core unit costs exceeded more than US \$800,000: US \$837,220 in 2012, US \$849,676 in 2013 and US \$929,036 in 2017. In 2018, UNDP will for the first time exceed its costs by a million dollars, i.e., US \$1,038,513 (about 50 per cent over budget), and in 2019, its costs are projected to be exceeded by US \$1,127,921. The increase between 2018 and 2019 is 8.61 per cent. UNDP explained that the core unit budget is inadequate to cover all costs, and this portion is funded from programme support costs.

7. Overall, 76 per cent of UNDP's proposed 2019 core unit budget is for staff salaries, which remains in the same range as for the past five years. At 10.9 per cent of the budget, reimbursement of central services is the second next largest cost. However, the actual costs in 2017 (US \$308,375) were lower than had been budgeted (US \$350,000), but higher than the 2016 actual cost (US \$251,317). UNDP explained that higher delivery in 2017 compared to 2016 resulted in higher reimbursement of central services, cost recovery and reimbursement of country offices.

8. At 5.9 per cent and 5.6 per cent, travel and space rental are the third and fourth largest costs, respectively. The proposed travel budget (US \$190,841) is a five per cent increase from the estimated costs for 2018 (US \$181,754) as well as a 10 per cent increase over the actual 2017 costs (US \$173,099). Other costs (space, equipment and contractual services) are budgeted at higher levels than the estimated costs for 2018.

Total administrative costs

9. UNDP expects administrative costs to amount to US \$5,486,792 in 2019, slightly above the estimated 2018 costs of US \$5,382,898.

10. The level of funding for reimbursement of country offices and national execution is expected to be at the same level as in 2018 (US \$1,925,000). This is within the same range of costs between 2011 and 2018 – from a high of US \$2,442,896 in 2013 to a low of US \$1,472,814 in 2016.

11. The expected resources available to UNDP for administrative costs include both the core unit costs and the agency support costs 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 2009 to 2018. It is assumed that the 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 \$)**

UNDP	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*
Net agency support costs plus core unit costs	2,925,554	3,459,080	6,307,090	4,502,919	4,512,440	3,663,650	4,474,238	5,084,697	4,556,828	6,364,249
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	5,042,289	5,382,898
Balance per year	-2,083,437	-433,945	1,100,607	-453,113	-1,211,091	-1,067,123	-298,294	734,326	-485,461	981,351
Running balance**	2,551,863	2,117,918	3,218,525	2,765,412	1,554,321	487,198	188,904	923,230	437,769	1,419,120

\* Including support costs approved at the 81<sup>st</sup> meeting, and the value of agency support costs and core unit costs from submissions to the 82<sup>nd</sup> meeting.

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

12. Table 2 shows that UNDP could have an accumulated balance of US \$1,419,120 at the end of 2018. UNDP would have to generate at least US \$4,067,672 in agency support costs and core unit costs in 2019 to cover its expected total 2019 administrative costs of US \$5,486,792. It should be noted that UNDP only has access to these agency support costs when there are accompanying project expenditures, so a balance should be higher than required.

## UNIDO

13. Table 3 presents the core unit budget and administrative costs provided by UNIDO. The figures listed as “actual” are based on a model prepared by UNIDO to estimate the support cost of the Montreal Protocol unit pursuant to decision 56/41.<sup>3</sup> UNIDO has never had an appropriate cost centre accounting system that could facilitate reporting based on actual data with an audit trail. UNIDO has indicated that an alignment was established in 2017 to reflect the total administrative costs, including those which as per current UNIDO methodology may have been termed as possible project-related administrative costs.

**Table 3: Core unit budget data and other administrative costs for the years 2011-2019 for UNIDO (US \$)**

Cost item	2011	2012	2013	2014	2015	2016	2017	2018		2019
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
<b>A. Core unit</b>										
Core unit personnel and contractual staff	1,390,300	1,550,900	1,445,700	1,380,600	1,293,800	1,383,600	1,501,300	1,375,700	1,439,900	1,485,700
Travel (staff and consultant)	139,700	175,100	284,000	161,800	147,700	161,100	157,800	188,000	188,700	188,700
Space (rent and common costs)	90,600	89,300	99,400	71,800	75,400	76,200	76,600	79,600	77,500	88,900
Equipment supplies and other costs (computers, supplies, etc.)	54,100	30,900	51,800	41,100	52,600	30,900	48,000	57,200	40,700	61,600
Contractual services (firms)	200	700	700	2,000	17,500	1,000	4,900	16,700	5,400	17,500
Reimbursement of central services for core unit staff	510,400	414,200	498,800	454,200	447,300	432,900	471,600	487,700	472,500	539,200
Adjustments (+ = underuse and - = overrun)	-214,534	-276,539	-381,947	-99,058	-7,771	-44,985	-205,200	-135,515	-155,315	-297,729
Return of funds (- = returned funds)						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>2,069,385</b>	<b>2,069,385</b>	<b>2,083,871</b>
<b>B. Agency support costs/implementation</b>										
Reimbursement of country offices and national execution, including overheads	2,857,600	1,818,300	3,602,000	1,814,900	1,327,500	1,145,400	584,300	1,125,300	514,100	587,800
Executing agency support cost (internal), including overheads	2,226,400	2,900,900	3,302,800	2,913,500	2,289,600	1,600,400	1,703,200	1,871,100	1,301,900	1,835,400
Financial intermediaries, including overheads						0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)										
Cost recovery						0	0	0	0	0
Adjustments (+ = overrun and - = underuse)	214,534	276,539	381,947	99,058	7,771	44,985	205,200	135,515	155,315	297,729
Project costs (- = to be deducted and thus removed)						-187,800	-134,800	-132,700	-118,800	-118,800
<b>B. Sub-total agency support costs/ implementation costs</b>						<b>2,602,985</b>	<b>2,357,900</b>	<b>2,999,215</b>	<b>1,852,515</b>	<b>2,602,129</b>

<sup>3</sup> UNIDO was requested to provide the assumption for its administrative costs model, and in future requests for core unit funding to furnish administrative cost information distinguishing project-related activities from administrative costs. Subsequently, through decision 59/28(c), the Executive Committee took note of the methodology for identifying project-related costs in UNIDO’s annual report on administrative costs (UNEP/OzL.Pro/ExCom/60/51).

Cost item	2011	2012	2013	2014	2015	2016	2017	2018		2019
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
<b>Total administrative support costs</b>	<b>7,269,300</b>	<b>6,980,300</b>	<b>9,285,200</b>	<b>6,839,900</b>	<b>5,651,400</b>					
<b>Minus project-related costs</b>	<b>-1,779,869</b>	<b>-1,798,710</b>	<b>-2,464,200</b>	<b>-2,308,000</b>	<b>-977,800</b>					
<b>Grand total (A + B)**</b>	<b>5,489,431</b>	<b>5,181,590</b>	<b>6,821,000</b>	<b>4,531,900</b>	<b>4,673,600</b>	<b>4,643,700</b>	<b>4,412,900</b>	<b>5,068,600</b>	<b>3,921,900</b>	<b>4,686,000</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, US \$2,055,000 in 2017 and US \$2,069,385 in 2018. 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 support costs/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 "minus project-related costs" are reflected in order to show trends in the period between 2011 and 2015. These lines will be removed over time.

### Core unit cost

14. UNIDO's request of US \$2,083,871 for its 2019 core unit budget represents a 0.7 per cent increase in the budget approved for 2018. The increased level of funding is being requested despite that UNIDO expects the costs of its core unit to exceed this amount by US \$297,729 (indicated as "Adjustment" in Table 3, above). UNIDO has estimated that it will exceed its 2018 budget by US \$155,315. Sixty-two per cent of UNIDO's proposed core unit budget is for salaries of 9.6 staff members. In 2018, the staff estimated budget was 65 per cent of the overall budget, ranging from 61 to 69 per cent since 2011; the staff size proposed for 2019 is the same since 2015.

15. The contractual services budget for 2019, which is established by its governing body, is three times more than that estimated for 2018. UNIDO indicated that pursuant to Executive Committee discussions at the 80<sup>th</sup> meeting that additional staff for HFC activities had to be related to projects approved by the Committee, UNIDO therefore absorbed any additional contractual staff costs in the contractual services budget item.

16. The proposed travel cost budget (US \$188,700) is the same as estimated for 2018, and within the range of travel costs incurred since 2011 (US \$139,700 to US \$284,000). The central services budget item represents the next largest cost item, amounting to 22.6 per cent of the budget, followed by 7.9 per cent for travel and 3.7 per cent for space rental.

### Total administrative costs

17. Total net administrative costs are proposed at US \$4,686,000 for 2019, which is higher than the 2018 estimated costs of US \$3,921,900 but in the range of costs between 2011 and 2018 (from US \$3,921,900 to US \$6,821,000).

18. The reimbursement of country offices and national execution was budgeted at US \$587,800 for 2019. This is higher than the estimated costs for 2018 (US \$514,100) and the actual costs for 2017 (US \$584,300), but lower than previous years (ranging from US \$1,145,400 to US \$3,602,000 between 2011 and 2016). UNIDO explained that while US \$990,400 had been estimated for 2017, the actual cost was lower due to the structural change in the UNIDO's technical cooperation delivery portfolio, which was also expected to affect the 2018 costs.

19. By contrast, executing agency cost shows an increase, with a proposed budget of US \$1,835,400 for 2019 – US \$533,500 more than the 2018 budget estimate, and US \$132,200 more than 2017 actual cost. Executing agency costs show fluctuations, and have ranged from US \$1,301,900 to US \$3,302,800 for the 2011-2018 period. UNIDO explained that the reduction reported in 2017 was due to a lower ratio of Montreal Protocol-related purchase orders to the agency's total, and a lower actual expenditure in the Montreal Protocol Unit than previously estimated. In late 2017, two staff members retired and had not yet been replaced, resulting in lower executing agency support costs in 2018.

20. The expected resources available from the Multilateral Fund to UNIDO for administrative costs include both the core unit costs and the agency support costs released on the basis of a disbursement against a project cost plus any balance of income for administrative costs not previously used. Table 4 presents this information for the years 2009 to 2018. The table assumes that approved funds are disbursed, therefore, there may be a time lag before UNIDO has access to all of the approved funds.

**Table 4: Assessment of availability of income for future administrative costs for UNIDO (US \$)**

UNIDO	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*
Net agency support costs plus core unit costs	3,077,679	5,489,885	7,761,960	4,472,480	4,221,397	4,006,785	4,777,457	4,687,431	3,407,377	5,048,704
Total administrative cost excluding project-related costs	5,739,690	4,997,692	5,489,431	5,181,590	6,821,000	4,531,900	4,673,600	4,643,700	4,412,900	3,921,900
Balance per year	-2,662,011	492,193	2,272,529	-709,110	-2,599,603	-525,115	103,857	43,731	-1,005,523	1,126,804
Running balance**	-829,525	-337,332	1,935,197	1,226,087	-1,373,516	-1,898,631	-1,794,774	-1,751,043	-2,756,566	-1,629,762

\* Including support costs approved at the 81<sup>st</sup> meeting, and the value of agency support costs and core unit costs from submissions to the 82<sup>nd</sup> meeting.

\*\* The Secretariat had estimated a running balance in 2007 since 2002 of US \$2,127,930, but UNIDO's balance of US \$1,828,243 is used instead of the Secretariat's calculation.

21. Table 4 shows that UNIDO could have a negative accumulated balance at the end of 2018, amounting to US \$1,629,762. UNIDO would have to generate at least US \$6,315,762 in agency support costs and core unit costs in 2018 to cover the total 2019 administrative costs of US \$4,686,000.

## World Bank

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

**Table 5: Core unit budget data and other administrative costs for the years 2011-2019 for the World Bank (US \$)**

Cost item	2011	2012	2013	2014	2015	2016	2017	2018		2019
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
<b>A. Core unit</b>										
Core unit personnel and contractual staff	867,586	1,184,796	984,571	1,022,179	827,111	1,089,481	1,086,340	1,192,000	1,192,000	1,200,000
Travel (staff and consultant)	183,893	205,425	111,021	155,778	205,498	216,356	178,550	195,000	195,000	200,000
Space (rent and common costs)	47,232	55,607	56,906	44,130	434	1,027	0	1,000		
Equipment supplies and other costs (computers, supplies, etc.)	52,953	92,303	31,169	55,508	19,618	33,178	262	25,000	25,000	15,000
Contractual services (firms)	47,491	25,769	13,389	14,828	49,989	96,839	189,400	95,000	95,000	110,000
Reimbursement of central services for core unit staff	123,160	156,762	113,539	90,624	210,909	225,643	210,378	227,000	206,904	210,000
Adjustments (+ = underuse and - = overrun)	0	0	0	0	0	62,476	60,070	0	0	0
Return of funds (- = returned funds)	-390,685	-3,981	-414,405	-341,953	-411,441	-62,476	-60,070	0	0	0
<b>A. Sub-total core unit costs</b>	<b>931,630</b>	<b>1,716,681</b>	<b>896,190</b>	<b>1,041,094</b>	<b>902,118</b>	<b>1,662,524</b>	<b>1,664,930</b>	<b>1,735,000</b>	<b>1,713,904</b>	<b>1,735,000</b>
<b>B. Agency support costs/implementation</b>										
Reimbursement of country offices and national execution, including overheads	1,725,528	1,829,418	1,611,939	1,298,103	1,210,733	1,249,361	1,491,814	2,000,000	2,000,000	2,000,000

Cost item	2011	2012	2013	2014	2015	2016	2017	2018		2019
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
Executing agency support cost (internal), including overheads		0	0	0	0	0	0	0	0	0
Financial intermediaries, including overheads	160,777	121,740	10,000	0	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)										
Cost recovery	0	0	0	0	0	0	0	0	0	0
Adjustments (+ = overrun and - = underuse)	0	0	0	0	0	0	0	0	0	0
Project costs (- = to be deducted and thus removed)										
<b>B. Sub-total agency support costs/ implementation costs</b>						<b>1,249,361</b>	<b>1,491,814</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
<b>Grand total (A + B)</b>	<b>2,817,935</b>	<b>3,667,839</b>	<b>2,518,129</b>	<b>2,339,197</b>	<b>2,112,851</b>	<b>2,911,885</b>	<b>3,156,744</b>	<b>3,735,000</b>	<b>3,713,904</b>	<b>3,735,000</b>

### Core unit costs

23. The World Bank's request of US \$1,735,000 for its 2019 core unit budget represents a zero per cent increase of its 2018 core unit budget as originally approved – it is virtually the same, but with some slight increases in staff and travel costs, but slight decrease in central services; an estimated 15 per cent increase in contractual services, and a 40 per cent decrease in equipment supplies/operating costs. Unlike UNDP and UNIDO, the World Bank is not subsidized by revenue from agency support costs or its general fund.

24. Sixty-nine per cent of the World Bank's proposed core unit budget is for staff salaries. The Bank explained that the 2017 staff costs (US \$1,086,340) were 9 per cent lower than the 2018 estimated costs (US \$1,192,000). This was despite significant staff changes over the past three years. The central services budget represents the next largest cost item for its 2019 core unit budget, amounting to 12.1 per cent, followed by travel (11.5 per cent), contractual services (6.3 per cent) and equipment (0.9 per cent).

25. The World Bank's reimbursement of central services is budgeted at almost the same level as the estimated costs for 2018. The proposed travel costs (US \$200,000) are slightly higher than those estimated for 2018 (US \$195,000) and the actual costs in 2017 (US \$178,550). Equipment costs will decrease by 40 per cent over estimated costs for 2018. The World Bank explained that the 2017 actual costs for space and equipment/supplies were zero and US \$262 respectively. The Bank budget absorbed the costs in 2017, resulting in more than \$30,000 less in expenditures.

26. The World Bank will return a total of US \$60,070 from core unit costs from 2017. The Executive Committee may wish to note, with appreciation, that the World Bank would be returning unused balances.

### Total administrative costs

27. The budget for reimbursement of country offices<sup>4</sup> proposed for 2019 is expected to be the same as the estimated costs for 2018 of US \$2 million. The total administrative costs are estimated at US \$3,735,000 in 2019, slightly above the estimated costs for 2018 of US \$3,713,904.

28. The expected resources available to the World Bank for administrative costs include the core unit costs and the agency support costs plus any balance of income for administrative costs not previously used.

<sup>4</sup> For the World Bank, this budget item means the project fees received on approved projects are channelled to the project teams for project supervision and management. Project teams are mapped to what are known as "the Regions", i.e., the World Bank's operational arm.

Table 6 presents this information for the decade between 2009 and 2018.

**Table 6: Assessment of availability of income for future administrative costs for the World Bank (US \$)**

World Bank	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*
Net agency support costs plus core unit costs	3,044,531	1,409,962	5,072,371	2,137,373	4,142,704	2,976,002	5,850,980	2,652,004	2,046,749	3,373,965
Total administrative cost	3,689,780	3,782,549	2,817,935	3,667,839	2,518,129	2,339,197	2,112,851	2,911,885	3,156,744	3,713,904
Balance per year**	-645,249	-2,372,587	2,254,436	-1,530,466	1,624,575	636,805	3,738,129	-259,881	-1,109,995	-339,939
Running balance	1,675,150	-697,437	1,556,999	26,533	1,651,108	2,287,913	6,026,042	5,766,161	4,656,166	4,316,227

\* Including agency support costs approved at the 81<sup>st</sup> meeting, and the value of agency fees and core unit costs from submissions to the 82<sup>nd</sup> meeting.

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

29. Table 6 shows that the World Bank could accumulate a balance of US \$4,316,227 based on approvals at the 81<sup>st</sup> meeting and submissions to the 82<sup>nd</sup> meeting. This balance would cover expected administrative costs for 2019 of US \$3,735,000.

## RECOMMENDATION

30. The Executive Committee may wish:

- (a) To note:
  - (i) The report on the 2018 core unit costs for UNDP, UNIDO and the World Bank as presented in document UNEP/OzL.Pro/ExCom/82/38;
  - (ii) With appreciation, that the World Bank's core unit operation was again below its budgeted level and that it would be returning unused balances of US \$60,070 to the Multilateral Fund at the 82<sup>nd</sup> meeting; and
- (b) To consider whether to approve the requested core unit budgets for:
  - (i) UNDP in the amount of US \$2,083,871;
  - (ii) UNIDO in the amount of US \$2,083,871; and
  - (iii) The World Bank in the amount of US \$1,735,000.