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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-fourth Meeting  
Montreal, 16–20 December 2019

**RECONCILIATION OF THE 2018 ACCOUNTS**

1. This document is prepared in collaboration with the Treasurer and the implementing agencies (IAs) in response to decision 38/9(d)<sup>1</sup>. It presents the reconciliation of the income as recorded in the 2018 accounts with the 2018 progress report financial data (progress report) of the IAs and the Secretariat's inventory of approved projects database (Inventory); expenditures reported in the 2018 accounts and in the progress reports; and a recommendation.

**Reconciliation of the income**

2. No discrepancies were found between the 2018 progress reports and the Inventory except UNDP as shown in Table 1.

**Table 1. Discrepancies between the 2018 progress reports and the Inventory (US \$)\***

Agency	Progress report	Inventory	Difference
UNDP	932,875,335	932,875,372	(37)
UNEP	341,672,167	341,672,167	0
UNIDO	928,880,717	928,880,717	0
World Bank	1,280,098,680	1,280,098,680	0

\*Including agency support costs.

3. UNDP explained the discrepancy of US \$37 as a rounding difference of US \$33 in agency support costs to be corrected by UNDP in its 2019 progress report, and an overstatement of US \$4 in approved funds for a project (CPR/PHA/77/INV/577) that will be adjusted in the Secretariat's Inventory.

Net approvals and income in the 2018 final accounts and the progress reports

4. Differences in income between the 2018 final accounts and the progress reports are shown in Table 2.

<sup>1</sup> A full reconciliation of the accounts with the progress and financial reports should be prepared for the last meeting of each year.

**Table 2. Differences in income between the 2018 final accounts and the progress reports (US \$)**

Agency	Progress report*	2018 final accounts	Difference**
UNDP	932,875,335	939,610,957	6,735,622
UNEP	341,672,167	351,434,682	9,762,515
UNIDO	928,880,717	934,192,374	5,311,657
World Bank	1,280,098,680	1,291,222,683	11,124,003

(\*) Including agency support costs.

(\*\*) A positive number means more income, while a negative number means less income reported in the IAs' accounts.

5. The explanations provided by relevant IAs for the differences in income between the 2018 final accounts and the progress reports are shown in Table 3.

**Table 3. Rationale for differences in income between the 2018 final accounts and the progress reports (US \$)**

Row	Comments	UNDP	UNEP	UNIDO	World Bank
1	Difference between final accounts and progress reports	6,735,622	9,762,515	5,311,657	11,124,003
	<b>Explanations provided by IAs</b>				
2	Additional voluntary contributions included in final accounts but not in progress report (no action needed)	6,505,183	8,668,070	8,414,197	
3	Final interest earned in 2018 (Treasurer to offset against 84 <sup>th</sup> meeting approvals)	827,039	616,416		
4	Cumulative interest for China's HPMP not included in the accounts and held by China; amount already offset from approvals (no action needed)	(596,633)			
5	Agency support costs rounding difference (UNDP to adjust in its 2019 progress report)	33			
6	Prior years' interest income (Treasurer to offset against 84 <sup>th</sup> meeting approvals)		449,123		
7	Other income due to exchange rate gain (Treasurer to offset against 84 <sup>th</sup> meeting approvals)		28,906		
8	2019 core unit funding reflected in 2018 accounts as deferred income (UNIDO to adjust in its 2019 accounts)			(2,083,871)	
9	Conditional approval for a project (SAU/PHA/77/INV/31) at the 77 <sup>th</sup> meeting and funds transferred in 2018 (no action needed)			(831,390)	

Row	Comments	UNDP	UNEP	UNIDO	World Bank
10	Income adjustment recorded in 2018 accounts while funds were returned in 2019 (UNIDO to adjust its 2019 progress report)			(109,825)	
11	Interest for China's HPMP deducted at the 82 <sup>nd</sup> meeting approvals but not reflected in 2018 accounts (UNIDO to adjust in its 2019 accounts)			(88,547)	
12	Investment income for the 4 <sup>th</sup> quarter of 2018 not yet deducted from approvals (Treasurer to offset against 84 <sup>th</sup> meeting approvals)				441,943
13	Funds returned from investment income of a project (CPR/PHA/73/INV/551) (World Bank to adjust its 2019 progress report)				(4,813)
14	Funds approved at the 80 <sup>th</sup> and 81 <sup>st</sup> meetings received in 2018 but not reflected in the progress report (World Bank to adjust its 2019 progress report)				1,102,100
15	Funds approved at the 82 <sup>nd</sup> meeting received in 2019 (no action needed)				(3,052,706)
16	Standing reconciling item of Japan's bilateral contribution (THA/PHA/68/TAS/158)*				342,350
17	Standing reconciling item of Sweden bilateral contribution (THA/HAL/29/TAS/120)*				225,985
18	Standing reconciling item of the United States of America bilateral contribution (CPR/PRO/44/INV/425)*				5,375,000
19	Standing reconciling item of the United States of America bilateral contribution (CPR/PRO/47/INV/439)*				5,375,000
20	Standing reconciling item of Thailand chiller project (THA/REF/26/INV/104)*				1,198,946
21	Total (rows 2 to 20)	6,735,622	9,762,515	5,300,564	11,003,805
22	<b>Difference (outstanding reconciling item)</b>	<b>0</b>	<b>0</b>	<b>11,093</b>	<b>120,198</b>

\* To be closed on completion of the World Bank's Montreal Protocol's activities.

6. Based on the explanations provided, the outstanding reconciling items that would need to be explained are: US \$11,093 by UNIDO; and US \$120,198 by the World Bank.

### Expenditures reported in the 2018 final accounts and in the progress reports

7. Table 4 shows the differences between the cumulative expenditures reported to the Treasurer in the 2018 final accounts and the funds disbursed and committed as reported in the progress reports for the period 1991 to 2018.

**Table 4. Differences in cumulative expenditures between the progress reports and the 2018 final accounts (US \$)**

Agency	Progress report*			Cumulative expenditures for 2018 final accounts	Differences**
	Funds disbursed	Funds committed	Total cumulative		
(1)	(2)	(3)	(4)= (2)+(3)	(5)	(6)= (4)-(5)
UNDP	848,687,121	2,515,412	851,202,533	849,819,008	1,383,525
UNEP	291,074,183	21,813,549	312,887,732	292,878,761	20,008,971
UNIDO	819,498,027	69,352,876	888,850,903	810,485,357	78,365,546
World Bank	1,238,929,631	38,400,501	1,277,330,133	1,237,741,650	39,588,483

(\*) Including agency support costs.

(\*\*) A positive number means more expenditure and a negative number means less expenditure indicated in the progress report than in the accounts.

8. The explanation for the differences provided by relevant IAs is shown in Table 5.

**Table 5. Rationale for differences in expenditures between the progress reports and the 2018 final accounts (US \$)**

Row	Comments	UNDP	UNEP	UNIDO	World Bank
1	Difference between progress report and 2018 final accounts	1,383,525	20,008,971	78,365,546	39,588,483
	<b>Explanations provided by IAs</b>				
2	Additional voluntary contributions expenditure included in final accounts but not in progress report (no action needed)	(1,579,593)	(5,088,965)	(960,523)	
3	Commitments included in progress report but not in financial statement, as only expenses are included in the International Public Sector Accounting Standards (IPSAS) financial statement (no action needed)	2,515,412	24,339,799	64,768,074	38,400,502
4	Bilateral expenditure misclassified in 2018 final accounts (UNDP to adjust in its 2019 accounts)	(246,281)			
5	Cumulative interest income held by China included in UNDP's progress report and not in UNDP accounts (no action needed)	596,633			
6	Savings on prior biennium obligations. Standing reconciling item of reduction of expenditure	68,300			

Row	Comments	UNDP	UNEP	UNIDO	World Bank
	in financial statement not associated with any specific projects. Increases the fund balance due to the Fund; can only be returned when the Trust Fund is closed				
7	Standing reconciling item of reduction of expenditure in financial statement not associated with any specific projects. Increases the fund balance due to the Fund; can only be returned when the Trust Fund is closed	29,054			
8	Expenditure incurred in 2018 and reflected in progress report but recorded in Umoja in 2019 (no action needed)		357,316		
9	Difference between projected and actual agency support costs recorded in 2017 accounts but not in progress report (UNEP to reflect in its 2019 progress report)		317,438		
10	Difference between projected and actual agency support costs recorded in 2018 accounts but not in progress report (UNEP to reflect in its 2019 progress report)		83,383		
11	Undepreciated assets included in progress report but not in financial statement, as only expenses are included in IPSAS financial statement (no action needed)			11,991,292	
12	Agency support costs on future commitments (no action needed)			1,958,678	
13	Unrealized fixed-exchange gain/loss on assets and liabilities recorded in 2018 accounts and reversed in 2019 (no action needed)			673,881	
14	Disbursement to special accounts (no action needed)				1,187,981
15	Total (rows 2 to 14)	1,383,525	20,008,971	78,431,402	39,588,483
<b>16</b>	<b>Difference</b>	<b>0</b>	<b>0</b>	<b>(65,856)</b>	<b>0</b>

9. Based on the explanations provided in Table 5, UNIDO's difference of US \$65,856 remains an outstanding reconciling item.

## Recommendations

10. The Executive Committee may wish:

- (a) To note the reconciliation of the 2018 accounts contained in document UNEP/OzL.Pro/ExCom/84/7;
- (b) To request the Treasurer to deduct from future transfers:
  - (i) To UNDP, US \$827,039, on account of income from interest reported in its 2018 final accounts that had yet to be offset against new approvals;
  - (ii) To UNEP, US \$616,416, on account of income from interest earned in 2018, US \$449,123, on account of income from interest earned in prior years, and US \$28,906, on account of income from exchange rate gain, reported in its 2018 final accounts that had yet to be offset against new approvals;
  - (iii) To the World Bank, US \$441,943, on account of income from investment reported in its 2018 final accounts that had yet to be offset against new approvals;
- (c) To request UNDP:
  - (i) To make an adjustment of US \$33 in its 2019 progress report, representing rounding difference in agency support costs; and
  - (ii) To reflect in its 2019 accounts, US \$246,281, representing a misreported bilateral expenditure in its 2018 final accounts;
- (d) To request UNEP to make an adjustment of US \$317,438 and US \$83,383 in its 2019 progress report, representing a difference in projected and actual agency support costs in the 2017 and 2018 final accounts, respectively;
- (e) To request UNIDO:
  - (i) To make an adjustment of US \$109,825 in its 2019 progress report, representing income recorded in its 2018 accounts and balances returned only in 2019;
  - (ii) To reflect in its 2019 accounts, US \$2,083,871 in income that had been recorded in 2018; and US \$88,547, representing interest from the HCFC phase-out management plan for China that had been offset in 2018 but not reflected in its 2018 accounts;
- (f) To request the World Bank to make adjustments of US \$4,813, representing funds returned from income from investment in relation to a project (CPR/PHA/73/INV/551), and US \$1,102,100, representing funds approved at the 80<sup>th</sup> and 81<sup>st</sup> meetings, in its 2019 progress report;
- (g) To note that the following 2018 outstanding reconciling items would be updated prior to the 86<sup>th</sup> meeting by relevant implementing agencies:
  - (i) Differences of US \$11,093 in income and US \$65,856 in expenditures between the progress report and final accounts of UNIDO;

- (ii) Differences of US \$120,198 in income between the progress report and final accounts of the World Bank;
- (h) To note the standing reconciling items as follows:
  - (i) For UNDP, for unspecified projects, in the amounts of US \$68,300 and US \$29,054;
  - (ii) For the World Bank, for the following projects implementing with other bilateral agencies where applicable:
    - a. Bilateral cooperation of the Government of Japan (THA/PHA/68/TAS/158), in the amount of US \$342,350;
    - b. Bilateral cooperation of the Government of Sweden (THA/HAL/29/TAS/120), in the amount of US \$225,985;
    - c. Bilateral cooperation of the Government of the United States of America (CPR/PRO/44/INV/425), in the amount of US \$5,375,000;
    - d. Bilateral cooperation of the Government of the United States of America (CPR/PRO/47/INV/439), in the amount of US \$5,375,000; and
    - e. The Thailand chiller project (THA/REF/26/INV/104), in the amount of US \$1,198,946.