



**United Nations
Environment
Programme**

Distr.
GENERAL

UNEP/OzL.Pro/ExCom/86/37
20 October 2020

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Eighty-sixth Meeting
Montreal, 2-6 November 2020
Postponed to 8-12 March 2021¹

2021 CORE UNIT COSTS FOR UNDP, UNIDO AND THE WORLD BANK

1. The present document assesses the 2021 core unit costs requests from and administrative cost² requirements of UNDP, UNIDO and the World Bank, and the extent to which resources available for total administrative costs in 2021 could cover expected 2021 costs. The assessment is presented separately for each of the three implementing agencies. It also presents briefly the administrative cost regime of the Multilateral Fund for the 2021–2023 triennium; and a recommendation.

2. For the preparation of this document, the three implementing agencies provided actual core and administrative costs for 2019, estimated costs for 2020, and proposed budget for 2021; the agencies used the revised format for reporting administrative costs³ pursuant to decision 79/41(e). During the review of the information submitted, the Secretariat had extensive discussions with each of the three implementing

¹ Due to coronavirus disease (COVID-19)

² 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 46th 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 67th 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 73rd 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 79th 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 Annex XVIII to document UNEP/OzL.Pro/ExCom/79/51

agencies, where all issued were satisfactorily addressed. The Secretariat notes with appreciation the collaboration provided by the three implementing agencies.

3. To facilitate the review by the Executive Committee, the core unit budget data and other administrative costs for each implementing agency is presented in the main document for the last three years, while historical data from 2011 is contained in Annex I to the present document.

UNDP

4. The Executive Committee approved the 2020 request for core unit funding for UNDP at US \$2,098,458 (decision 84/61(b)). Table 1 presents the core unit budget and administrative costs provided by UNDP from 2017 to 2021.

Table 1. Core unit budget data and other administrative costs for 2017 to 2021 for UNDP (US \$)

Cost item	2017	2018	2019	2020		2021
	Actual	Actual	Actual	Budget	Estimated	Proposed
A. Core unit						
Core unit personnel and contractual staff	2,305,838	2,375,437	2,379,866	2,520,101	2,451,262	2,524,800
Travel (staff and consultants)	173,099	176,170	182,129	194,227	20,000	150,000
Space (rent and common costs)	162,982	164,998	153,176	181,910	160,835	168,877
Equipment supplies and other costs (computers, supplies, etc.)	9,196	12,146	8,351	20,000	15,000	10,000
Contractual services (firms)	24,547	13,510	24,300	25,000	5,000	25,000
Reimbursement of central services for core unit staff	308,375	381,004	240,968	350,000	250,000	250,000
Adjustments (+ = underuse and - = overrun)	-929,036	-1,053,880	-904,918	-1,192,781	-803,638	-1,015,528
Return of funds (- = returned funds)	0	0	0	0	0	0
A. Sub-total core unit costs*	2,055,000	2,069,385	2,083,871	2,098,458	2,098,459	2,113,148
B. Agency support costs/implementation						
Reimbursement of country offices and national execution, including overheads	1,749,877	2,214,588	488,288	1,925,000	742,500	742,500
Executing agency support cost (internal), including overheads	0	0	0	0	0	0
Financial intermediaries, including overheads	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)						
Cost recovery	308,375	381,004	240,968	350,000	250,000	250,000
Adjustments (+ = overrun and - = underuse)	929,036	1,053,880	904,918	1,192,781	803,638	1,015,528
Project costs (- = to be deducted and thus removed)	0	0	0	0	0	
B. Sub-total agency support costs/implementation costs	2,987,288	3,649,473	1,634,174	3,467,781	1,796,138	2,008,028
Grand total (A + B)	5,042,289	5,718,858	3,718,046	5,566,239	3,894,597	4,121,176

*The cost of the core unit is higher than the allowed subtotal of US \$2,055,000 in 2017, US \$2,069,385 in 2018, US \$2,083,871 in 2019, and US \$2,098,459 in 2020. 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.

Core unit costs

5. UNDP's request of US \$2,113,148 for its 2021 core unit budget represents a 0.7 per cent increase in the budget approved for 2020. UNDP expects the costs of its core unit to exceed this amount by US \$1,015,528 (indicated as "Adjustment" in Table 1). UNDP has normally exceeded its budget allocation

for its core unit⁴ and recouped those costs from support costs earned through implementing Multilateral Fund projects.

6. UNDP's proposed 2021 core unit budget consists of:
- (a) Staff salaries, represents 81.0 per cent of the total budget. Salaries remains in the same range as for the past six years;
 - (b) Reimbursement of central services represents 8.0 per cent of the total budget. The budgeted amount (US \$350,000) is higher than the actual cost in 2019 (US \$240,968); UNDP explained that the decrease in amount budgeted for 2019 was due to delays in the approval of tranches of stage II of the HCFC phase-out management plan for China, which were approved intersessionally for the 85th meeting, and impact on the delivery of activities in 2020 due to the COVID-19 pandemic. These facts had been taken into account in estimating the budgeted amount for 2021;
 - (c) Space rental represents 5.4 per cent of the total budget. Space and contractual service costs are budgeted at higher levels than the estimated costs for 2020, and equipment costs are budgeted at lower levels than the estimated costs for 2020. UNDP indicated that consultations are underway within the organisation on the medium-term and long-term impact of the COVID-19 pandemic; and
 - (d) Travel represents 4.8 per cent of the total budget. The proposed travel budget (US \$150,000) is an 18.0 per cent decrease over the actual 2019 costs (US \$182,129). UNDP indicated that it continues to take steps to minimise the travel costs and number of participants/duration of participation at meetings, to the extent feasible.

Total administrative costs

7. UNDP expects administrative costs to amount to US \$4,121,176 in 2021, slightly above the estimated 2020 costs of US \$3,894,597.

8. The level of funding for reimbursement of country offices and national execution is expected to be at the same level as the estimated costs in 2020 (US \$742,500). This is higher than the actual costs of 2019 (US \$488,288) but lower than the range of costs between 2011 and 2018 (US \$2,442,896 in 2013 to US \$1,472,814 in 2016).

9. The expected resources available to UNDP for administrative costs include the core unit costs and the agency support costs plus any balance of income for administrative costs not previously used. Agency support costs are made available to UNDP only after approved project costs are disbursed. Table 2 presents this information for 2017 to 2020.

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

Description	2017	2018	2019	2020*
Net agency support costs plus core unit costs	4,554,428	5,007,070	2,829,316	4,926,139
Total administrative cost	5,042,289	5,718,858	3,718,046	3,894,597

⁴ On five occasions over the past eight years, the level of core unit costs exceeded more than US \$800,000: US \$837,220 in 2012, US \$849,676 in 2013, US \$929,036 in 2017, US \$1,053,880 in 2018, and US \$904,918 in 2019. In 2020, UNDP will exceed its costs by US \$803,638 (about 38 per cent over budget).

Description	2017	2018	2019	2020*
Balance per year	(487,862)	(711,788)	(888,730)	1,031,542
Running balance	359,584	(352,203)	(1,240,933)	(209,391)

* Including agency support costs approved at the 85th meeting, and the value of agency support costs and core unit costs from submissions to the 86th meeting.

10. Based on the analysis presented in Table 2, at the end of 2020 UNDP could have a negative accumulated balance amounting to US \$209,391. In 2021, UNDP would have to generate at least US \$4,330,567 in agency support costs and core unit costs to cover its expected total administrative costs of US \$4,121,176.

UNIDO

11. The Executive Committee approved the 2020 request for core unit funding for UNIDO at US \$2,098,458 (decision 84/61(b)). Table 3 presents the core unit budget and administrative costs provided by UNIDO from 2017 to 2021.⁵ 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 56/41.⁶

Table 3. Core unit budget data and other administrative costs for 2017 to 2021 for UNIDO (US \$)

Cost item	2017	2018	2019	2020		2021
	Actual	Actual	Actual	Budget	Estimated	Proposed
A. Core unit						
Core unit personnel and contractual staff	1,501,300	1,307,624	1,351,602	1,307,800	1,317,600	1,294,600
Travel (staff and consultant)	157,800	196,736	137,864	168,500	21,000	121,700
Space (rent and common costs)	76,600	80,548	84,323	83,100	71,200	73,900
Equipment supplies and other costs (computers, supplies, etc.)	48,000	33,842	63,164	56,800	39,400	48,000
Contractual services (firms)	4,900	580	6,356	17,100	2,400	16,700
Reimbursement of central services for core unit staff	471,600	442,123	464,626	535,700	472,800	467,100
Adjustments (+ = underuse and - = overrun)	-205,200	7,931	-24,066	-70,542	0	0
Return of funds (- = returned funds)	0	-7,931	0	0	0	0
A. Sub-total core unit costs*	2,055,000	2,061,454	2,083,870	2,098,458	1,924,400	2,022,000
B. Agency support costs/implementation						
Reimbursement of country offices and national execution, including overheads	584,300	729,854	1,339,603	815,600	1,240,400	1,444,000
Executing agency support cost (internal), including overheads	1,703,200	1,354,611	1,386,593	2,042,600	1,374,100	1,586,200
Financial intermediaries, including overheads	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)						
Cost recovery	0	0	0	0	0	0
Adjustments (+ = overrun and - = underuse)	205,200	0	24,066	70,542	0	0
Project costs (- = to be deducted and thus removed)	-134,800	-136,283	-38,099	0	0	0

⁵ 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.

⁶ 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	2017	2018	2019	2020		2021
	Actual	Actual	Actual	Budget	Estimated	Proposed
B. Sub-total agency support costs/ implementation costs	2,357,900	1,948,182	2,712,163	2,928,742	2,614,500	3,030,200
Grand total (A + B)	4,412,900	4,009,636	4,796,033	5,027,200	4,538,900	5,052,200

* The cost of the core unit is higher than the allowed subtotal of US \$2,055,000 in 2017 and US \$2,083,870 in 2019. 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.

Core unit costs

12. UNIDO's request of US \$2,022,000 for its 2021 core unit budget represents a 3.6 per cent decrease in the budget approved for 2020 (a reduction of US \$76,458).

13. UNIDO's proposed 2021 core unit budget consists of:

- (a) Staff salaries represents 64.0 per cent of the total budget (8.2 staff members). In 2020, the staff estimated budget was 68.0 per cent of the overall budget (ranging from 61.0 to 69.0 per cent since 2011); the number of staff for 2021 is lower than that for 2020 due to expected retirements and timing of recruitment;
- (b) Central services represents 23.1 per cent of the total budget; these expenses relate to the costs of UNIDO's Secretariat's governing bodies and general management apportioned based on the number of staff in the Montreal Protocol unit. The costs increased in 2019 due to the handover period of outgoing staff to the newly recruited staff, and are expected to slightly decrease in 2021 due to reduction in staff in Montreal Protocol operations;
- (c) Contractual services represents 0.8 per cent of the total budget. The budgeted amount for 2021 (US \$16,700) is seven times more than that estimated for 2020 (US \$2,400). UNIDO indicated that in 2019, the actual expenses were almost at the same level as estimated costs (a difference of US \$1,044). In 2020, the decrease in contractual services amounting to US \$14,700, is due to savings under printing and translation;
- (d) Travel represents 6.0 per cent of the total budget. The proposed travel budget (US \$121,700) is higher than the estimated for 2020, and lower than cost range incurred since 2011 (US \$137,864 to US \$284,000). UNIDO indicated that travel restrictions were imposed in 2020 due to the COVID-19 pandemic, with an estimated decrease by US \$147,500; however, travel is expected to resume in 2021, at the level of US \$121,700; and
- (e) Space rental represents 3.7 per cent of the total budget.

Total administrative costs

14. Total net administrative costs are proposed at US \$5,052,200 for 2021, which is higher than the 2020 estimated costs of US \$4,538,900 but in the range of costs between 2011 and 2020 (US \$4,009,636 to US \$6,821,000).

15. The reimbursement of country offices and national execution budgeted at US \$1,444,000 for 2021, is higher than the estimated costs for 2020 (US \$1,240,400) and the actual costs for 2019 (US \$1,339,603). However, this amount is lower than previous years (ranging from US \$1,814,900 to US \$3,602,000 between 2011 and 2014). UNIDO explained that the increases in 2019 and 2020 were due to structural change in the

UNIDO's technical cooperation delivery portfolio and enhancement of UNIDO field representation by filling a great number of vacant positions in the field aiming for an enhanced support.

16. Executing agency cost for 2021 (US \$1,586,200) is US \$212,100 higher than the 2020 budget estimate, and US \$199,607 higher than the actual 2019 cost. Executing agency costs have ranged from US \$1,354,611 to US \$3,302,800 for the 2011–2020 period. UNIDO explained that the decrease in the executing agency support cost in 2019 was due to change in the execution model with the Foreign Environmental Cooperation Center in China, and the decrease projected for 2020 (US \$668,500) was due to adjustments to the actual needs.

17. The expected resources available from the Multilateral Fund to UNIDO for administrative costs include the core unit costs and the agency support costs, plus any balance of income for administrative costs not previously used. Agency support costs are made available to UNIDO only after approved project costs are disbursed. Table 4 presents this information for 2017 to 2020.

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

Description	2017	2018	2019	2020*
Net agency support costs plus core unit costs	3,415,244	4,432,565	3,469,423	4,249,537
Total administrative cost excluding project costs	4,412,900	4,009,636	4,796,033	4,538,900
Balance per year	(997,656)	422,929	(1,326,610)	(289,363)
Running balance	(3,042,315)	(2,619,386)	(3,945,996)	(4,235,359)

* Including agency support costs approved at the 85th meeting, and the value of agency support costs and core unit costs from submissions to the 86th meeting.

18. Based on the analysis presented in Table 4, UNIDO could have a negative accumulated balance at the end of 2020, amounting to US \$4,235,359. UNIDO would have to generate at least US \$9,287,559 in agency support costs and core unit costs in 2021 to cover the total 2021 administrative costs of US \$5,052,200.

World Bank

19. The Executive Committee approved the 2020 request for core unit funding for the World Bank at US \$1,735,000 (decision 84/61(b)). Table 5 presents the core unit budget and administrative costs provided by the World Bank from 2017 to 2021.

Table 5. Core unit budget data and other administrative costs for 2017 to 2021 for the World Bank (US \$)

Cost item	2017	2018	2019	2020		2021
	Actual	Actual	Actual	Budget	Estimated	Proposed
A. Core unit						
Core unit personnel and contractual staff	1,086,340	1,226,215	1,250,888	1,200,000	991,571	1,235,000
Travel (staff and consultant)	178,550	180,873	151,281	185,000	38,481	200,000
Space (rent and common costs)	0	0	0	0	0	0
Equipment supplies and other costs (computers, supplies, etc.)	262	1,637	0	10,000	0	0
Contractual services (firms)	189,400	73,389	38,983	100,000	50,249	85,000
Reimbursement of central services for core unit staff	210,378	245,946	249,954	240,000	212,643	215,000
Adjustments (+ = underuse and - = overrun)	60,070	6,940	43,894	0	0	0
Return of funds (- = returned funds)	-60,070	-6,940	-43,894	0	0	0
A. Sub-total core unit costs	1,664,930	1,728,060	1,691,106	1,735,000	1,292,944	1,735,000
B. Agency support costs/implementation						
Reimbursement of country offices and national execution, including overheads	1,491,814	2,114,429	1,258,437	2,000,000	1,300,000	2,000,000

Cost item	2017	2018	2019	2020		2021
	Actual	Actual	Actual	Budget	Estimated	Proposed
Executing agency support cost (internal), including overheads	0	0	0	0	0	0
Financial intermediaries, including overheads	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)						
Cost recovery	0	0	0	0	0	0
Adjustments (+ = overrun and - = underuse)	0	0	0	0	0	0
Project costs (- = to be deducted and thus removed)						
B. Sub-total agency support costs/ implementation costs	1,491,814	2,114,429	1,258,437	2,000,000	1,300,000	2,000,000
Grand total (A + B)	3,156,744	3,842,489	2,949,544	3,735,000	2,592,944	3,735,000

Core unit costs

20. The World Bank's request of US \$1,735,000 for its 2021 core unit budget is in the same amount as its 2020 core unit budget as originally approved, but with slight increases in staff costs and travel, and decreases in other budget items (15.0 per cent in contractual service costs, 10.4 per cent in central services, and a 100.0 per cent 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.

21. The World Bank's proposed 2021 core unit budget consists of:

- (a) Staff salaries represents 71.0 per cent of the total budget. The 2019 staff costs (US \$1,250,888) were 5.1 per cent higher than the 2019 estimated costs (US \$1,190,000). The World Bank indicated that higher staff costs had been anticipated at the time of preparing the 2019 budget. The World Bank explained that it follows activity-based accounting for staff and consultant time to apportion expenses for Montreal Protocol and non-Montreal Protocol activities; costs of staff and consultants are higher in 2021 compared to 2020 estimates because vacant staff positions would be filled;
- (b) Reimbursement of central services represents 12.4 per cent of the total budget. The World Bank's reimbursement of central services in 2019 was 5.0 per cent higher than the estimated cost for 2019;
- (c) Travel represents 11.5 per cent of the total budget. The proposed travel costs (US \$200,000) are higher than those estimated for 2020 (US \$38,481) and the actual costs in 2019 (US \$151,281). The World Bank indicated that the higher 2021 proposed travel costs are estimated based on an optimistic scenario with activities resuming to normal levels in 2021, noting that budget for 2021 is the same as budgeted for 2019; and
- (d) Contractual services represents 4.9 per cent of the total budget. The 2021 proposed contractual services (firms) costs are higher than the actual cost for 2019 as they include costs for hosting two Montreal Protocol project implementation workshops, compared to one held in 2019. The World Bank explained that the 2019 actual costs for space and equipment/supplies were zero as these costs were absorbed by the World Bank budget (rather than the core unit budget); this resulted in US \$207 less in expenditures for equipment/supplies.

22. The World Bank will return a total of US \$43,894 from core unit costs from 2019. The Executive Committee may wish to note, with appreciation, that the World Bank would be returning unused balances.

Total administrative costs

23. The budget for reimbursement of country offices⁷ proposed for 2021 (US \$2,000,000) is expected to be higher than the estimated costs for 2020 of US \$1,300,000. The total administrative costs are estimated at US \$3,735,000 in 2021, above the estimated costs for 2020 of US \$2,592,944.

24. 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. Agency support costs are made available to the World Bank only after approved project costs are disbursed. Table 6 presents this information for 2017 and 2020.

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

Description	2017	2018	2019	2020*
Net agency support costs plus core unit costs	1,882,431	3,295,636	1,958,493	1,905,591
Total administrative cost excluding project costs	3,156,744	3,842,489	2,949,544	2,592,944
Balance per year	(1,274,313)	(546,853)	(991,051)	(687,353)
Running balance	3,964,637	3,417,784	2,426,733	1,739,380

* Including agency support costs approved at the 85th meeting, and the value of agency support costs and core unit costs from submissions to the 86th meeting.

25. Based on the analysis presented in Table 6, the World Bank could accumulate a balance of US \$1,739,380 based on approvals at the 85th meeting and submissions to the 86th meeting. The World Bank would have to generate at least US \$1,995,620 in agency support costs and core unit costs in 2021 to cover its expected total 2021 administrative costs of US \$3,735,000.

Analysis on the administrative cost regime and core unit funding

26. At its 84th meeting, the Executive Committee requested the Secretariat to present, at the 86th meeting, the outcomes of the analysis on the administrative cost regime and core unit funding, taking into consideration relevant decisions by the Executive Committee, including those at its 84th and 85th meetings, on the basis of which the Committee would decide whether the administrative cost regime of the Multilateral Fund for the 2018–2020 triennium could be maintained for the 2021–2023 triennium (decision 84/61(c)).

27. In light of the COVID-19 pandemic, on 10 June 2020, the Secretariat submitted for consideration by Executive Committee members a document with options for holding the 85th and 86th meetings, where *inter alia* the Committee would be invited to consider establishing an intersessional approval process similar to that for the 85th meeting, for the reports on projects with specific reporting requirements, relevant matters under the document of the Overview of issues identified under project review; and project proposals included under bilateral cooperation, 2020 work programme amendments of the implementing agencies and under country project documents. While consideration of UNEP's Compliance Assistance Programme and the core unit costs of UNDP, UNIDO and the World Bank would be subject to the discussion on the document on the Analysis of the administrative cost regime and core unit funding, requested under decision 84/61(c), the Executive Committee may wish to consider these funding requests intersessionally,

⁷ 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.

as postponing its approval would have a major impact on staffing and operations of the implementing agencies.

28. As the Executive Committee agreed to consider the present document intersessionally, while noting that the administrative cost regime of the Multilateral Fund for the 2021–2023 triennium would require a discussion by the Committee at its 86th meeting in March 2021 prior to its adoption, the Executive Committee may wish to approve the 2021 core unit budgets for UNDP, UNIDO and the World Bank as requested, on the understanding that the levels approved for the 2021 core unit budgets could be adjusted accordingly.

RECOMMENDATION

29. The Executive Committee may wish:

- (a) To note:
 - (i) The report on the 2021 core unit costs for UNDP, UNIDO and the World Bank as contained in document UNEP/OzL.Pro/ExCom/86/37;
 - (ii) With appreciation, that the core unit operation of the World Bank was again below its budgeted level and that the Bank would be returning unused balances of US \$43,894 to the Multilateral Fund at the 86th meeting;
- (b) To consider whether to approve the requested 2021 core unit budgets for:
 - (i) UNDP in the amount of US \$2,113,148;
 - (ii) UNIDO in the amount of US \$2,022,000; and
 - (iii) The World Bank in the amount of US \$1,735,000; and
- (c) To note that the levels for the 2021 core unit budgets indicated in sub-paragraph (b) above could be adjusted based on the outcomes of discussion of the Analysis of the administrative cost regime and core unit funding (decision 84/61(c)), at the 86th meeting in March 2021.

Annex I

**CORE UNIT BUDGET DATA AND OTHER ADMINISTRATIVE COSTS FOR 2011 TO 2021 FOR UNDP, UNIDO AND THE WORLD BANK
(US \$)**

UNDP

Cost item	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		2021
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
A. Core unit												
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	2,375,437	2,379,866	2,520,101	2,451,262	2,524,800
Travel (staff and consultants)	276,818	261,674	249,131	163,639	168,418	155,061	173,099	176,170	182,129	194,227	20,000	150,000
Space (rent and common costs)	103,991	104,805	101,236	105,219	109,380	159,872	162,982	164,998	153,176	181,910	160,835	168,877
Equipment supplies and other costs (computers, supplies, etc.)	28,285	25,052	17,781	16,967	19,442	16,485	9,196	12,146	8,351	20,000	15,000	10,000
Contractual services (firms)	0	0	18,461	22,955	16,175	0	24,547	13,510	24,300	25,000	5,000	25,000
Reimbursement of central services for core unit staff	389,935	258,332	384,704	311,137	317,160	251,317	308,375	381,004	240,968	350,000	250,000	250,000
Adjustments (+ = underuse and - = overrun)	-740,353	-837,220	-849,676	-658,389	-595,905	-585,526	-929,036	-1,053,880	-904,918	-1,192,781	-803,638	-1,015,528
Return of funds (- = returned funds)	0	0	0	0	0	0	0	0	0	0	0	0
A. Sub-total core unit costs*	1,970,766	1,984,561	1,998,453	2,012,442	2,026,529	2,040,715	2,055,000	2,069,385	2,083,871	2,098,458	2,098,459	2,113,148
B. Agency support costs/implementation												
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	2,214,588	488,288	1,925,000	742,500	742,500
Executing agency support cost (internal), including overheads	27,975	612	0	0	0	0	0	0	0	0	0	0
Financial intermediaries, including overheads	67,142	0	0	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	381,004	240,968	350,000	250,000	250,000
Adjustments (+ = overrun and - = underuse)	740,353	837,220	849,676	658,389	595,905	585,526	929,036	1,053,880	904,918	1,192,781	803,638	1,015,528
Project costs (- = to be deducted and thus removed)	0	0	0	0	0	0	0	0	0	0	0	0
B. Sub-total agency support costs/ implementation costs						2,309,657	2,987,288	3,649,473	1,634,174	3,467,781	1,796,138	2,008,028
Total administrative support costs	5,157,233	4,909,004	5,675,729	4,676,959	4,715,563							
Supervisory costs incurred by MPU	49,250	47,028	47,801	53,814	56,970							
Grand total (A + B)**	5,206,483	4,956,032	5,723,531	4,730,773	4,772,532	4,350,371	5,042,289	5,718,858	3,718,046	5,566,239	3,894,597	4,121,176
Assessment of availability of income												
Net agency support costs plus core unit costs***	6,306,515	4,499,632	4,511,983	3,644,532	4,460,420	5,058,789	4,554,428	5,007,070	2,829,316	4,926,139		
Total administrative cost	5,206,483	4,956,032	5,723,531	4,730,773	4,772,532	4,350,371	5,042,289	5,718,858	3,718,046	3,894,597		
Balance per year	1,100,032	-456,400	-1,211,548	-1,086,241	-312,112	708,418	-487,862	-711,788	-888,730	1,031,542		
Running balance****	3,205,328	2,748,929	1,537,381	451,140	139,028	847,446	359,584	-352,203	-1,240,933	-209,391		

* 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, US \$2,069,385 in 2018, US \$2,083,871 in 2019, and US \$2,098,459 in 2020. 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.

*** For 2020, including agency support costs approved at the 85th meeting, and the value of agency support costs and core unit costs from submissions to the 86th meeting.

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

UNIDO

Cost item	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		2021
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
A. Core unit												
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	1,307,624	1,351,602	1,307,800	1,317,600	1,294,600
Travel (staff and consultant)	139,700	175,100	284,000	161,800	147,700	161,100	157,800	196,736	137,864	168,500	21,000	121,700
Space (rent and common costs)	90,600	89,300	99,400	71,800	75,400	76,200	76,600	80,548	84,323	83,100	71,200	73,900
Equipment supplies and other costs (computers, supplies, etc.)	54,100	30,900	51,800	41,100	52,600	30,900	48,000	33,842	63,164	56,800	39,400	48,000
Contractual services (firms)	200	700	700	2,000	17,500	1,000	4,900	580	6,356	17,100	2,400	16,700
Reimbursement of central services for core unit staff	510,400	414,200	498,800	454,200	447,300	432,900	471,600	442,123	464,626	535,700	472,800	467,100
Adjustments (+ = underuse and - = overrun)	-214,534	-276,539	-381,947	-99,058	-7,771	-44,985	-205,200	7,931	-24,066	-70,542	0	0
Return of funds (- = returned funds)						0	0	-7,931	0	0	0	0
A. Sub-total core unit costs*	1,970,766	1,984,561	1,998,453	2,012,442	2,026,529	2,040,715	2,055,000	2,061,454	2,083,870	2,098,458	1,924,400	2,022,000
B. Agency support costs/implementation												
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	729,854	1,339,603	815,600	1,240,400	1,444,000
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	1,354,611	1,386,593	2,042,600	1,374,100	1,586,200
Financial intermediaries, including overheads						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
Adjustments (+ = overrun and - = underuse)	214,534	276,539	381,947	99,058	7,771	44,985	205,200	0	24,066	70,542	0	0
Project costs (- = to be deducted and thus removed)						-187,800	-134,800	-136,283	-38,099	0	0	0
B. Sub-total agency support costs/implementation costs						2,602,985	2,357,900	1,948,182	2,712,163	2,928,742	2,614,500	3,030,200
Total administrative support costs	7,269,300	6,980,300	9,285,200	6,839,900	5,651,400							
Minus project-related costs	-1,779,869	-1,798,710	-2,464,200	-2,308,000	-977,800							
Grand total (A + B)**	5,489,431	5,181,590	6,821,000	4,531,900	4,673,600	4,643,700	4,412,900	4,009,636	4,796,033	5,027,200	4,538,900	5,052,200
Assessment of availability of income												
Net agency support costs plus core unit costs***	7,751,798	4,370,870	4,216,687	3,997,890	4,716,851	4,609,452	3,415,244	4,432,565	3,469,423	4,249,537		
Total administrative cost excluding project-related costs	5,489,431	5,181,590	6,821,000	4,531,900	4,673,600	4,643,700	4,412,900	4,009,636	4,796,033	4,538,900		
Balance per year	2,262,367	-810,720	-2,604,313	-534,010	43,251	-34,248	-997,656	422,929	-1,326,610	-289,363		
Running balance****	1,895,381	1,084,661	-1,519,652	-2,053,662	-2,010,411	-2,044,659	-3,042,315	-2,619,386	-3,945,996	-4,235,359		

* 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 \$2,083,870 in 2019. 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.

*** For 2020, including agency support costs approved at the 85th meeting, and the value of agency support costs and core unit costs from submissions to the 86th 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.

THE WORLD BANK

Cost item	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		2021
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
A. Core unit												
Core unit personnel and contractual staff	867,586	1,184,796	984,571	1,022,179	827,111	1,089,481	1,086,340	1,226,215	1,250,888	1,200,000	991,571	1,235,000
Travel (staff and consultant)	183,893	205,425	111,021	155,778	205,498	216,356	178,550	180,873	151,281	185,000	38,481	200,000
Space (rent and common costs)	47,232	55,607	56,906	44,130	434	1,027	0	0	0	0	0	0
Equipment supplies and other costs (computers, supplies, etc.)	52,953	92,303	31,169	55,508	19,618	33,178	262	1,637	0	10,000	0	0
Contractual services (firms)	47,491	25,769	13,389	14,828	49,989	96,839	189,400	73,389	38,983	100,000	50,249	85,000
Reimbursement of central services for core unit staff	123,160	156,762	113,539	90,624	210,909	225,643	210,378	245,946	249,954	240,000	212,643	215,000
Adjustments (+ = underuse and - = overrun)	0	0	0	0	0	62,476	60,070	6,940	43,894	0	0	0
Return of funds (- = returned funds)	-390,685	-3,981	-414,405	-341,953	-411,441	-62,476	-60,070	-6,940	-43,894	0	0	0
A. Sub-total core unit costs	931,630	1,716,681	896,190	1,041,094	902,118	1,662,524	1,664,930	1,728,060	1,691,106	1,735,000	1,292,944	1,735,000
B. Agency support costs/implementation												
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	2,114,429	1,258,437	2,000,000	1,300,000	2,000,000
Executing agency support cost (internal), including overheads		0	0	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	0	0
Reimbursement of central services for core unit staff (including overhead)												
Cost recovery	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments (+ = overrun and - = underuse)	0	0	0	0	0	0	0	0	0	0	0	0
Project costs (- = to be deducted and thus removed)												
B. Sub-total agency support costs/ implementation costs						1,249,361	1,491,814	2,114,429	1,258,437	2,000,000	1,300,000	2,000,000
Grand total (A + B)	2,817,935	3,667,839	2,518,129	2,339,197	2,112,851	2,911,885	3,156,744	3,842,489	2,949,544	3,735,000	2,592,944	3,735,000
Assessment of availability of income												
Net agency support costs plus core unit costs*	5,039,703	2,136,706	4,142,704	2,975,314	5,458,181	2,551,615	1,882,431	3,295,636	1,958,493	1,905,591		
Total administrative cost	2,817,935	3,667,839	2,518,129	2,339,197	2,112,851	2,911,885	3,156,744	3,842,489	2,949,544	2,592,944		
Balance per year	2,221,768	-1,531,133	1,624,575	636,117	3,345,330	-360,270	-1,274,313	-546,853	-991,051	-687,353		
Running balance**	1,524,331	-6,802	1,617,773	2,253,890	5,599,220	5,238,950	3,964,637	3,417,784	2,426,733	1,739,380		

* For 2020, including agency support costs approved at the 85th meeting, and the value of agency support costs and core unit costs from submissions to the 86th meeting.

** Excludes any balance from years prior to 2002.