



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/88/6  
8 November 2021

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-eighth Meeting  
Montreal, 15-19 November 2021<sup>1</sup>

**RECONCILIATION OF THE 2020 ACCOUNTS**

1. This document is prepared in collaboration with the Treasurer and the implementing agencies (IAs) in response to decision 38/9(d).<sup>2</sup> It presents the reconciliation of the income as recorded in the 2020 final accounts with the 2020 progress report financial data (progress report) of the IAs and the Secretariat's inventory of approved projects database (Inventory); expenditures reported in the 2020 final accounts and in the progress reports; and a recommendation.

**Reconciliation of the income**

2. Discrepancies were found between the 2020 progress reports and the Inventory except for UNIDO as shown in Table 1.

**Table 1. Discrepancies between the 2020 progress reports and the Inventory (US \$)\***

Agency	Progress report	Inventory	Difference
UNDP	978,980,478	978,973,732	(6,746)
UNEP	376,218,388	376,213,665	(4,723)
UNIDO	966,764,599	966,764,599	0
World Bank	1,279,437,910	1,279,447,965	10,055

\*Including agency support costs.

3. UNDP explained the difference of US \$6,740 as a penalty applied to a project (SRL/PHA/86/INV/58) approved at the 86<sup>th</sup> meeting to be adjusted by UNDP in its 2021 progress report, while the balance of US \$6 as a rounding difference.

4. UNEP explained the difference of US \$4,723 as a penalty applied to a project (SRL/PHA/86/TAS/56) approved at the 86<sup>th</sup> meeting to be adjusted by UNEP in its 2021 progress report.

<sup>1</sup> Online meetings and an intersessional approval process will be held in November and December 2021 due to coronavirus disease (COVID-19)

<sup>2</sup> A full reconciliation of the accounts with the progress and financial reports should be prepared for the last meeting of each year.

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.

5. The World Bank's difference of US \$10,055 is a reconciling item that will be adjusted by the World Bank in its progress report.

Net approvals and income in the 2020 final accounts and the progress reports

6. Differences in income between the 2020 final accounts and the progress reports are shown in Table 2.

**Table 2. Differences in income between the 2020 final accounts and the progress reports (US \$)**

Agency	Progress report*	2020 final accounts	Difference**
UNDP	978,980,478	984,978,464	(5,997,986)
UNEP	376,218,388	386,461,492	(10,243,104)
UNIDO	966,764,599	972,657,473	(5,892,874)
World Bank	1,279,437,910	1,296,846,681	(17,408,771)

(\*) Including agency support costs.

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

7. The explanations provided by the IAs for the differences in income between the 2020 final accounts and the progress reports, and actions to be taken are shown in Table 3.

**Table 3. Rationale for differences in income between the 2020 final accounts and the progress reports (US \$)**

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
1	Difference between final accounts and progress reports	(5,997,986)	(10,243,104)	(5,892,874)	(17,408,771)
2	Additional voluntary contributions included in final accounts but not in progress report (no action needed)	(6,474,847)	(8,935,570)	(8,651,123)	
3	Final interest earned in 2020 and already offset against approvals ( no action needed)	(540,734)			
4	Cumulative interest for China's HCFC phase-out management plan (HPMP) included in final accounts and held by China, and already offset against approvals (no action needed)	786,251			
5	Conditional approval for project SRL/PHA/86/INV/58 (no action needed)	231,344			
6	Interest income from 2020 and prior years (Treasurer to offset against 88 <sup>th</sup> meeting approvals)		(1,080,630)		
7	Funding approved in 2020 but recorded in 2021 (no action needed)		(226,904)		
8	2021 core unit funding reflected in 2020 accounts as deferred income (UNIDO to adjust in its 2021 accounts)			2,022,000	
9	Grants closed in 2020 and values adjusted in final accounts, but not reflected in progress report, as funds were returned in 2021 (UNIDO to adjust in its 2021 progress report)			89,600	
10	Funding approved for projects MEX/PRO/86/INV/194 and			548,972	

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
	SUD/REF/86/PRP/47 at the extended intersessional approval process for the 86 <sup>th</sup> meeting in April 2021, and booked in 2021 accounts (no action needed)				
11	Interest for the HPMP for China deducted in 2020 account but not yet offset against approvals (Treasurer to offset against 88 <sup>th</sup> meeting approvals)			85,020	
12	Investment income for the 4 <sup>th</sup> quarter of 2018, 2019 and in 2020 and already offset against 87 <sup>th</sup> meeting approvals (no action needed)				(2,351,566)
13	Interest for the HPMP for China deducted in 2020 accounts but not yet offset against approvals (Treasurer to offset against 88 <sup>th</sup> meeting approvals)				(22,119)
14	Closing balance from projects CPR/PRO/57/INV/487 and CPR/FOA/56/INV/478 returned by China in 2020 (World Bank to adjust in its 2021 progress report)				(314,015)
15	Penalty from project CPR/PRO/75/INV/568 already offset from 87 <sup>th</sup> meeting approvals (no action needed)				(133,146)
16	Funds from project PHI/SEV/80/TAS/01 returned in 2019 but not reflected in 2020 accounts (World Bank to adjust in its 2021 accounts)				(1,060,319)
17	Funds returned from previous meetings and already offset against 87 <sup>th</sup> meeting approvals (no action needed)				(654,593)
18	Standing reconciling item of Japan bilateral contribution (THA/PHA/68/TAS/158)*				(342,350)
19	Standing reconciling item of Japan bilateral contributions (VIE/PHA/76/TAS/71 and VIE/PHA/84/INV/75)*				(234,170)
20	Standing reconciling item of Sweden bilateral contribution (THA/HAL/29/TAS/120)*				(225,985)
21	Standing reconciling item of the United States of America bilateral contribution (CPR/PRO/44/INV/425)*				(5,375,000)
22	Standing reconciling item of the United States of America bilateral contribution (CPR/PRO/47/INV/439)*				(5,375,000)
23	Standing reconciling item of Thailand chiller project (THA/REF/26/INV/104)*				(1,198,946)
24	Total (rows 2 to 22)	(5,997,986)	(10,243,104)	(5,905,531)	(17,287,209)
25	<b>Difference</b>	<b>0</b>	<b>0</b>	<b>12,657</b>	<b>(121,562)</b>

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

8. Based on the explanations provided, UNIDO's difference of US \$12,657 and the World Bank's difference of US\$121,562 are outstanding reconciling items.

### Expenditures reported in the 2020 final accounts and in the progress reports

9. Table 4 shows the differences between the cumulative expenditures reported to the Treasurer in the 2020 final accounts and the funds disbursed and committed as reported in the progress reports for the period 1991 to 2020.

**Table 4. Differences in cumulative expenditures between the progress reports and the 2020 final accounts (US \$)**

Agency	Progress report*			Cumulative expenditures for 2020 final accounts	Differences**
	Funds disbursed	Funds committed	Total cumulative		
(1)	(2)	(3)	(4)= (2)+(3)	(5)	(6)= (4)-(5)
UNDP	907,282,785	3,005,797	910,288,582	912,406,941	(2,118,359)
UNEP	326,440,997	20,214,507	346,655,504	333,067,582	13,587,922
UNIDO	865,646,608	54,256,396	919,903,003	863,656,123	56,246,880
World Bank	1,265,120,098	13,874,607	1,278,994,705	1,267,642,404	11,352,301

(\*) 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.

10. The explanation for the differences provided by relevant IAs and actions to be taken are shown in Table 5.

**Table 5. Rationale for differences in expenditures between the progress reports and the 2020 final accounts (US \$)**

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
1	Difference between progress report and 2020 final accounts	(2,118,359)	13,587,922	56,246,880	11,352,301
2	Additional voluntary contributions expenditure included in final accounts but not in progress report (no action needed)	(5,936,419)	(5,461,959)	(4,540,925)	
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)	3,005,797	18,892,564	50,673,109	13,874,607
4	Cumulative interest income held by China included in UNDP progress report and not in UNDP accounts (no action needed)	698,486			
5	Savings on prior biennium obligations. Standing reconciling item of reduction of expenditure in financial statement not associated with any specific	68,300			

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
	projects. Increases the fund balance due to the Fund (can only be returned when the Trust Fund is closed)				
6	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			
7	Expenditure incurred in 2020 but not reflected in progress report and recorded in Umoja in 2021 (no action needed)	16,249			
8	Expenditure incurred in 2020 and reflected in progress report but recorded in Umoja in 2021 (no action needed)		105,515		
9	Difference between projected and actual agency support costs that had not been recorded in 2020 (no action needed)		51,802		
10	Undepreciated assets included in progress report but not in financial statement, as only expenses are included in IPSAS financial statement (no action needed)			10,184,132	
11	Unrealized fixed-exchange gain/loss on assets and liabilities recorded in 2020 accounts (no action needed)	174			
12	Disbursement to special accounts (no action needed)				(2,522,306)
13	Total (rows 2 to 12)	(2,118,359)	13,587,922	56,316,316	11,352,301
14	<b>Difference</b>	<b>0</b>	<b>0</b>	<b>(69,436)</b>	<b>0</b>

11. Based on the explanations provided in Table 5, UNIDO's difference of US \$69,436 remains an outstanding reconciling item.

### Recommendation

12. The Executive Committee may wish:

- (a) To note the reconciliation of the 2020 accounts contained in document UNEP/OzL.Pro/ExCom/88/6;
- (b) To request the Treasurer to deduct from future transfers:
  - (i) To UNEP, US \$1,080,630, on account of income from interest earned in 2020 and prior years, reported in its 2020 final accounts that had yet to be offset against new

approvals;

- (ii) To UNIDO, US \$85,020, on account of income from interest reported in its 2020 final accounts that had yet to be offset against new approvals;
- (iii) To the World Bank, US \$22,119, on account of income from interest reported in its 2020 final accounts that had yet to be offset against new approvals;
- (c) To request UNDP to make adjustments of US \$6,740 in its 2021 progress report, representing the amount withheld for penalty in relation to a project (SRL/PHA/86/INV/58);
- (d) To request UNEP to make adjustments of US \$4,723 in its 2021 progress report, representing the amount withheld for penalty in relation to a project (SRL/PHA/86/TAS/56);
- (e) To request UNIDO to make adjustments of US \$2,022,000 in its 2021 accounts, representing income that had been recorded in 2020; and US \$89,600 in its 2021 progress report, in grants closed in 2020 but funds returned in 2021;
- (f) To request the World Bank to make adjustments in its 2021 progress report of:
  - (i) US \$314,015 representing the closing balance of US \$33,907 in relation to a project (CPR/PRO/57/INV/487) and US \$280,108 in relation to a project (CPR/FOA/56/INV/478);
  - (ii) US \$1,060,319, representing funds returned in relation to a project (PHI/SEV/80/TAS/01);
- (g) To note that the following 2020 outstanding reconciling items would be updated prior to the 91<sup>st</sup> meeting by relevant implementing agencies:
  - (i) Differences of US \$12,657 in income, and US \$69,436 in expenditures between the progress report and the final accounts of UNIDO;
  - (ii) Differences of US \$121,562, in income between the progress report and the 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 Japan (VIE/PHA/76/TAS/71) and (VIE/PHA/84/INV/75), in the amount of US \$234,170;
    - c. Bilateral cooperation of the Government of Sweden (THA/HAL/29/TAS/120), in the amount of US \$225,985;

- d. Bilateral cooperation of the Government of the United States of America (CPR/PRO/44/INV/425), in the amount of US \$5,375,000;
  - e. 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
  - f. The Thailand chiller project (THA/REF/26/INV/104), in the amount of US \$1,198,946.
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