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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Ninety-first Meeting  
Montreal, 5-9 December 2022  
Item 4(c)(ii) of the of the provisional agenda<sup>1</sup>

**RECONCILIATION OF THE 2021 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 2021 final accounts with the 2021 progress report financial data (progress report) of the IAs and the Secretariat's inventory of approved projects database (Inventory); expenditures reported in the 2021 final accounts and in the progress reports; and a recommendation.

**Reconciliation of the income**

2. Discrepancies were not found between the 2021 progress reports and the Inventory except for UNDP as shown in table 1.

**Table 1. Discrepancies between the 2021 progress reports and the Inventory (US \$)\***

Agency	Progress report	Inventory	Difference
UNDP	1,004,881,186	1,004,881,186	0
UNEP	394,442,577	394,442,577	0
UNIDO	993,222,019	993,222,019	0
World Bank	1,290,135,242	1,290,135,242	0

\*Including agency support costs.

<sup>1</sup> UNEP/OzL.Pro/ExCom/91/1

<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.

Net approvals and income in the 2021 final accounts and the progress reports

3. Differences in income between the 2021 final accounts and the progress reports are shown in table 2.

**Table 2. Differences in income between the 2021 final accounts and the progress reports (US \$)**

Agency	Progress report*	2021 final accounts	Difference**
UNDP	1,004,881,192	1,010,427,338	(5,546,146)
UNEP	394,442,577	403,527,276	(9,084,699)
UNIDO	993,222,019	999,636,627	(6,414,608)
World Bank	1,290,135,242	1,296,912,659	(6,777,417)

(\*) Including agency support costs.

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

4. The explanations provided by the IAs for the differences in income between the 2021 final accounts and the progress reports, and actions to be taken are shown in table 3.

**Table 3. Rationale for differences in income between 2021 final accounts and the progress reports (US \$)**

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
1	Difference between final accounts and progress reports	(5,546,146)	(9,084,699)	(6,414,608)	(6,777,417)
2	Additional voluntary contributions included in final accounts but not in progress report (no action needed)	(6,431,453)	(8,891,739)	(8,630,945)	(1,060,319)
3	Final interest earned in 2021 and already offset against approvals (no action needed)	25,355			
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)	859,943			
5	Interest income from 2021 and prior years (Treasurer to offset against 91 <sup>st</sup> meeting approvals)		(540,089)		
6	Net approvals from the 87 <sup>th</sup> meeting for a project URT/PHA/87/TAS/41 paid in 2022 (no action needed)		194,925		
7	Net approvals from the 88 <sup>th</sup> meeting for a project ETH/PHA/88/TAS/33 paid in 2022 (no action needed)		154,810		
8	Support cost adjustment recorded as income in 2021 financial statement, but corrected in 2022 (no action needed)		(2,607)		
9	2022 core unit funding reflected in 2021 accounts as deferred income (UNIDO to adjust in its 2022 accounts)			2,036,154	
10	Grants closed in 2021 and values adjusted in progress report, but not recorded in final accounts (UNIDO to adjust in its 2022 accounts)			11,317	
11	Deferred grant income recognised in 2021 (UNIDO to adjust in its 2022 accounts)			65,400	
12	Interest for the HPMP for China deducted in 2021 account but not yet offset against approvals (Treasurer to offset against 91 <sup>st</sup> meeting approvals)			104,843	

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
13	Investment income for 2021 already offset against 90 <sup>th</sup> meeting approvals (no action needed)				(65,978)
14	Funds returned from previous meetings but not yet offset against approvals (Treasurer to offset against 91 <sup>st</sup> meeting approvals)				(3,483,443)
15	Net approvals from the 87 <sup>th</sup> and 88 <sup>th</sup> meetings paid in 2022 (no action needed)				11,001,291
16	Standing reconciling item of Japan bilateral contribution (THA/PHA/68/TAS/158)*				(342,350)
17	Standing reconciling item of Japan bilateral contributions (VIE/PHA/76/TAS/71 and VIE/PHA/84/INV/75)*				(234,170)
18	Standing reconciling item of Sweden bilateral contribution (THA/HAL/29/TAS/120)*				(225,985)
19	Standing reconciling item of the United States of America bilateral contribution (CPR/PRO/44/INV/425)*				(5,375,000)
20	Standing reconciling item of the United States of America bilateral contribution (CPR/PRO/47/INV/439)*				(5,375,000)
21	Standing reconciling item of Thailand chiller project (THA/REF/26/INV/104)*				(1,198,946)
22	Total (rows 2 to 21)	(5,546,155)	(9,084,700)	(6,413,231)	(6,359,900)
23	<b>Difference (row 1 minus row 22)</b>	<b>9</b>	<b>1</b>	<b>(1,377)</b>	<b>(417,517)</b>

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

5. Based on the explanations provided, UNDP and UNEP explained the amount of US \$9 and US \$1 respectively as a rounding difference. UNIDO's difference of US \$1,377 and the World Bank's difference of US \$417,517 are outstanding reconciling items.

### Expenditures reported in the 2021 final accounts and in the progress reports

6. Table 4 shows the differences between the cumulative expenditures reported to the Treasurer in the 2021 final accounts and the funds disbursed and committed as reported in the progress reports for the period 1991 to 2021.

**Table 4. Differences in cumulative expenditures between progress reports and 2021 final accounts (US \$)**

Agency	Progress report*			Cumulative expenditures for 2021 final accounts	Differences**
	Funds disbursed	Funds committed	Total cumulative		
(1)	(2)	(3)	(4)= (2)+(3)	(5)	(6)= (4)-(5)
UNDP	935,607,807	3,060,116	938,667,923	940,980,317	(2,312,394)
UNEP	346,249,923	15,441,794	361,691,717	353,626,673	8,065,044
UNIDO	893,230,412	48,691,973	941,922,385	893,351,388	48,570,997
World Bank	1,269,813,123	20,051,911	1,289,865,034	1,272,887,568	16,977,466

(\*) 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.

7. Table 5 below provides the explanation for the differences provided by relevant IAs and actions to be taken.

**Table 5. Rationale for differences in expenditures between progress reports and 2021 final accounts (US \$)**

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
1	Difference between progress report and 2021 final accounts	(2,312,394)	8,065,044	48,570,997	16,977,466
2	Additional voluntary contributions expenditure included in final accounts but not in progress report (no action needed)	(6,357,427)	(6,610,417)	(5,169,415)	
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)	3,060,116	14,311,181	45,493,711	20,051,911
4	Cumulative interest income held by China included in UNDP progress report and not in UNDP accounts (no action needed)	859,943			
5	Savings on prior biennium obligations. 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)	68,300			
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 2021 but not reflected in progress report and recorded in Umoja in 2022 (no action needed)	27,647			
8	Expenditure incurred in 2021 and reflected in progress report but recorded in Umoja in 2022 (no action needed)		352,475		
9	Expenditure incurred in 2021 and reflected in the financial statement but not in progress report (UNIDO to adjust in its 2022 progress report)			63,435	
10	Difference between projected and actual agency support costs that had not been recorded in 2021 (no action needed)		11,806		
11	Undepreciated assets included in progress report but not in financial statement, as only expenses are included in IPSAS financial statement (no action needed)			7,588,442	

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
12	Unrealized fixed-exchange gain/loss on assets and liabilities recorded in 2021 accounts (no action needed)	(28)		768,176	
13	Disbursement to special accounts (no action needed)				(3,074,445)
14	Total (rows 2 to 12)	(2,312,395)	8,065,045	48,744,349	16,977,466
<b>15</b>	<b>Difference (row 1 minus row 14)</b>	<b>1</b>	<b>(1)</b>	<b>(173,352)</b>	<b>0</b>

8. Based on the explanations provided in table 5, the US \$1 under both UNDP and UNEP are rounding difference while UNIDO's difference of US \$173,352 remains an outstanding reconciling item.

### Recommendation

9. The Executive Committee may wish:

- (a) To note the reconciliation of the 2021 accounts contained in document UNEP/OzL.Pro/ExCom/91/6;
- (b) To request the Treasurer to deduct from future transfers:
  - (i) To UNEP, US \$540,089, on account of income from interest earned in 2021 and prior years, reported in its 2021 final accounts that had yet to be offset against new approvals;
  - (ii) To UNIDO, US \$104,843, on account of income from interest reported in its 2021 final accounts that had yet to be offset against new approvals;
  - (iii) To the World Bank, US \$3,483,443, on account of net returns reported in its 2021 final accounts that had yet to be offset against new approvals;
- (c) To request UNIDO to make the following adjustments:
  - (i) In its 2022 accounts, US \$2,036,154 representing income that had been recorded in 2021, US \$11,317 representing grants closed in 2021 that had been recorded in 2021 progress report but not in the final accounts, and US \$65,400 representing deferred income from grants that had been recorded in 2021 in the progress report but not in the final accounts;
  - (ii) In its 2022 progress report, US \$63,435 representing expenditure that had not been recorded in 2021;
- (d) To note that the following 2021 outstanding reconciling items would be updated prior to the 93<sup>rd</sup> meeting by relevant implementing agencies:
  - (i) Differences of US \$1,377 in income, and US \$173,352 in expenditures between the progress report and the final accounts of UNIDO;
  - (ii) Differences of US \$417,517, in income between the progress report and the final accounts of the World Bank;

- (e) 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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