



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/93/6\*  
10 November 2023

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Ninety-third Meeting  
Montreal, 15-19 December 2023  
Item 4(c)(ii) of the provisional agenda<sup>1</sup>

**RECONCILIATION OF THE 2022 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 2022 final accounts with the 2022 progress report financial data (progress report) of the IAs and the Secretariat's inventory of approved projects database (Inventory); expenditures reported in the 2022 final accounts and in the progress reports; and a recommendation.

**Reconciliation of the income**

2. Discrepancies between the 2022 progress reports and the Inventory were found only for UNDP as shown in table 1.

**Table 1. Discrepancies between the 2022 progress reports and the Inventory (US \$)\***

Agency	Progress report	Inventory	Difference
UNDP	1,025,704,119	1,025,704,113	6
UNEP	425,890,194	425,890,194	0
UNIDO	1,023,707,175	1,023,707,175	0
World Bank	1,317,603,995	1,317,603,995	0

\*Including agency support costs.

3. UNDP explained the difference of US \$6 as a rounding difference.

\* Re-issued for technical reasons on 24 November 2023.

<sup>1</sup> UNEP/OzL.Pro/ExCom/93/1

<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 2022 final accounts and the progress reports

4. Differences in income between the 2022 final accounts and the progress reports are shown in table 2.

**Table 2. Differences in income between the 2022 final accounts and the progress reports (US \$)**

Agency	Progress report*	2022 final accounts	Difference**
UNDP	1,025,704,119	1,022,961,778	2,742,341
UNEP	425,890,194	425,890,194	0
UNIDO	1,023,707,175	1,021,469,488	2,237,687
World Bank	1,317,603,995	1,313,416,921	4,187,074

(\*) Including agency support costs.

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

5. The explanations provided by the IAs for the differences in income between the 2022 final accounts and the progress reports, and actions to be taken are shown in table 3.

**Table 3. Rationale for differences in income between 2022 final accounts and the progress reports (US \$)**

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
1	Difference between final accounts and progress reports	2,742,341	0	2,237,687	4,187,074
2	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)	907,836			
3	Interest income difference between 2022 final and provisional financial statements (Treasurer to offset against 93 <sup>rd</sup> meeting approvals)	(457,877)			
4	Conditional approval of a project for Bangladesh approved in 2022 and received by UNDP in 2023 (no action needed)	2,292,373			
5	2022 core unit funding reflected in 2021 accounts as deferred income (UNIDO to adjust in its 2022 accounts)			2,050,407	
6	Deferred grant income recognised in 2021 (no action needed)			64,500	
7	Interest for China's HPMP deducted in 2021 accounts but not yet offset against approvals (UNIDO to adjust its next payment to China)			122,492	
8	Final interest earned in 2022 and deducted from approvals in 2023 (no action needed)				(330,354)
9	Net approvals from the 91 <sup>st</sup> meeting paid in 2023 (no action needed)				26,411,222
10	Refund by China to the World Bank for the halon sector plan per decision 87/24(b), and paid by the World Bank to the Treasurer in 2022 for a net zero transaction (no action needed)				(8,723,046)
11	Cumulative interest and penalty for China's HPMP held up till the expected end of the stage in 2027, but already offset against approvals (no action needed)				12,872
12	Cumulative interest accrued during stage I and stage II of the HPPMP between 2015				(45,143)

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
	and 2019 reported in the accounts but not yet offset against future approvals as per decision 86/99(c) (Treasurer to offset against 95 <sup>th</sup> meeting approval of the third tranche of stage II of the HPPMP).				
13	Standing reconciling item of Japan bilateral contribution (THA/PHA/68/TAS/158)*				(342,350)
14	Standing reconciling item of Japan bilateral contributions (VIE/PHA/76/TAS/71 and VIE/PHA/84/INV/75)*				(234,170)
15	Standing reconciling item of Sweden bilateral contribution (THA/HAL/29/TAS/120)*				(225,985)
16	Standing reconciling item of the United States of America bilateral contribution (CPR/PRO/44/INV/425)*				(5,375,000)
17	Standing reconciling item of the United States of America bilateral contribution (CPR/PRO/47/INV/439)*				(5,375,000)
18	Standing reconciling item of Thailand chiller project (THA/REF/26/INV/104)*				(1,198,946)
19	Total (rows 2 to 18)	2,742,332	0	2,237,399	4,574,100
<b>20</b>	<b>Difference (row 1 minus row 19)</b>	<b>9</b>	<b>0</b>	<b>288</b>	<b>387,026</b>

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

6. Based on the explanations provided, UNDP explained the amount of US \$9 as a rounding difference. UNIDO's difference of US \$288 and the World Bank's difference of US \$387,026 are outstanding reconciling items.

### Expenditures reported in the 2022 final accounts and in the progress reports

7. Table 4 shows the differences between the cumulative expenditures reported to the Treasurer in the 2022 final accounts and the funds disbursed and committed as reported in the progress reports for the period 1991 to 2022.

**Table 4. Differences in cumulative expenditures between progress reports and 2022 final accounts (US \$)**

Agency	Progress report*			Cumulative expenditures for 2022 final accounts	Differences**
	Funds disbursed	Funds committed	Total cumulative		
(1)	(2)	(3)	(4) = (2)+(3)	(5)	(6) = (4)-(5)
UNDP	971,848,886	2,528,791	974,377,677	969,810,529	4,567,148
UNEP	373,483,903	18,697,765	392,181,668	374,710,885	17,470,783
UNIDO	925,053,697	46,202,553	971,256,250	921,243,753	50,012,497
World Bank	1,280,813,854	36,604,084	1,317,417,938	1,292,010,477	25,407,461

(\*) 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. 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 2022 final accounts (US \$)**

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
1	Difference between progress report and 2021 final accounts	4,567,148	17,470,783	50,012,497	25,407,461
2	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)	2,528,791	17,300,138	41,249,154	
3	Commitments included in progress report but not in financial statement, as only expenses are included in the financial statement (no action needed)				36,604,084
4	Cumulative interest income held by China included in UNDP's progress report and not in UNDP's accounts (no action needed)	907,836			
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 2022 and reflected in the financial statement but not in progress report (UNDP to adjust in its 2023 progress report)	(316,592)			
8	Expenditure overstated erroneously in the progress report (UNDP to adjust in its 2023 progress report)	1,805,836			
9	Over expenditure reflected in the financial statement but not in progress report (UNDP to adjust in its 2023 accounts)	(886)			
10	Expenditure earned from support costs and not reflected in the financial statement (UNDP to adjust in its 2023 accounts)	(455,191)			
11	Expenditure incurred in 2022 and reflected in progress report in 2022 but recorded in Umoja in 2023 (no action needed)		159,933		

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
12	Difference between projected and actual agency support costs that had not been recorded in 2022 (no action needed)		10,712		
13	Undepreciated assets included in progress report but not in financial statement, as only expenses are included in IPSAS financial statement (no action needed)			6,002,267	
14	Unrealized foreign-exchange gain/loss on assets and liabilities recorded in 2022 accounts (no action needed)			774,624	
15	2022 year-end adjustments (no action needed)			461,579	
16	Expenditure incurred in 2022 and reflected in the financial statement but not in progress report as they are disbursements to special accounts (no action needed)				(2,473,577)
17	Refund by China to the World Bank for the halon sector plan per decision 87/24(b), and paid by the World Bank to the Treasurer in 2022 for a net zero transaction (no action needed)				(8,723,046)
18	Total (rows 2 to 17)	4,567,148	17,470,783	48,487,624	25,407,461
19	<b>Difference (row 1 minus row 18)</b>	<b>0</b>	<b>0</b>	<b>1,524,873</b>	<b>0</b>

9. Based on the explanations provided in table 5, UNIDO's difference of US \$1,524,873 remains an outstanding reconciling item.

## Recommendation

10. The Executive Committee may wish:

- (a) To note the reconciliation of the 2022 accounts contained in document UNEP/OzL.Pro/ExCom/93/6;
- (b) To request the Treasurer to deduct from future transfers:
  - (i) At the 93<sup>rd</sup> meeting, to UNDP, US \$457,877, on account of income from interest reported in its 2022 final accounts that had yet to be offset against new approvals;
  - (ii) At the 95<sup>th</sup> meeting, to the World Bank, US \$45,143, on account of income from cumulative interest accrued during stage I and stage II of the HCFC production phase-out management plan (HPPMP) between 2015 and 2019 reported in its final accounts that had yet to be offset against future approval of the third tranche of stage II of the HPPMP as per decision 86/99(c);
- (c) To request UNDP to make the following adjustments:
  - (i) In its 2023 progress report, US \$316,592 representing expenditure that had been recorded in the 2022 final accounts but not in the progress report, and

US \$1,805,836 representing expenditure that had been overstated in the 2022 progress report;

- (ii) In its 2023 accounts, US \$455,191 representing expenditure from support costs that had been recorded in the 2022 progress report but not in the final accounts, and US \$886 representing over expenditures reflected in the financial statement but not in the progress report;
- (d) To request UNIDO to make adjustments in its 2022 accounts, US \$2,050,407 representing income that had been recorded in 2021, and US \$122,492 representing interest for China deducted in its 2021 accounts but not yet offset against payments by UNIDO;
- (e) To note that the following 2022 outstanding reconciling items would be updated prior to the 95<sup>th</sup> meeting by relevant implementing agencies:
  - (i) Differences of US \$288 in income and US \$1,524,873 in expenditure, between the progress report and the final accounts of UNIDO;
  - (ii) Differences of US \$387,026 in income between the progress report and the final accounts of the World Bank;
- (f) 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.