



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/38/4
20 November 2002

ORIGINAL: ENGLISH



EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-eighth Meeting
Rome, 20-22 November 2002

**REPORT OF THE 18TH MEETING OF THE SUB-COMMITTEE
ON MONITORING, EVALUATION AND FINANCE**

Introduction

1. The Sub-Committee on Monitoring, Evaluation and Finance of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol held its 18th Meeting in Rome from 18 to 20 November 2002.
2. The meeting was attended by the members of the Sub-Committee – the representatives of Canada, El Salvador, Finland, Netherlands, Nigeria, Syrian Arab Republic (Chair), and United Republic of Tanzania.
3. The meeting was also attended by representatives of the implementing agencies, the Ozone Secretariat and the Treasurer. The representative of France attended the meeting as an observer.
4. The Chair of the Sub-Committee, Mr. Khaled Klaly (Syrian Arab Republic), opened the meeting at 10:00 a.m. on Monday, 18 November 2002, and welcomed the participants.

AGENDA ITEM 1: ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

5. The Sub-Committee adopted the following agenda:
 1. Adoption of the agenda and organization of work.
 2. Report on the implementation of the Monitoring and Evaluation Work Programme for the year 2002:
 - (a) Final report on the evaluation of the aerosol projects;
 - (b) Evaluation report on MAC projects in India: follow-up to Decision 37/5 (c);
 - (c) Consolidated project completion report: follow-up to Decisions 26/11 and 35/8.
 3. Draft Monitoring and Evaluation Work Programme for the year 2003.
 4. Project implementation delays.
 5. Project balances.
 6. Project cancellations in light of country compliance (Decision 37/8(h)).
 7. 2001 Accounts of the Multilateral Fund: follow-up to Decision 37/9(b).
 8. Proposed budget of the Fund Secretariat for the year 2003.

9. Other matters.
10. Adoption of the report of the Sub-Committee.
11. Closure of the meeting.

AGENDA ITEM 2: REPORT ON THE IMPLEMENTATION OF THE MONITORING AND EVALUATION WORK PROGRAMME FOR THE YEAR 2002

(a) Final report on the evaluation of the aerosol projects

6. The Senior Monitoring and Evaluation Officer introduced the final report on the evaluation of aerosol projects (UNEP/OzL.Pro/ExCom/38/5 and Corr.1), which presented the main findings and recommendations of the consultant, resulting from an evaluation of 35 aerosol projects in seven Article 5 countries. He explained that the evaluation of the sector had proved much more complex than anticipated.

7. During the discussion, some representatives felt that the absence of the customary recommendations from the Secretariat made it difficult to continue discussing the matter and requested further information on the subject.

8. According to the consultant's report, aerosol conversion projects were technically complicated due to the odour and flammability of Hydrocarbon Aerosol Propellants (HAP). This, combined with specific market conditions in certain countries, meant that the incremental operating savings from conversions were in many cases passed on to consumers in the form of lower selling prices for converted products. As a result, the consultant had proposed that incremental operating savings should only be deducted when such savings actually increased profitability at the company level. In the interest of facilitating the conversion of the few remaining individual aerosol projects, representatives considered the need for greater flexibility in calculating incremental costs on a case-by-case basis for companies not covered by umbrella projects.

9. One representative drew attention to the statement in the consultant's report that the majority of suppliers of aerosol conversion equipment were in the United States and Europe, and stressed the need to ensure the same opportunities for all competent suppliers regardless of location. Representatives also agreed that it was important to include as much input as possible from the country and the beneficiary company concerned in composing the list of potential bidders being considered for all projects.

10. During the discussion, UNIDO provided the clarifications required concerning its arrangements for the tendering process.

11. After discussing the actions proposed for the Executive Committee, the Sub-Committee recommended that the Executive Committee:

- (a) Take note of the final report on the evaluation of aerosol projects (UNEP/OzL.Pro/ExCom/38/5 and Corr.1);

- (b) Request implementing agencies to assess in each future project the feasibility of retrofitting the CFC-gasser equipment, the liquid filler and the crimper and to justify cases where that was not deemed to be possible;
- (c) Apply decision 17/15 paragraph 24 (c) not only to contract aerosol fillers, but also, in certain cases, to other newly converting fillers, reading: “to recognize that savings resulting from CFC phase-out for contract **and, in certain cases, other** aerosol fillers, and in circumstances where a parallel market exists, may accrue to the national economy but that quantifying these savings is analytically difficult and applying these savings at the project level may not always be feasible.” (changes to decision 17/15 marked in bold)
- (d) Request:
- (i) UNIDO to find ways to allow the beneficiary to pay the cost difference for equipment from high-priced bidders if the company insisted on it and provided sufficient guarantees for timely payment;
- (ii) The implementing agencies:
- To ensure that in the bidding specifications, the provision of manuals in a language understood by the engineers of the beneficiary company was foreseen, as well as interpreters during equipment installation, if necessary;
 - To take the necessary measures to ensure that a fair and equitable opportunity is given to all competent suppliers, regardless of location, in the procurement of goods and services for aerosol sector projects;
 - To consider ways and means, within the limitations of their contracting procedures, to include as much input as possible from the country and the beneficiary company concerned when composing the list of potential bidders being considered for all projects.
- (iii) UNEP, in consultation with the Secretariat and the other implementing agencies, to prepare, translate and distribute an up-to-date manual on safety, formula adaptations, and effective destenching methods for aerosol productions using Hydrocarbon Aerosol Propellants (HAP).

(b) Evaluation report on MAC projects in India: follow-up to Decision 37/5 (c)

12. The Sub-Committee considered the evaluation report on MAC projects in India (UNEP/OzL.Pro/ExCom/38/6), which contained the analysis of MAC projects in India, where significant numbers of CFC-based MAC systems and components were still being produced. It was recalled that the Executive Committee had decided to limit the field evaluation to India (Decision 37/5).

13. Some representatives expressed concern that Subros Ltd. in India (IND/REF/11/INV/12) had substantially increased its production of CFC-based MAC systems even after it had received funding for conversion.

14. In the context of discussion on the need to decrease the price of HFCs, it was noted that increasing the price of CFCs would have a similar effect, which was why industrialized countries should strive for advanced phase-out.

15. After discussing the actions to be proposed to the Executive Committee, the Sub-Committee recommended that the Executive Committee:

- (a) Take note of the findings and conclusions of the evaluation report on MAC projects in India (UNEP/OzL.Pro/ExCom/38/6), and the information provided by the representative of the World Bank that all facilities for the production of CFC-based MAC systems at Subros Ltd. in India (IND/REF/11/INV/12) would be dismantled by May 2003;
- (b) Encourage the Government of India to consider promoting the retrofitting of old cars with HFC-134a-based MAC systems by means of economic incentives.
- (c) **Consolidated project completion report: follow-up to Decisions 26/11 and 35/8**

16. The Sub-Committee considered the consolidated project completion report (UNEP/OzL.Pro/ExCom/38/7 and Add.1) prepared in accordance with Decisions 26/11 and 35/8 and noted the information provided on the numbers and quality of project completion reports received, the schedule of submissions of project completion reports due in 2003, the measures taken to improve submission of data for project completion reports from beneficiary enterprises, the lists of ODS-equipment to be destroyed, the consistency of data reported in project completion reports and annual progress reports, and the final financial figures in project completion reports.

17. Subsequently, the representatives of the implementing agencies described their experiences and the problems encountered in preparing project completion reports.

18. After expressing their appreciation to the Senior Monitoring and Evaluation Officer and the implementing agencies for the work done to improve timely delivery and quality of project completion reports, the Sub-Committee recommended that the Executive Committee:

- (a) Take note of the consolidated project completion report (UNEP/OzL.Pro/ExCom/38/7 and Add.1), including the schedule for submission of project completion reports (PCRs) due in 2003;
- (b) Request the implementing agencies, in cooperation with the Multilateral Fund Secretariat, to establish until the end of March 2003 full consistency of data reported in the PCRs, the Inventory of Approved Projects, and the Annual Progress Reports;

- (c) Also request the implementing agencies to provide final financial figures on actual expenditures of financially completed projects for projects that were to be evaluated, as required by the Senior Monitoring and Evaluation Officer, instead of updating all PCRs;
- (d) Encourage the implementing agencies to provide in future project completion reports insight into the project history, the problems encountered and resolved, and the lessons learned in the process leading to a substantive analysis of projects.

AGENDA ITEM 3: DRAFT MONITORING AND EVALUATION WORK PROGRAMME FOR THE YEAR 2003

19. The Sub-Committee considered the draft monitoring and evaluation work programme for the year 2003 (UNEP/OzL.Pro/ExCom/38/8), which was presented by the Senior Monitoring and Evaluation Officer.

20. [Having considered the guiding principles, the evaluation studies and the proposed budget for the year 2003, the Sub-Committee recommended that the Executive Committee approve the proposed 2003 work programme for monitoring and evaluation at a budget of US \$198,000, as indicated in document UNEP/OzL.Pro/ExCom/38/8.]

21. After several representatives had referred to the question of the procedure to be followed for the submission of evaluation reports to the Executive Committee, particularly in cases where there might be disagreement among the consultant, the Senior Monitoring and Evaluation Officer and the Chief Officer regarding recommendations, the Sub-Committee continued its meeting in the absence of observers and the Secretariat in order to discuss the procedural issue.

22. The Sub-Committee debated the issue in a closed session and decided:

- (a) To continue discussing the procedural issue of monitoring and evaluation at its 19th Meeting as a separate agenda item;
- (b) To request the Secretariat to compile information on the institutional procedures of monitoring and evaluation (units and persons) in other relevant international financing institutions such as the Global Environment Facility (GEF), the International Fund for Agricultural Development (IFAD) and the World Bank, in particular on terms of reference, lines of reporting, and preparation and presentation of documents and recommendations to the governing bodies;
- (c) To circulate this information to members of the Sub-Committee on Monitoring, Evaluation and Finance before the 19th Meeting.

AGENDA ITEM 4: PROJECT IMPLEMENTATION DELAYS

23. The Sub-Committee considered the report on implementation delays (UNEP/OzL.Pro/ExCom/38/9), which was presented by the Secretariat.

24. The Sub-Committee discussed the milestone provided by the World Bank for the Chandra refrigeration project in India (IND/REF/19/INV/92), and the history of implementation of the project, as well as the FRUEHAUF foam project in Argentina (ARG/FOA/23/INV/65) and the DEBAO refrigeration project in China (CPR/REF/23/INV/233), which were recommended for cancellation by mutual agreement.

25. Following the discussion, the Sub-Committee recommended that the Executive Committee:

- (a) Note:
- (i) the document on project implementation delays (UNEP/OzL.Pro/ExCom/38/9);
 - (ii) with appreciation the reports submitted to the Secretariat on projects with implementation delays and additional status reports provided by Belgium, France, Germany, Poland and the four implementing agencies;
 - (iii) that the Secretariat and implementing agencies would take established actions according to the Secretariat's assessment of status, i.e., progress, some progress, or no progress, and report and notify governments as required;
 - (iv) the completion of the following two projects in November 2002: Elimination of the use of CFC-113 and Methyl Chloroform in the color picture tube cleaning process at the Shanghai Novel CPT Corp factory (CPR/SOL/INV/171), and Elimination of ODS (CFC-113) used in the production line at FUJIAN PUTIAN VIKAY Electronics Co. Ltd. (CPR/SOL/23/INV/224), both implemented by UNDP
 - (v) the deadline of June 2003 for the milestone of relocation of the enterprise, provided by the World Bank at the meeting, for the Chandra refrigeration project in India (IND/REF/19/INV/92), with a report on achievement of the milestone to be submitted by the World Bank to the Sub-Committee at its 40th Meeting;
- (b) Cancel the following projects through mutual agreement:
- (i) Conversion to non-CFC technology in the manufacture of integral skin and flexible moulded foam at STRAPUR in Argentina (ARG/FOA/23/INV/62), implemented by UNDP, due to the company stopping operations, noting that US \$32,120 of the US \$125,420 approved for the project had been disbursed;
 - (ii) Elimination of the use of CFCs in the manufacture of rigid foam blocks for insulated trailers at FRUEHAUF in Argentina (ARG/FOA/23/INV/65), implemented by UNDP, due to bankruptcy, noting that US \$134,235 of the US \$136,725 approved for the project had been disbursed;
 - (iii) Replacement of 1,1,1-trichloethane sheet steel cleaning system on the steel sheet-cutting table with an aqueous-mechanical system in the steel enterprise Siderar, SAIC in Argentina (ARG/SOL/28/INV/90), implemented by the World Bank, noting that no funds for the project had been disbursed;

- (iv) Elimination of CFCs 11 and 12 in the manufacture of domestic freezers at DEBAO Refrigeration Equipment Co. Ltd. in China (CPR/REF/23/INV/233), implemented by UNDP, due to bankruptcy, noting that US \$524,471 of the net US \$553,006 approved for the project had been disbursed;
 - (v) Elimination of CFC-11 in the manufacture of flexible polyurethane foam (slabstock) at PT Irc Inoac in Indonesia (IDS/FOA/23/INV/75), implemented by the World Bank, noting that no funds for the project had been disbursed; and
 - (vi) Phase-out of CFC-11 by conversion to HCFC-141b in the manufacture of rigid polyurethane foam (sprayfoam) at PT Sentra Sukses Selalu in Indonesia (IDS/FOA/29/INV/115), implemented by the World Bank, noting that no funds for the project had been disbursed;
- (c) Request the implementing agencies to reimburse to the Multilateral Fund all remaining balances from the above projects.
 - (d) Also request the Secretariat, in cooperation with the implementing agencies, to prepare a working paper providing options on how phase-out from cancelled projects should be recorded, for presentation to the 39th Meeting of the Executive Committee, taking into account the comments made by members during their discussion of this issue at the 37th Meeting, and inviting further input subsequent to the Meeting.

AGENDA ITEM 5: PROJECT BALANCES

26. The Sub-Committee considered the report on completed projects with balances (UNEP/OzL.Pro/ExCom/38/10) and the return of funds from cancelled projects, which was presented by the Secretariat.

27. The Sub-Committee discussed agency support costs, with particular reference to the World Bank's reimbursement of support costs for cancelled projects and completed projects with savings. Representatives stated that, while reconciliation of the World Bank's accounts was still under way, and could affect the final amount reimbursed, the World Bank was nevertheless required to follow the rule that applied to all other implementing agencies, regardless of its different operating practices.

28. Following the discussion, the Sub-Committee recommended that the Executive Committee:

- (a) Note:
 - (i) the report on project balances contained in UNEP/OzL.Pro/ExCom/38/10;

- (ii) the levels of funds being returned to the 38th Meeting totalling US \$3,375,563 plus support costs as follows by agency: US \$283,783 from UNDP and agency support costs of US \$30,468; US \$174,000 from UNEP and agency support costs of US \$22,620; US \$1,770,088 from UNIDO and agency support costs of US \$232,629, and US \$1,147,692 from the World Bank and agency support costs of US \$90,210;
 - (iii) that implementing agencies had balances totalling US \$2,422,895 excluding support costs from projects completed over two years previously: UNDP (US \$664,430 plus support costs); UNIDO (US \$1,547,147 plus support costs); and the World Bank (US \$211,318 plus support costs);
- (b) Urge implementing agencies to re-assess the status of their completed projects with balances and re-classify projects as ongoing in their reports to the 39th Meeting if Decision 28/2 had not been fully complied with and reconsider the matter if balances from projects completed two years previously did not continue to be reduced;
 - (c) Withhold US \$1,159,980 from fund transfers to the World Bank at the 38th Meeting as the World Bank had not provided sufficient explanations for not returning those support costs and any further consideration of the matter should be made contingent on the World Bank providing information required by the Secretariat for its assessments of the Bank's compliance with Decision 35/13(k).
 - (d) Note that the only circumstances under which it would be possible for a portion of the support costs from cancelled projects and completed projects with savings not to be returned according to United Nations practice was when a fee was paid by the implementing agency to a financial intermediary to undertake a financial evaluation of the enterprise before project implementation, and the project was subsequently cancelled.

AGENDA ITEM 6: PROJECT CANCELLATIONS IN LIGHT OF COUNTRY COMPLIANCE (DECISION 37/8(h))

29. The Sub-Committee considered the document on project cancellations in light of country compliance (Decision 37/8(h)) (UNEP/OzL.Pro/ExCom/38/11), which was presented by the Secretariat.

30. After some discussion of the cancellation procedure's impact on a country's compliance with the Montreal Protocol and the sensitive issue of linking compliance with Executive Committee decisions, the Sub-Committee recommended that the Executive Committee:

- (a) Authorize the Secretariat, in coordination with the implementing agencies, to implement the procedures for project cancellation leading to the possible automatic cancellation of projects except in those cases where the Secretariat and the implementing agency concerned did not agree to cancel the project and in

those cases where the project was critical to a country's compliance with existing or future control measures of the Montreal Protocol;

- (b) Request countries with projects considered for cancellation, where the cancellation was critical to a country's compliance with existing or future control measures of the Montreal Protocol, to present its views on the cancellation along with any actions that the government would take to reactivate the project.

AGENDA ITEM 7: 2001 ACCOUNTS OF THE MULTILATERAL FUND: FOLLOW-UP TO DECISION 37/9(b)

31. The Sub-Committee considered the full reconciliation of the Accounts of the Fund and the progress reports of the implementing agencies as a follow-up to Decision 37/9(b) (UNEP/OzL.Pro/ExCom/38/12 and Corr.1), which were presented by the Secretariat.

32. Following discussion of the reconciliation, the Sub-Committee expressed its appreciation of the work carried out by the Treasurer and the Secretariat and recommended that the Executive Committee:

- (a) Note the accounts as presented in Schedules 1.1-1.7 attached as Annex I to the present report;
- (b) Also note the return to the 38th Meeting of funds for re-programming amounting to US \$11,872,332, which comprised US \$1,103,805 from UNDP, US \$123,196 from UNEP, and US \$5,271,991 from the World Bank; and US \$5,373,340 from UNIDO reverting back to the Multilateral Fund from promissory notes previously earmarked for UNIDO, as explained in UNEP/OzL.Pro/ExCom/38/12;
- (c) Request the Secretariat and the Treasurer to pursue their efforts to complete the reconciliation of the accounts of UNDP and the World Bank,
- (d) Also request that a full reconciliation of the Accounts of the Fund with the data in the implementing agencies' progress reports be presented to the third meeting of the Executive Committee each year.

AGENDA ITEM 8: PROPOSED BUDGET OF THE FUND SECRETARIAT FOR THE YEAR 2003

33. The Sub-Committee considered the budget of the Fund Secretariat for the year 2003 (UNEP/OzL.Pro/ExCom/38/13), which was presented by the Secretariat.

34. The Sub-Committee recommended that the Executive Committee approve the proposed budget for the year 2003 amounting to US \$3,303,999 and the provisions for Secretariat staff salary costs for the period 2004-2005 amounting to US \$3,182,761 as contained in Annex II to the present report.

AGENDA ITEM 9: OTHER MATTERS

35. There was no discussion under this agenda item.

AGENDA ITEM 10: ADOPTION OF THE REPORT OF THE SUB-COMMITTEE

36. The Sub-Committee adopted the present report on the basis of the draft report contained in documents UNEP/OzL.Pro/ExCom/SCMEF/18/L.1, Adds.1 and 2.

AGENDA ITEM 11: CLOSURE OF THE MEETING

37. The Chairman declared the meeting closed at 10 a.m. on Wednesday, 20 November 2002.

Annex I

2001 ACCOUNTS OF THE MULTILATERAL FUND

Note: Schedules I.1 and I.2 are being completed by the United Nations Office in Nairobi (UNON) as of this writing on the basis of the reconciliation reached with the implementing agencies.

Schedule 1.3

2001 ACCOUNTS OF THE MULTILATERAL FUND SECRETARIAT

| A. 2001 Expenditures for Account MFL 2336-2211-2661: Secretariat's Main Account | | | | | |
|--|------------------------------------|---|----------------------------|-------------------------------|-------------------------------|
| | | | Approved Budget | Actual Expenditure | Savings/ (Deficit) |
| 10 | PROJECT PERSONNEL COMPONENT | | | | |
| | <i>1100</i> | <i>Project Personnel</i> | | | |
| | 1101 | Chief Officer (D-2) | 122,000 | 134,139 | (12,139) |
| | 1102 | Deputy Chief Officer (Economic Cooperation) (P-5) | 110,000 | 115,221 | (5,221) |
| | 1103 | Deputy Chief Officer (Technical Cooperation) (P-5) | 110,000 | 118,432 | (8,432) |
| | 1104 | Economic Affairs Officer (P-4/5) | 110,000 | 88,601 | 21,399 |
| | 1105 | Environmental Affairs Officer (P-4/5) | 110,000 | 97,294 | 12,706 |
| | 1106 | Project Management Officer (P-4/5) | 110,000 | 104,641 | 5,359 |
| | 1107 | Project Management Officer (P-4/5) | 110,000 | 104,415 | 5,585 |
| | 1108 | Information Management Officer (P-3) | 81,000 | 75,493 | 5,507 |
| | 1109 | Administrative and Fund Management Officer (P-4) | 95,000 | 92,249 | 2,751 |
| | 1110 | Senior Monitoring and Evaluation Officer (P-5) | 110,000 | 122,883 | (12,883) |
| | 1111 | Executive Assistant to Chief Officer (P-2) | 55,000 | 0 | 55,000 |
| | <i>1199</i> | <i>Sub-total</i> | <i>1,123,000</i> | <i>1,053,369</i> | <i>69,631</i> |
| | <i>1200</i> | <i>Consultants</i> | | | |
| | 1201 | Projects and technical reviews etc | 150,000 | 143,616 | 6,384 |
| | <i>1299</i> | <i>Sub-total</i> | <i>150,000</i> | <i>143,616</i> | <i>6,384</i> |
| | <i>1300</i> | <i>Administrative Support Staff costs</i> | | | |
| | 1301 | Administrative Assistant (G-8) | 45,000 | 45,414 | (414) |
| | 1302 | Meetings Services Assistant (G-7) | 41,000 | 35,827 | 5,173 |
| | 1303 | Programme Assistant (G-8) | 45,000 | 64,942 | (19,942) |
| | 1304 | Senior Secretary (Deputy Chief, Economic Cooperation) (G-6) | 37,000 | 38,137 | (1,137) |
| | 1305 | Senior Secretary (Deputy Chief, Technical Cooperation) (G-6) | 37,000 | 24,168 | 12,832 |
| | 1306 | Computer Operations Assistant (G-7/G-8) | 45,000 | 64,839 | (19,839) |
| | 1307 | Secretary (to 2 Programme Officers) (G-6) | 37,000 | 38,557 | (1,557) |
| | 1308 | Secretary/Clerk, Administration (G-5) | 32,000 | 24,431 | 7,569 |
| | 1309 | Registry Clerk (G-4) | 26,000 | 38,333 | (12,333) |
| | 1310 | Database Assistant (G-8) | 45,000 | 32,352 | 12,648 |
| | 1311 | Secretary, Monitoring and Evaluation, (G-5/G-6) | 36,000 | 30,509 | 5,491 |
| | <i>1301-11</i> | <i>Sub-total (support staff costs)</i> | <i>426,000</i> | <i>437,509</i> | <i>(11,509)</i> |
| | 1333 | Executive Committee - (ExCom 33-35) | 500,000 | 512,266 | (12,266) |
| | <i>1333</i> | <i>Sub-total (conference servicing)</i> | <i>500,000</i> | <i>512,266</i> | <i>(12,266)</i> |
| | <i>1399</i> | <i>Sub-total</i> | <i>926,000</i> | <i>949,775</i> | <i>(23,775)</i> |

| | | | Approved Budget | Actual Expenditure | Savings/ (Deficit) |
|-------------|---|---|----------------------------|-------------------------------|-------------------------------|
| | 1600 | <i>Travel on Official Missions</i> | | | |
| | 1601 | Mission costs | 160,000 | 97,844 | 62,156 |
| | 1699 | <i>Sub-total</i> | <i>160,000</i> | <i>97,844</i> | <i>62,156</i> |
| 1999 | COMPONENT TOTAL | | 2,359,000 | 2,244,604 | 114,396 |
| 20 | SUB-CONTRACTS COMPONENT | | | | |
| | 2100 | <i>Sub-Contracts with UN Agencies:</i> | | | |
| | 2101 | Information materials | 30,000 | 0 | 30,000 |
| | 2199 | <i>Sub-total</i> | <i>30,000</i> | | 30,000 |
| | 2300 | <i>Sub-Contracts with Profit Making Institutions</i> | | | 0 |
| | 2301 | Corporate Consultancies | 0 | | 0 |
| | 2399 | <i>Sub-total</i> | <i>0</i> | | <i>0</i> |
| 2999 | COMPONENT TOTAL | | 30,000 | 0 | 30,000 |
| 30 | MEETINGS PARTICIPATION COMPONENT | | | | |
| | 3300 | <i>Assistance to Participants from Developing Countries</i> | | | |
| | 3301 | Travel of Chairman / Vice-Chairman | 30,000 | 18,564 | 11,436 |
| | 3304 | Informal Sub-group meetings | 30,000 | 8,064 | 21,936 |
| | 3333 | Executive Committee meetings - 2001 | 225,000 | 206,272 | 18,728 |
| | 3399 | <i>Sub-total</i> | <i>285,000</i> | <i>232,899</i> | <i>52,101</i> |
| 3999 | COMPONENT TOTAL | | 285,000 | 232,899 | 52,101 |
| 40 | EQUIPMENT COMPONENT | | | | |
| | 4100 | <i>Expendables</i> | | | |
| | 4101 | Office stationery etc | 15,000 | 14,531 | 469 |
| | 4102 | Software & Computer expendables | 9,000 | 3,953 | 5,047 |
| | 4199 | <i>Sub-total</i> | <i>24,000</i> | <i>18,484</i> | <i>5,516</i> |
| | 4200 | <i>Non-expendable Equipment</i> | | | |
| | 4201 | Computer, printers etc. | 10,000 | 11,405 | (1,405) |
| | 4202 | | 5,000 | 303 | 4,697 |
| | 4299 | <i>Sub-total</i> | <i>15,000</i> | <i>11,708</i> | <i>3,292</i> |
| | 4300 | <i>Rental of premises</i> | | | |
| | 4301 | Rental of office premises | 307,000 | 306,532 | 468 |
| | 4399 | <i>Sub-total</i> | <i>307,000</i> | <i>306,532</i> | <i>468</i> |
| 4999 | COMPONENT TOTAL | | 346,000 | 336,724 | 9,276 |
| 50 | MISCELLANEOUS COMPONENT | | | | |
| | 5100 | <i>Operations and Maintenance</i> | | | |
| | 5101 | Computers, printers etc | 12,000 | 6,934 | 5,066 |
| | 5102 | Office premises | 9,000 | 3,262 | 5,738 |
| | 5103 | Rental of Photocopiers | 15,000 | 14,916 | 84 |
| | 5104 | Telecommunications equipment | 9,000 | 2,731 | 6,269 |
| | 5105 | Miscellaneous equipment rentals | 9,000 | 9,671 | (671) |
| | 5199 | <i>Sub-total</i> | <i>54,000</i> | <i>37,513</i> | <i>16,487</i> |

| | | | Approved Budget | Actual Expenditure | Savings/ (Deficit) |
|--|--|--|----------------------------|-------------------------------|-------------------------------|
| 5200 | <i>Reporting Costs</i> | | | | |
| 5201 | Executive Committee meetings | | | | |
| 5202 | Reporting (others) | | 20,000 | 20,240 | (240) |
| 5299 | <i>Sub-total</i> | | 20,000 | 20,240 | (240) |
| 5300 | <i>Sundry</i> | | | | |
| 5301 | Communications | | 40,000 | 23,371 | 16,629 |
| 5302 | Freight charges | | 15,000 | 13,946 | 1,054 |
| 5303 | Bank charges | | 5,000 | 3,166 | 1,834 |
| 5305 | Staff training | | 38,000 | 1,707 | 36,293 |
| 5399 | <i>Sub-total</i> | | 98,000 | 42,190 | 55,810 |
| 5400 | <i>Hospitality</i> | | | | |
| 5401 | Official hospitality | | 10,000 | 7,444 | 2,556 |
| 5499 | <i>Sub-total</i> | | 10,000 | 7,444 | 2,556 |
| 5999 | COMPONENT TOTAL | | 182,000 | 107,387 | 74,614 |
| 99 | PROJECT TOTAL | | 3,202,000 | 2,921,613 | 280,387 |
| | <i>Programme Support Costs</i> | | 201,370 | 212,484 | (11,114) |
| | GRAND TOTAL | | 3,403,370 | 3,134,097 | 269,273 |
| B. <u>2001 Expenditures for Account MFL 2336-2212-2661: Monitoring and Evaluation</u> | | | | | |
| | | | | | |
| 1201 | Projects and technical reviews etc. | | 269,618 | 143,504 | 126,114 |
| 1601 | Travel on Official business | | 97,356 | 44,260 | 53,096 |
| 4101 | Office Stationery | | 4,562 | 318 | 4,244 |
| 4201 | Non Expendable Computer Equipment | | 10,347 | 169 | 10,178 |
| 5105 | Miscellaneous Equipment Rentals | | 4,018 | 565 | 3,453 |
| 5201 | Executive Committee Meetings | | 6,640 | 0 | 6,640 |
| 5301 | Communications | | 11,669 | 770 | 10,899 |
| | ACCOUNT TOTAL | | 404,210 | 189,585 | 214,625 |
| C. <u>2001 Expenditures for Account MFL 2336-2213-2661: Technical Audits Production</u> | | | | | |
| <u>Sector</u> | | | | | |
| | | | | | |
| 2300 | <i>Sub-Contracts with Profit Making Institutions</i> | | | | |
| 2301 | Corporate Consultancies | | 108,148 | 0 | 108,148 |
| | ACCOUNT TOTAL | | 108,148 | 0 | 108,148 |
| | | | | | |
| | TOTAL FOR ALL ACCOUNTS | | 3,915,728 | 3,323,683 | 592,045 |

Schedule 1.4

**MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL
PROTOCOL**

UNDP Managed Activities in 1991 - 2001 (in US\$)

| INCOME | 2001 | 2000 | 1991-2001 |
|--|--------------------|---------------------|--------------------|
| Cash transferred from the Multilateral Fund | 37,229,381 | 23,038,421 | 287,267,802 |
| Promissory notes encashed | 0 | 0 | 0 |
| Promissory notes encashments losses/gains | 0 | 0 | 0 |
| Promissory notes held | 0 | 0 | 31,150,012 |
| Interest earned and retained | 2,664,073 | 3,039,689 | 30,892,123 |
| Other Income | 4,125 | 111 | 135 |
| TOTAL INCOME | 39,897,579 | 26,078,221 | 349,310,072 |
| TOTAL EXPENDITURE | 44,497,202 | 47,882,198 | 284,500,873 |
| EXCESS OF INCOME OVER EXPENDITURE | (4,599,623) | (21,803,977) | 64,809,199 |
| Prior period adjustments | | | 4,003,762 |
| NET EXCESS OF INCOME OVER EXPENDITURE | (4,599,623) | (21,803,977) | 68,812,961 |
| FUND BALANCE | 2001 | 2000 | 1991-2001 |
| Fund balance, beginning of period | 73,412,584 | 95,216,561 | |
| Add excess of income over expenditure | (4,599,623) | (21,803,977) | |
| Fund balance, end of period | 68,812,961 | 73,412,584 | 68,812,961 |
| | | | |
| COMPARISON TO PROGRESS REPORTING | | | 1991-2001 |
| Total expenditure reported to the Treasurer | | | 284,500,873 |
| Less programme support costs | | | (30,140,211) |
| Less Other Expenditure | | | (598,419) |
| Less unliquidated obligations, end of period | | | (18,305,334) |
| Net disbursements reported to the Treasurer | | | 235,456,909 |
| Net disbursements reported to Executive Committee | | | 233,911,450 |
| Difference(*) | | | 1,545,459 |

NB: (*) Explanatory notes:

- 1) Disbursements of \$596,500 for Start-Up costs which is excluded from the total disbursements reported on the UNDP Progress Report.
- 2) Expenditure of \$1,025,190 related to MLF implementation activity, not yet apportioned to relative projects.
- 3) Net Accounting adjustments of \$(76,231) for prior year expenditure related to cost sharing, sub-trust funds, and other misclassifications.

Schedule 1.5

**MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL
PROTOCOL**

UNEP Managed Activities in 1991 - 2001 (in US\$)

| INCOME | 2001 | 2000 | 1991-2001 |
|--|------------------|------------------|-------------------|
| Cash transferred from the Multilateral Fund (1) | 5,565,154 | 1,278,484 | 47,043,638 |
| Promissory notes encashed | 0 | 0 | 0 |
| Promissory notes encashments losses/gains | 0 | 0 | 0 |
| Promissory notes held | 0 | 0 | 1,006,383 |
| Interest earned and retained | 616,344 | 417,490 | 3,315,672 |
| TOTAL INCOME | 6,181,498 | 1,695,974 | 51,365,693 |
| TOTAL EXPENDITURE | | | 42,597,844 |
| EXCESS OF INCOME OVER EXPENDITURE | | | 8,767,849 |
| Prior period adjustments | | | |
| NET EXCESS OF INCOME OVER EXPENDITURE | | | |
| FUND BALANCE | 2001 | 2000 | 1991-2001 |
| Fund balance, beginning of period | | | |
| Add excess of income over expenditure | | | |
| Fund balance, end of period | | | |
| | | | |
| COMPARISON TO PROGRESS REPORTING | | | 1991-2001 |
| Total expenditure reported to the Treasurer | | | 45,971,979 |
| Less programme support costs | | | (5,281,887) |
| Less unliquidated obligations, end of period | | | (2,617,842) |
| Net disbursements reported to the Treasurer | | | 38,072,250 |
| Net disbursements reported to Executive Committee | | | 37,697,207 |
| Difference(*) | | | 375,043 |

NB: (*) Explanatory notes:

(*) - The UNEP figures arise from the old project management system which was used to prepare the 2001 progress report and has not yet been brought in line with the new IMIS system. The correction has been made in 2002

(1) - The total cash transferred by the MFS does not agree to the UNEP records as most of the 2001 entries have actually been effected in 2002.

Schedule 1.6

**MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL
PROTOCOL**

UNIDO Managed Activities in 1991 - 2001 (in US\$)

| INCOME | 2001 | 2000 | 1991-2001 |
|--|-------------------|---------------------|--------------------|
| Cash transferred from the Multilateral Fund | 32,728,000 | 14,925,740 | 232,653,740 |
| Promissory notes encashed | 0 | 0 | 0 |
| Promissory notes encashments losses/gains | 0 | 0 | 0 |
| Promissory notes held | 0 | 0 | 20,264,334 |
| Interest earned and retained | 2,290,270 | 2,337,327 | 22,607,135 |
| TOTAL INCOME | 35,018,270 | 17,263,067 | 275,525,209 |
| TOTAL EXPENDITURE | 35,540,124 | 30,462,464 | 226,758,247 |
| EXCESS OF INCOME OVER EXPENDITURE | (521,854) | (13,199,397) | 48,766,962 |
| Prior period adjustments | | | |
| NET EXCESS OF INCOME OVER EXPENDITURE | (521,854) | (13,199,397) | 48,766,962 |
| FUND BALANCE | 2001 | 2000 | 1991-2001 |
| Fund balance, beginning of period | 29,024,483 | 42,223,880 | 0 |
| Add excess of income over expenditure | (521,854) | (13,199,397) | 48,766,962 |
| Fund balance, end of period | 28,502,629 | 29,024,483 | 48,766,962 |
| | | | |
| COMPARISON TO PROGRESS REPORTING | | | 1991-2001 |
| Total expenditure reported to the Treasurer* | | | 226,758,247 |
| Less programme support costs | | | 25,636,131 |
| Less unliquidated obligations, end of period | | | 21,113,519 |
| Net disbursements reported to the Treasurer | | | 180,008,597 |
| Net disbursements reported to Executive Committee | | | 180,008,597 |
| Difference | | | 0 |

NB: (*) Explanatory notes:

The total expenditure reported to the 37th Executive Committee included Japanese bilateral project. This was excluded and reported to the Treasurer after adjustments as indicated above

Schedule 1.7

**MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL
PROTOCOL**

World Bank Managed Activities in 1991 - 2001 (in US\$)

| INCOME | 2001 | 2000 | 1991-2001 |
|---|--------------------|---------------------|--------------------|
| Cash transferred from the Multilateral Fund | 24,545,706 | 40,117,830 | 307,663,536 |
| Promissory notes encashed | 14,914,876 | 9,470,995 | 154,330,337 |
| Promissory notes encashments losses/gains | | | |
| Promissory notes held | | | |
| Interest earned and retained | 7,835,561 | 7,612,597 | 45,521,535 |
| TOTAL INCOME | 47,296,143 | 57,201,422 | 507,515,408 |
| TOTAL EXPENDITURE | 38,778,965 | 82,483,039 | 391,105,702 |
| EXCESS OF INCOME OVER EXPENDITURE | 8,517,178 | (25,281,617) | 116,409,706 |
| Prior period adjustments | | | |
| NET EXCESS OF INCOME OVER EXPENDITURE | | | |
| FUND BALANCE | 2001 | 2000 | 1991-2001 |
| Fund balance, beginning of period | 107,892,528 | 133,174,145 | 0 |
| Add excess of income over expenditure | 8,517,178 | (25,281,617) | 116,409,706 |
| Fund balance, end of period | 116,409,706 | 107,892,528 | 116,409,706 |
| | | | |
| COMPARISON TO PROGRESS REPORTING | | | 1991-2001 |
| Total expenditure reported to the Treasurer | | | 391,105,702 |
| Less programme support costs | | | (44,052,030) |
| Less unliquidated obligations, end of period | | | 0 |
| Net disbursements reported to the Treasurer | | | 347,053,672 |
| Net disbursements reported to Executive Committee | | | 349,050,727 |
| Difference(*) | | | (1,997,055) |
| | | | |
| NB: (*) Explanatory notes: | | | |
| The differences came from netting out project preparation and country program (20,849,254) and adding funds undisbursed held in Special Accounts. | | | |

Annex II

PROPOSED BUDGET FOR THE FUND SECRETARIAT FOR YEARS 2003, 2004 AND 2005

| | | | APPROVED 2003 | REVISED 2003 | REVISED 2004 | PROPOSED 2005 | |
|-------------|--|---|------------------|------------------|------------------|------------------|---------|
| 10 | PERSONNEL COMPONENT | | | | | | |
| 1100 | Project Personnel (Title & Grade) | | | | | | |
| | 01 | Chief Officer | D. 2 | 129,430 | 129,430 | 133,313 | 139,979 |
| | 02 | Deputy Chief Officer (Economic Cooperation) | P. 5 | 116,699 | 116,699 | 120,200 | 126,210 |
| | 03 | Deputy Chief officer (Technical Cooperation) | P. 5 | 116,699 | 116,699 | 120,200 | 126,210 |
| | 04 | Senior Project Management Officer | P. 5 | 116,699 | 116,699 | 120,200 | 126,210 |
| | 05 | Senior Project Management Officer | P. 5 | 116,699 | 116,699 | 120,200 | 126,210 |
| | 06 | Senior Project Management Officer | P. 5 | 116,699 | 116,699 | 120,200 | 126,210 |
| | 07 | Senior Project Management Officer | P. 5 | 116,699 | 116,699 | 120,200 | 126,210 |
| | 08 | Information Management Officer | P. 3 | 85,933 | 85,933 | 88,511 | 92,936 |
| | 09 | Admin & Fund Management Officer | P. 4 | 100,786 | 100,786 | 103,809 | 109,000 |
| | 10 | Senior Monitoring and Evaluation Officer | P. 5 | 116,699 | 116,699 | 120,200 | 126,210 |
| | 11 | Associate Executive Assistant | P.2 | 58,350 | 58,350 | 60,100 | 63,105 |
| 1199 | Sub-Total | | 1,191,391 | 1,191,391 | 1,227,133 | 1,288,489 | |
| 1200 | Consultants | | | | | | |
| | 01 | Technical and project review | | 150,000 | | | |
| 1299 | Sub-Total | | | 150,000 | | | |
| 1300 | Administrative Support Personnel | | | | | | |
| | 01 | Admin Assistant | G.8 | 46,818 | 46,818 | 47,000 | 49,350 |
| | 02 | Meeting Services Assistant | G.7 | 42,656 | 42,656 | 43,000 | 45,150 |
| | 03 | Programme Assistant | G.8 | 46,818 | 46,818 | 47,000 | 49,350 |
| | 04 | Senior Secretary (Deputy Chief, EC) | G.6 | 38,495 | 38,495 | 39,000 | 40,950 |
| | 05 | Senior Secretary (Deputy Chief, TC) | G.6 | 38,495 | 38,495 | 39,000 | 40,950 |
| | 06 | Computer Operations Assistant | G.8 | 46,818 | 46,818 | 47,000 | 49,350 |
| | 07 | Secretary (Prog. Officers -2) | G.6 | 38,495 | 38,495 | 39,000 | 40,950 |
| | 08 | Secretary/Clerk, Administration | G.5 | 33,293 | 33,293 | 34,000 | 35,700 |
| | 09 | Registry Clerk | G.4 | 27,050 | 27,050 | 28,000 | 29,400 |
| | 10 | Database Assistant | G.8 | 46,818 | 46,818 | 47,000 | 49,350 |
| | 11 | Secretary, Monitoring & Evaluation | G.6 | 37,454 | 37,454 | 39,000 | 40,950 |
| | Sub-Total | | 443,210 | 443,210 | 449,000 | 471,450 | |
| 1320 | Conference Servicing Cost | | - | | - | - | |
| 1333 | Meeting Services: ExCom (3) & Sub-Committees (6) (*) | | | 600,000 | | | |
| 1335 | Temporary assistance (**) | | | 50,000 | | | |
| 1399 | TOTAL ADMINISTRATIVE SUPPORT COST | | 443,210 | 1,093,210 | 449,000 | 471,450 | |
| 1600 | Travel on official business | | - | | - | - | |
| | 01 | Mission Costs | | 160,000 | | | |
| 19 | COMPONENT TOTAL | | 1,634,601 | 2,594,601 | 1,676,133 | 1,759,939 | |

| | | APPROVED | REVISED | APPROVED | PROPOSED |
|------|--|----------|----------------|----------|----------|
| | | 2003 | 2003 | 2004 | 2005 |
| 20 | CONTRACTUAL COMPONENT | | | | |
| 2100 | Sub-contracts | | | | |
| 01 | Information Materials | - | 30,000 | | - |
| 29 | COMPONENT TOTAL | - | 30,000 | | - |
| 30 | MEETING PARTICIPATION COMPONENT | | | | |
| 3300 | Travel & DSA for Art 5 delegates to ExCom Meetings | | | | |
| 01 | Travel of Chairperson and Vice-Chairperson | - | 30,000 | | - |
| 02 | Executive Committee (3) & Sub-Committees (6) | - | 225,000 | | - |
| 03 | Informal Sub-Group Meetings | - | 30,000 | | - |
| 39 | COMPONENT TOTAL | - | 285,000 | | - |
| 40 | EQUIPMENT COMPONENT | | | | |
| 4100 | Expendables | | | | |
| 01 | Office Stationery | - | 15,000 | | - |
| 02 | Software | - | 9,000 | | - |
| | Sub-Total | - | 24,000 | | - |
| 4200 | Non-Expendable Equipment | | | | |
| 01 | Computers, printers | - | 10,000 | | - |
| 02 | Others | - | 5,000 | | - |
| | Sub-Total | - | 15,000 | | - |
| 4300 | Premises | | | | |
| 01 | Rental of office premises | - | 310,000 | | - |
| 49 | COMPONENT TOTAL | - | 349,000 | | - |

| | | APPROVED | REVISED | APPROVED | PROPOSED |
|----------------------------------|---|------------------|------------------|------------------|------------------|
| | | 2003 | 2003 | 2004 | 2005 |
| MISCELLANEOUS COMPONENT | | | | | |
| 51 | Operation and Maintenance of Equipment | | | | |
| | 01 Computers and printers, etc. | - | 9,000 | | - |
| | 02 Maintenance of office premises | - | 9,000 | | - |
| | 03 Rental of photocopiers | - | 15,000 | | - |
| | 04 Telecommunication equipment | - | 9,000 | | - |
| | 05 Network maintenance | - | 12,000 | | - |
| | Sub-total | - | 54,000 | | - |
| 52 | Reporting Costs | | | | |
| | 01 Executive Committee meetings | | | | |
| | 02 Others | - | 20,000 | | - |
| | Sub-total | - | 20,000 | | - |
| 53 | Sundries | | | | |
| | 01 Communications | - | 40,000 | | - |
| | 02 Freight Charges | - | 15,000 | | - |
| | 03 Bank Charges | - | 5,000 | | - |
| | 04 Staff training (carried over) | - | 38,000 | | - |
| | Sub-total | - | 98,000 | | - |
| 54 | 01 Hospitality costs | | 10,000 | | |
| 59 | COMPONENT TOTAL | | 182,000 | | |
| GRAND TOTAL | | 1,634,601 | 3,440,601 | 1,676,133 | 1,759,939 |
| | Programme Support Costs (13% (applied to budget lines 11 and 13.01 to 13.11 only) | 212,498 | 212,498 | 217,897 | 228,792 |
| Less | Cost covered by Government of Canada *** | (350,000) | (350,000) | (350,000) | (350,000) |
| COST TO MULTILATERAL FUND | | 1,497,099 | 3,303,099 | 1,544,030 | 1,638,731 |

2003 budget lines other than the salary lines are proposed figures for approval by the ExCom

(*) Additional UD \$100,000 to cover increased translation costs

(**) New line for assistance on tasks which do not require permanent staffing

(***) Contribution of the Government of Canada is to offset cost differentials for having the Secretariat in Montreal as opposed to Nairobi