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

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

1. Progress reports were submitted to the 37th Meeting that provided information on approved funds for projects and activities as of 31 December 2001. Also submitted to the 37th Meeting were the 2001 Accounts of the Fund that provided information on income received by the implementing agencies as of 31 December 2001.

2. In its review of these documents, the Secretariat reported to the Executive Committee in the context of its Consolidated Progress Report (UNEP/OzL.Pro/ExCom/37/11) that there appeared to be significant differences between the funds approved and the income reported by the agencies' in the 2001 Accounts of the Fund. An attempt was made by the Secretariat and the implementing agencies to reconcile the differences between the two reports prior to the 37th Meeting and the Secretariat verbally reported on these efforts to the Sub-Committee on Monitoring, Evaluation and Finance. Subsequently, the Executive Committee requested the Treasurer, the implementing agencies and the Secretariat to provide a full reconciliation of the Accounts of the Fund and the progress reports to the 38th Meeting of the Executive Committee (Decision 37/9b). This document presents the reconciliation and the revised Accounts of the Fund as presented in Schedules 1.1-1.7 that are attached to this document¹.

3. In preparation for the submission of the reconciliation to the 38th Meeting, the Secretariat had extensive consultations with the implementing agencies and the Treasurer of the Fund in an attempt to fully reconcile the Accounts and the progress reports. The following transpired from these consultations:

- a) The Accounts income reported to the 37th Meeting did not include funds approved for the implementing agencies at the 35th Meeting in December 2001 but were transferred in January 2002.
- b) The Accounts income reported to the 37th Meeting by UNDP, UNEP, and UNIDO did not include funds approved for them, which were not transferred by the Treasurer pending the encashment of promissory notes. The revised accounts reflect these adjustments.
- c) The Accounts income reported to the 37th Meeting were further adjusted to reflect the correct amounts of interest earned and minor adjustments to cash transferred.

4. On the basis of the comparison between the implementing agencies' progress reports and the Accounts, the following matters were revealed:

- a) UNDP: As of this writing, the accounts of UNDP have been reconciled with the exception of the start-up costs amounting to US \$596,500 approved in 1991. UNDP indicated that US \$1,103,805 should be returned based on adjustments for completed, cancelled or transferred balances not communicated to the Treasurer after accounting for the start-up costs and transfers made in 2002 for 2001 approvals.

¹ Schedules 1.1 and 1.2 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 as of 17 November 2002.

- b) UNEP: US \$123,196 is being returned to the Multilateral Fund as a result of its review and reconciliation of its accounts with its progress report.
- c) UNIDO: US \$ 5,373,340 was held in promissory notes by the Treasurer, which was earmarked for UNIDO but reverted back to the Multilateral Fund when all approvals for UNIDO were accounted for. Therefore, this amount of US \$5,373,340 is free for commitment by the Executive Committee.
- d) World Bank: As of this writing, the only reconciliation of Accounts pertaining to the World Bank is that concerning US \$5,271,991 to be returned to the Multilateral Fund due to:
 - The double transfer of CFC production approvals (a return of US \$5,900,000)
 - Loss due to encashment of promissory notes not previously reported (an amount due to the Bank of US \$6,581,453)
 - An overrun for CPR/FOA/07/INV/16 pursuant to Decision 37/14 (a return of US \$1,000)
 - Inclusion of funds for bilateral projects (a return of US \$4,589,538).

Conclusion

5. A sum of US \$11,872,332 should be credited as additional resources to the Multilateral Fund at the 38th Meeting of the Executive Committee.

Recommendations

The Sub-Committee on Monitoring, Evaluation and Finance may wish to recommend to the Executive Committee to:

1. Note the accounts as presented in Schedules 1.1-1.7 attached as Annex to this report.
2. Also note the additional funds being credited to the Multilateral Fund at the 38th Meeting of the Executive Committee 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.
3. The Secretariat and the Treasurer should pursue their efforts to complete the reconciliation of the accounts of UNDP and the World Bank.
4. 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.

Schedule 1.1

REPORT OF THE 2001 ACCOUNTS OF THE 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	Admin 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	Actual	Savings/
			Budget	Expenditure	(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>		0
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 1.6**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 ExCom 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.