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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-third Meeting
Geneva, 5-9 July 2004

**TREATMENT/ENCASHMENT OF PROMISSORY NOTES (FOLLOW-UP TO
DECISIONS 41/4 AND 42/44)
(REPORT FROM THE TREASURER)**

INTRODUCTION

1. At the Forty-first Meeting of the Executive committee in December 2003, the Executive Committee requested the Treasurer to:^[1]

- (a) to provide a report to the 42nd Meeting of the Executive Committee on the historical use of promissory notes. For each promissory note submitted to date, the report should include: country of origin, denomination, date of submission, place of custody, deposit bank of account, date of final Treasurer encashment, any exchange rate loss or gain that resulted to the Fund from the use of the note, schedule of encashment or other stipulation (if any) included by the country concerned with the submission of the note, but should not be drafted with a view to limiting countries' right to use promissory notes; and
- (b) to report on rules and/or systems for the transparent and equitable encashment of promissory notes used in other forums, with a view to enabling the Executive Committee to determine the advisability of establishing more standardized rules for the use of promissory notes, and in an effort to ensure that the notes, as well as the contributions in cash of all donors were treated equitably and exchange rate loss was minimized.

^[1] *Report of the Forty-first Meeting of the Executive Committee of the Multilateral Fund for the Implementation of Montreal Protocol (UNEP/OzL.Pro/ExCom/41/87) para. 34.*

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2. As a follow-up to this decision the Executive Committee, at its Forty-second Meeting held on 29 March to 2 April 2004 requested the Treasurer to complete the study on the encashment of promissory notes and submit a report thereon to the Executive Committee at its Forty-third Meeting.^[2]

3. In response to the Executive Committee's decision, the Treasurer compiled the data on the historical use of promissory notes based on information available. An interim inventory of these promissory notes had been circulated to the Parties concerned and finalized taking into account the comments/amendments received so far from the Parties. The inventory of promissory notes detailing the information required as set out in the Executive Committee decision 41/4 para. 34 (a) is presented in Annex I to this report.

4. With respect to the Executive Committee decision 41/4 para. 34 (b), the Treasurer has circulated a survey questionnaire to the implementing agencies and other international financial institutions which is designed to gather information on rules and/or systems for the transparent and equitable encashment of promissory notes used in other forums for comparative purposes. The Treasurer is currently following up on this questionnaire. In the event that the study is completed in advance of the Forty-third Meeting, the Executive Committee will be duly informed of the outcome in more detail.

BACKGROUND

5. At the Tenth Meeting of the Executive Committee in July 1993, the Treasurer drew the attention of the committee to the receipt of two promissory notes – one from France representing the equivalent of its 1991, 1992 and 1993 contributions and the other from the United Kingdom, covering the balance of its pledge up to 1993, to the Multilateral Fund.^[3]

6. In the light of the concerns raised at the meeting regarding the introduction of promissory notes as a payment modality to the Fund, the Executive Committee requested the Treasurer, in consultation with the Sub-Committee on Financial Matters, the Multilateral Fund Secretariat and the implementing agencies, to prepare a discussion paper on how promissory notes would operate within the context of the Multilateral Fund.^[4]

7. In response to the Executive Committee's request, the Treasurer submitted a discussion paper on the use of promissory notes in the payment of contributions to the Multilateral Fund^[5] to the Eleventh Meeting of the Executive Committee in November 1993 for its consideration.

^[2] *Report of the Forty-second Meeting of the Executive committee of the Multilateral Fund for the Implementation of Montreal Protocol (UNEP/OzL.Pro/ExCom/42/54) para. 143 (b).*

^[3] *Report of the Tenth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol (UNEP/OzL.Pro/Excom/10/40), Annex I pages 42-43.*

^[4] *Ibid.*, para. 18.

^[5] *Discussion Paper from the Treasurer on the Operation of Promissory Notes within the Context of the Multilateral Fund (UNEP/OzL.Pro/ExCom/11/7).*

8. Following the discussion at that meeting, the Executive Committee decided that, in future, promissory notes did constitute committable resources and that the deposit of a promissory note would be considered to be a payment of a country's contribution to the Fund. Promissory notes would be encashed on a fixed schedule with the option of accelerated encashment on demand by the Treasurer in light of needs on a pro rata basis.^[6]

9. Since then, promissory notes, in relation to the Multilateral Fund, have been defined as a non-negotiable, non-interest-bearing and irrevocable financial instrument that provide for the payment of contributions to the Fund in respect of a given year either payable on demand or through a schedule of encashments as set out in the note.

10. Although an attempt was made to have some standardized format for the promissory notes as proposed in Annex III (Sample Promissory Note) and its Appendix (Notification of Promissory Note Deposit) of the Treasurer's report,^[7] it was felt at the time that due to variations in the procedures for establishing promissory notes between countries, there was really no need to limit the promissory notes to a single format.

11. Bearing in mind that promissory notes deposited by the Parties would, together with the cash contributions constitute the resources available to the Executive Committee for the approval of projects, the scheduling of draw-downs or the encashment of promissory notes had become a major concern.

12. In this connection, the Executive Committee, at its Twelfth Meeting in March 1994, adopted the proposed encashment schedule as set out in Annex II of the Treasurer's report.^[8] In effect, based on this decision,^[9] a three-year draw-down schedule has been put in place whereby 1/3 of the value of the note is to be drawn twice a year (i.e. on 1st January and on 1st July) commencing during the year following the year the promissory note contribution relates to. It may be noted that such encashment schedule is based on the standard project cycle from approval to completion of Multilateral Fund project.

HISTORICAL USE OF THE PROMISSORY NOTES

13. The Parties to the Montreal Protocol paying their contributions in the form of promissory notes to date are: Canada, France, Germany, the Netherlands, the United Kingdom and the United States of America.

^[6] *Report of the Eleventh Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol (UNEP/OzL.Pro/ExCom/11/36) para. 128.*

^[7] *Promissory Notes: Report from the Treasurer (UNEP/OzL.Pro/ExCom/12/4), Annex III pages 1-2.*

^[8] *Ibid., Annex II, page 1.*

^[9] *Report of the Twelfth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol (UNEP/OzL.Pro/ExCom/12/37) para 31.*

14. **Canada** started issuing promissory notes denominated in Canadian dollars in 1994. The promissory notes are deposited for the account of UNEP as Treasurer of the Multilateral Fund with the Bank of Canada. The Government of Canada usually issues one promissory note per annum for approximately 80% of the annual contribution due. The Government also advises the Treasurer of the deposit of promissory notes but does not normally provide a copy. The promissory notes do not have any specific encashment schedule and are payable on demand. The deposits are later confirmed by the Bank of Canada which regularly sends advices and statements of account. The Treasurer may later transfer its rights as payee to another organization. Because of the complexities of encashing the Canadian promissory notes, the Treasurer always transfers them as part of the Executive Committee's approvals to the World Bank which has a more sophisticated financial system required for the encashment. Subsequently, the World Bank advises the Treasurer of the actual encashment value on a regular basis.

15. **France** started issuing promissory notes in 1993 for its contribution for 1991, 1992 and 1993 and deposits them for the account of UNEP as Treasurer of the Multilateral Fund with Banque de France. From 1991 to 1999 the French promissory notes, were denominated in French Francs. However, beginning 2000, the French promissory notes are denominated in Euros. Earlier on, the Government of France initially issued one promissory note per annum for approximately 80% of the annual contribution due, and then another promissory note towards the end of the year for any balance due after approvals for bilateral projects. Currently, the government issues one promissory note per annum. The promissory notes do not have any specific encashment schedule and are payable on demand. The Government of France does not actually issue any written physical promissory notes as such, but rather advises the Banque de France to credit UNEP's promissory note account with the amount specified. The deposits are later confirmed by the Banque de France which regularly sends advices and statements of account. The Treasurer may later transfer its rights as payee to another organization, for example, the Treasurer transferred the French promissory notes for 1995, 1996 and 1997 to the World Bank who takes over the responsibility for encashing the notes and advising UNEP of the actual encashment value.

16. **Germany** started making payments in promissory notes in 1994 and deposits them with the Bundesbank for the account of UNEP as Treasurer of the Multilateral Fund. During the triennia 1994-1996 and 1997-1999 the Government of Germany's promissory notes were denominated in United States dollars and in triennium 2000-2002 the promissory notes were denominated in Euros. In its promissory notes, the Government of Germany schedules the encashments as per guidelines approved by the Executive Committee. The Government of Germany usually issues promissory notes for the triennium's first and second year's full payment and makes the adjustments for the bilaterals approved or expected for the triennium while issuing the third year's promissory note. The Government of Germany advises the Treasurer of the deposit. This is later confirmed with a formal copy from the Bundesbank which regularly sends advices and statements of account. The Treasurer has the option of designating the World Bank as the payee of the promissory notes as part of transferring resources for approvals of the Executive Committee. Subsequently, the Government of Germany and the Bundesbank automatically formalize the adjustments to the accounts of the Treasurer and the World Bank.

17. Since 1995, **the Netherlands** has been issuing promissory notes to the Fund and depositing them for the account of UNEP as Treasurer of the Multilateral Fund with De Nederlandse Bank. Earlier on, the Government of the Netherlands issued one to three promissory notes per annum representing the total contribution due for the year. Currently, the Government issues one promissory note per annum. The Government sometimes provides a copy of the promissory note to the Treasurer. The deposits are later confirmed by De Nederlandse Bank which regularly sends advices and statements of account. Promissory notes issued by the Government of the Netherlands do not have any specific encashment schedule and are payable on demand. The Treasurer may not transfer its rights as payee to another organization.

18. The **United Kingdom** has been issuing promissory notes since 1994 and depositing them for the account of UNEP as Treasurer of the Multilateral Fund with the Bank of England. From 1994 to 1999 the promissory notes were denominated in US dollars. However, beginning 2000, the promissory notes have been denominated in British Pound Sterlings. The Government of the United Kingdom usually issues one note per annum for the total contribution due for the year. The promissory note provides for the possibility of the Government of the United Kingdom to pay later unilaterally reducing its value by up to 20% in respect of bilateral projects approved. The Government of the United Kingdom advises the Treasurer of the deposit and provides a copy of the promissory note itself. The Government also provides a schedule for encashment. The deposits are later confirmed by the Bank of England which regularly sends advices and statements of account. The Treasurer may later transfer its rights as payee to another organization.

19. The **United States of America** started issuing promissory notes denominated in US dollars in 1998. The promissory notes are issued by the US Environmental Protection Agency (EPA) on behalf of the Government of the United States. The promissory notes represent partial payments of the contribution of the Government of the United States of America to the Multilateral Fund in a given year. The notes are deposited with EPA's financial managers. EPA advises the Treasurer of the deposit in writing including the schedule of encashment. The notes also indicate possibility for early draw-downs to assist the Fund in meeting near term obligations.

20. As mentioned in para.14 above, detailed information including encashment schedules on the promissory notes issued by each country is contained in Annex I of this report.

PROCEDURE FOR TRANSFER AND ENCASHMENT OF PROMISSORY NOTES

With Donor Countries

21. As seen from the proceeding paragraphs, the practice of issuance of promissory notes varies from Government to Government. This notwithstanding, the Fund accepts promissory notes from the Parties who have chosen to pay their contributions to the Fund, or major parts thereof, in the form of promissory notes with a tacit agreement from Parties concerned that all the notes are non-negotiable, non-interest bearing and irrevocable.

22. Although the notes do not follow one single format, the notes clearly indicate the currency and the amount of contributions due from the issuing Government. While promissory notes issued by Canada, France and the Netherlands are payable on demand, those issued by Germany, the United Kingdom and the United States are payable following a schedule of encashment.

23. With the exception of the promissory notes from the Government of Netherlands and the United States of America all the notes used by Canada, France, Germany and the United Kingdom all allowed for the rights of UNEP as payee to be designated to another organization.

With Implementing Agencies

24. All the implementing agencies of the Fund require that funds be made available to them before they can initiate the implementation of projects approved by the Executive Committee. Consequently, the agreements concluded between the Executive Committee and the implementing agencies specifically reflect this requirement.

25. Initially, the mechanism adopted for the promissory notes assumed that the promissory notes would be deposited, made payable to, held and encashed by the Treasurer only as part of the total contribution to the Fund. Internal commitments by implementing agencies would go ahead without actual transfer of promissory notes to implementing agencies (i.e. by making a note payable directly to another agency). It was expected that draw-downs of the promissory notes would be initiated by the Treasurer based on agreed encashment schedules and/or disbursement requests of all agencies combined, and necessary transfers to agencies would be effected thereupon. Later on, the transferrability of promissory notes to the world Bank was added thereby allowing the promissory notes to be transferred to the World Bank as part of committable resources for the implementation of Multilateral Fund projects.

26. However, due to their financial rules and procedures, the implementing agencies faced difficulties in accepting promissory notes as committable/guaranteed resources. In the light of these difficulties, the Executive Committee called for the establishment of an effective procedure of transferring the promissory notes

27. Following intensive consultations and negotiations among the parties concerned, the following arrangements are currently in place.

WORLD BANK

28. The World Bank manages its ozone programme on a decentralized system, according to which most of the activities are initiated and implemented by its financial intermediary at the country level. The project authorities are responsible for recruiting, contracting and procurement according to the World Bank rules and procedures and are later reimbursed by the World Bank/financial intermediary against invoices. Under this system, the up-front cash requirement is less pressing than in the case of the UN Agencies.

29. The World Bank agreement with the Executive Committee stipulates that it accepts promissory notes as well as cash provided that notes are transferable to the Bank. Upon the transfer of notes to the Bank, the rights of the Treasurer as payee are transferred to the Bank and the notes are held in the accounts of the Bank. The draw-down of such notes transferred to the world Bank from UNEP is effected on a need basis with a transmittal of cash request to the government concerned. Usually the Bank follows the encashment schedule set by the payee and implemented by the Treasurer, and a cash flow schedule is submitted by the Bank to the government concerned upon request. The Bank informs the Treasurer, of its notes transactions as they occur. With respect to the transfer of notes to the World Bank, the Executive Committee noted at its Nineteenth Meeting in May 1996, that the format of notes used by Canada, France, Germany and the United Kingdom allow UNEP to designate its rights as payee to another organization.^[9]

UNDP and UNIDO

30. Unlike the agreements with the World Bank, the original agreements of UNDP and UNIDO with the Executive Committee did not provide for funds to be transferred in the form of promissory notes or similar instruments

31. In the ensuing consultation, it became clear that in order to facilitate the acceptance of promissory notes as committable resources, the agreements between UNDP and UNIDO and the Executive Committee had to be amended.

32. At its Twenty-fifth Meeting in July 1998, the Executive Committee approved the proposed amendments to the agreements between the Executive Committee and UNDP and UNIDO.^[10] The amendment agreements between the Executive Committee and UNDP and UNIDO were both signed on 3 July 1998.

33. Under their respective amendment agreements, UNDP and UNIDO now consider as resources at its disposal contribution payments in cash and resources allocated to UNDP and UNIDO by the Executive Committee, held by the Treasurer on behalf of the Executive Committee in irrevocable promissory notes.

^[9] *The Report of the Nineteenth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol (UNEP/OzL.Pro/ExCom/19/64) para. 9.*

^[10] *The Report of the Twenty-fifth Meeting of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol (UNEP/OzL.Pro/ExCom/25/68 para. 23(a)).*

34. With this modality in place, UNDP and UNIDO accepts the notes held by the Treasurer as committable resources available for making commitments after the receipt of written confirmation from the Treasurer.

UNEP

35. UNEP, as custodian of both the resources for the Multilateral Fund and the resources transferred from the Fund to UNEP itself has considered all along that it may approve commitments, as necessary, for the projects approved by the Executive Committee for UNEP's implementation based on resources held in the Multilateral Fund, irrespective of whether these are in cash or promissory notes. This arrangement is acceptable within the framework on the rules and regulations of the Environment Fund of UNEP which also govern the UNEP administered Trust Funds.

Encashment schedule of Promissory Notes

36. Notwithstanding the decision of the Executive Committee on the encashment schedule as elaborated in para. 8 and para. 12 above, the Executive Committee at its Twenty-fifth Meeting decided that, in view of the significant shift in the composition of cash and promissory notes in the resources of the Multilateral Fund and operational needs, the Treasurer should have the flexibility to implement the Executive Committee decision on accelerated encashment on need, provided that any accelerated encashment was done on a pro-rata basis across all the promissory notes received by the Treasurer to provide fairness, and with a reasonable period of time advance notice.^[11]

37. Based on past performances, some governments adhere quite strictly to the encashment schedule as set out in the notes, while other governments have been more flexible allowing accelerated encashments and paying their contributions on demand.

IMPACT OF PROMISSORY NOTES ON THE LIQUIDITY OF THE FUND

38. The introduction of promissory notes has reduced cash build up with implementing agencies. At the same time, since promissory notes are non-interest bearing, its growth has contributed to the decline in interest earned by the Fund.

Impact of Exchange Rate Fluctuations for Promissory Notes in Currencies Denominated other than the US dollar

39. Since the establishment of promissory notes, there has been a significant increase in the proportion of contribution paid to the Fund by means of promissory notes. However, the growth of promissory notes has also introduced complications that impact on the liquidity of the Fund. This relates specifically to promissory notes denominated in currencies other than the US dollar. Since the encashment schedule contained in the promissory notes could extend the holding of such notes with the Treasurer up to three years, loss or gain due to exchange rate fluctuations is inevitable.

^[11] *Ibid.*, para 23 (b).

40. In order to manage the exchange rate fluctuation of promissory notes denominated in US dollars, the Treasurer vide his report to the Executive Committee at its Seventeenth Meeting informed the Committee that ^[12]

- (a) The promissory notes deposited by Parties in currencies other than the United States dollar will in the books of the Treasurer be recorded only in United States dollars value using the exchange rate indicated by the depositor at the time the Treasurer is notified of the deposit.
- (b) In order to ensure consistency between the records of both the Party depositing a promissory note and those of the Treasurer, any shortfall or surplus between the originally intended United States dollar value and the value realized during the encashment should be compensated by either the Parties depositing the promissory notes or the Treasurer. Only in cases of significant exchange rate fluctuations of a permanent nature would there be reason to amend the nominal United States dollar value in the records of both the Treasurer and the Parties in question.
- (c) Partial encashments of the promissory notes by the Treasurer will be recorded as cash payments using the actual United States dollar value received. The encashments together with the remaining value of the promissory notes will be maintained at the value of the originally deposited promissory notes. The value of promissory notes transferred to implementing agencies will be recorded in this United States dollar value as maintained by the Treasurer. Upon the final encashment of the promissory notes the United States dollar value realized in the process of encashment will be determined for the purpose of taking the appropriate action of either requesting the Party in question to settle the deficit or the Treasurer paying back to the Party the excess United States dollar value realized.

41. The same issue was raised at the Twenty-fifth Meeting of the Executive Committee in July 1988. at this meeting, the Executive Committee decided that contributing parties which issued promissory notes in currencies other than the United States dollar should be responsible for the upward or downward movement of the value of their promissory notes due to exchange rate fluctuations. The variance between the value of the note when it was deposited and the value of the note when it was cashed should be credited or debited to the account of the note-issuing party and reflected in the contribution due from the Party in the following year.^[13]

42. The net loss in exchange from the promissory notes denominated in currencies other than the US dollar for the period 1991-1999, amounted to US\$4.11 million as shown in Annex II.

^[12] *The Procedure of Transferring Promissory Notes (UNEP/OzL.Pro/ExCom/17/6).*

^[13] *Report of the Twenty-fifth Meeting of the Executive committee of the Multilateral Fund for the Implementation of the Montreal Protocol (UNEP/OzL.Pro./ExCom/25/68 para. 23 (c)).*

Impact of Fixed Exchange-Rate-Mechanism

43. With the introduction of Fixed Exchange-Rate Mechanism (FERM), as adopted at the Eleventh Meeting of the Parties in December 1999,^[14] some countries using promissory notes in paying their contributions to the Fund opted to pay in their national currencies including the Euro in accordance with the FERM.

44. Up until 1999 (i.e. prior to the introduction of fixed exchange-rate mechanism) any loss or gain due to exchange rate fluctuation for non-United States dollar denominated promissory notes is debited or credited to the contributing Government. However, under the fixed exchange rate mechanism, the exchange rate risk for promissory notes denominated in national currencies is borne by the Fund.

45. Since the introduction of the fixed exchange-rate mechanism in 2000, the net gain due to exchange rate fluctuations stands at US\$ 0.87 million.

Assumptions and Methodology used in Reporting Promissory Notes

46. In response to the Executive Committee decision 38/1 paragraph (b) item (i), the Treasurer presented to the Executive Committee at its Thirty-ninth Meeting in April 2003, the assumption and methodology used in the preparation of the status of the Fund.^[15] This section which is also available for reference by members of the Executive Committee along with other meeting documents on the Secretariat's website, includes the assumption and methodology used with respect to the loss and gain in the exchange rate relating to the value of promissory notes and the fixed exchange-rate mechanism.

47. As promissory notes are considered committable resources for the Fund, the notes are included as an income to the Fund, together with cash contributions payments, approved value of bilateral cooperation projects, miscellaneous income and interest earned. Hence, the following assumption apply:

- (a) The value of promissory notes denominated in national currencies are entered as the US dollars equivalent at the UN rates of exchange at the time of the preparation of the report resulting into indicative loss or gain to the Multilateral Fund at the time of the submission of the report.
- (b) A Fixed Exchange Rate is calculated to the 2003-2005 triennium by averaging the 12 months rates of the year preceding the year in which invoices to the contributing Parties are due and is communicated to contributing Parties qualified to use the fixed-exchange-rate mechanism

^[14] *Report of the Eleventh Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (UNEP/OzL.Pro.11/10) Decision XI/6 pages 25-2).*

^[15] *Report from the Treasurer (UNEP/OzL.Pro/ExCom/39/3/Rev.1) pages 2-5.*

- (c) Gains and losses due to the fixed-exchange-rate mechanism are determined as deviations of the realized US dollar payments relative to the US dollar amount calculated in determining the Party's pledges when converted to national currencies using the fixed exchange rate mechanism.

ANNEX 1

SCHEDULE OF MULTILATERAL FUND PROMISSORY NOTES												
RECEIPTS							ENCASHMENTS					
Date of Submission a/	Year of contribution	Country of Origin	P/Note code	Denomination/ Type of currency	Amount (in Original denomination)	Note Value in USD per UNEP b/	Date of transfer	Agency	Transfer amount in Original denomination	Date of Encashment	Actual Encashment value (USD)	Gain/(Loss) to intended value (USD)
CANADA												
8/25/1995	1994	Canada		Can\$	5,661,085.10	4,169,000.00	3/11/1996	IBRD	5,661,085.10	3/11/1996	4,139,733.16	(29,266.84)
10/6/1995	1995	Canada		Can\$	5,593,547.30	4,169,000.00	3/11/1996	IBRD	5,593,547.30	3/11/1996	4,090,345.38	(78,654.62)
2/21/1997	1996	Canada		Can\$	5,633,152.80	4,169,000.00	3/27/1997	IBRD	5,633,152.80	3/27/1997	4,058,467.44	(110,532.56)
9/10/1997	1997	Canada		Can\$	6,309,580.14	4,560,593.00	2/13/1998	IBRD	6,309,580.14	3/3/1998	4,437,740.99	(122,852.01)
3/18/1998	1997	Canada		Can\$	1,008,986.69	714,428.02	3/20/1998	IBRD	1,008,986.69	3/26/1998	710,804.29	(3,623.73)
11/9/1998	1998	Canada		Can\$	6,929,820.76	4,560,593.00	2/9/1999	IBRD	6,874,181.83	2/23/1999	4,617,573.61	56,980.61
							3/31/1999	IBRD	55,638.93	3/31/1999	37,013.66	37,013.66
7/13/1999	1999	Canada		Can\$	6,659,377.61	4,560,592.80	3/22/2000	IBRD	6,659,377.61	3/27/2000	4,587,928.08	27,335.28
				Sub total c/	37,795,550.40	26,903,206.82			37,795,550.40		26,679,606.61	(223,600.21)
12/28/2000	2000	Canada		Can\$	5,498,439.20	3,690,227.65	3/30/2001	IBRD	5,498,439.20	3/30/2001	3,521,051.75	(169,175.90)
5/8/2001	2001	Canada		Can\$	5,498,439.20	3,690,227.65	8/26/2002	IBRD	5,498,439.20	8/30/2002	3,473,649.13	(216,578.52)
6/28/2002	2002	Canada		Can\$	5,498,439.20	3,690,227.65	1/15/2003	IBRD	5,498,439.20	2/1/2003	3,619,394.40	(70,833.25)
7/10/2003	2003	Canada		Can\$	6,216,532.80	3,963,867.12	12/8/2003	IBRD	6,216,532.80	5/3/2004	4,686,064.22	722,197.10
				Sub total d/	22,711,850.40	15,034,550.07			22,711,850.40		15,300,159.50	265,609.43
Grand Total					60,507,400.80	41,937,756.89			60,507,400.80		41,979,766.11	42,009.22
Balance of P/notes held by Bank of Canada				Can\$	-	-						
Promissory notes are deposited and held at the Bank of Canada												
All losses relating to Canadian promissory notes as at the end of 1999 have been paid and no balance is due from Canada.												

a/ Date of letter/document notifying Treasurer of promissory note deposit.

b/ Note value in US\$ as indicated in UNEP's books applying Fixed Exchange Rate Mechanism (FERM).

c/ Subtotal of p/notes prior to FERM.

d/ Subtotal of p/notes under FERM.

ANNEX 1

SCHEDULE OF MULTILATERAL FUND PROMISSORY NOTES													
RECEIPTS							ENCASHMENTS						
Date of Submission a/	Year of contribution	Country of Origin	P/Note code	Denomination/ Type of currency	Amount (in Original denomination)	Note Value in USD per UNEP b/	Date of transfer	Agency	Transfer amount in Original denomination	Date of Encashment	Actual Encashment value (USD)	Gain/(Loss) to intended value (USD)	
FRANCE													
11/23/1992	1991	France		FF	21,365,524.75	3,922,799.00	5/11/1993	TREASURER	14,300,506.87	5/11/1993	2,680,497.38	(54,864.98)	
11/23/1992	1992	France		FF	28,771,484.83	5,282,564.00	7/13/1993	TREASURER	18,635,527.40	7/13/1993	3,240,951.29	180,608.87	
					50,137,009.58				32,936,034.27				
							BAL		17,200,975.31				
	Bal 1992	France		FF	17,200,975.31	3,283,914.00							
5/28/1993	1993	France		FF	43,040,627.43	7,994,173.00							
6/15/1994	1994	France		FF	46,947,411.00	8,373,000.00		Bal 1992	17,200,975.31				
12/28/1994	1994	France		FF	10,013,351.29	1,840,690.00		1993/4 p/notes	100,001,389.72				
					117,202,365.03	21,491,777.00	5/4/1995	IBRD	117,202,365.03	7/25/1997	19,092,179.48	(2,399,597.52)	
3/13/1995	1995	France		FF	41,994,781.50	8,373,000.00	12/22/1995	IBRD	41,994,781.50	12/11/1997	7,015,698.52	(1,357,301.48)	
12/22/1995	1995	France		FF	8,645,600.70	1,746,586.00	2/1/1996	IBRD	8,645,600.70	4/16/1998	1,427,491.24	(319,094.76)	
5/13/1996	1996	France		FF	43,397,259.00	8,373,000.00	6/12/1996	IBRD	43,397,259.00	5/27/1999	7,385,203.20	(987,796.80)	
12/26/1996	1996	France		FF	5,937,578.65	1,131,614.00							
5/26/1997	1997	France		FF	53,693,009.50	9,419,000.00							
					59,630,588.15	10,550,614.00	11/25/1997	IBRD	59,630,588.15	5/27/1999	9,305,915.26	(1,244,698.74)	
				Sub total (FF) c/	303,806,628.65	56,456,426.00			303,806,628.65		50,147,936.37	(6,182,745.41)	
12/31/1997	1997	France		FF	3,700,250.58	617,934.00							
1/19/1999	1999	France		FF	61,678,926.00	11,113,320.00							
				Converted to Euros	EUR	9,966,991.21	11,731,254.00	3/26/2004	TREASURER	9,966,991.21	3/31/2004	12,119,861.31	388,607.31
12/29/1999	1999	France		EUR	8,841,366.16	8,843,366.00	3/26/2004	TREASURER	8,841,366.16	3/31/2004	10,751,101.25	1,907,735.25	
				Sub total (EUR) c/	18,808,357.37	20,574,620.00					22,870,962.56	2,296,342.56	
12/29/2000	2000	France		EUR	10,076,064.86	10,719,217.94	3/26/2004	TREASURER	10,076,064.86	3/31/2004	12,252,494.87	1,533,276.93	
12/28/2001	2001	France		EUR	9,768,889.31	10,392,435.44						Not yet encashed	
12/27/2002	2002	France		EUR	9,217,760.16	9,806,127.83						Not yet encashed	
12/31/2003	2003	France		EUR	13,521,489.96	12,484,064.22						Not yet encashed	
				Sub total d/	42,584,204.29	43,401,845.43					12,252,494.87	1,533,276.93	
				Grand total		120,432,891.43					85,271,393.80		
				Balance of P/notes held by Banque de France	EUR	32,508,139.43	32,682,627.49						
Promissory notes deposited and held at Banque de France													

a/ Date of letter/document notifying Treasurer of promissory note deposit.

b/ Note value in US\$ as indicated in UNEP's books applying Fixed Exchange Rate Mechanism (FERM).

c/ Subtotal of p/notes prior to FERM.

d/ Subtotal of p/notes under FERM.

ANNEX 1

SCHEDULE OF MULTILATERAL FUND PROMISSORY NOTES												
RECEIPTS							ENCASHMENTS					
Date of Submission a/	Year of contribution	Country of Origin	P/Note code	Denomination/ Type of currency	Amount (in Original denomination)	Note Value in USD per UNEP b/	Date of transfer	Agency	Transfer amount in Original denomination	Date of Encashment	Actual Encashment value (USD)	Gain/(Loss) to intended value (USD)
GERMANY												
9/23/1994	1994	Germany	BU 194 0023 01	US\$	15,577,174.00	15,577,174.00	1/17/1995	TREASURER	2,596,195.66	1/17/1995	2,596,195.66	
							6/29/1995	TREASURER	2,596,195.66	6/29/1995	2,596,195.66	
							2/29/1996	TREASURER	3,837,095.00	2/29/1996	3,837,095.00	
							3/21/1996	TREASURER	18,378.00	3/21/1996	18,378.00	
							7/23/1996	Bilateral	1,336,918.00	7/23/1996	1,336,918.00	
							7/23/1996	IBRD	5,192,391.68	2/26/1997	2,596,195.84	
									15,577,174.00	6/26/1997	2,596,195.84	
											15,577,174.00	
8/22/1995	1995	Germany	BU 195 0024 01	US\$	15,577,174.00	15,577,174.00	8/20/1996	IBRD	15,577,174.00	7/25/1996	5,192,391.00	
								IBRD		2/26/1997	2,596,195.83	
								IBRD		6/26/1997	2,596,195.83	
								IBRD		12/23/1997	5,192,391.34	
											15,577,174.00	
7/1/1996	1996	Germany	BU 196 0017 01	US\$	15,577,174.00	15,577,174.00	12/23/1996	IBRD	15,577,174.00	2/26/1997	2,596,195.83	
								IBRD		6/26/1997	2,596,195.67	
								IBRD		6/26/1998	5,192,391.33	
								IBRD		12/30/1998	2,596,195.67	
								IBRD		6/28/1999	2,596,195.67	
											15,577,174.17	
10/16/1997	1997	Germany	BU 197 1011 01	US\$	16,615,295.00	16,615,295.00		TREASURER	16,615,295.00	12/23/1997	2,769,215.84	
								TREASURER		6/28/1998	2,769,215.83	
								TREASURER		12/30/1998	5,538,430.67	
								TREASURER		6/28/1999	5,538,431.67	
											16,615,294.01	
6/30/1998	1998	Germany	BU 198 1010 01	US\$	16,615,295.00	16,615,295.00		TREASURER	16,615,295.00	12/30/1999	6,646,118.00	
								TREASURER		6/27/2000	6,646,118.00	
								TREASURER		2/1/2001	3,323,059.00	
											16,615,295.00	
11/25/1999	1999	Germany	BU 199 1010 01	US\$	6,646,118.00	6,646,118.00		TREASURER	6,646,118.00	2/1/2001	553,842.50	
								TREASURER		7/2/2001	3,876,902.50	

a/ Date of letter/document notifying Treasurer of promissory note deposit.
 b/ Note value in US\$ as indicated in UNEP's books applying Fixed Exchange Rate Mechanism (FERM).
 c/ Subtotal of p/notes prior to FERM.
 d/ Subtotal of p/notes under FERM.

SCHEDULE OF MULTILATERAL FUND PROMISSORY NOTES												
RECEIPTS							ENCASHMENTS					
Date of Submission a/	Year of contribution	Country of Origin	P/Note code	Denomination/ Type of currency	Amount (in Original denomination)	Note Value in USD per UNEP b/	Date of transfer	Agency	Transfer amount in Original denomination	Date of Encashment	Actual Encashment value (USD)	Gain /(Loss) to intended value (USD)
								TREASURER		1/14/2002	1,107,686.14	
								TREASURER		7/5/2002	1,107,686.86	
											6,646,118.00	
					Sub total c/	86,608,230.00	86,608,230.00		86,608,230.00		86,608,229.18	
9/7/2000	2000	Germany	BU 100 1011 01	EUR	15,442,141.40	2,737,968.33		TREASURER	2,573,690.34	2/1/2001	2,391,730.43	(346,237.90)
						2,737,968.33		TREASURER	2,573,690.34	7/2/2001	2,190,467.85	(547,500.48)
						5,475,936.67		TREASURER	5,147,380.68	1/14/2002	4,585,801.45	(890,135.22)
						5,475,936.67		TREASURER	5,147,380.04	7/5/2002	5,034,137.68	(441,798.99)
						16,427,810.00			15,442,141.40		14,202,137.41	(2,225,672.59)
8/1/2001	2001	Germany	BU 101 1004 01	EUR	15,442,141.00	6,571,123.83		TREASURER	6,176,858.46	2/18/2003	6,645,064.33	73,940.50
						6,571,123.83		TREASURER	6,176,855.52	6/25/2003	7,127,473.58	556,349.75
						3,285,561.91		TREASURER	3,088,427.02	1/21/2004	3,821,310.75	535,748.84
						16,427,809.57			15,442,141.00		17,593,848.66	1,166,039.09
11/21/2002	2002	Germany	BU 102 1005 01	EUR	6,176,858.46	547,595.28		TREASURER	514,739.56	1/21/2004	636,887.26	89,291.98
						6,023,530.74			5,662,118.90			Not yet encashed
						6,571,126.02			6,176,858.46			89,291.98
					Sub total(EUR) d/	37,061,140.86	39,426,745.60				32,432,873.33	(970,341.52)
8/8/2003	2003	Germany	BU 103 1005 01	US\$	18,914,439.57	3,900,472.69		TREASURER	3,900,472.69	1/21/2004	3,900,472.69	-
						15,013,966.68			15,013,966.88			Not yet encashed
						18,914,439.37						
					Sub total(US\$) d/		58,341,184.97				36,333,346.02	(970,341.52)
					Grand total		144,949,414.97				122,941,575.20	(970,341.52)
Balance of P/notes held by Deutsche Bundesbank						US\$ 15,013,966.88 & EUR 5,662,118.9	21,037,497.42					
Promissory notes deposited and held at the Deutsche Bundesbank												

a/ Date of letter/document notifying Treasurer of promissory note deposit.

b/ Note value in US\$ as indicated in UNEP's books applying Fixed Exchange Rate Mechanism (FERM).

c/ Subtotal of p/notes prior to FERM.

d/ Subtotal of p/notes under FERM.

SCHEDULE OF MULTILATERAL FUND PROMISSORY NOTES													
RECEIPTS							ENCASHMENTS						
Date of Submission a/	Year of contribution	Country of Origin	P/Note code	Denomination/ Type of currency	Amount (in Original denomination)	Note Value in USD per UNEP b/	Date of transfer	Agency	Transfer amount in Original denomination	Date of Encashment	Actual Encashment value (USD)	Gain /(Loss) to intended value (USD)	
NETHERLANDS													
9/13/1995	1995	Netherlands	D 1	US\$	2,616,547.00	2,616,547.00		TREASURER	2,616,547.00		2,616,547.00		
11/26/1996	1996	Netherlands	D 2	US\$	921,611.00	921,611.00	12/9/1997	TREASURER	921,611.00	12/9/1997	921,611.00		
11/26/1996	1996	Netherlands	D 3	US\$	921,611.00	921,611.00	12/9/1997	TREASURER	921,611.00	12/9/1997	921,611.00		
11/26/1996	1996	Netherlands	D 4	US\$	921,611.00	921,611.00	12/9/1997	TREASURER	921,611.00	12/9/1997	921,611.00		
11/28/1997	1997	Netherlands	D 5	US\$	2,916,979.00	2,916,979.00	12/8/1998	TREASURER	2,916,979.00	12/8/1998	2,916,979.00		
12/1/1998	1998	Netherlands	D 6	US\$	2,916,979.00	2,916,979.00	12/22/1999	TREASURER	2,916,979.00	12/22/1999	2,916,979.00		
6/22/1999	1999	Netherlands	D 7	US\$	2,916,979.00	2,916,979.00	12/19/2000	TREASURER	2,916,979.00	12/19/2000	2,916,979.00		
				Sub total c/	14,132,317.00	14,132,317.00			14,132,317.00		14,132,317.00		
7/17/2000	2000	Netherlands	D 8	US\$	2,731,827.00	2,731,827.00	12/3/2001	TREASURER	2,731,827.00	12/3/2001	2,731,827.00		
5/29/2001	2001	Netherlands	D 9	US\$	2,731,827.00	2,731,827.00	7/1/2002	TREASURER	2,731,827.00	7/1/2002	2,731,827.00		
11/20/2002	2002	Netherlands	D 10	US\$	2,731,827.00	2,731,827.00	2/14/2003	TREASURER	2,731,827.00	2/14/2003	2,731,827.00		
12/8/2003	2003	Netherlands	D 11	US\$	10,092,183.96	10,092,183.96	12/29/2003	TREASURER	3,364,061.32	12/29/2003	3,364,061.32		
				Sub total d/	18,287,664.96	18,287,664.96					11,559,542.32		
				Grand total	64,839,963.92	64,839,963.92			39,824,176.32		51,383,718.64		
				Balance of P/notes held by De Nederlandse Bank	US\$ 6,728,122.64	6,728,122.64							
Promissory notes are deposited and held at De Nederlandse Bank													

a/ Date of letter/document notifying Treasurer of promissory note deposit.

b/ Note value in US\$ as indicated in UNEP's books applying Fixed Exchange Rate Mechanism (FERM).

c/ Subtotal of p/notes prior to FERM.

d/ Subtotal of p/notes under FERM.

SCHEDULE OF MULTILATERAL FUND PROMISSORY NOTES												
RECEIPTS							ENCASHMENTS					
Date of Submission a/	Year of contribution	Country of Origin	P/Note code	Denomination/ Type of currency	Amount (in Original denomination)	Note Value in USD per UNEP b/	Date of transfer	Agency	Transfer amount in Original denomination	Date of Encashment	Actual Encashment value (USD)	Gain/(Loss) to intended value (USD)
UNITED KINGDOM												
8/8/1995	1994	UK		US\$	8,756,709.00	8,756,709.00	9/26/1995	IBRD	8,756,709.00	3/6/1997	7,297,258.00	
								IBRD		4/8/1998	1,459,452.00	
											8,756,710.00	
8/9/1995	1995	UK		US\$	8,756,709.00	8,756,709.00	12/21/1995	TREASURER	5,837,806.00	12/29/1995	5,837,806.00	
							11/27/1997	TREASURER	2,918,903.00	3/16/1998	1,459,452.00	
								TREASURER		8/12/1998	1,459,452.00	
									8,756,709.00		8,756,710.00	
3/7/1996	1996	UK		US\$	8,756,709.00	8,756,709.00	6/12/1996	IBRD	8,756,709.00	12/16/1997	4,378,355.00	
								IBRD		8/28/1998	1,459,452.00	
								IBRD		3/15/1999	1,459,452.00	
								IBRD		11/24/1999	1,459,452.00	
											8,756,711.00	
4/25/1997	1997	UK		US\$	9,766,137.00	9,766,137.00	11/26/1997	IBRD	9,766,137.00	3/26/1998	1,627,690.00	
								IBRD		8/28/1998	1,627,690.00	
								IBRD		3/15/1999	1,627,690.00	
								IBRD		11/24/1999	1,627,690.00	
								IBRD		3/21/2000	1,627,690.00	
								IBRD		3/14/2001	1,627,687.00	
											9,766,137.00	
4/21/1998	1998	UK		US\$	9,766,137.00	9,766,137.00	9/8/1998	IBRD	9,766,137.00	3/15/1999	1,627,690.00	
								IBRD		11/24/1999	1,627,690.00	
								IBRD		3/21/2000	1,627,690.00	
								IBRD		3/14/2001	1,627,690.00	
								IBRD		3/14/2001	1,627,690.00	
								IBRD		12/13/2001	1,627,687.00	
											9,766,137.00	
5/27/1999	1999	UK		US\$	9,766,137.00	9,766,137.00	10/29/1999	IBRD	9,766,137.00	3/21/2000	1,627,690.00	
								IBRD		3/14/2001	1,627,690.00	
								IBRD		3/14/2001	1,627,690.00	

a/ Date of letter/document notifying Treasurer of promissory note deposit.

b/ Note value in US\$ as indicated in UNEP's books applying Fixed Exchange Rate Mechanism (FERM).

c/ Subtotal of p/notes prior to FERM.

d/ Subtotal of p/notes under FERM.

ANNEX 1

SCHEDULE OF MULTILATERAL FUND PROMISSORY NOTES												
RECEIPTS							ENCASHMENTS					
Date of Submission a/	Year of contribution	Country of Origin	P/Note code	Denomination/ Type of currency	Amount (in Original denomination)	Note Value in USD per UNEP b/	Date of transfer	Agency	Transfer amount in Original denomination	Date of Encashment	Actual Encashment value (USD)	Gain /(Loss) to intended value (USD)
								IBRD		12/13/2001	1,627,690.00	
								IBRD		2/6/2002	1,627,690.00	
								IBRD		9/23/2002	1,627,687.00	
											9,766,137.00	
				Sub total c/	55,568,538.00	55,568,538.00			55,568,538.00		55,568,542.00	
5/15/2000	2000	UK		GBP	5,285,775.00	1,420,907.33	3/22/2001	TREASURER	880,963.00	3/30/2001	1,258,896.13	(162,011.20)
						1,420,907.33	11/29/2001	TREASURER	880,963.00	12/28/2001	1,263,244.94	(157,662.39)
						1,420,907.33	12/26/2001	TREASURER	880,963.00	2/6/2002	1,247,707.90	(173,199.43)
						1,420,907.33	10/23/2002	TREASURER	880,963.00	11/18/2002	1,393,507.28	(27,400.05)
						1,420,907.33	2/26/2003	TREASURER	880,963.00	3/21/2003	1,378,795.19	(42,112.14)
						1,420,907.33	10/29/2003	TREASURER	880,960.00	11/17/2003	1,486,620.00	65,712.67
						8,525,444.00			5,285,775.00		8,028,771.44	(496,672.56)
7/11/2001	2001	UK		GBP	5,285,775.00	1,420,907.33	12/26/2001	TREASURER	880,963.00	2/6/2002	1,247,707.90	(173,199.43)
						1,420,907.33	10/23/2002	TREASURER	880,963.00	11/18/2002	1,393,507.28	(27,400.05)
						1,420,907.33	2/26/2003	TREASURER	880,963.00	3/21/2003	1,378,795.19	(42,112.14)
						4,262,722.00	10/29/2003	TREASURER	2,642,886.00	11/17/2003	4,459,870.13	197,148.13
						8,525,444.00			5,285,775.00		8,479,880.50	(45,563.50)
10/14/2002	2002	UK		GBP	5,285,775.00	1,420,908.00	2/26/2003	TREASURER	880,963.00	3/21/2003	1,378,795.19	(42,112.81)
						5,999,545.00	10/29/2003	TREASURER	3,719,718.00	11/17/2003	6,277,024.13	277,479.13
						1,104,991.00			685,094.00			Not yet encashed
						8,525,444.00			5,285,775.00			235,366.32
7/10/2003	2003	UK		GBP	7,243,564.00	1,786,417.58		TREASURER	1,207,261.00	5/21/2004	2,134,436.88	348,019.30
						8,932,084.94			6,036,303.00			Not yet encashed
						10,718,502.52						
5/17/2004	2004	UK		GBP	7,243,564.08	10,718,502.63						Not yet encashed
				Sub total d/	30,344,453.08	47,013,337.15					26,298,908.13	41,149.55
				Grand total		102,581,875.15					81,867,450.13	41,149.55
				Balance of P/notes held by Bank of England	GBP	6,721,397.00	10,037,075.94					
Promissory notes are deposited and held at the Bank of England												

a/ Date of letter/document notifying Treasurer of promissory note deposit.
 b/ Note value in US\$ as indicated in UNEP's books applying Fixed Exchange Rate Mechanism (FERM).
 c/ Subtotal of p/notes prior to FERM.
 d/ Subtotal of p/notes under FERM.

SCHEDULE OF MULTILATERAL FUND PROMISSORY NOTES													
RECEIPTS							ENCASHMENTS						
Date of Submission a/	Year of contribution	Country of Origin	P/Note code	Denomination/ Type of currency	Amount (in Original denomination)	Note Value in USD per UNEP b/	Date of transfer	Agency	Transfer amount in Original denomination	Date of Encashment	Actual Encashment value (USD)	Gain /(Loss) to intended value (USD)	
UNITED STATES OF AMERICA													
5/26/1998	1998	USA		US\$	11,100,000.00	11,100,000.00	5/26/1998	TREASURER		11/2/1998	2,220,000.00		
								TREASURER		6/3/1999	2,220,000.00		
								TREASURER		11/26/1999	2,220,000.00		
								TREASURER		5/1/2000	2,220,000.00		
								TREASURER		10/27/2000	2,220,000.00		
											11,100,000.00		
11/4/1998	1998	USA		US\$	5,000,000.00	5,000,000.00	11/1/1998	TREASURER		6/3/1999	1,000,000.00		
								TREASURER		11/26/1999	1,000,000.00		
								TREASURER		5/1/2000	1,000,000.00		
								TREASURER		10/27/2000	1,000,000.00		
								TREASURER		4/26/2001	1,000,000.00		
											5,000,000.00		
3/18/1999	1999	USA		US\$	6,000,000.00	6,000,000.00	3/18/1999	TREASURER		11/26/1999	1,200,000.00		
								TREASURER		5/1/2000	1,200,000.00		
								TREASURER		10/27/2000	1,200,000.00		
								TREASURER		26/0/2001	1,200,000.00		
								TREASURER		10/31/2001	1,200,000.00		
											6,000,000.00		
11/10/1999	1999	USA		US\$	10,000,000.00	10,000,000.00	11/10/1999	TREASURER		5/1/2000	2,000,000.00		
								TREASURER		10/27/2000	2,000,000.00		
								TREASURER		4/26/2001	2,000,000.00		
								TREASURER		10/31/2001	2,000,000.00		
								TREASURER		4/30/2002	2,000,000.00		
											10,000,000.00		
					Sub total c/	32,100,000.00					32,100,000.00		
12/7/2000	2000	USA		US\$	11,000,000.00	11,000,000.00	12/7/2000	TREASURER		4/26/2001	2,200,000.00		
								TREASURER		10/31/2001	2,200,000.00		
								TREASURER		4/30/2002	2,200,000.00		
								TREASURER		10/24/2002	2,200,000.00		
								TREASURER		4/28/2003	2,200,000.00		
											11,000,000.00		
3/14/2002	2002	USA		US\$	9,575,800.00	9,575,800.00	3/14/2002	TREASURER		10/24/2002	3,575,800.00		

a/ Date of letter/document notifying Treasurer of promissory note deposit.
 b/ Note value in US\$ as indicated in UNEP's books applying Fixed Exchange Rate Mechanism (FERM).
 c/ Subtotal of p/notes prior to FERM.
 d/ Subtotal of p/notes under FERM.

SCHEDULE OF MULTILATERAL FUND PROMISSORY NOTES												
RECEIPTS							ENCASHMENTS					
Date of Submission a/	Year of contribution	Country of Origin	P/Note code	Denomination/ Type of currency	Amount (in Original denomination)	Note Value in USD per UNEP b/	Date of transfer	Agency	Transfer amount in Original denomination	Date of Encashment	Actual Encashment value (USD)	Gain /(Loss) to intended value (USD)
								TREASURER		10/24/2003	3,000,000.00	
								TREASURER		Nov. 2004	3,000,000.00	Not yet encashed
											9,575,800.00	
3/18/2003	2003	USA		US\$	8,000,000.00	8,000,000.00	3/18/2003	TREASURER		10/24/2003	3,000,000.00	
								TREASURER		Nov. 2004	3,000,000.00	Not yet encashed
								TREASURER		Nov. 2005	2,000,000.00	Not yet encashed
Sub total d/					28,575,800.00	28,575,800.00					20,575,800.00	
Grand total					60,675,800.00	60,675,800.00					52,675,800.00	
Balance of P/notes held by United States Environmental Protection Agency				US\$	8,000,000.00	8,000,000.00						
Promissory notes are deposited and held at the United States Environmental Protection Agency												

a/ Date of letter/document notifying Treasurer of promissory note deposit.

b/ Note value in US\$ as indicated in UNEP's books applying Fixed Exchange Rate Mechanism (FERM).

c/ Subtotal of p/notes prior to FERM.

d/ Subtotal of p/notes under FERM.

Annex 2

SCHEDULE OF MULTILATERAL FUND PROMISSORY NOTES

SUMMARY OF PROMISSORY NOTES CURRENTLY BEING HELD FOR THE MULTILATERAL FUND	
Canada	-
France	32,682,627.49
Germany	21,037,497.42
Netherlands	6,728,122.64
UK	10,037,075.94
USA	8,000,000.00
Total	78,485,323.49

SUMMARY OF GAINS/(LOSSES) FROM PROMISSORY NOTES FOR YEARS 1991-1999 (prior to the Fixed Exchange Rate Mechanism)					
Country	Total collections			Total Encashments	Gain/(loss)
	Currency	Amount in original currency	USD value per UNEP		
Canada	CAD\$	37,795,550.40	26,903,206.82	26,679,606.61	(223,600.21)
France	FF	303,806,628.65	56,456,426.00	50,147,936.37	(6,182,745.41)
France	EUR	18,808,357.37	20,574,620.00	22,870,962.56	2,296,342.56
Germany	US\$	86,608,230.00	86,608,230.00	86,608,229.18	-
Netherlands	US\$	14,132,317.00	14,132,317.00	14,132,317.00	-
UK	US\$	55,568,538.00	55,568,538.00	55,568,542.00	-
USA	US\$	32,100,000.00	32,100,000.00	32,100,000.00	-
Total			292,343,337.82	288,107,593.72	(4,110,003.06)

SUMMARY OF GAINS/(LOSSES) FROM PROMISSORY NOTES FOR YEARS 2000-To date (under Fixed Exchange Rate Mechanism)					
Country	Total collections			Total Encashments	Gain/(loss)
	Currency	Amount in original currency	USD value per UNEP		
Canada	CAD\$	22,711,850.40	15,034,550.07	15,300,159.50	265,609.43
France	EUR	42,584,204.29	43,401,845.43	3,837,095.00	1,533,276.93
Germany	EUR	37,061,140.86	39,426,745.60	32,432,873.33	(970,341.52)
	US\$	18,914,439.57	18,914,439.37	3,900,472.69	-
Netherlands	US\$	18,287,664.96	18,287,664.96	11,559,542.32	-
UK	GBP	30,344,453.08	47,013,337.15	26,298,908.13	41,149.55
USA	US\$	28,575,800.00	28,575,800.00	20,575,800.00	-
Total			210,654,382.57	113,904,850.97	869,694.39

Grand Total			502,997,720.39	402,012,444.69	(3,240,308.67)
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