



**United Nations  
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Programme**

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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty-sixth Meeting  
Montreal, 4-8 July 2005

**DRAFT AGREEMENT BETWEEN THE TREASURER AND THE IMPLEMENTING  
AGENCIES (FOLLOW-UP TO DECISION 45/58 (b))**

1. As a follow up to decision 45/58 (b) requesting “that draft Agreements/Memorandums of Understanding between the Treasurer and the Implementing Agencies be submitted to the Executive Committee for review and endorsement”; document UNEP/OzL.Pro/ExCom/46/39 contains the text of individual draft Agreements between the Treasurer and UNDP, UNIDO, UNEP and the World Bank for the Committee’s review and endorsement.
2. The individual draft Agreements take into account clauses of the respective Agreements between the Executive Committee and the Implementing Agency and subsequent amendments to these Agreements in the case of UNIDO and UNDP.
3. The individual agreements between the Treasurer and UNDP, UNIDO and UNEP are similar to one another and do not contain any substantive differences in the clauses they contain.
4. The text of the Agreement between the Treasurer and the World Bank contains differences from the other Agreements with respect to the following clauses:
  - (a) Clause 3.2 on financial commitments: UNDP, UNIDO and UNEP will make commitments for financing before the receipt of funds in the accounts whereas the Bank will make no commitments for financing before the receipt of funds in the accounts.
  - (b) Clauses 4.1, 4.2, 4.3 and 4.4 on financial reporting and the cost of audit requirements:

- (i) The Bank will prepare a statement of receipts, disbursements and the fund balance and will forward a copy to the Treasurer within ninety (90) days of each March 31, June 30, September 30 and December 31 while UNEP, UNIDO and UNDP will submit financial statements to the Treasurer on 30 September and 31 January of the year following the accounting period.
- (ii) The Bank will cause a financial statement audit of its Ozone Trust Fund (OTF) to be performed by the Bank's external auditors annually and upon completion, the costs of such an audit, including the internal costs of the Bank with respect to such an audit, will be charged to the OTF. The Bank will provide the Treasurer with a copy of the auditors' report. In the event that there are insufficient funds in the OTF to conduct such audits, the World Bank should notify the Executive Committee of the shortfall. Subject to approval by the Executive Committee, the Treasurer shall pay-in such a shortfall as instructed by the Executive Committee. In addition, if the Treasurer wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the OTF at a more frequent interval, the Treasurer and the Bank will first consult as to whether such an external audit is necessary. The Bank and the Treasurer will agree on the most appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank will arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, will be paid by the Fund.
- (c) Clause 5.1 on the period of notice for termination of the Agreement: UNDP, UNIDO and UNEP agree to provide 180 days notice prior to intended termination while in the case of the Bank the proposed notice of termination is 30 days.

## Recommendations

- 5. The Executive Committee may wish to:
  - (a) Take note of Document UNEP/OzL.Pro/ExCom/46/39.
  - (b) Endorse the text of the Agreements between the Treasurer and each of UNDP, UNIDO and UNEP.
  - (c) Consider whether to endorse the following alternative conditions sought by the World Bank in:
    - (i) Clause 3.2 concerning financial commitments being contingent on the receipt of funds.

- (ii) Clauses 4.1, 4.2, 4.3 and 4.4 on audit processes of the World Bank and subsequent additional audit costs to be born by the Fund.
- (iii) Clause 5.1 on the proposed termination notice of 30 days.



**Annex 1**

DRAFT

**AGREEMENT BETWEEN THE UNITED NATIONS ENVIRONMENT PROGRAMME  
AS THE TREASURER OF THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL AND THE UNITED  
NATIONS DEVELOPMENT PROGRAMME (“UNDP”)**

WHEREAS the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (“Protocol”) to the Vienna Convention for the Protection of the Ozone Layer (“Parties”) have established the Multilateral Fund for the Implementation of the Montreal Protocol (“Fund”) to operate under the authority of the Parties through an Executive Committee to provide the financing of agreed incremental costs to enable Parties operating under paragraph 1 of article 5 of the Protocol to comply with the control measures of the Protocol;

WHEREAS the Parties established an Executive Committee to develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements including the disbursement of resources for the purpose of achieving the objectives of the Fund with the co-operation and assistance of the World Bank (“Bank”), the United Nations Environment Programme (“UNEP”), the United Nations Industrial Development Organization (“UNIDO”) and the United Nations Development Programme (“UNDP”);

WHEREAS at the request of the Parties, the Fund was established in accordance with the Financial Regulations and Rules of the United Nations;

WHEREAS by decision of the Executive Committee, UNEP has been appointed as Treasurer of the Fund;

WHEREAS the roles and responsibilities of the Treasurer have been set out in the 2004 revised Agreement between the Executive Committee and UNEP as the Treasurer of the Fund;

WHEREAS UNDP has agreed to provide for the establishment of accounts to be constituted by the funds provided to UNDP in accordance with the Agreement concluded on 19 June 1991 and 21 August 1991 as amended on 31 July 1998 and 14 August 1998 respectively between the Executive Committee of the Multilateral Fund and UNDP, together with any other assets and receipts received for the benefit of the Parties;

WHEREAS the Executive Committee and UNDP have agreed on the administrative arrangements and procedures covering UNDP involvement in the implementation of the work programme of the Fund, pursuant to which the Treasurer will transfer funds to UNDP to enable UNDP to administer and manage projects and activities approved by the Executive Committee for implementation by UNDP;

NOW THEREFORE, UNDP and the Treasurer hereby agree as follows:

Article I

- 1.1 The Treasurer shall transfer the amounts approved by the Executive Committee, in advance for the implementation of planned projects and activities approved by the Executive Committee for implementation by UNDP, to the UNDP bank account.
- 1.2 Funds held in the account and not immediately required will be invested in accordance with the regular practice of the UNDP, and the income from investments will be added to the resources held.

Article II

- 2.1 The accounts of the Fund will be administered by UNDP in accordance with the Financial Regulations and Rules of UNDP.
- 2.2 Project management and expenditures will be governed by the Financial Regulations and Rules of UNDP.

Article III

- 3.1 UNDP will provide financing from the accounts for the purpose of meeting the costs of the projects and activities approved by the Executive Committee for implementation by UNDP.
- 3.2 UNDP will make commitments for financing under these arrangements before the receipt of funds in the accounts and in line with the terms of Articles 1 and 2 of the 1998 Amendment to 1992 Agreement between ExCom and UNDP.
- 3.3 Notwithstanding the completion of projects financed from the accounts, UNDP will continue to hold all unutilized resources in the accounts until all commitments and liabilities in the implementation of these projects have been satisfied and project activities have been brought to an orderly conclusion. Any resources that remain unexpended after such commitments and liabilities have been satisfied will be transferred back to the Fund or used as the Executive Committee and UNDP may jointly determine.
- 3.4 If the unutilized resources prove insufficient to meet such commitments and liabilities UNDP will consult with the Chief Officer of the Fund Secretariat and the Executive Committee on the manner in which such commitments and liabilities may be satisfied.

#### Article IV

- 4.1 UNDP will provide the Treasurer with an annual provisional financial statement in the format agreed by all the implementing agencies. The provisional financial statement should be duly signed by an authorized official of UNDP and should reach the Treasurer by 31 January of the following year to allow for the timely compilation of the annual accounts of the Fund.
- 4.2 UNDP will provide the Treasurer by 30 September with a certified annual statement or audited biennial statement of income and expenditure for the previous year, including any pertinent comments made by the Auditors. In addition, the Treasurer will at the same time be provided with the financial statement in the format agreed by all the implementing agencies.
- 4.3 Financial statements submitted to the Treasurer in accordance with paragraph 4.2 above will be audited in accordance with the audit rules and procedures of UNDP.
- 4.4 The Treasurer will maintain and after each meeting of the Executive Committee of the Multilateral Fund distribute to UNDP a year-to-date payment ledger for the purposes of reconciliation of accounts.
- 4.5 The Treasurer will manage a transparent system for the issuance and encashment of Promissory Notes, in accordance with predetermined schedules or as funds are needed by UNDP. The Treasurer will circulate annually, the ledger on Promissory Notes for the purpose of the reconciliation of the accounts.
- 4.6 The accounts of the Fund maintained by the Treasurer will be subject solely to the Internal and External Audit of the United Nations.

#### Article V

- 5.1 These arrangements will remain in force until such time as either party agrees to terminate the Agreement. Should one party wish to terminate these arrangements, such termination notice will be given 180 days prior to its intended termination.
- 5.2 Notwithstanding the termination of this Agreement, UNDP will continue to hold unutilized funds and interest income earned thereof until all commitments and liabilities incurred in the implementation of activities approved by the Executive Committee have been satisfied and activities have been brought to an orderly conclusion.
- 5.3 Any funds that remain after such commitments and liabilities have been satisfied; will be transferred by UNDP to the Fund or used as the Executive Committee and UNDP may jointly determine.

Article VI

- 6.1 This Agreement shall enter into force on the date of the last signature by the authorized representatives of the Parties. The Agreement may be modified only by written agreement between the Parties.

\_\_\_\_\_  
For UNDP

Name:  
Functional Title:  
Place of signature:  
Date:

\_\_\_\_\_  
for UNEP as Treasurer

Name:  
Functional Title:  
Place of signature:  
Date:



**Annex 2**

DRAFT

**AGREEMENT BETWEEN THE UNITED NATIONS ENVIRONMENT PROGRAMME  
AS THE TREASURER OF THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL AND THE UNITED  
NATIONS ENVIRONMENT PROGRAMME (“UNEP”)**

WHEREAS the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (“Protocol”) to the Vienna Convention for the Protection of the Ozone Layer (“Parties”) have established the Multilateral Fund for the Implementation of the Montreal Protocol (“Fund”) to operate under the authority of the Parties through an Executive Committee to provide the financing of agreed incremental costs to enable Parties operating under paragraph 1 of article 5 of the Protocol to comply with the control measures of the Protocol;

WHEREAS the Parties established an Executive Committee to develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements including the disbursement of resources for the purpose of achieving the objectives of the Fund with the co-operation and assistance of the World Bank (“Bank”), the United Nations Environment Programme (“UNEP”), the United Nations Industrial Development Organization (“UNIDO”) and the United Nations Development Programme (“UNDP”);

WHEREAS at the request of the Parties, the Fund was established in accordance with the Financial Regulations and Rules of the United Nations;

WHEREAS by decision of the Executive Committee, UNEP has been appointed as Treasurer of the Fund;

WHEREAS the roles and responsibilities of the Treasurer have been set out in the 2004 revised Agreement between the Executive Committee and UNEP as the Treasurer of the Fund;

WHEREAS UNEP has decided to provide for the establishment of accounts to be constituted by the funds provided to UNEP as Implementing Agency pursuant to the agreements between UNEP and the Executive Committee, together with any other assets and receipts received for the benefit of the Parties;

WHEREAS the Executive Committee and UNEP have agreed on the administrative arrangements and procedures covering UNEP involvement in the implementation of the work programme of the Fund, pursuant to which the Treasurer will transfer funds to UNEP to enable UNEP to administer and manage projects and activities approved by the Executive Committee for implementation by UNEP;

NOW THEREFORE, UNEP and the Treasurer hereby agree as follows:

Article I

- 1.1 The Treasurer shall transfer the amounts approved by the Executive Committee, in advance for the implementation of planned projects and activities approved by the Executive Committee for implementation by UNEP, to the UNEP bank account.
- 1.2 Funds held in the account and not immediately required will be invested in accordance with the regular practice of the UNEP, and the income from investments will be added to the resources held.

Article II

- 2.1 The accounts of the Fund will be administered by UNEP in accordance with the Financial Regulations and Rules of UNEP.
- 2.2 Project management and expenditures will be governed by the Financial Regulations and Rules of UNEP.

Article III

- 3.1 UNEP will provide financing from the accounts for the purpose of meeting the costs of the projects and activities approved by the Executive Committee for implementation by UNEP.
- 3.2 UNEP will make commitments for financing under these arrangements before the receipt of funds in the accounts.
- 3.3 Notwithstanding the completion of projects financed from the accounts, UNEP will continue to hold all unutilized resources in the accounts until all commitments and liabilities in the implementation of these projects have been satisfied and project activities have been brought to an orderly conclusion. Any resources that remain unexpended after such commitments and liabilities have been satisfied will be transferred back to the Fund or used as the Executive Committee and UNEP may jointly determine.
- 3.4 If the unutilized resources prove insufficient to meet such commitments and liabilities UNEP will consult with the Chief Officer of the Fund Secretariat and the Executive Committee on the manner in which such commitments and liabilities may be satisfied.

#### Article IV

- 4.1 UNEP will provide the Treasurer with an annual provisional financial statement in the format agreed by all the implementing agencies. The provisional financial statement should be duly signed by an authorized official of UNEP and should reach the Treasurer by 31 January of the following year to allow for the timely compilation of the annual accounts of the Fund.
- 4.2 UNEP will provide the Treasurer by 30 September with a certified annual statement or audited biennial statement of income and expenditure for the previous year, including any pertinent comments made by the Auditors. In addition, the Treasurer will at the same time be provided with the financial statement in the format agreed by all the implementing agencies.
- 4.3 Financial statements submitted to the Treasurer in accordance with paragraph 4.2 above will be audited in accordance with the audit rules and procedures of UNEP.
- 4.4 The Treasurer will maintain and after each meeting of the Executive Committee of the Multilateral Fund distribute to UNEP a year-to-date payment ledger for the purposes of reconciliation of accounts.
- 4.5 The Treasurer will manage a transparent system for the issuance and encashment of Promissory Notes, in accordance with predetermined schedules or as funds are needed by UNEP. The Treasurer will circulate annually, the ledger on Promissory Notes for the purpose of the reconciliation of the accounts.
- 4.6 The accounts of the Fund maintained by the Treasurer will be subject solely to the Internal and External Audit of the United Nations.

#### Article V

- 5.1 These arrangements will remain in force until such time as either party agrees to terminate the Agreement. Should one party wish to terminate these arrangements, such termination notice will be given 180 days prior to its intended termination.
- 5.2 Notwithstanding the termination of this Agreement, UNEP will continue to hold unutilized funds and interest income earned thereof until all commitments and liabilities incurred in the implementation of activities approved by the Executive Committee have been satisfied and activities have been brought to an orderly conclusion.
- 5.3 Any funds that remain after such commitments and liabilities have been satisfied; will be transferred by UNEP to the Fund or used as the Executive Committee and UNEP may jointly determine.

Article VI

- 6.1 This Agreement shall enter into force on the date of the last signature by the authorized representatives of the Parties. The Agreement may be modified only by written agreement between the Parties.

\_\_\_\_\_  
For UNEP as Implementing Agency

Name:  
Functional Title:  
Place of signature:  
Date:

\_\_\_\_\_  
for UNEP as Treasurer

Name:  
Functional Title:  
Place of signature:  
Date:

**Annex 3**

DRAFT

**AGREEMENT BETWEEN THE UNITED NATIONS ENVIRONMENT PROGRAMME  
AS THE TREASURER OF THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL AND THE UNITED  
NATIONS INDUSTRIAL PROGRAMME (“UNIDO”)**

WHEREAS the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (“Protocol”) to the Vienna Convention for the Protection of the Ozone Layer (“Parties”) have established the Multilateral Fund for the Implementation of the Montreal Protocol (“Fund”) to operate under the authority of the Parties through an Executive Committee to provide the financing of agreed incremental costs to enable Parties operating under paragraph 1 of article 5 of the Protocol to comply with the control measures of the Protocol;

WHEREAS the Parties established an Executive Committee to develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements including the disbursement of resources for the purpose of achieving the objectives of the Fund with the co-operation and assistance of the World Bank (“Bank”), the United Nations Environment Programme (“UNEP”), the United Nations Industrial Development Organization (“UNIDO”) and the United Nations Development Programme (“UNDP”);

WHEREAS at the request of the Parties, the Fund was established in accordance with the Financial Regulations and Rules of the United Nations;

WHEREAS by decision of the Executive Committee, UNEP has been appointed as Treasurer of the Fund;

WHEREAS the roles and responsibilities of the Treasurer have been set out in the 2004 revised Agreement between the Executive Committee and UNEP as the Treasurer of the Fund;

WHEREAS UNIDO has agreed to provide for the establishment of accounts to be constituted by the funds provided to UNIDO in accordance with the Agreement concluded on 19 June 1991 and 21 August 1991 as amended on 31 July 1998 and 14 August 1998 respectively between the Executive Committee of the Multilateral Fund and UNIDO, together with any other assets and receipts received for the benefit of the Parties;

WHEREAS the Executive Committee and UNIDO have agreed on the administrative arrangements and procedures covering UNIDO involvement in the implementation of the work programme of the Fund, pursuant to which the Treasurer will transfer funds to UNIDO to enable UNIDO to administer and manage projects and activities approved by the Executive Committee for implementation by UNIDO;

NOW THEREFORE, UNIDO and the Treasurer hereby agree as follows:

Article I

- 1.1 The Treasurer shall transfer the amounts approved by the Executive Committee, in advance for the implementation of planned projects and activities approved by the Executive Committee for implementation by UNIDO, to the UNIDO bank account.
- 1.2 Funds held in the account and not immediately required will be invested in accordance with the regular practice of the UNIDO, and the income from investments will be added to the resources held.

Article II

- 2.1 The accounts of the Fund will be administered by UNIDO in accordance with the Financial Regulations and Rules of UNIDO.
- 2.2 Project management and expenditures will be governed by the Financial Regulations and Rules of UNIDO.

Article III

- 3.1 UNIDO will provide financing from the accounts for the purpose of meeting the costs of the projects and activities approved by the Executive Committee for implementation by UNIDO.
- 3.2 UNIDO will make commitments for financing under these arrangements before the receipt of funds in the accounts and in line with the terms of Articles 1 and 2 of the 1998 Amendment to 1992 Agreement between ExCom and UNIDO.
- 3.3 Notwithstanding the completion of projects financed from the accounts, UNIDO will continue to hold all unutilized resources in the accounts until all commitments and liabilities in the implementation of these projects have been satisfied and project activities have been brought to an orderly conclusion. Any resources that remain unexpended after such commitments and liabilities have been satisfied will be transferred back to the Fund or used as the Executive Committee and UNIDO may jointly determine.
- 3.4 If the unutilized resources prove insufficient to meet such commitments and liabilities UNIDO will consult with the Chief Officer of the Fund Secretariat and the Executive Committee on the manner in which such commitments and liabilities may be satisfied.

#### Article IV

- 4.1 UNIDO will provide the Treasurer with an annual provisional financial statement in the format agreed by all the implementing agencies. The provisional financial statement should be duly signed by an authorized official of UNIDO and should reach the Treasurer by 31 January of the following year to allow for the timely compilation of the annual accounts of the Fund.
- 4.2 UNIDO will provide the Treasurer by 30 September with a certified annual statement or audited biennial statement of income and expenditure for the previous year, including any pertinent comments made by the Auditors. In addition, the Treasurer will at the same time be provided with the financial statement in the format agreed by all the implementing agencies.
- 4.3 Financial statements submitted to the Treasurer in accordance with paragraph 4.2 above will be audited in accordance with the audit rules and procedures of UNIDO.
- 4.4 The Treasurer will maintain and after each meeting of the Executive Committee of the Multilateral Fund distribute to UNIDO a year-to-date payment ledger for the purposes of reconciliation of accounts.
- 4.5 The Treasurer will manage a transparent system for the issuance and encashment of Promissory Notes, in accordance with predetermined schedules or as funds are needed by UNIDO. The Treasurer will circulate annually, the ledger on Promissory Notes for the purpose of the reconciliation of the accounts.
- 4.6 The accounts of the Fund maintained by the Treasurer will be subject solely to the Internal and External Audit of the United Nations.

#### Article V

- 5.1 These arrangements will remain in force until such time as either party agrees to terminate the Agreement. Should one party wish to terminate these arrangements, such termination notice will be given 180 days prior to its intended termination.
- 5.2 Notwithstanding the termination of this Agreement, UNIDO will continue to hold unutilized funds and interest income earned thereof until all commitments and liabilities incurred in the implementation of activities approved by the Executive Committee have been satisfied and activities have been brought to an orderly conclusion.
- 5.3 Any funds that remain after such commitments and liabilities have been satisfied; will be transferred by UNIDO to the Fund or used as the Executive Committee and UNIDO may jointly determine.

Article VI

- 6.1 This Agreement shall enter into force on the date of the last signature by the authorized representatives of the Parties. The Agreement may be modified only by written agreement between the Parties.

\_\_\_\_\_  
For UNIDO

Name:  
Functional Title:  
Place of signature:  
Date:

\_\_\_\_\_  
for UNEP as Treasurer

Name:  
Functional Title:  
Place of signature:  
Date:



**Annex 4**

DRAFT

**AGREEMENT BETWEEN THE UNITED NATIONS ENVIRONMENT PROGRAMME  
AS THE TREASURER OF THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL AND THE  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AS  
TRUSTEE OF THE OZONE PROJECTS TRUST FUND**

WHEREAS the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (“Protocol”) to the Vienna Convention for the Protection of the Ozone Layer (“Parties”) have established the Multilateral Fund for the Implementation of the Montreal Protocol (“Fund”) to operate under the authority of the Parties to provide the financing of agreed incremental costs to enable Parties operating under paragraph 1 of article 5 of the Protocol to comply with the control measures of the Protocol;

WHEREAS the Parties established an Executive Committee to develop and monitor the implementation of administrative arrangements for the purposes of achieving the objectives of the Fund with the co-operation and assistance of the International Bank for Reconstruction and Development (“Bank”) the United Nations Environment Programme (“UNEP”), the United Nations Industrial Development Organization (“UNIDO”) and the United Nations Development Programme (“UNDP”);

WHEREAS at the request of the Parties, the Fund was established in accordance with the Financial Regulations and Rules of the United Nations;

WHEREAS by decision of the Executive Committee, UNEP has been appointed as Treasurer of the Fund;

WHEREAS the roles and responsibilities of the Treasurer have been set out in the 2004 revised Agreement between the Executive Committee and UNEP as the Treasurer of the Fund;

WHEREAS the Bank has decided to provide for the establishment of the Ozone Projects Trust Fund (“OTF”) constituted by the funds provided to the Bank pursuant to the agreements between the Bank and the Executive Committee, together with any other assets and receipts received for the benefit of the Parties;

WHEREAS the Executive Committee and the Bank have agreed on the administrative arrangements and procedures covering the Bank’s involvement in the implementation of the work programme of the Fund, pursuant to which UNEP will transfer funds to the OTF to enable the Bank to administer and manage the Bank’s projects and activities approved by the Executive Committee for implementation by the Bank;

NOW THEREFORE, the Bank and the Treasurer hereby agree as follows:

### Article I

- 1.1 The Treasurer shall transfer the amounts approved by the Executive Committee (the “Contributions”), in advance of the implementation of planned projects and activities approved by the Executive Committee for implementation by the Bank into the following account of the Bank, under reference to “Ozone Projects Trust Fund, Project Number TF20075”:

Wachovia Bank, NA, New York  
11 Penn Plaza  
Floor 4  
New York, NY 10038

Account Number: 2000192003489  
Swift Bic Code: PNBPUS3NNYC  
Internal Route Code: PNBPNY  
Fed ABA Number: 026005092.

- 1.2 Funds held in the OTF and not immediately required will be invested in accordance with the regular practice of the Bank, and the income from investments will be added to the resources of the OTF.

### Article II

- 2.1 The OTF will be administered by the Bank in accordance with the Operational Policies and Procedures of the Bank.
- 2.2 Project management and expenditures will be governed by the Operational Policies and Procedures of the Bank.

### Article III

- 3.1 The Bank as trustee of the OTF will provide financing from the OTF for the purpose of meeting the costs of the projects and activities approved by the Executive Committee for implementation by the Bank.
- 3.2 The Bank as trustee of the OTF will make no commitments for financing under these arrangements before the receipt of funds in the OTF.

- 3.3 Notwithstanding the completion of projects financed from the OTF, the Bank will continue to hold all unutilized resources in the OTF until all commitments and liabilities in the implementation of these projects have been satisfied and project activities have been brought to an orderly conclusion. Any resources that remain unexpended after such commitments and liabilities have been satisfied will be transferred back to the Fund or used as the Executive Committee and the Bank may jointly determine.
- 3.4 If the unutilized resources prove insufficient to meet such commitments and liabilities the Bank will consult with the Chief Officer of the Fund Secretariat and the Executive Committee on the manner in which such commitments and liabilities may be satisfied.

#### Article IV

- 4.1 The Bank will maintain separate records and ledger accounts in respect of the Contributions and the disbursements thereof. Within ninety (90) days of each March 31, June 30, September 30 and December 31 during the term of the OTF, the Bank will prepare, on a cash basis, an unaudited statement of receipts, disbursements and fund balance with respect to the OTF and forward a copy to the Treasurer. Each such statement will be expressed in United States dollars, the currency in which the Bank will maintain the funds.
- 4.2 The Bank will annually provide the Treasurer with a management assertion, together with an attestation from the Bank's external auditors concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole. The costs of such attestations will be borne by the Bank.
- 4.3 The Bank will cause a financial statement audit of the OTF to be performed by the Bank's external auditors annually and upon completion, the costs of such an audit, including the internal costs of the Bank with respect to such an audit, will be charged to the OTF. The Bank will provide the Treasurer with a copy of the auditors' report. In the event that there are insufficient funds in the OTF to conduct such audits, the World Bank should notify the Executive Committee of the shortfall. Subject to approval by the Executive Committee, the Treasurer shall pay-in such a shortfall as instructed by the Executive Committee. In addition, if the Treasurer wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the OTF at a more frequent interval, the Treasurer and the Bank will first consult as to whether such an external audit is necessary. The Bank and the Treasurer will agree on the most appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank will arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, will be paid by the Fund.

- 4.4 The Treasurer will manage a transparent system for the issuance and encashment of promissory notes, in accordance with predetermined schedules or as funds are needed by Implementing Agencies. The Treasurer will circulate annually, the ledger on promissory notes for the purpose of the reconciliation of the accounts.
- 4.5 The Treasurer's accounts of the Fund will be subject solely to the Internal and External Audit of the United Nations.

Article V

- 5.1 These arrangements will remain in force until such time as either party decides to terminate them. Should one party wish to terminate these arrangements, such termination notice will be given 30 days prior to its intended termination.
- 5.2 Notwithstanding termination of this Agreement, the Bank will continue to hold unutilized funds and interest earned by the OTF until all commitments and liabilities incurred in the implementation of activities approved by the Executive Committee have been satisfied and activities have been brought to an orderly conclusion.
- 5.3 Any funds that remain after such commitments and liabilities have been satisfied; will be transferred by the Bank to the Fund.

Article VI

- 6.1 This Agreement shall enter into force on the date of the last signature by the authorized representatives of the Parties. This Agreement may be modified only by written agreement between the parties hereto.

\_\_\_\_\_  
For the Bank  
as trustee of the Ozone Projects Trust Fund

\_\_\_\_\_  
for UNEP as Treasurer

Name:  
Functional Title:  
Place of signature:  
Date:

Name:  
Functional Title:  
Place of signature:  
Date: