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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-ninth Meeting
Montreal, 10-14 July 2006

**COSTS CHARGED TO MULTILATERAL FUND ACCOUNTS THAT WERE NOT
ASSIGNED TO EITHER PROJECT OR ADMINISTRATIVE COSTS WITH RESPECT
TO THE APPLICATION OF MISCELLANEOUS INCOME, EXCHANGE RATE
LOSSES AND GAINS, AND BANK CHARGES (FOLLOW-UP TO DECISION 48/38)**

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Introduction

1. At its 47th Meeting, the Fund Secretariat informed the Executive Committee that during the reconciliation of accounts for 2004 it discovered that the implementing agencies had accounted for miscellaneous income, bank charges and exchange rate losses and gains in different ways. The extent to which such charges were being absorbed by funds approved for project approvals and agency fees by the Executive Committee was unclear. A report was submitted to the 48th Meeting on the basis of which the Executive Committee decided, *inter alia*:

“To confirm that the costs approved for implementing agencies should be classified as either project or administrative costs; and

To request that all implementing agencies that had any costs charged to their Multilateral Fund accounts that were not assigned to either project or administrative costs identify those costs relating to the last replenishment period, and before that, where possible, and inform the Executive Committee at the 49th Meeting” (decision 48/38(b) and (c)).

2. In the information submitted to the 48th Meeting, UNDP and the World Bank confirmed that all of their costs are classified as either project or administrative costs. UNEP has since the 48th Meeting agreed that US \$60,556 in costs that were not previously assigned to project or administrative costs would be reassigned to those categories. These adjustments place UNEP in full compliance with decision 48/38(b).

3. UNIDO’s miscellaneous income/expenditure (i.e., costs not assigned to either project or administrative costs) for the period 1993-2005 are shown in Table 1. These income/expenditure values include bank charges, gains/losses on exchange rates and refunds/charges on completed projects.

Table 1

MISCELLANEOUS INCOME/EXPENDITURE FOR THE PERIOD 1993-2005 FOR UNIDO (in US\$)

Year	Total
1993-2002	268,987.00
2003	23,645.00
2004	1,883.00
2005	67,451.40
TOTAL	361,966.40

4. Following discussions with the Fund Secretariat, UNIDO agreed to further look into the possibility of assigning these costs to project and administrative costs to the greatest extent possible and report either to the 49th Meeting (if the matter is resolved) or to the 50th Meeting in the context of the annual reconciliation of accounts required by decision 38/9(d).

RECOMMENDATIONS

5. The Executive Committee may wish to:
- (a) Note the report on costs charged to the Multilateral Fund accounts that were not assigned to either project or administrative costs with respect to the application of miscellaneous income, exchange rate losses and gains, and bank charges (follow-up to decision 48/38) as contained in UNEP/OzL.Pro/ExCom/49/40);
 - (b) Note, with appreciation, that all of the costs of UNDP and the World Bank are assigned to either project or administrative costs;
 - (c) Note, with appreciation, UNEP's agreement that all costs would be classified as either project or administrative costs and that expenditures amounting to US \$60,556 that previously were not so assigned would be categorized as such; and,
 - (d) Request UNIDO to continue its efforts to comply with decision 48/38(b) and report on the outcome to the 50th Meeting of the Executive Committee in the context of the annual reconciliation of accounts required by decision 38/9(d).
