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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Fifty-fifth Meeting
Bangkok, 14-18 July 2008

2007 PROVISIONAL FINANCIAL STATEMENTS

1. This document presents the 2007 provisional financial statements of the Multilateral Fund, the four implementing agencies (IAs) and the Secretariat as contained in Schedules 1.1-1.7. These are attached to this document for information only at this time.
2. It is to be noted that the World Bank's (WB) 2007 provisional financial statement includes in its 2007 income an amount of US \$1,198,947, which had been disbursed by the Thai Government to the World Bank in 2007 as a refund against the Thailand Chiller Project concessional loan from the Fund to Thailand (THA/REF/26/INV/104), in addition to a currency exchange gain of US \$154,177. As a result of the additional income reported by the Bank in its Financial Statement, the Treasurer reduced the transfer of funds to the WB against the Executive Committee's approvals at the 54th Meeting by US \$1,198,947.
3. Following a request from the Secretariat on how the disbursements were handled in the Bank's Financial Statement, the WB clarified that disbursements against the Thai project had been recorded in the Bank system and thus were reflected in the 2007 cumulative expenditures of its 2007 Financial Statement. However, the WB explained that it had removed the disbursements from its progress report to the Secretariat in order to enable the fact that Thailand had repaid the amount of funds it disbursed for the Chiller project to be recorded in the Meeting report.
4. A reconciliation of the WB 2007 accounts with the progress report is therefore required with respect to its 2007 cumulative expenditures in the Bank's Financial Statements and the progress report.

5. The final 2007 accounts of the Fund will be submitted to the 56th Meeting of the Executive Committee following the submission schedule agreed between the representatives of the IAs and the Treasurer at the Workshop on Common Terminology and Procedures for Reconciliation of Accounts, during which the agencies agreed with the Treasurer to submit their provisional accounts to UNEP by 31 January and the final accounts by 30 September of the year following the accounting period to which they relate.

Adjustments to IAs 2006 Provisional Statements

6. The differences between the agencies provisional and final 2006 accounts, as reflected in Table 2 of document UNEP/OzL.Pro/ExCom/53/65, have been recorded during the year 2007.

2007 UNEP Audit report

7. The audit of the 2007 financial statements of UNEP has been concluded by the UN Board of Auditors. UNEP is waiting for the auditor's final report to be finalised and will report to the Executive Committee at its 56th Meeting on any significant audit findings and observations regarding the Multilateral Fund for its consideration.

Recommendations

8. The Executive Committee may wish to:
 - (a) Take note of the Fund's 2007 provisional financial statements contained in document UNEP/OzL.Pro/ExCom/55/52;
 - (b) Note that the 2007 final accounts of the Fund will be submitted to the Executive Committee at the 56th Meeting;
 - (c) Note that the WB reflected expenditures against the Thai project (THA/REF/26INV/104), in its 2007 financial statement and not in its progress report, which constitutes a reconciling item in the 2007 reconciliation of the accounts exercise.
 - (d) Note that necessary actions have been taken by the Treasurer to reflect the adjustments resulting from the reconciliation of the 2006 accounts exercise;
 - (e) Request the Treasurer to report to the 56th Meeting audit observations and recommendations on the Multilateral Fund Secretariat accounts for the Committee's consideration.

| SCHEDULE 1.1 MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL 2007 STATEMENT OF INCOME AND EXPENDITURE (in US\$) (Thousands of United States dollars) | | | |
|---|-----------------|-----------------|------------------|
| INCOME | 2007 | 2006 | 1991- 2007 |
| Agreed contributions | 128,689 | 128,959 | 2,184,429 |
| Interest income | 18,998 | 13,774 | 185,126 |
| Miscellaneous income | 7,140 | 14,211 | 55,528 |
| TOTAL INCOME | 154,827 | 156,944 | 2,425,083 |
| EXPENDITURE | | | |
| UNEP Managed Activities | 14,160 | 13,056 | 117,140 |
| UNDP Managed Activities | 24,811 | 24,741 | 451,463 |
| UNIDO Managed Activities | 31,912 | 44,660 | 453,361 |
| World Bank Managed Activities | 98,259 | 86,149 | 862,924 |
| Secretariat | 5,960 | 5,754 | 60,260 |
| TOTAL EXPENDITURE | 175,102 | 174,360 | 1,945,148 |
| Excess of income over expenditure | (20,275) | (17,416) | 479,935 |
| Prior period adjustments | 251 | 2,777 | 600 |
| Net excess of income over expenditure | (20,024) | (14,639) | 480,535 |
| Fund balance, beginning of period | 500,559 | 515,198 | 0 |
| Fund balance, end of period | 480,535 | 500,559 | 480,535 |

(i) For ease of monitoring and to avoid delay the Treasurer recorded UNDP, UNIDO and WB-IBRD unaudited submitted for their accounting periods which ended 31 December 2007 based on agreement that they will provide expenditures audited expenditures immediately when they become available. The Treasurer, also according to the approved practice of the Executive Committee of the Multilateral Fund, recorded expenditure from implementing agencies of US \$327,760 in the current period resulting from the reconciliation of the audited accounts for the periods ending 31 December 2006 and earlier.

(ii) The prior period adjustment is in respect of the fund returned by Sweden when the Swedish components of the national CFC phase-out plan in Serbia was transferred to UNIDO. (Excom decision 50/10 (b) (vii)).

(iii) Of the total US \$173.751 million Voluntary contributions receivable, about US \$110 million or 63% represent amounts due from countries with economies in transition. The Fund encourages parties to pay their outstanding contributions in full and no write-offs or provisions for doubtful accounts are currently being considered.

| SCHEDULE 1.2 | | |
|---|----------------|----------------|
| MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL | | |
| 2007 STATEMENT OF ASSETS AND LIABILITIES | | |
| (Thousands of United States dollars) | | |
| ASSETS | 31.12.2007 | 31.12.2006 |
| Cash and term deposits | 32,845 | 1,774 |
| Voluntary pledges receivable | 173,751 | 185,673 |
| Inter-fund balance receivable | 170 | 0 |
| Other accounts receivable | 1,207 | 2,408 |
| Other assets - deferred charges | 34 | 20 |
| Promissory notes | 40,747 | 41,005 |
| Operating funds provided to implementing agencies | 239,793 | 274,427 |
| TOTAL ASSETS | 488,547 | 505,307 |
| LIABILITIES | | |
| Deferred credits | 7,394 | 4,180 |
| Reserve for obligations | 324 | 308 |
| Inter-fund balance payable | 0 | 125 |
| Other accounts payable | 294 | 135 |
| TOTAL LIABILITIES | 8,012 | 4,748 |
| RESERVES AND FUND BALANCES | | |
| Cumulative surplus | 480,535 | 500,559 |
| TOTAL RESERVES AND FUND BALANCES | 480,535 | 500,559 |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCES | 488,547 | 505,307 |

SCHEDULE 1.3

A. **2007 Expenditures for Account MFL 2336-2211-2661: (Secretariat's Main Account)**

| | | Approved Budget | Actual Expenditure | Savings/ (Deficit) |
|-----------|---|--------------------|-----------------------|-----------------------|
| 10 | PROJECT PERSONNEL COMPONENT | | | |
| | 1100 <i>Project Personnel</i> | | | |
| | 1101 Chief Officer (D-2) | 189,454 | 209,222 | (19,768) |
| | 1102 Deputy Chief Officer (Economic Cooperation) (P-5) | 173,853 | 177,646 | (3,793) |
| | 1103 Deputy Chief Officer (Technical Cooperation) (P-5) | 177,336 | 8,577 | 168,759 |
| | 1104 Senior Project Management Officer (P-5) | 168,955 | 183,282 | (14,327) |
| | 1105 Senior Project Management Officer (P-5) | 168,955 | 207,400 | (38,445) |
| | 1106 Senior Project Management Officer (P-5) | 168,955 | 160,542 | 8,413 |
| | 1107 Senior Project Management Officer (P-5) | 168,955 | 188,502 | (19,547) |
| | 1108 Information Management Officer (P-3) | 149,393 | 168,219 | (18,826) |
| | 1109 Administrative and Fund Management Officer (P-4) | 151,589 | 147,727 | 3,862 |
| | 1110 Senior Monitoring and Evaluation Officer (P-5) | 168,955 | 205,839 | (36,884) |
| | 1111 Executive Assistant to Chief Officer (P-2) | 78,719 | 133,712 | (54,993) |
| | 1112 Associate IT Officer | 74,970 | 90,678 | (15,708) |
| | 1188 Prior Year's Adjustment | | | |
| | 1199 <i>Sub-total</i> | 1,840,089 | 1,881,346 | (41,257) |
| | 1200 <i>Consultants</i> | | | |
| | 1201 Projects and technical reviews etc | 120,000 | 94,986 | 25,014 |
| | 1299 <i>Sub-total</i> | 120,000 | 94,986 | 25,014 |
| | 1300 <i>Administrative Support Staff costs</i> | | | |
| | 1301 Admin Assistant (G-8) | 71,217 | 70,598 | 619 |
| | 1302 Meetings Services Assistant (G-7) | 67,386 | 73,736 | (6,350) |
| | 1303 Programme Assistant (G-8) | 71,217 | 79,633 | (8,416) |
| | 1304 Senior Secretary (Deputy Chief, Economic Cooperation) (G-6) | 52,753 | 58,845 | (6,092) |
| | 1305 Senior Secretary (Deputy Chief, Technical Cooperation) (G-6) | 52,753 | 60,099 | (7,346) |
| | 1306 Computer Operations Assistant (G-7/G-8) | 71,217 | 15,853 | 55,364 |
| | 1307 Secretary (to 2 Programme Officers) (G-6) | 55,753 | 55,867 | (114) |
| | 1308 Secretary/Clerk, Administration (G-5) | 59,811 | 33,382 | 26,429 |
| | 1309 Registry Clerk (G-4) | 45,570 | 53,922 | (8,352) |
| | 1310 Database Assistant (G-8) | 71,217 | 89,956 | (18,739) |
| | 1311 Secretary, Monitoring and Evaluation, (G-5/G-6) | 52,753 | 56,450 | (3,697) |
| | 1301-11 <i>Sub-total (support staff costs)</i> | 671,647 | 648,341 | 23,306 |
| | | | | |
| | 1333 Executive Committee meetings | 600,000 | 822,743 | (222,743) |
| | 1333 <i>Sub-total (conference servicing)</i> | 600,000 | 822,743 | (222,743) |
| | 1335 Temporary Assistance | 50,000 | 48,768 | 1,232 |
| | 1388 Prior Year's Adjustment | - | - | 0 |
| | 1388 <i>Sub-total</i> | - | 0 | 0 |
| | 1399 <i>Sub-total</i> | 1,321,647 | 1,519,852 | (198,205) |

| | | Approved | Actual | Savings/ |
|-------------|---|------------------|------------------|------------------|
| | | Budget | Expenditure | (Deficit) |
| 1600 | <i>Travel on Official Missions</i> | | | |
| 1601 | Mission costs | 190,000 | 175,407 | 14,593 |
| 1699 | <i>Sub-total</i> | 190,000 | 175,407 | 14,593 |
| 1999 | COMPONENT TOTAL | 3,471,736 | 3,671,591 | (199,855) |
| 20 | SUB-CONTRACTS COMPONENT | | | |
| 2100 | <i>Sub-Contracts with UN Agencies:</i> | | | |
| 2101 | Treasury services | 500,000 | 500,000 | 0 |
| 2201 | Various studies | 350,000 | 256,345 | 93,655 |
| 2202 | Various studies | 245,000 | - | 245,000 |
| 2199 | <i>Sub-total</i> | 1,095,000 | 756,345 | 338,655 |
| 2300 | <i>Sub-Contracts with Profit Making Institutions</i> | | | 0 |
| 2301 | Corporate Consultancies | 0 | 0 | 0 |
| 2399 | <i>Sub-total</i> | 0 | 0 | 0 |
| 2999 | COMPONENT TOTAL | 1,095,000 | 756,345 | 338,655 |
| 30 | MEETINGS PARTICIPATION COMPONENT | | | |
| 3300 | <i>Assistance to Participants from Developing Countries</i> | | | |
| 3301 | Travel of Chairman / Vice-Chairman | 30,000 | 5,823 | 24,177 |
| 3302 | Executive Committee meetings | 225,000 | 217,762 | 7,238 |
| 3303 | Sub-Committee and Informal Sub-group meetings | 30,000 | 0 | 30,000 |
| 3399 | <i>Sub-total</i> | 285,000 | 223,585 | 61,415 |
| 3999 | COMPONENT TOTAL | 285,000 | 223,585 | 61,415 |
| 40 | EQUIPMENT COMPONENT | | | |
| 4100 | <i>Expendables</i> | | | |
| 4101 | Office stationery etc | 15,000 | 14,802 | 198 |
| 4102 | Software & Computer expendables | 9,000 | 8,120 | 880 |
| 4199 | <i>Sub-total</i> | 24,000 | 22,922 | 1,078 |
| 4200 | <i>Non-expendable Equipment</i> | | | |
| 4201 | Computer, printers etc. | 10,000 | 9,579 | 421 |
| 4202 | Others | 5,000 | 3,114 | 1,886 |
| 4299 | <i>Sub-total</i> | 15,000 | 12,693 | 2,307 |
| 4300 | <i>Rental of premises</i> | | | |
| 4301 | Rental of office premises | 460,000 | 544,707 | (84,707) |
| 4399 | <i>Sub-total</i> | 460,000 | 544,707 | (84,707) |
| 4999 | COMPONENT TOTAL | 499,000 | 580,322 | (81,322) |
| 50 | MISCELLANEOUS COMPONENT | | | |
| 5100 | <i>Operations and Maintenance</i> | | | |
| 5101 | Computers, printers etc | 9,000 | 2,172 | 6,828 |
| 5102 | Office premises | 9,000 | 3,464 | 5,536 |
| 5103 | Rental of Photocopiers | 15,000 | 15,635 | (635) |
| 5104 | Telecommunications equipment | 9,000 | 9,000 | 0 |
| 5105 | Miscellaneous equipment rentals | 12,000 | 2,447 | 9,553 |
| 5199 | <i>Sub-total</i> | 54,000 | 32,718 | 21,282 |
| 5200 | <i>Reporting Costs</i> | | | |

| | | Approved Budget | Actual Expenditure | Savings/ (Deficit) |
|---|--|--------------------|-----------------------|-----------------------|
| 5201 | Executive Committee meetings | | | |
| 5202 | Reporting (others) | 20,000 | 20,000 | 0 |
| 5299 | <i>Sub-total</i> | 20,000 | 20,000 | 0 |
| 5300 | <i>Sundry</i> | | | |
| 5301 | Communications | 40,000 | 48,618 | (8,618) |
| 5302 | Freight charges | 15,000 | 18,863 | (3,863) |
| 5303 | Bank charges | 5,000 | 1,915 | 3,085 |
| 5305 | Staff training | 38,000 | 20,119 | 17,881 |
| 5399 | <i>Sub-total</i> | 98,000 | 89,515 | 8,485 |
| 5400 | <i>Hospitality</i> | | | |
| 5401 | Official hospitality | 10,000 | 10,510 | (510) |
| 5499 | <i>Sub-total</i> | 10,000 | 10,510 | (510) |
| 5999 | COMPONENT TOTAL | 182,000 | 152,743 | 29,257 |
| 99 | PROJECT TOTAL | 5,532,736 | 5,384,586 | 148,150 |
| | <i>Programme Support Costs</i> | 326,526 | 328,859 | (2,334) |
| | GRAND TOTAL | 5,859,262 | 5,713,445 | 145,816 |
| B. 2007 Expenditures for Account MFL 2336-2212-2661: (Monitoring and Evaluation) | | | | |
| | | Approved Budget | Actual Expenditure | Savings/ (Deficit) |
| 1201 | Consultants - Projects and technical reviews | 159,339 | 159,339 | 0 |
| 1202 | Projects and technical reviews etc./Case studies | 35,000 | 22,016 | 12,984 |
| 1203 | Projects and technical reviews etc./Extending desk study | 40,000 | 0 | 40,000 |
| 1204 | Projects and technical reviews etc./Halon banking & recovery | 115,903 | 38,200 | 77,703 |
| 1601 | Travel on Official business | 64,000 | 24,527 | 39,473 |
| 4201 | Non Expendable Computer Equipment | 4,000 | 0 | 4,000 |
| 5301 | Communications | 2,000 | 2,000 | 0 |
| | ACCOUNT TOTAL | 420,242 | 246,082 | 174,160 |
| C. 2007 Expenditures for Account MFL 2336-2213-2661: (Technical Audits: Production Sector) | | | | |
| 2300 | <i>Sub-Contracts with Profit Making Institutions</i> | | | |
| 2301 | Corporate Consultancies | 0 | 0 | 0 |
| | ACCOUNT TOTAL | 0 | 0 | 0 |
| D. 2007 Expenditures for Account MFL 2336-2720-2661: (Information Strategy) | | | | |
| | | Approved Budget | Actual Expenditure | Savings/ (Deficit) |
| 1201 | Consultant | 0 | 0 | 0 |
| 4102 | Expendable Computer Equipment | 0 | 0 | 0 |
| 4201 | Non Expendable Computer Equipment | 0 | 0 | 0 |
| 5105 | Miscellaneous equipment rentals/Network maintenance | 0 | 0 | 0 |
| | ACCOUNT TOTAL | 0 | 0 | 0 |
| | TOTAL FOR ALL ACCOUNTS | 6,279,504 | 5,959,527 | 319,976 |

| SCHEDULE 1.4 | | | |
|---|---------------------|--------------------|--------------------|
| MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL | | | |
| UNDP Managed Activities 1991 - 2007 | | | |
| INCOME | 2007 | 2006 | 1991-2007 |
| Cash transferred from the Multilateral Fund | 10,204,149 | 13,579,697 | 458,012,195 |
| Promissory notes encashment | 0 | 0 | 31,150,012 |
| Interest and miscellaneous income earned and retained | 3,252,000 | 4,163,160 | 47,897,398 |
| TOTAL INCOME | 13,456,149 | 17,742,857 | 537,059,605 |
| | | | |
| TOTAL EXPENDITURE | 24,482,814 | 25,134,000 | 451,462,678 |
| EXCESS OF INCOME OVER EXPENDITURE | (11,026,665) | (7,391,143) | 85,596,927 |
| | | | |
| NET EXCESS OF INCOME OVER EXPENDITURE | (11,026,665) | (7,391,143) | 85,596,927 |
| | | | |
| Fund balance, beginning of period | 96,623,592 | 104,014,735 | 0 |
| Add excess of income over expenditure | (11,026,665) | (7,391,143) | 85,596,927 |
| Fund balance, end of period | 85,596,927 | 96,623,592 | 85,596,927 |

SCHEDULE 1.5

MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

UNEP Managed Activities 1991 - 2007

| INCOME | 2007 | 2006 | 1991-2007 |
|--|-------------------|-------------------|--------------------|
| Cash transferred from the Multilateral Fund | 17,874,751 | 9,724,930 | 131,882,141 |
| Total transfers | 17,874,751 | 9,724,930 | 131,882,141 |
| Interest earned and retained | 803,031 | 1,005,616 | 7,111,586 |
| Other income | (5,467) | 56,024 | 50,557 |
| TOTAL INCOME | 18,672,315 | 10,786,570 | 139,044,284 |
| TOTAL EXPENDITURE | 16,730,371 | 10,515,489 | 117,335,219 |
| EXCESS OF INCOME OVER EXPENDITURE | 1,941,944 | 271,081 | 21,709,065 |
| Prior period adjustments | 155,364 | 0 | 119,330 |
| NET EXCESS OF INCOME OVER EXPENDITURE | 2,097,308 | 271,081 | 21,828,395 |
| Fund balance, beginning of period | 19,731,087 | 19,460,006 | 0 |
| Add excess of income over expenditure | 2,097,308 | 271,081 | 21,828,395 |
| Fund balance, end of period | 21,828,395 | 19,731,087 | 21,828,395 |

| SCHEDULE 1.6 | | | |
|---|--------------------|---------------------|--------------------|
| MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL | | | |
| UNIDO Managed Activities 1991 - 2007 | | | |
| INCOME | 2007 | 2006 | 1991-2007 |
| Cash transferred from the Multilateral Fund | 22,848,701 | 22,332,117 | 466,003,952 |
| Interest and miscellaneous income earned and retained | 3,438,886 | 2,910,077 | 33,079,226 |
| TOTAL INCOME | 26,287,587 | 25,242,194 | 499,083,178 |
| | | | |
| TOTAL EXPENDITURE | 31,912,174 | 44,378,908 | 453,366,787 |
| EXCESS OF INCOME OVER EXPENDITURE | (5,624,587) | (19,136,714) | 45,716,391 |
| NET EXCESS OF INCOME OVER EXPENDITURE | (5,624,587) | (19,136,714) | 45,716,391 |
| Fund balance, beginning of period | 51,340,978 | 70,477,692 | 0 |
| Add excess of income over expenditure | (5,624,587) | (19,136,714) | 45,716,391 |
| Fund balance, end of period | 45,716,391 | 51,340,978 | 45,716,391 |

SCHEDULE 1.7

MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

World Bank Managed Activities 1991 - 2007

| INCOME | 2007 | 2006 | 1991-2007 |
|--|---------------------|--------------------|--------------------|
| Cash transferred from the Multilateral Fund | 66,512,605 | 112,118,963 | 700,630,745 |
| Promissory notes encashed* | 0 | 0 | 181,333,627 |
| Interest and miscellaneous income earned and retained (investment income) | 8,590,758 | 4,233,849 | 73,332,125 |
| TOTAL INCOME | 75,103,363 | 116,352,812 | 955,296,497 |
| | | | |
| TOTAL EXPENDITURE | 98,258,563 | 86,204,593 | 862,924,424 |
| EXCESS OF INCOME OVER EXPENDITURE | (23,155,200) | 30,148,219 | 92,372,073 |
| | | | |
| NET EXCESS OF INCOME OVER EXPENDITURE | (23,155,200) | 30,148,219 | 92,372,073 |
| Fund balance, beginning of period** | 115,527,273 | 85,379,054 | 0 |
| Add excess of income over expenditure | (23,155,200) | 30,148,219 | 92,372,073 |
| Fund balance, end of period | 92,372,073 | 115,527,273 | 92,372,073 |

* Promissory notes information provided by World Bank accounts.

** The World Bank restated its Opening Fund balance for 2006 to include unrealized investment income as at the end of 31 December 2005.