

# EP

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2008 / 12-8

2011 - 2009

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PricewaterhouseCoopers (PWC) (42/54 38/51 27/50 )  
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2007	2006	2005	2004	2003	
6,767,612	6,076,051	6,852,860	7,412,938	8,246,117	
6,030,398	7,106,215	6,658,371	5,914,544	6,118,162	
737,214	-1,030,164	194,489	1,498,394	2,127,955	
3,527,888	2,790,674	3,820,838	3,626,349	2,127,955	

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2007	2006	2005	2004	2003	2002	
3,680,410	3,488,278	4,379,594	5,345,493	4,797,375	3,651,058	
3,189,494	2,908,219	3,563,004	3,666,437	2,511,570	3,668,458	
490,916	580,059	816,590	1,679,056	2,285,805	-17,400	
5,835,026	5,344,110	4,764,051	3,947,461	2,268,405	-17,400	

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2007	2006	2005	2004	2003	2002	
3,787,035	5,025,532	4,593,474	4,838,520	4,894,912	3,612,944	
8,071,400	5,250,400	5,990,310	5,387,900	6,315,500	5,210,705	
-4,284,365	-224,868	-1,396,836	-549,380	-1,420,588	-1,597,761	
-9,473,798	-5,189,433	-4,964,565	-3,567,729	-3,018,349	-1,597,761	

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171,253	7,776,809	
480,779	1,998,931	
2,066,254	6,973,996	
2,718,286	16,749,736	

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## Annex I

### DEFINITION OF ADMINISTRATIVE COSTS

In keeping with the Executive Committee's 1994 recommendation, it is important to clarify the definition of administrative costs, at least for the purposes of this study. Unless there is a clear and common understanding of what is considered to be an administrative cost and what is considered to be a project cost, there will continue to be inconsistent approaches. If there are inconsistent approaches, it is very difficult to establish a uniform reimbursement rate based on actual costs.

Following this logic, the following paragraphs will serve first to propose a method of distinguishing between administrative and project costs, and second to propose criteria to identify the elements of administrative costs which could be considered as being eligible.

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### **Distinction between administrative and project activities**

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#### **Administrative activities**

In respect of Multilateral Fund programmes, the implementing agencies are expected to use their existing field office networks to match the needs of beneficiaries and the funds available from the Multilateral Fund. In doing so, they are required first to identify and submit potential projects to the Executive Committee and second, to ensure that the allocated funds are used in the manner authorised by the Executive Committee, in line with approved project proposals and budgets.

#### Project identification, formulation and approval

With respect to new and potential projects, the implementing agencies are expected to use the administrative cost allocation for the following activities:

- distributing information about the Multilateral Fund's programme to the agency's field offices network;
- collecting, reviewing and pre-qualifying project applications;
- dealing with governments and establishing legal agreements;
- preparing project proposals; obtaining project preparation budgets for larger projects;
- fielding consultants to project sites;
- submitting and following-up project proposals submitted to the Executive Committee for approval.

#### Project Implementation and Monitoring

With respect to approved projects, the implementing agencies are expected to use the administrative cost allocation for the following activities:

- co-ordinating each agency's efforts with the Secretariat;
- preparing implementation agreements and terms of reference for subcontractors
- mobilising implementation teams (executing agencies and consultants) for approved projects using appropriate bidding and evaluation mechanisms ;
- processing contractual and accounting documents associated with approved projects;
- monitoring the progress of a project from an administrative point of view, and ;

- reporting on results of projects and the program (preparing progress and project completion reports).

Other activities to be considered as administrative

- preparing annual business plans based on communications with national governments about sector needs and priorities;
- preparing progress reports;
- participating in project formulation activities with country offices;
- following up on implementation status, including country visits if there is evidence of undue delays or difficulties;
- providing input to the Multilateral Fund Secretariat with policy papers and issues; and
- participating in meetings sponsored by the Executive Committee, and the Secretariat.

**Activities to be considered as project costs**

The following activities would not be considered to be administrative activities, and would be conducted only on the basis of approved projects :

- marketing, business development and prospecting for new projects (this activity is funded by an the Executive Committee which has established ozone units in each country) ;
- project formulation/preparation, in cases where a project preparation budget has been approved ;
- project implementation, including the provision of project management and technical skills. This would include participating in the design of the project "deliverable" regardless of the form of the deliverable or the method of delivery. In other words, participation in the design of constructed equipment and training material would both be considered to be project activities..
- any activity considered to be a project, for instance country program preparation, technical assistance, training, etc.
- technical inspections of project "deliverables" by appropriately qualified experts.
- technical support provided at the programme or project level.

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**Reimbursable elements of administrative cost**

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With respect to each implementing agency's co-ordinating unit, to the extent that it supports the Multilateral fund, the following costs would be deemed to be eligible:

**1. Direct costs of the co-ordinating unit including**

- salaries and the associated benefits of permanent and contractual (consultants) staff;
- travel related to Multilateral Fund activities, and to administrative monitoring of projects.
- office accommodation cost including a fair allocation of operating costs, based on the proportion of useable space;
- equipment, office supplies, telecommunications and general expenses based on specific expenditures.
- contractual services related to activities of the co-ordinating unit.

2. A fair cost **allocation from central support services** of the implementing agency. This would include a fair and equitable allocation of the expense of central services such as:
  - human resources, based on the proportionate number of staff
  - accounting, based on the volume of transactions generated
  - management information systems, based on the proportionate number of workstations and the actual systems used by the co-ordinating unit
  - procurement and legal, based on the volume of transactions generated
  - general office and administrative services, based on the proportionate number of staff.
3. A fair **allocation of country or field office costs**. This allocation could be made globally on the basis of financial activity, i.e. Multilateral Fund spending vs total agency spending.
4. Direct costs of the **implementing arms, be they executing agencies, national governments, financial intermediaries or other consultants** contracted by the implementing agencies to the extent that they are involved in the administration of projects. These costs would be established by service contract or otherwise charged at rates equivalent to the fair value of the services received. These costs would exclude costs approved as part of project budgets (e.g. the cost of UNIDO's consultants in many of its projects).

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### **Non-reimbursable costs**

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It is proposed that the following items be considered as non-reimbursable for the purposes of determining actual administrative costs:

- Travel not directly related to Multilateral Fund business, including the non Multilateral Fund portion of multi-purpose trips, trips related to activities extraneous to the implementing agency's role;
- Allocations of general expenses already provided for in the general funds of implementing agencies
- Charges aimed at underwriting deficits or costs in other programs, budgets or activities.
- Any costs charged to projects.



Annex II

ADMINISTRATIVE COSTS (1998-2007)

Agency	Funds Approved for Projects and Activities (US dollars) per agency	Approved Support Costs (US dollars)	Percentage of Administrative Support Costs to Funds Approved	Funds Approved using PWC Admin Allocation for CAP	Support Costs using PWC Admin Allocation for CAP	Percentage of Admin Costs to Funds Approved per PWC
<b>Year</b>	<b>1998</b>			<b>1998</b>		
UNDP	31,398,080	4,058,756	12.93%	same	same	same
UNIDO	23,638,291	3,021,458	12.78%	same	same	same
World Bank	36,092,415	4,320,114	11.97%	same	same	same
UNEP	4,672,124	607,000	12.99%	4,672,124	607,000	12.99%
<b>Total</b>	<b>95,800,910</b>	<b>12,007,329</b>	<b>12.53%</b>	<b>95,800,910</b>	<b>12,007,329</b>	<b>12.53%</b>
<b>Year</b>	<b>1999</b>			<b>1999</b>		
UNDP	35,919,600	4,585,569	12.77%	same	same	same
UNIDO	34,186,780	4,101,107	12.00%	same	same	same
World Bank	64,404,300	6,562,404	10.19%	same	same	same
UNEP	6,502,734	838,029	12.89%	6,502,734	838,029	12.89%
<b>Total</b>	<b>141,013,414</b>	<b>16,087,108</b>	<b>11.41%</b>	<b>141,013,414</b>	<b>16,087,108</b>	<b>11.41%</b>
<b>Year</b>	<b>2000</b>			<b>2000</b>		
UNDP	31,341,916	3,816,390	12.18%	same	same	same
UNIDO	30,251,972	3,559,743	11.77%	same	same	same
World Bank	37,282,434	3,596,690	9.65%	same	same	same
UNEP	6,372,938	828,481	13.00%	6,372,938	828,481	13.00%
<b>Total</b>	<b>105,249,261</b>	<b>11,801,305</b>	<b>11.21%</b>	<b>105,249,261</b>	<b>11,801,305</b>	<b>11.21%</b>
<b>Year</b>	<b>2001</b>			<b>2001</b>		
UNDP	35,421,551	4,329,218	12.22%	same	same	same
UNIDO	24,742,300	3,088,385	12.48%	same	same	same
World Bank	55,212,853	5,047,511	9.14%	same	same	same
UNEP	7,591,536	794,352	10.46%	7,591,536	794,352	10.46%
<b>Total</b>	<b>122,968,240</b>	<b>13,259,465</b>	<b>10.78%</b>	<b>122,968,240</b>	<b>13,259,465</b>	<b>10.78%</b>
<b>Year</b>	<b>2002</b>			<b>2002</b>		
UNDP	45,113,704	6,243,691	13.84%	same	same	same
UNIDO	36,003,612	5,553,434	15.42%	same	same	same
World Bank	64,364,770	7,105,698	11.04%	same	same	same
UNEP	9,502,751	657,606	6.92%	8,309,686	1,850,672	22.27%
<b>Total</b>	<b>154,984,837</b>	<b>19,560,429</b>	<b>12.62%</b>	<b>153,791,771</b>	<b>20,753,494</b>	<b>13.49%</b>
<b>Year</b>	<b>2003</b>			<b>2003</b>		
UNDP	36,462,175	4,460,764	12.23%	same	same	same
UNIDO	30,047,948	3,822,504	12.72%	same	same	same
World Bank	72,757,614	7,284,915	10.01%	same	same	same
UNEP	11,284,539	808,989	7.17%	9,965,748	2,127,780	21.35%
<b>Total</b>	<b>150,552,276</b>	<b>16,377,172</b>	<b>10.88%</b>	<b>149,233,485</b>	<b>17,695,963</b>	<b>11.86%</b>
<b>Year</b>	<b>2004</b>			<b>2004</b>		
UNDP	25,091,254	3,483,224	13.88%	same	same	same
UNIDO	33,211,751	3,982,622	11.99%	same	same	same
World Bank	77,538,041	7,478,826	9.65%	same	same	same

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Agency	Funds Approved for Projects and Activities (US dollars) per agency	Approved Support Costs (US dollars)	Percentage of Administrative Support Costs to Funds Approved	Funds Approved using PWC Admin Allocation for CAP	Support Costs using PWC Admin Allocation for CAP	Percentage of Admin Costs to Funds Approved per PWC
UNEP	12,449,277	929,009	7.46%	11,066,167	2,312,118	20.89%
<b>Total</b>	<b>148,290,323</b>	<b>15,873,680</b>	10.70%	<b>146,907,213</b>	<b>17,256,790</b>	11.75%
<b>Year</b>	<b>2005</b>		<b>2005</b>			
UNDP	30,456,387	4,095,711	13.45%	same	same	same
UNIDO	53,813,278	5,756,682	10.70%	same	same	same
World Bank	75,456,515	7,318,868	9.70%	same	same	same
UNEP	12,751,995	928,555	7.28%	11,281,438	2,399,112	21.27%
<b>Total</b>	<b>172,478,175</b>	<b>18,099,816</b>	10.49%	<b>171,007,618</b>	<b>19,570,373</b>	11.44%
<b>Year</b>	<b>2006</b>		<b>2006</b>			
UNDP	15,935,717	2,967,597	18.62%	same	same	same
UNIDO	21,208,848	3,337,931	15.74%	same	same	same
World Bank	66,071,994	6,490,404	9.82%	same	same	same
UNEP	13,249,717	906,238	6.84%	11,844,850	2,311,105	19.51%
<b>Total</b>	<b>116,466,276</b>	<b>13,702,170</b>	11.76%	<b>115,061,409</b>	<b>15,107,036</b>	13.13%
<b>Year</b>	<b>2007</b>		<b>2007</b>			
UNDP	12,340,584	2,754,282	22.32%	same	same	same
UNIDO	24,299,522	3,631,365	14.94%	same	same	same
World Bank	66,829,831	6,860,290	10.27%	same	same	same
UNEP	14,991,156	1,093,137	7.29%	13,513,994	2,570,299	19.02%
<b>Total</b>	<b>118,461,093</b>	<b>14,339,074</b>	12.10%	<b>116,983,931</b>	<b>15,816,235</b>	13.52%
<b>Year</b>	<b>Total (1998 – 2007)</b>		<b>Total (1998 – 2007)</b>			
UNDP	299,480,968	40,795,201	13.62%	same	same	same
UNIDO	311,404,302	39,855,229	12.80%	same	same	same
World Bank	616,010,768	62,065,721	10.08%	same	same	same
UNEP	99,368,767	8,391,396	8.44%	91,121,215	16,638,947	18.26%
<b>Total</b>	<b>1,326,264,805</b>	<b>151,107,547</b>	11.39%	<b>1,318,017,253</b>	<b>159,355,098</b>	12.09%
<b>AVERAGE ANNUAL AMOUNT</b>						
UNDP	29,786,988	4,081,827		same	same	
UNIDO	31,974,001	4,092,641		same	same	
World Bank	64,435,373	6,416,179		same	same	
UNEP	10,521,849	864,933		9,605,455	1,781,327	
<b>Total</b>	<b>136,718,210</b>	<b>15,455,580</b>		<b>135,801,816</b>	<b>16,371,974</b>	



**Annex III**

**ALLOCATION OF ADMINISTRATIVE AND NON-ADMINISTRATIVE COMPONENTS OF  
THE CAP BUDGET**

Agreed Allocation of CAP Budget between Administrative and Project Costs	Administrative Costs	Project Costs
Head of Branch (1101)	100%	0%
Network & Policy Manager (1102)	50%	50%
Capacity Building Manager (1103)	50%	50%
Monitoring and Administration Officer (1105)	100%	0%
IS/RMP/CP Officer (1108)	50%	50%
Secretary Chief	100%	0%
Assistant & Monitoring & Administration (1304)	100%	0%
Assistant IS/RMP/CP (1305)	50%	50%
Paris Staff Level (1601)	50%	50%
Advisory and Consultative Meetings – Paris (3301)	50%	50%
Office Supplies (Paris and ECA (4101)	50%	50%
Non-Expendable equipment/computer – Paris and ECA (4201)	50%	50%
Office rental – Paris and ECA (4301)	50%	50%
Rental and maintenance of office equipment Paris and ECA	50%	50%
Reporting/reproduction costs (5201)	50%	50%
Communication and dissemination- Paris and ECA (5301)	10%	90%
Regional offices staff and assistance	10%	90%

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