



**United Nations  
Environment  
Programme**



Distr.  
LIMITED

UNEP/OzL.Pro/ExCom/41/11  
19 November 2003

ORIGINAL: ENGLISH

---

EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Forty first Meeting  
Montreal, 17 -19 December 2003

**PROJECT BALANCES**

1. At its 40<sup>th</sup> Meeting, the Executive Committee decided that issues such as return of balances from cancelled or completed projects, and such other routine activities as the Executive Committee might decide, should be handled administratively between the Secretariat and responsible implementing agencies with appropriate reports, including audited financial reports, to the Executive Committee (Decision 40/52(b)).
2. For the purpose of tracking the return of funds and good financial order, the Executive Committee may wish to continue to note these financial adjustments in its meeting reports. These notations and occasional adjustments facilitate the annual reconciliation of accounts required pursuant to Decision 38/9.
3. The total amount of funds returned from project balances and cancelled projects during 2003 including the 41<sup>st</sup> Meeting is US \$11,924,383.
4. Annex I presents specific information to substantiate the recommendations provided in this document.
5. The submissions of the implementing agencies are available upon request.

## **RECOMMENDATIONS**

The Sub-Committee on Monitoring, Evaluation, and Finance may wish to consider recommending that the Executive Committee:

1. Note the report on project balances contained in UNEP/OzL.Pro/ExCom/41/11.
2. Note the levels of funds being returned to the 41<sup>st</sup> Meeting totalling US \$3,442,269 plus support costs of US \$446,975 as follows by agency: US \$1,337,614 from UNDP and agency support costs of US \$173,252 including reimbursement of funds previously returned in error for two projects by UNDP; US \$364,882 from UNEP and agency support costs of US \$47,435; US \$601,841 from UNIDO and agency support costs of US \$78,237 including reimbursement of funds for 17 projects due to necessary adjustments to reconcile with the accounts; and US \$1,137,932 from the World Bank and agency support costs of US \$148,051.
3. Note that implementing agencies had balances totalling US \$408,477 excluding support costs from projects completed over two years ago: UNDP (US \$255,399 plus support costs); UNEP (US \$62,610 plus support costs); and the World Bank (US \$90,468 plus support costs).
4. Note that the Government of Israel returned (US \$ to be provided) by making a cash contribution to the Treasurer for the international methyl bromide compliance assistance workshop (GLO/FUM/37/TRA/240).

5. Request the Treasurer to cancel the set aside of US \$500,000 for the study on the evaluation of the financial mechanism in the light of the decision of the XVth Meeting of the Parties.



**Annex I**

**FINANCIAL ADJUSTMENTS**

1. This annex presents a summary of the financial adjustments indicated by the implementing agencies and agreed by the Fund Secretariat along with statistical data in Annex I required for projects with balances held over 12 months after project completion as required by Decision 28/7 based on the reporting format developed pursuant to Decision 31/2. The document also addresses Decisions 35/13(k) and 37/7(e) concerning the return of support costs from projects with savings and cancelled projects.

2. In addition, the annex includes balances returned from bilateral cooperation projects and other adjustments to the Treasurer's records concerning the set aside approved provisionally at the 40<sup>th</sup> Meeting (Decision 40/56) for the purpose of a study to evaluate the financial mechanism of the Multilateral Fund.

**Funds being Returned to the 41<sup>st</sup> Meeting**

3. The implementing agencies have indicated that they will be returning a total of US \$3,442,269 to the 41<sup>st</sup> Meeting. This sum arises from completed projects with balances, un-obligated funds from cancelled projects, and other adjustments.

4. Table 1 indicates the level of funds being returned by agency.

Table 1

**FUNDS RETURNED TO THE 41<sup>ST</sup> MEETING (US\$)**

<b>Agency</b>	<b>Funds from Completed Projects</b>	<b>Funds from Cancelled Projects</b>	<b>Funds from Ongoing Projects</b>	<b>Adjustments</b>	<b>Total Funds to be Returned to the 41<sup>st</sup> Meeting</b>
UNDP	1,317,140	33,240	0	(12,766)	1,337,614
UNEP	364,882	0	0	0	364,882
UNIDO	348,257	253,605	0	(21)	601,841
World Bank	248,755	889,177	0	0	1,137,932
<b>TOTAL</b>	<b>2,279,034</b>	<b>1,176,022</b>	<b>0</b>	<b>(12,787)</b>	<b>3,442,269</b>

5. UNDP is requesting recovery of funds for the following 2 projects:

- US \$12,756 for the refrigeration project preparation activities in Bolivia (BOL/REF/24/PRP/06) due to the inadvertent return at the 39<sup>th</sup> Meeting of the Executive Committee; and
- US \$10 for the ongoing institutional strengthening project in Thailand (THA/SEV/25/INS/93) due to incorrectly recording expenditure.

6. UNIDO is requesting recovery of funds for 17 projects amounting to US \$21 due to necessary adjustments to reconcile with the accounts.

### Projects with Balances by the Year the Project was Completed

7. Table 2 indicates the number of projects with balances that are still being held by the implementing agencies, and the years that they were completed.

Table 2

### BALANCES HELD BY YEAR OF PROJECT COMPLETION

Year Completed	Number of Projects and Amount of Balances by Agency									
	UNDP		UNEP		UNIDO		World Bank		TOTAL	
	Number	US \$	Number	US \$	Number	US \$	Number	US \$	Number	US \$
1995	0	0	0	0	0	0	0	0	0	0
1996	1	6,999	0	0	0	0	0	0	1	6,999
1997	0	0	0	0	0	0	0	0	0	0
1998	1	690*	0	0	0	0	0	0	1	690
1999	16	87,482	2	14,331	0	0	1	90,468	19	192,281
2000	18	160,228	3	48,279	0	0	0	0	21	208,507
<b>Projects completed over 2 years</b>	<b>36</b>	<b>255,399</b>	<b>5</b>	<b>62,610</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>90,468</b>	<b>42</b>	<b>408,477</b>
2001	93	644,478	4	36,077	3	265,328	1	194,949	101	1,140,832
2002	38	834,880	7	372,035	6	157,815	10	459,906	61	1,824,636
<b>TOTAL</b>	<b>167</b>	<b>1,734,757</b>	<b>16</b>	<b>470,722</b>	<b>9</b>	<b>423,143</b>	<b>12</b>	<b>745,323</b>	<b>204</b>	<b>3,373,945</b>

\*Excluding negative balances of US \$4,228 for Kenyan institutional strengthening project (KEN/SEV/09/INS/03) due to apparent over expense to be reversed at the 42<sup>nd</sup> Meeting.

8. Table 2 shows that implementing agencies had balances totalling US \$3,373,945 for projects completed 12 months previously. There were 42 projects with balances from projects completed over 2 years previously totalling US \$408,477.

### Obligated and Un-obligated Balances

9. The amounts of balances classified as obligated and un-obligated are as follows for the four implementing agencies:

Table 3

**OBLIGATED AND UN-OBLIGATED BALANCES BY AGENCY**

<b>Agency</b>	<b>Obligated Balances</b>	<b>Un-obligated Balances</b>
UNDP*	1,510,669	493,829**
UNEP	460,082	10,640
UNIDO***	830,849	70,035
World Bank	745,323	0
<b>TOTAL</b>	<b>3,546,923</b>	<b>574,504</b>

\* Includes obligated balances of US \$147,267 and un-obligated balances of US \$122,474 for cancelled projects.

\*\*Excludes the negative balances of US \$4,228 for Kenyan institutional strengthening project (KEN/SEV/09/INS/03) due to apparent over expense to be reversed at the 42<sup>nd</sup> Meeting.

\*\*\*Includes obligated balances of US \$421,799 and un-obligated balances of US \$55,942 for cancelled projects.

**Agency Support Costs**

10. At its 35<sup>th</sup> Meeting, the Executive Committee decided to request implementing agencies to return all agency support costs associated with remaining funds from projects, and if expenditures had been incurred from this cost, the implementing agencies should provide an explanation and return the balance of funds (Decision 35/13(k)). The following table presents the level of agency support costs being returned to the 41<sup>st</sup> Meeting.

Table 4

**ADMINISTRATIVE SUPPORT COSTS RETURNED TO THE 41<sup>ST</sup> MEETING (US\$)**

<b>Agency</b>	<b>Funds from Completed Projects</b>	<b>Funds from Cancelled Projects</b>	<b>Funds from Ongoing Projects</b>	<b>Adjustments</b>	<b>Total Funds to be Returned to the 41<sup>st</sup> Meeting</b>
UNDP	170,590	4,321	0	(1,659)	173,252
UNEP	47,435	0	0	0	47,435
UNIDO	45,268	32,969	0	0	78,237
World Bank	38,256	109,795	0	0	148,051
<b>TOTAL</b>	<b>301,549</b>	<b>147,085</b>	<b>0</b>	<b>(1,659)</b>	<b>446,975</b>

11. UNDP is requesting reimbursement for support costs of US \$1,659 for the two projects mentioned in para. 10.

**Balances Returned from Bilateral Cooperation Projects**

12. The Government of Israel indicated that the financial summary of the international methyl bromide compliance assistance workshop (GLO/FUM/37/TRA/240) shows that a

significant balance of the budget was not used. It indicated that this balance would be to the Fund.

### **Other Adjustments**

13. At its 40<sup>th</sup> Meeting, the Executive Committee decided to set aside US \$500,000 from the amounts returned by the implementing agencies until the XVth Meeting of the Parties decided how to fund a study of the financial mechanism of the Multilateral Fund. The XVth Meeting of the Parties decided to fund the study from the Ozone Trust Fund, i.e., the budget of the Ozone Secretariat. Therefore, the set aside from the resources of the Multilateral Fund may be cancelled.

-----