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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Seventy-fifth Meeting  
Montreal, 16-20 November 2015

**2016 CORE UNIT COSTS FOR UNDP, UNIDO AND THE WORLD BANK**

Background

1. This document assesses the 2016 core unit costs requests and administrative cost<sup>1</sup> requirements from UNDP, UNIDO and the World Bank, provides an assessment of the extent to which resources available for total administrative costs in 2016 could cover expected 2016 costs, and concludes with the recommendations of the Secretariat.
2. In line with decisions 67/15(b) and 73/62(b), the Executive Committee approved the requests for core unit funding for 2015: US \$2,026,529 for UNDP, US \$2,026,529 for UNIDO and US \$1,725,000 for the World Bank (decision 73/54(b)).

<sup>1</sup> The allocation of administrative costs for UNDP, UNIDO, and the World Bank was changed in November 1998 (decision 26/41) from a flat rate of 13 per cent applied to all projects to a graduated scale. The costs were changed again in December 2002 to a lower scale that included a core unit grant of US \$1.5 million per agency (decision 38/68). Annual increases have occurred for most agencies since the 46<sup>th</sup> meeting. Decision 41/94(d) requested the Secretariat to conduct an annual review of the current administrative costs regime. Decision 56/41 extended the operation of decision 38/68 and its administrative costs regime to apply to the 2009-2011 triennium. At its 67<sup>th</sup> meeting, the Committee decided to apply a new administrative cost regime for the 2012-2014 triennium to UNDP, UNIDO and the World Bank, consisting of annual core unit funding for which an annual increase of up to 0.7 per cent could be considered subject to annual review, and to apply the following agency fees on the basis of funding per agency: an agency fee of 7 per cent for projects with a project cost above US \$250,000, as well as institutional strengthening projects and project preparation; an agency fee of 9 per cent for projects with a project cost at or below US \$250,000; an agency fee no greater than 6.5 per cent, to be determined on a case-by-case basis for projects in the production sector (decision 67/15(b)). At its 73<sup>rd</sup> meeting, the Executive Committee decided to apply the existing administrative cost regime for the bilateral and implementing agencies during the 2015-2017 triennium; to review the administrative cost regime and its core unit funding budget at the first meeting of 2017; and to request that the terms of reference for that review be submitted to the Executive Committee for its consideration at its last meeting of 2015 (decision 73/62(b)-(d)).

3. The implementing agencies have provided actual core and administrative costs for 2014, estimated costs for 2015, and proposed budget for 2016 as well as the other information required by decision 56/41.

## UNDP

4. Table 1 presents the core unit budget and other information on administrative costs provided by UNDP.

**Table 1: The core unit budget data and other administrative costs for the years 2011-2016 for UNDP (US \$)**

Cost items	2011	2012	2013	2014	2015		2016
	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
<b>Core components</b>							
Core unit personnel and contractual staff	1,912,090	2,171,918	2,076,816	2,050,914	2,203,294	2,112,442	2,175,815
Travel	276,818	261,674	249,131	163,639	259,196	168,548	173,604
Space (rent and common costs)	103,991	104,805	101,236	105,219	111,613	110,480	116,004
Equipment supplies and other costs (computers, supplies, etc.)	28,285	25,052	17,781	16,967	30,000	20,000	22,000
Contractual services (firms)	0	0	18,461	22,955	30,000	25,000	28,000
Reimbursement of central services for core unit staff	389,935	258,332	384,704	311,137	350,000	350,000	350,000
Adjustment (travel & central services & international consultants) charge against supervisory budget*	-740,353	-837,220	-849,676	-658,389	-957,573	-759,940	-824,708
<b>Total core unit cost</b>	<b>1,970,766</b>	<b>1,984,561</b>	<b>1,998,453</b>	<b>2,012,442</b>	<b>2,026,530</b>	<b>2,026,529</b>	<b>2,040,715</b>
Reimbursement of country offices & national execution including overhead	1,961,063	1,828,279	2,442,896	1,694,992	1,925,000	1,925,000	1,925,000
Executing agency support cost (internal) including overhead	27,975	612	0	0	0	0	0
Financial intermediaries including overhead	67,142	0	0	0	75,000	0	0
Cost recovery	389,935	258,332	384,704	311,137	350,000	350,000	350,000
Adjustment (travel and central services & international consultants)*	740,353	837,220	849,676	658,389	957,573	759,940	824,708
<b>Total administrative support costs</b>	<b>5,157,233</b>	<b>4,909,004</b>	<b>5,675,729</b>	<b>4,676,959</b>	<b>5,334,103</b>	<b>5,061,469</b>	<b>5,140,423</b>
Supervisory costs incurred by MPU	49,250	47,028	47,801	53,814	75,000	75,000	75,000
<b>Grand total administrative support costs</b>	<b>5,206,483</b>	<b>4,956,032</b>	<b>5,723,531</b>	<b>4,730,773</b>	<b>5,409,103</b>	<b>5,136,469</b>	<b>5,215,423</b>

\*The cost of the core unit is higher than the allowed subtotal of US \$1,970,766 in 2011, US \$1,984,561 in 2012, US \$1,998,453 in 2013, US \$2,012,442 in 2014, and US \$2,026,530 in 2015. An adjustment line and a negative adjustment were therefore introduced to arrive at the required ceiling. A corresponding positive adjustment is also provided to ensure that the total costs incurred for administrative costs also reflect the amount exceeded by the agency.

### Core unit costs

5. UNDP's request of US \$2,040,715 for its 2016 core unit budget represents a 0.7 per cent increase in the budget approved for 2015 which is allowed by decision 73/62(b) for the current triennium. This level of funding is being requested despite the fact that UNDP expects the costs of its core unit to exceed this amount by US \$824,708 (indicated as "Adjustment" in Table 1, above). UNDP has normally exceeded its budget allocation for its core unit and recouped those costs from support costs earned through implementing Multilateral Fund projects. The level by which it exceeded its costs has ranged from US \$658,389 to US \$849,676 from 2012 to 2015. The level of this adjustment is expected to increase by 8.5 per cent from 2015 to 2016; as there is no subsidy from UNDP for Montreal Protocol activities, these funds are made available from realized agency fees as there are no other sources of

income for its core unit costs. UNDP has indicated that part of its core unit staff functions is related to the administering of projects, but UNDP does not pro-rate such activities from its core unit costs thereby requiring the adjustment. The Executive Committee may wish to request UNDP to add a staff cost line under the administrative section of the core unit budget reporting template to allow the reporting of these costs without the need for an adjustment line. Although UNDP has indicated that it was agreeable to this recommendation, the Executive Committee may wish to address this issue in the context of the Terms of reference for the review of the administrative cost regime and its core unit funding budget (UNEP/OzL.Pro/ExCom/75/79).

6. Seventy-three per cent of UNDP's proposed core unit budget is for staff. Reimbursement of central services represents the next largest cost item amounting to 12 per cent, followed by 6 per cent for travel and 4 per cent for space rental. Staff costs are expected to increase by 3 per cent in line with standard UN practice for budgetary purposes. The UNDP Montreal Protocol staff is expected to be constituted by 9.28 professional staff and 3.5 general service staff in 2016, with 100 per cent of their time devoted to Montreal Protocol activities.

7. The proposed travel budget is a 3 per cent increase from the estimated costs for 2015 but it is lower than the level budgeted in 2015. UNDP indicated that it had achieved lower costs than budgeted as core staff had opted to travel in economy instead of business class to maximize the number of missions and to stay within the budget.

#### Total administrative costs

8. The level of funding for reimbursement of country office and national execution is expected to remain in 2015. UNDP indicated that its country offices receive 100 per cent of the fees paid.

9. The budget for financial intermediaries proposed for 2016 is zero. The budget had been maintained for possible intermediaries in the past but none are currently foreseen.

10. Supervisory costs representing operating costs incurred at regional locations are estimated for 2016 at the same level as 2015 (US \$75,000). These costs are not covered by central services and have to be cost shared by the offices that have staff at those locations.

11. UNDP expects administrative costs to amount to US \$5.2 million in 2016, slightly above the estimated 2015 costs of US \$5.1 million.

12. The expected resources available to UNDP for administrative costs include both the core unit costs and the agency fees released on the basis of a disbursement against a project cost plus any balance of income for administrative costs not previously used. Table 2 presents this information for the years 2008 to 2015. The table assumes that approved funds are disbursed, therefore there may be a time lag before UNDP has access to all of the approved funds.

**Table 2: Assessment of availability of income for future administrative costs for UNDP (US \$)**

UNDP	2008	2009	2010	2011	2012	2013	2014	2015*
Net support costs plus core unit costs	3,643,472	2,927,776	3,467,299	6,542,453	4,503,009	4,514,301	3,664,422	4,654,051
Total administrative cost	3,336,572	5,008,991	3,893,025	5,206,483	4,956,032	5,723,531	4,730,773	5,136,469
Balance per year	306,900	-2,081,215	-425,726	1,335,970	-453,023	-1,209,230	-1,066,351	-482,418
Running balance**	4,633,702	2,552,487	2,126,761	3,462,731	3,009,708	1,800,478	734,127	251,709

\* Including support costs approved at the 74<sup>th</sup> meeting, and the value of agency fees and core unit costs from submissions to the 75<sup>th</sup> meeting.

\*\* Excludes any balance from years prior to 2002.

13. The table shows that UNDP could have an accumulated balance of US \$251,709 after the 75<sup>th</sup> meeting if all submissions to the 75<sup>th</sup> meeting are approved. UNDP would have to generate at least US \$4,963,714 for agency fees and core unit costs in 2016 to cover its expected total 2016 administrative

costs of US \$5.2 million. It should be noted that UNDP only has access to these agency fees when there are accompanying project expenditures, so a balance should be higher than requirements.

## UNIDO

14. Table 3 presents the core unit budget and administrative costs provided by UNIDO. The figures listed as “actual” are based on a model prepared by UNIDO to estimate the support cost of the Montreal Protocol programme.

**Table 3: The core unit budget data and other administrative costs for the years 2011-2016 for UNIDO (US \$)**

Cost items	2011	2012	2013	2014	2015		2016
	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
<b>Core components</b>							
Core unit personnel and contractual staff	1,390,300	1,550,900	1,445,700	1,380,600	1,784,300	1,253,800	1,259,500
Travel	139,700	175,100	284,000	161,800	250,000	228,900	228,700
Space (rent and common costs)	90,600	89,300	99,400	71,800	85,200	87,500	79,300
Equipment supplies and other costs (computers, supplies, etc.)	54,100	30,900	51,800	41,100	58,300	58,400	55,300
Contractual services (firms)	200	700	700	2,000	28,000	30,100	57,300
Reimbursement of central services for core unit staff	510,400	414,200	498,800	454,200	459,400	425,200	445,700
Adjustment*	-214,534	-276,539	-381,947	-99,058	-638,671	-57,371	-85,085
<b>Total core unit cost</b>	<b>1,970,766</b>	<b>1,984,561</b>	<b>1,998,453</b>	<b>2,012,442</b>	<b>2,026,529</b>	<b>2,026,529</b>	<b>2,040,715</b>
Reimbursement of country offices and national execution	2,857,600	1,818,300	3,602,000	1,814,900	3,206,600	1,591,600	1,434,400
Executing agency support cost (internal)	2,226,400	2,900,900	3,302,800	2,913,500	3,299,300	3,045,700	2,859,700
Adjustment*	214,534	276,539	381,947	99,058	638,671	57,371	85,085
<b>Total administrative support costs</b>	<b>7,269,300</b>	<b>6,980,300</b>	<b>9,285,200</b>	<b>6,740,842</b>	<b>9,171,100</b>	<b>6,721,200</b>	<b>6,419,900</b>
Minus project-related costs	-1,779,869	-1,798,710	-2,464,200	-2,308,000	-2,502,900	-2,378,700	-2,224,300
<b>Net total administrative support costs</b>	<b>5,489,431</b>	<b>5,181,590</b>	<b>6,821,000</b>	<b>4,432,842</b>	<b>6,668,200</b>	<b>4,342,500</b>	<b>4,195,600</b>

\*The cost of the core unit is higher than the allowed subtotal of US \$1,970,766 in 2011; US \$1,984,561 in 2012; US \$1,998,453 in 2013; US \$2,012,442 in 2014; and US \$2,026,529 in 2015. An adjustment line and a negative adjustment were therefore introduced to arrive at the required ceiling. A corresponding positive adjustment is also provided to ensure that the total costs incurred for administrative costs also reflect the amount exceeded by the agency.

### Core unit cost

15. UNIDO’s request of US \$2,040,715 for its 2016 core unit budget represents a 0.7 per cent increase in the budget approved in 2015 which is allowed by decision 73/62(b) for the current triennium. This level of funding is being requested despite the fact that UNIDO expects the costs of its core unit to exceed this amount by US \$85,085 (indicated as “Adjustment” in Table 3, above). UNIDO exceeded its 2011 budget by US \$214,534; its 2012 budget by US \$276,539; its 2013 budget by US \$381,947, and its 2014 budget by US \$99,058. It is estimating that it will exceed its 2015 budget by US \$57,371.

16. Fifty-nine per cent of UNIDO’s proposed core unit budget is for staff members (six professionals and five general service staff members). In 2014, the staff budget was 67 per cent of the overall budget, ranging from 61 to 69 per cent since 2011. UNIDO indicated that there had been a restructuring of the staff in its core unit in February 2015 with the Director allocating 50 per cent of his time to activities other than the Montreal Protocol. Consequently, the remaining composition of the core unit and responsibilities have been aligned accordingly with two professional staff at 100 per cent, one professional at 80 per cent, one at 70 per cent, and one at 60 per cent. UNIDO estimates that professional staff time represents the equivalent of 4.6 full-time people per year.

17. The proposed travel cost budget (US \$228,700) reflects the amount of travel costs estimated for 2015 (US \$228,900), which is within the range of travel costs incurred since 2011 (US \$139,700 to US \$284,000).

18. The central services budget item represents the next largest cost item, amounting to 21 per cent of the budget, followed by 11 per cent for travel and 4 per cent for space rental.

19. UNIDO indicated that the cost for space rent, equipment and reimbursement of central services are allocated on the basis of the number of staff associated with the core unit.

#### Total administrative costs

20. UNIDO has indicated that some of the costs associated with non-core unit costs are project-related costs. Therefore, UNIDO provides an adjustment to deduct such costs to arrive at a comparable figure with other agencies' administrative costs. When UNIDO implements cost accounting<sup>2</sup>, there should not be a need to make this adjustment as budgetary items could reflect actual costs. In 2014, UNIDO was in the early phase of implementing some of the elements of cost-accounting, and in 2015, was still fine tuning various features in particular the collection of data by multiple cost-centers. UNIDO would continue to use the model calculations for the report contained in this document. UNIDO indicated that the need and usage of a time management system to facilitate with allocating staff time to projects has been examined and a pilot system tested. However, it appears that the costs of this initiative outweigh the benefits, in the context of reporting for UNIDO. The Secretariat asked about the Organization's initiative to move to cost-accounting. UNIDO indicated that the Organization had encountered some difficulties in its implementation and that currently no cost-accounting was planned. The Secretariat notes that UNIDO is allocating time among its core unit staff according to different cost centers. The Executive Committee may wish to request UNIDO to use cost-accounting system on expenditures for core unit and administrative costs in future reports. Alternatively, the Executive Committee may wish to address this issue in the context of the Terms of reference for the review of the administrative cost regime and its core unit funding budget<sup>3</sup>.

21. The reimbursement of country offices was budgeted at US \$3,206,600 for 2015 but UNIDO estimates the actual cost to be US \$1,591,600. UNIDO defines this item to include costs for the implementation modality used in China and a proportion of procurement staff costs. The rate of agency fees transferred for the implementation modality in China was not provided.

22. Executing agency costs were estimated to be below the budgeted amount in 2015 and are expected to continue to decline to US \$2,859,700 in 2016.

23. Total net administrative costs are proposed at US \$4.2 million for 2016, slightly below the estimated 2015 costs of US \$4.3 million.

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<sup>2</sup> The issue of cost-accounting was raised for the first time at the 59<sup>th</sup> meeting in 2009 in connection with the Executive Committee's decision to discuss a methodology to assist UNIDO in identifying project-related costs (decision 59/28) since UNIDO had include such costs in its administrative costs. UNIDO indicated to the Secretariat in January 2010 that "it was in the process of adopting a cost-accounting system over the next four years whereby staff time spent on administrative tasks could be distinguished from time related to project implementation" (UNEP/OzL.Pro/ExCom/60/51, paragraph 4). In connection with UNIDO's 2014 core unit cost request, the Secretariat enquired when the cost-accounting system would be implemented that would enable UNIDO to assign costs according to different cost centers (e.g. cost to Montreal Protocol Multilateral Fund activities versus other multilateral environmental agreements or activities). In 2013, UNIDO indicated that the system would be completed in 2014.

<sup>3</sup> UNEP/OzL.Pro/ExCom/75/79.

24. The expected resources available from the Multilateral Fund to UNIDO for administrative costs include both the core unit costs and the agency fees released on the basis of a disbursement against a project cost plus any balance of income for administrative costs not previously used. Table 4 presents this information for the years 2008 to 2015. The table assumes that approved funds are disbursed, therefore there may be a time lag before UNIDO has access to all of the approved funds.

**Table 4: Assessment of availability of income for future administrative costs for UNIDO (US \$)**

UNIDO	2008	2009	2010	2011	2012	2013	2014	2015*
Net support costs plus core unit costs	4,390,277	3,083,360	5,517,553	7,769,805	4,479,511	4,227,730	4,035,539	4,848,586
Total administrative cost excluding project-related costs	4,957,161	5,739,690	4,997,692	5,489,431	5,181,590	6,821,000	4,531,900	4,342,500
Balance per year	-566,884	-2,656,330	519,861	2,280,374	-702,079	-2,593,270	-496,361	506,086
Running balance**	1,828,498	-827,832	-307,971	1,972,403	1,270,324	-1,322,946	-1,819,307	-1,313,221

\* Including support costs approved at the 74<sup>th</sup> meeting, and the value of agency fees and core unit costs from submissions to the 75<sup>th</sup> meeting.

\*\* The Secretariat had estimated a running balance in 2007 since 2002 of US \$2,127,930, but UNIDO's figure is used instead of the Secretariat's calculation.

25. The table shows that UNIDO could have a negative accumulated balance at the end of the year. UNIDO would have to generate at least US \$5,508,821 in agency fees and core unit costs in 2016 to cover total 2016 administrative costs of US \$4.2 million.

## World Bank

26. Table 5 presents the core unit budget and other information on administrative costs provided by the World Bank.

**Table 5: The core unit budget data and other administrative costs for the years 2011-2016 for the World Bank (US \$)**

Cost items	2011	2012	2013	2014	2015		2016
	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
<b>Core components</b>							
Core unit personnel and contractual staff	867,586	1,184,796	984,571	1,022,179	1,181,000	1,120,000	1,189,000
Travel	183,893	205,425	111,021	155,778	238,000	230,000	235,000
Space (rent and common costs)	47,232	55,607	56,906	44,130	59,000	48,000	54,000
Equipment supplies and other costs (computers, supplies, etc.)	52,953	92,303	31,169	55,508	57,000	57,000	59,000
Contractual services (firms)	47,491	25,769	13,389	14,828	50,000	25,000	48,000
Reimbursement of central services for core unit staff	123,160	156,762	113,539	90,624	140,000	110,000	140,000
Adjustment (travel & central services & international consultants) charge against supervisory budget	0	0	0	0	0	0	0
<b>Total core unit cost</b>	<b>1,322,315</b>	<b>1,720,663</b>	<b>1,310,595</b>	<b>1,383,047</b>	<b>1,725,000</b>	<b>1,590,000</b>	<b>1,725,000</b>
Return of funds	-390,684	-3,981	-414,405	-341,953*	0	0	0
Reimbursement of country offices & Nat'l execution including overhead	1,725,528	1,829,418	1,611,939	1,298,103	1,710,106	1,580,000	1,627,400
Executing agency support cost (internal) including overhead	0	0	0	0	0	0	0
Financial intermediaries including overhead	160,777	121,740	10,000	0	0	0	0
Cost recovery	0	0	0	0	0	0	0
Adjustment (travel and central services & international consultants)	0	0	0	0	0	0	0
Supervisory costs incurred by MPU	0	0	0	0	0	0	0
<b>Grand total administrative support costs</b>	<b>2,817,936</b>	<b>3,667,840</b>	<b>2,518,129</b>	<b>2,339,197</b>	<b>3,435,106</b>	<b>3,170,000</b>	<b>3,352,400</b>

\* Estimated

Core unit costs

27. The World Bank's request of US \$1,725,000 for its 2016 core unit budget represents a zero per cent increase in the budgets approved since 2013. Unlike UNDP and UNIDO, the World Bank does not expect its core unit costs to exceed its budget, and it is not subsidized by revenue from agency fees or the general fund of the World Bank.

28. Sixty-nine per cent of the World Bank's proposed core unit budget is for staff. The travel budget represents the next largest cost item, amounting to 14 per cent, followed by central services (8 per cent), and space, equipment and contractual services (3 per cent each).

29. The proposed budget for staff is a six per cent increase over the estimated costs in 2015 but roughly the same level of funding as budgeted for 2015. The World Bank indicated that it has the same staff component as last year (eight professional staff and two support staff). Only one staff member was paid 100 per cent from Multilateral Fund core unit resources. The remaining staff averaged 45 per cent of their time in 2014. The 2014 actual costs were lower due to substantial cross-support provided by the core unit staff to Montreal Protocol (MP) projects, other projects and most notably to bilateral funds for mainstreaming MP issues into World Bank operations. As noted, the support to this work will continue to mid-2016. Thus, it will not be until 2017 that staff time paid for by the MP core unit budget increases to more normal levels. However, since the World Bank uses cost-accounting, only those costs for Multilateral Fund activities will be charged to the core unit budget with the balance returned to the Fund.

30. The World Bank's proposed travel costs (US \$235,000) are roughly the same as those in 2015 (US \$230,000) and budgeted in 2015 (US \$238,000) but are higher than actual travel costs from 2011 to 2014 (ranging from US \$111,021 to US \$205,425). In addition to regular meetings of the Parties and of the Executive Committee, the World Bank also intends to attend more regional network meetings, including trips for Ozone Operations Resources Group (OORG) experts and World Bank high level management to certain meetings.

31. Space rental is budgeted at a 13 per cent increase over estimated costs for 2015. Reimbursement of central services increased over 27 per cent of the estimated costs in 2015. Equipment costs will increase by 4 per cent over estimated costs for 2015. The World Bank indicated that there is a standard rate for computers and other office equipment, maintenance and repair that is applied to all World Bank units. There are also some recurring costs for contractual services, equipment supplies, communications and global remote services that are applied to this budget item.

32. The World Bank will return approximately US \$341,953 from core unit costs from 2014 once actual data is known in 2015. The Executive Committee may wish to note, with appreciation, that the World Bank's core unit operation was again below its budgeted level and that it would be returning unused balances.

Total administrative costs

33. The budget for reimbursement of country offices proposed for 2016 is expected to increase over estimated costs for 2015 by 3 per cent. For the World Bank, this budget item means the project fees received on approved projects that are channelled to the project teams for project supervision and management. Project teams are mapped to what are known as the "the Regions", i.e., the World Bank's operational arm.

34. Total administrative costs are estimated at US \$3.4 million in 2016, slightly above the estimated costs in 2015 of US \$3.2 million.

35. The expected resources available to the World Bank for administrative costs include the core unit costs and the agency fees plus any balance of income for administrative costs not previously used. Table 6 presents this information for the years 2008 to 2015.

**Table 6: Assessment of availability of income for future administrative costs for the World Bank (US \$)**

<b>World Bank</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015*</b>
Net support costs plus core unit costs	4,561,866	3,100,788	1,409,962	5,081,556	2,351,341	4,547,077	3,387,443	6,124,859
Total administrative cost	5,454,473	3,689,780	3,782,549	2,817,936	3,667,840	2,518,129	2,339,197	3,170,000
Balance per year**	-837,566	-129,674	-1,914,001	2,263,620	-1,316,499	2,028,948	1,048,246	2,954,859
Running balance	2,326,016	2,196,342	282,341	2,545,961	1,229,462	3,258,410	4,306,656	7,261,515

\* Including support costs approved at the 74<sup>th</sup> meeting, and the value of agency fees and core unit costs from submissions to the 75<sup>th</sup> meeting.

\*\* Excludes any balance from years prior to 2002.

36. The table shows that the World Bank could accumulate a balance of US \$7.3 million based on approvals at the 74<sup>th</sup> meeting and submissions to the 75<sup>th</sup> meeting. This balance would cover expected administrative costs for 2016 of US \$3.4 million.

## RECOMMENDATIONS

37. The Executive Committee may wish:

- (a) To note:
  - (i) The report on 2016 core unit costs for UNDP, UNIDO and the World Bank as presented in document UNEP/OzL.Pro/ExCom/75/34;
  - (ii) With appreciation, that the World Bank's core unit operation was again below its budgeted level and that it would be returning unused balances;
- (b) To consider whether to approve the requested core unit budgets for UNDP for US \$2,040,715, UNIDO for US \$2,040,715, and the World Bank for US \$1,725,000;
- (c) To consider the following actions in the context of the Terms of reference for the review of the administrative cost regime and its core unit funding budget (decision 73/62(d)) (UNEP/OzL.Pro/ExCom/75/79):
  - (i) UNDP to add a staff cost line under the administrative section of the core unit budget reporting template to allow the reporting of these costs without the need for an adjustment line; and
  - (ii) UNIDO to use cost-accounting system on expenditures for core unit and administrative costs in future reports.