



**United Nations  
Environment  
Programme**

Distr.  
GENERAL

UNEP/OzL.Pro/ExCom/84/38  
20 November 2019



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Eighty-fourth Meeting  
Montreal, 16–20 December 2019

**2020 CORE UNIT COSTS FOR UNDP, UNIDO AND THE WORLD BANK**

Background

1. This document assesses the 2020 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 2020 could cover expected 2020 costs; and presents a recommendation.
2. The Executive Committee approved the requests for core unit funding for 2019 as follows: US \$2,083,871 for UNDP; US \$2,083,871 for UNIDO; and US \$1,735,000 for the World Bank (decision 82/58(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 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 the 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 the 73<sup>rd</sup> meeting, the 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 (decision 73/62(b) and (c)). At the 79<sup>th</sup> meeting, the Committee decided to apply the existing administrative cost regime for the implementing agencies during the 2018-2020 triennium; and to request UNDP, UNIDO and the World Bank to present their annual reports on core unit funding using the revised format for reporting (decision 79/41(c) and (e)).

3. The implementing agencies have provided actual core and administrative costs for 2018, estimated costs for 2019, and proposed budget for 2020. They have also used the revised format for reporting administrative costs<sup>2</sup> pursuant to decision 79/41(e).

## UNDP

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

**Table 1: Core unit budget data and other administrative costs for the years 2011-2020 for UNDP (US \$)**

Cost item	2011	2012	2013	2014	2015	2016	2017	2018	2019		2020
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
<b>A. Core unit</b>											
Core unit personnel and contractual staff	1,912,090	2,171,918	2,076,816	2,050,914	1,991,859	2,043,505	2,305,838	2,375,437	2,446,264	2,446,700	2,520,101
Travel (staff and consultants)	276,818	261,674	249,131	163,639	168,418	155,061	173,099	176,170	190,841	184,978	194,227
Space (rent and common costs)	103,991	104,805	101,236	105,219	109,380	159,872	162,982	164,998	179,688	173,248	181,910
Equipment supplies and other costs (computers, supplies, etc.)	28,285	25,052	17,781	16,967	19,442	16,485	9,196	12,146	20,000	15,000	20,000
Contractual services (firms)	0	0	18,461	22,955	16,175	0	24,547	13,510	25,000	25,000	25,000
Reimbursement of central services for core unit staff	389,935	258,332	384,704	311,137	317,160	251,317	308,375	381,004	350,000	350,000	350,000
Adjustments (+ = underuse and - = overrun)	-740,353	-837,220	-849,676	-658,389	-595,905	-585,526	-929,036	-1,053,880	-1,127,921	-1,111,056	-1,192,781
Return of funds (- = returned funds)	0	0	0	0	0	0	0	0	0		
<b>A. Sub-total core unit costs*</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>2,040,715</b>	<b>2,055,000</b>	<b>2,069,385</b>	<b>2,083,871</b>	<b>2,083,871</b>	<b>2,098,458</b>
<b>B. Agency support costs/implementation</b>											
Reimbursement of country offices and national execution, including overheads	1,961,063	1,828,279	2,442,896	1,694,992	1,775,969	1,472,814	1,749,877	2,214,588	1,925,000	1,925,000	1,925,000
Executing agency support cost (internal), including overheads	27,975	612	0	0	0	0	0	0	0	0	0
Financial intermediaries, including overheads	67,142	0	0	0	0	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)											
Cost recovery	389,935	258,332	384,704	311,137	317,160	251,317	308,375	381,004	350,000	350,000	350,000
Adjustments (+ = overrun and - = underuse)	740,353	837,220	849,676	658,389	595,905	585,526	929,036	1,053,880	1,127,921	1,111,056	1,192,781
Project costs (- = to be deducted and thus removed)	0	0	0	0	0	0	0	0	0		
<b>B. Sub-total agency support costs/implementation costs</b>						<b>2,309,657</b>	<b>2,987,288</b>	<b>3,649,473</b>	<b>3,402,921</b>	<b>3,386,056</b>	<b>3,467,781</b>

<sup>2</sup> Annex XVIII to document UNEP/OzL.Pro/ExCom/79/51

Cost item	2011	2012	2013	2014	2015	2016	2017	2018	2019		2020
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
<b>Total administrative support costs</b>	5,157,233	4,909,004	5,675,729	4,676,959	4,715,563						
Supervisory costs incurred by MPU	49,250	47,028	47,801	53,814	56,970						
<b>Grand total (A + B)**</b>	<b>5,206,483</b>	<b>4,956,032</b>	<b>5,723,531</b>	<b>4,730,773</b>	<b>4,772,532</b>	<b>4,350,371</b>	<b>5,042,289</b>	<b>5,718,858</b>	<b>5,486,792</b>	<b>5,469,927</b>	<b>5,566,239</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, US \$2,026,529 in 2015, US \$2,040,715 in 2016, US \$2,055,000 in 2017, US \$2,069,385 in 2018, and US \$2,083,871 in 2019. An adjustment line and a negative adjustment were, therefore, introduced to arrive at the required ceiling. A corresponding positive adjustment is also provided under agency support costs/implementation to ensure that the total costs incurred for administrative costs also reflect the amount exceeded by the agency.

\*\*Reflects total annual amount provided by the Multilateral Fund. In the transition to the revised reporting format, the budget lines “total administrative support costs”, and “supervisory costs incurred by Montreal Protocol Unit” are reflected in order to show trends in the period between 2011 and 2015. These lines will be removed over time.

### Core unit costs

5. UNDP’s request of US \$2,098,458 for its 2020 core unit budget represents a 0.7 per cent increase in the budget approved for 2019. This level of funding is being requested despite that UNDP expects the costs of its core unit to exceed this amount by US \$1,192,781 (indicated as “Adjustment” in Table 1). UNDP has normally exceeded its budget allocation for its core unit and recouped those costs from support costs earned through implementing Multilateral Fund projects.

6. On four occasions over the past eight years, the level of core unit costs exceeded more than US \$800,000: US \$837,220 in 2012, US \$849,676 in 2013, US \$929,036 in 2017 and US \$1,053,880 in 2018. In 2019, UNDP will exceed its costs by US \$1,111,056 (about 53 per cent over budget), and in 2020, its costs are projected to be exceeded by US \$1,192,781 (i.e., an increase of 7.4 per cent). UNDP explained that the core unit budget is inadequate to cover all costs, and this portion is funded from programme support costs.

7. Overall, 77 per cent of UNDP’s proposed 2020 core unit budget is for staff salaries, which remains in the same range as for the past six years. At 10.6 per cent of the budget, reimbursement of central services is the second next largest cost. However, the actual cost in 2018 (US \$381,004) was higher than had been budgeted (US \$350,000). UNDP explained that higher delivery in 2018 compared to 2017 resulted in higher reimbursement of central services, cost recovery and reimbursement of country offices.

8. At 5.9 per cent and 5.5 per cent, travel and space rental are the third and fourth largest costs, respectively. The proposed travel budget (US \$194,227) is a 5 per cent increase from the estimated costs for 2019 (US \$184,978), and a 10.2 per cent increase over the actual 2018 costs (US \$176,170). Space and equipment costs are budgeted at higher levels than the estimated costs for 2019, and contractual service costs are the same level as the estimated costs for 2019. UNDP has indicated that it has taken steps to minimise the travel costs and number of participants/duration of participation at meetings, to the extent feasible.

### Total administrative costs

9. UNDP expects administrative costs to amount to US \$5,566,239 in 2020, slightly above the estimated 2019 costs of US \$5,469,927.

10. The level of funding for reimbursement of country offices and national execution is expected to be at the same level as in 2019 (US \$1,925,000). This is within the same range of costs between 2011 and 2019 – from a high of US \$2,442,896 in 2013 to a low of US \$1,472,814 in 2016.

11. The expected resources available to UNDP for administrative costs include both the core unit costs and the agency support costs 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 2009 to 2019. It is assumed that the 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Net agency support costs plus core unit costs	2,921,495	3,446,458	6,307,084	4,499,632	4,512,092	3,650,794	4,463,263	5,079,321	4,556,828	5,007,070	4,076,192
Total administrative cost	5,008,991	3,893,025	5,206,483	4,956,032	5,723,531	4,730,773	4,772,532	4,350,371	5,042,289	5,718,858	5,469,927
Balance per year	-2,087,496	-446,567	1,100,601	-456,400	-1,211,439	-1,079,979	-309,269	728,950	-485,461	-711,788	-1,393,735
Running balance**	2,551,863	2,105,296	3,205,898	2,749,498	1,538,059	458,081	148,812	877,762	392,301	-319,486	-1,713,221

\* Including support costs approved at the 83<sup>rd</sup> meeting, and the value of agency support costs and core unit costs from submissions to the 84<sup>th</sup> meeting.

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

12. Table 2 shows that UNDP could have a negative accumulated balance at the end of 2019, amounting to US \$1,713,221. UNDP would have to generate at least US \$7,279,460 in agency support costs and core unit costs in 2020 to cover its expected total 2020 administrative costs of US \$5,566,239.

## UNIDO

13. 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 unit pursuant to decision 56/41.<sup>3</sup> UNIDO has never had an appropriate cost centre accounting system that could facilitate reporting based on actual data with an audit trail. UNIDO has indicated that an alignment was established in 2017 to reflect the total administrative costs, including those which as per current UNIDO methodology may have been termed as possible project-related administrative costs.

**Table 3: Core unit budget data and other administrative costs for the years 2011-2020 for UNIDO (US \$)**

Cost item	2011	2012	2013	2014	2015	2016	2017	2018	2019		2020
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
<b>A. Core unit</b>											
Core unit personnel and contractual staff	1,390,300	1,550,900	1,445,700	1,380,600	1,293,800	1,383,600	1,501,300	1,307,624	1,485,700	1,308,400	1,307,800
Travel (staff and consultant)	139,700	175,100	284,000	161,800	147,700	161,100	157,800	196,736	188,700	145,300	168,500
Space (rent and common costs)	90,600	89,300	99,400	71,800	75,400	76,200	76,600	80,548	88,900	75,600	83,100
Equipment supplies and other costs (computers, supplies, etc.)	54,100	30,900	51,800	41,100	52,600	30,900	48,000	33,842	61,600	54,400	56,800
Contractual services (firms)	200	700	700	2,000	17,500	1,000	4,900	580	17,500	7,400	17,100
Reimbursement of central services for core unit staff	510,400	414,200	498,800	454,200	447,300	432,900	471,600	442,123	539,200	443,400	535,700
Adjustments (+ = underuse and - = overrun)	-214,534	-276,539	-381,947	-99,058	-7,771	-44,985	-205,200	7,931	-297,729	49,371	-70,542

<sup>3</sup> UNIDO was requested to provide the assumption for its administrative costs model, and in future requests for core unit funding to furnish administrative cost information distinguishing project-related activities from administrative costs. Subsequently, through decision 59/28(c), the Executive Committee took note of the methodology for identifying project-related costs in UNIDO’s annual report on administrative costs (UNEP/OzL.Pro/ExCom/60/51).

Cost item	2011	2012	2013	2014	2015	2016	2017	2018	2019		2020
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
Return of funds (- = returned funds)						0	0	-7,931	0	0	0
<b>A. Sub-total core unit costs*</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>2,040,715</b>	<b>2,055,000</b>	<b>2,061,454</b>	<b>2,083,871</b>	<b>2,083,871</b>	<b>2,098,458</b>
<b>B. Agency support costs/implementation</b>											
Reimbursement of country offices and national execution, including overheads	2,857,600	1,818,300	3,602,000	1,814,900	1,327,500	1,145,400	584,300	729,854	587,800	816,900	815,600
Executing agency support cost (internal), including overheads	2,226,400	2,900,900	3,302,800	2,913,500	2,289,600	1,600,400	1,703,200	1,354,611	1,835,400	1,563,000	2,042,600
Financial intermediaries, including overheads						0	0	0	0	0	
Reimbursement of central services for core unit staff (including overhead)											
Cost recovery						0	0	0	0	0	
Adjustments (+ = overrun and - = underuse)	214,534	276,539	381,947	99,058	7,771	44,985	205,200	0	297,729	-49,371	70,542
Project costs (- = to be deducted and thus removed)						-187,800	-134,800	-136,283	-118,800	-33,900	0
<b>B. Sub-total agency support costs/implementation costs</b>						<b>2,602,985</b>	<b>2,357,900</b>	<b>1,948,182</b>	<b>2,602,129</b>	<b>2,296,629</b>	<b>2,928,742</b>
<b>Total administrative support costs</b>	<b>7,269,300</b>	<b>6,980,300</b>	<b>9,285,200</b>	<b>6,839,900</b>	<b>5,651,400</b>						
<b>Minus project-related costs</b>	<b>-1,779,869</b>	<b>-1,798,710</b>	<b>-2,464,200</b>	<b>-2,308,000</b>	<b>-977,800</b>						
<b>Grand total (A + B)**</b>	<b>5,489,431</b>	<b>5,181,590</b>	<b>6,821,000</b>	<b>4,531,900</b>	<b>4,673,600</b>	<b>4,643,700</b>	<b>4,412,900</b>	<b>4,009,636</b>	<b>4,686,000</b>	<b>4,380,500</b>	<b>5,027,200</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, US \$2,026,529 in 2015, US \$2,040,715 in 2016 and US \$2,055,000 in 2017. An adjustment line and a negative adjustment were therefore introduced to arrive at the required ceiling. A corresponding positive adjustment is also provided under agency support costs/implementation to ensure that the total costs incurred for administrative costs also reflect the amount exceeded by the agency.

\*\*Reflects total annual amount provided by the Multilateral Fund. In the transition to the revised reporting format, the budget lines "total administrative support costs", and "minus project-related costs" are reflected in order to show trends in the period between 2011 and 2015. These lines will be removed over time.

### Core unit cost

14. UNIDO's request of US \$2,098,458 for its 2020 core unit budget represents a 0.7 per cent increase in the budget approved for 2019. The increased level of funding is being requested despite that UNIDO expects the costs of its core unit to exceed this amount by US \$70,542 (indicated as "Adjustment" in Table 3). UNIDO has estimated that it will go below its 2019 budget by US \$49,371. Sixty per cent of UNIDO's proposed core unit budget is for salaries of 9.6 staff members. In 2019, the staff estimated budget was 62 per cent of the overall budget, ranging from 61 to 69 per cent since 2011; the staff size proposed for 2020 is the same since 2015.

15. UNIDO explained that it has taken steps to rationalise costs of travel by reducing the number of participants in different meetings and reorganising travel that would reduce the ticket costs; UNIDO also confirmed that it follows standard accounting processes and agreed methodology for apportioning common cost items.

16. The contractual services budget for 2020, which is established by its governing body, is two times more than that estimated for 2019. UNIDO indicated that, in 2018, the actual costs were lower than estimated amounts due to fewer HFC-related projects being approved. The 2019 and 2020 estimates were based on actual allotments.

17. The proposed travel cost budget (US \$168,500) is higher than the estimated for 2019, and within the range of travel costs incurred since 2011 (US \$139,700 to US \$284,000). The central services budget item represents the next largest cost item, amounting to 24.7 per cent of the budget, followed by 7.8 per cent for travel and 3.8 per cent for space rental.

18. UNIDO will return a total of US \$7,931 from core unit costs from 2018. The Executive Committee may wish to note, with appreciation, that UNIDO would be returning unused balances.

#### Total administrative costs

19. Total net administrative costs are proposed at US \$5,027,200 for 2020, which is higher than the 2019 estimated costs of US \$4,380,500 but in the range of costs between 2011 and 2019 (from US \$4,009,636 to US \$6,821,000).

20. The reimbursement of country offices and national execution was budgeted at US \$815,600 for 2020. This is similar to the estimated costs for 2019 (US \$816,900) but higher than the actual costs for 2018 (US \$729,854). However, this amount is lower than previous years (ranging from US \$1,145,400 to US \$3,602,000 between 2011 and 2016). UNIDO explained that the actual spending in 2018 increased due to structural change in the UNIDO's technical cooperation delivery portfolio and enhancement of UNIDO field representation by filling a great number of vacant positions in the field in 2018 aiming for an enhanced support. The high increase in 2019 of US \$229,100 is due to the same reason.

21. Executing agency cost shows an increase, with a proposed budget of US \$2,042,600 for 2020 – US \$479,600 more than the 2019 budget estimate, and US \$687,989 more than 2018 actual cost. Executing agency cost shows fluctuations, and have ranged from US \$1,354,611 to US \$3,302,800 for the 2011–2019 period. UNIDO explained that the increase in the executing agency support cost was due to procurement activities in 2018, while major decrease (US \$272,400) is projected for 2019, since the budgetary appropriations were adjusted to the actual needs.

22. The expected resources available from the Multilateral Fund to UNIDO for administrative costs include both the core unit costs and the agency support costs 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 2009 to 2019. 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	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018	2019*
Net agency support costs plus core unit costs	3,077,679	5,482,260	7,759,822	4,389,685	4,216,687	3,998,516	4,717,427	4,687,261	3,424,877	4,432,565	6,074,788
Total administrative cost excluding project-related costs	5,739,690	4,997,692	5,489,431	5,181,590	6,821,000	4,531,900	4,673,600	4,643,700	4,412,900	4,009,636	4,380,500
Balance per year	-2,662,011	484,568	2,270,391	-791,905	-2,604,313	-533,384	43,827	43,561	-988,023	422,929	1,694,288
Running balance**	-829,525	-344,957	1,925,434	1,133,529	-1,470,784	-2,004,168	-1,960,341	-1,916,780	-2,904,803	-2,481,874	-787,586

\* Including support costs approved at the 83<sup>rd</sup> meeting, and the value of agency support costs and core unit costs from submissions to the 84<sup>th</sup> meeting.

\*\* The Secretariat had estimated a running balance in 2007 since 2002 of US \$2,127,930, but UNIDO's balance of US \$1,828,243 is used instead of the Secretariat's calculation.

23. Table 4 shows that UNIDO could have a negative accumulated balance at the end of 2019, amounting to US \$787,586. UNIDO would have to generate at least US \$5,814,786 in agency support costs and core unit costs in 2019 to cover the total 2020 administrative costs of US \$5,027,200.

**World Bank**

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

**Table 5: Core unit budget data and other administrative costs for the years 2011-2020 for the World Bank (US \$)**

Cost item	2011	2012	2013	2014	2015	2016	2017	2018	2019		2020
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
<b>A. Core unit</b>											
Core unit personnel and contractual staff	867,586	1,184,796	984,571	1,022,179	827,111	1,089,481	1,086,340	1,226,215	1,200,000	1,190,000	1,200,000
Travel (staff and consultant)	183,893	205,425	111,021	155,778	205,498	216,356	178,550	180,873	200,000	185,000	185,000
Space (rent and common costs)	47,232	55,607	56,906	44,130	434	1,027	0	0	0	0	0
Equipment supplies and other costs (computers, supplies, etc.)	52,953	92,303	31,169	55,508	19,618	33,178	262	1,637	15,000	207	10,000
Contractual services (firms)	47,491	25,769	13,389	14,828	49,989	96,839	189,400	73,389	110,000	56,229	100,000
Reimbursement of central services for core unit staff	123,160	156,762	113,539	90,624	210,909	225,643	210,378	245,946	210,000	238,000	240,000
Adjustments (+ = underuse and - = overrun)	0	0	0	0	0	62,476	60,070	6,940	0	0	0
Return of funds (- = returned funds)	-390,685	-3,981	-414,405	-341,953	-411,441	-62,476	-60,070	-6,940	0	0	0
<b>A. Sub-total core unit costs</b>	<b>931,630</b>	<b>1,716,681</b>	<b>896,190</b>	<b>1,041,094</b>	<b>902,118</b>	<b>1,662,524</b>	<b>1,664,930</b>	<b>1,728,060</b>	<b>1,735,000</b>	<b>1,669,436</b>	<b>1,735,000</b>
<b>B. Agency support costs/implementation</b>											
Reimbursement of country offices and national execution, including overheads	1,725,528	1,829,418	1,611,939	1,298,103	1,210,733	1,249,361	1,491,814	2,114,429	2,000,000	2,000,000	2,000,000
Executing agency support cost (internal), including overheads		0	0	0	0	0	0	0	0	0	0
Financial intermediaries, including overheads	160,777	121,740	10,000	0	0	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)											
Cost recovery	0	0	0	0	0	0	0	0	0	0	0
Adjustments (+ = overrun and - = underuse)	0	0	0	0	0	0	0	0	0	0	0
Project costs (- = to be deducted and thus removed)											
<b>B. Sub-total agency support costs/ implementation costs</b>						<b>1,249,361</b>	<b>1,491,814</b>	<b>2,114,429</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
<b>Grand total (A + B)</b>	<b>2,817,935</b>	<b>3,667,839</b>	<b>2,518,129</b>	<b>2,339,197</b>	<b>2,112,851</b>	<b>2,911,885</b>	<b>3,156,744</b>	<b>3,842,489</b>	<b>3,735,000</b>	<b>3,669,436</b>	<b>3,735,000</b>

Core unit costs

25. The World Bank's request of US \$1,735,000 for its 2020 core unit budget represents a zero per cent increase of its 2019 core unit budget as originally approved, but with slight decreases in travel and contractual service costs, an estimated 14 per cent increase in central services, and a 33 per cent decrease

in equipment supplies/operating costs. Unlike UNDP and UNIDO, the World Bank is not subsidized by revenue from agency support costs or its general fund.

26. Sixty-nine per cent of the World Bank's proposed core unit budget is for staff salaries. The 2018 staff costs (US \$ 1,226,215) were 2.9 per cent higher than the 2018 estimated costs (US \$1,192,000). This was despite significant staff changes over the past three years. The central services budget represents the next largest cost item for its 2020 core unit budget, amounting to 13.8 per cent, followed by travel (10.7 per cent), contractual services (5.8 per cent) and equipment (0.6 per cent).

27. The World Bank's reimbursement of central services in 2018 was 18.9 per cent higher than the estimated cost for 2018. The proposed travel costs (US \$185,000) are the same as those estimated for 2019 and slightly higher than the actual costs in 2018 (US \$180,873). The proposed equipment costs increase to US \$10,000 from estimated costs of US \$207 in 2019. The World Bank explained that the 2018 actual costs for space and equipment/supplies were zero and US \$1,637, respectively. The Bank's budget absorbed the costs in 2018, resulting in more than US \$23,000 less in expenditures.

28. The World Bank will return a total of US \$6,940 from core unit costs from 2018. The Executive Committee may wish to note, with appreciation, that the World Bank would be returning unused balances.

29. The World Bank informed that it follows activity-based accounting for staff and consultant time to apportion expenses for Montreal Protocol and non-Montreal Protocol activities; costs of equipment and supplies and of contractual staff are higher in 2020 compared to 2019 estimates because some of the vacant staff positions would be filled; gradual policy change towards full trust fund project cost-recovery; and additional cost for hosting of two regional Montreal Protocol project implementation workshops that were originally planned to be completed in 2019.

#### Total administrative costs

30. The budget for reimbursement of country offices<sup>4</sup> proposed for 2020 is expected to be the same as the estimated costs for 2019 of US \$2,000,000. The total administrative costs are estimated at US \$3,735,000 in 2020, slightly above the estimated costs for 2019 of US \$3,669,436.

31. The expected resources available to the World Bank for administrative costs include the core unit costs and the agency support costs plus any balance of income for administrative costs not previously used. Table 6 presents this information between 2009 and 2019.

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

World Bank	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
Net agency support costs plus core unit costs	3,044,531	1,409,962	5,039,703	2,137,373	4,142,704	2,976,002	5,850,980	2,568,459	1,958,548	3,295,636	4,086,661
Total administrative cost	3,689,780	3,782,549	2,817,935	3,667,839	2,518,129	2,339,197	2,112,851	2,911,885	3,156,744	3,842,489	3,669,436
Balance per year**	-645,249	-2,372,587	2,221,768	-1,530,466	1,624,575	636,805	3,738,129	-343,426	-1,198,196	-546,853	417,225
Running balance	1,675,150	-697,437	1,524,331	-6,135	1,618,440	2,255,245	5,993,374	5,649,948	4,451,752	3,904,899	4,322,124

\* Including agency support costs approved at the 83<sup>rd</sup> meeting, and the value of agency fees and core unit costs from submissions to the 84<sup>th</sup> meeting.

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

<sup>4</sup> For the World Bank, this budget item means the project fees received on approved projects are channelled to the project teams for project supervision and management. Project teams are mapped to what are known as "the Regions", i.e., the World Bank's operational arm.



32. Table 6 shows that the World Bank could accumulate a balance of US \$4,322,124 based on approvals at the 83<sup>rd</sup> meeting and submissions to the 84<sup>th</sup> meeting. This balance would cover expected administrative costs for 2020 of US \$3,735,000.

**Core unit costs for UNDP, UNIDO and the World Bank, and administrative cost regime for the 2021-2023 triennium**

33. At its 79<sup>th</sup> meeting, the Executive Committee reviewed the administrative cost regime and the core unit funding budget, based on a comprehensive document prepared by the Secretariat,<sup>5</sup> and decided to maintain the current regime for the 2018–2020 triennium. The Committee also requested the Secretariat to continue monitoring use of the administrative cost regime and to report back to the Committee, as relevant (decision 79/41 (c) and (d)).

34. During the 2021–2023 triennium, funding tranches of HPMPs approved in principle will be submitted, HFC-related projects may be approved, and standard recurrent costs will be approved. In addition, the Committee may take decisions on the cost guidelines for the HFC projects, on implications of parallel or integrated implementation of HCFC phase-out and HFC phase-down activities, on renewal of institutional strengthening projects, as well as other decisions that would influence project implementation support. The outcome of these discussions would help the Secretariat to undertake an analysis of the administrative cost regime for the 2021–2023 triennium and present it to the 86<sup>th</sup> meeting.

**RECOMMENDATION**

35. The Executive Committee may wish:

- (a) To note:
  - (i) The report on the 2020 core unit costs for UNDP, UNIDO and the World Bank as contained in document UNEP/OzL.Pro/ExCom/84/38;
  - (ii) With appreciation, that the core unit operations of UNIDO and the World Bank were below their budgeted level and that UNIDO and the Bank would be returning unused balances of US \$7,931 and US \$6,940, respectively, to the Multilateral Fund at the 84<sup>th</sup> meeting;
  - (iii) That the Secretariat would present to the 86<sup>th</sup> meeting, the outcomes of the analysis on the administrative cost regime and core unit funding, taking into consideration relevant decisions by the Executive Committee, including those at its 84<sup>th</sup> and 85<sup>th</sup> meetings, based on which the Committee would decide on whether the administrative cost regime of the Multilateral Fund for the 2018–2020 triennium could be maintained for the 2021–2023 triennium;
- (b) To consider whether to approve the requested 2020 core unit budgets for:
  - (i) UNDP in the amount of US \$2,098,458;
  - (ii) UNIDO in the amount of US \$2,098,458; and
  - (iii) The World Bank in the amount of US \$1,735,000.

---

<sup>5</sup> UNEP/OzL.Pro/ExCom/79/43