



**United Nations
Environment
Programme**



Distr.
Limited

UNEP/OzL.Pro/ExCom/28/17
24 June 1999

ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL

Twenty-eighth Meeting
Montreal, 14-16 July 1999

REPORT FROM THE TREASURER

The 1998 Accounts of the Multilateral Fund

1. The Statements contained in Schedule 1.1 reflect the income and expenditure of the Multilateral Fund for the years 1998 and 1997, and for the period 1.1.1991 to 31.12.1998. The Statements contained in Schedule 1.2. reflect the assets, liabilities and fund balance of the Multilateral Fund as at 31 December 1998 and as at 31 December 1997. The Statements are consistent with the audited accounts of UNEP for the years 1991 to 1997 and with the certified accounts of UNEP for the year 1998.
2. Schedule 1.3 provides details of the 1998 expenditures of the Multilateral Fund Secretariat with a comparison to the approved budget for 1998.
3. Schedules 1.4 to 1.8 provide additional financial information in respect of the implementing agencies for the years 1998 and 1997 and for the period 1.1.1991 to 31.12.1998. Schedule 1.8 is a summary table while Schedules 1.4 to 1.7 are agency specific. All are similar to those provided for the presentation of the 1996 and 1997 accounts.
4. The total expenditure of the Fund in 1998, as shown in Schedule 1.1, reached a new record level of US\$ 151 million, while total contributions collected were approximately US\$ 139 million, also a new record, up from about US\$ 124 million in 1997.

5. Despite the increasing expenditure levels, the fund balance, as shown on the last line of Schedule 1.2, rose slightly to US\$ 325 million, up from US\$ 320 million in 1997. This is due to the exceptionally high amount of contributions collections and also to interest income, which remained almost at the same level in 1998 as in 1997.
6. As seen in Schedules 1.4 to 1.7 , expenditures in 1998 were significantly higher than those in 1997 in the case of three agencies, while one agency reported a considerable decrease. However, the aggregate cash balances held by agencies continued to decrease during 1998.
7. Schedule 1.8 provides an overview of the comparison of disbursements reported by agencies in their progress reports to the Executive Committee and in their financial reports to the Treasurer. All agencies seem to have reported lower figures in their progress reports than in their financial ones. The difference is significant in the case of UNIDO.

SCHEDULE 1.1			
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
1998 STATEMENT OF INCOME AND EXPENDITURE (in US\$)			
INCOME	1998	1997	1991-98
Agreed contributions	151,937,379	150,981,729	956,478,877
Interest income	17,676,694	18,328,786	69,830,685
Miscellaneous income	375,074	533,982	3,694,437
TOTAL INCOME	169,989,147	169,844,497	1,030,003,999
EXPENDITURE			
UNEP Managed Activities	4,720,159	3,797,090	24,668,035
UNDP Managed Activities	42,540,000	54,493,213	156,380,417
UNIDO Managed Activities	37,682,789	32,796,683	120,869,410
World Bank Managed Activities	63,253,289	55,809,387	214,351,489
Secretariat	2,915,637	2,509,170	19,389,587
Bank Charges and Loss on Exchange	28,547	36,068	102,882
TOTAL EXPENDITURE	151,140,421	149,441,611	535,761,820
Excess of income over expenditure	18,848,726	20,402,886	494,242,179
Prior period adjustments	386,944	(16,967,193)	0
Net excess of income over expenditure	19,235,670	3,435,693	494,242,179
Fund balance, beginning of period	475,006,509	471,570,816	0
Fund balance, end of period	494,242,179	475,006,509	494,242,179

SCHEDULE 1.2		
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL		
1998 STATEMENT OF ASSETS AND LIABILITIES (in US\$)		
ASSETS	31.12.1998	31.12.1997
Cash and term deposits	10,258,282	2,788,866
Pledged contributions receivable	326,699,645	312,571,431
Inter-fund balance receivable	3,911,151	1,473,486
Other accounts receivable	541,886	443,662
Other assets - deferred charges	28,074	28,697
Promissory notes	55,512,565	25,130,505
Operating funds provided to implementing agencies	255,411,496	290,074,877
TOTAL ASSETS	652,363,099	632,511,524
LIABILITIES		
Contributions receivable for future years	157,758,790	157,313,204
Unliquidated obligations (Secretariat)	281,413	168,913
Inter-fund balance payable	0	0
Other accounts payable	80,717	22,898
TOTAL LIABILITIES	158,120,920	157,505,015
RESERVES AND FUND BALANCES		
Cumulative surplus	494,242,179	475,006,509
TOTAL RESERVES AND FUND BALANCES	494,242,179	475,006,509
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	652,363,099	632,511,524
FUND BALANCE NET OF CONTRIBUTIONS RECEIVABLE	325,301,324	319,748,282

Promissory notes held by UNEP	55,512,565	25,130,505
Promissory notes held by the World Bank	40,715,606	46,658,925
Total promissory notes included in the assets of the Fund	96,228,171	71,789,430
FUND BALANCE NET OF CONTRIBUTIONS RECEIVABLE AND		
NET OF PROMISSORY NOTES	229,073,153	247,958,852

SCHEDULE 1.3				
1998 MULTILATERAL FUND SECRETARIAT EXPENDITURES (in US\$)				
1	PROJECT PERSONNEL COMPONENT	APPROVED BUDGET	ACTUAL EXPENDITURE	SAVINGS/ (DEFICIT)
11	Project personnel			
1101	Chief Officer	115,000	116,288	(1,288)
1102	Deputy Chief Officer, Economist	100,000	114,116	(14,116)
1103	Deputy Chief Officer, Technical Co-operation	100,000	114,284	(14,284)
1104	Economic Affairs Officer	90,000	77,303	12,697
1105	Environmental Affairs Officer	90,000	89,142	858
1106	Project Management Officer	90,000	105,849	(15,849)
1107	Project Management Officer	90,000	87,288	2,712
1108	Associate Information Officer	75,000	53,672	21,328
1109	Administration & Fund Management Officer	90,000	86,040	3,960
1110	Senior Monitoring and Evaluation Officer	100,000	32,557	67,443
11	Sub-total	940,000	876,539	63,461
12	Consultants			
1201	Consultancies (project review etc.)	150,000	72,697	77,303
1298	Prior years' adjustments	0	(24,000)	24,000
12	Sub-total	150,000	48,697	101,303
130	Administrative support staff			
1301	Administrative assistant (Admin. & Fund)	42,000	24,180	17,820
1302	Meeting Services Assistant	40,000	6,343	33,657
1303	Programme Assistant	42,000	47,036	(5,036)
1304	Senior Secretary (Deputy Chief, Economist)	35,000	11,776	23,224
1305	Senior Secretary (Deputy Chief, Techn. Coop.)	35,000	31,852	3,148
1306	Senior Secretary (for 2 Programme Officers)	35,000	38,845	(3,845)
1307	Senior Secretary (for 2 Programme Officers)	35,000	17,061	17,939
1308	Secretary	30,000	12,005	17,995
1309	Clerk/Messenger/Receptionist	24,000	20,313	3,687
130	Administrative support staff sub-total	318,000	209,411	108,589
132-3	Conference servicing costs			
1326	24th Executive Committee Meeting	100,000	147,118	(47,118)
1327	25th Executive Committee Meeting	100,000	129,981	(29,981)
1328	26th Executive Committee Meeting	120,000	212,604	(92,604)
1329	27th Executive Committee Meeting	100,000	0	100,000
1332	Sub-Committee meetings	45,000	43,313	1,687
1398	Prior years' adjustments	0	9,936	(9,936)
132-3	Conference servicing costs sub-total	465,000	542,952	(77,952)
13	Sub-total	783,000	752,363	30,637
16	Official travel on business			
1601	Staff travel on official business	120,000	128,411	(8,411)
1698	Prior years' adjustments	0	1,827	(1,827)
16	Sub-total	120,000	130,238	(10,238)
1	COMPONENT TOTAL	1,993,000	1,807,837	185,163

SCHEDULE 1.3				
1998 MULTILATERAL FUND SECRETARIAT EXPENDITURES (in US\$)				
		APPROVED BUDGET	ACTUAL EXPENDITURE	SAVINGS/ (DEFICIT)
2	SUB-CONTRACT COMPONENT			
21	Sub-contracts with UN agencies			
2101	Sub-contracts (information materials)	30,000	0	30,000
21	Sub-total	30,000	0	30,000
23	Sub-contracts with profit making institutions			
2301	Sub-contracts	0	2,820	(2,820)
2398	Prior years' adjustments	0	(24,299)	24,299
23	Sub-total	0	(21,479)	21,479
2	COMPONENT TOTAL	30,000	(21,479)	51,479
3	MEETING PARTICIPATION COMPONENT			
33	Participation in meetings/conferences			
3301	Chairman/Vice Chairman	30,000	31,511	(1,511)
3302	Sub-Committee meetings	40,000	5,625	34,375
3303	Informal Sub-group meetings	30,000	7,468	22,532
3307	24th Executive Committee meeting	75,000	52,233	22,767
3308	25th Executive Committee meeting	75,000	50,125	24,875
3309	26th Executive Committee meeting	75,000	56,655	18,345
3310	27th Executive Committee meeting	75,000	0	75,000
3398	Prior years' adjustments	0	0	0
33	Sub-total	400,000	203,617	196,383
3	COMPONENT TOTAL	400,000	203,617	196,383
4	EQUIPMENT AND PREMISES COMPONENT			
41	Expendable equipment			
4101	Office supplies	10,000	8,927	1,073
4102	Software and computer expendables	10,000	12,211	(2,211)
4198	Prior years' adjustments	0	0	0
41	Sub-total	20,000	21,138	(1,138)
42	Non-expendable equipment			
4205	General non-expendable equipment	20,000	29,341	(9,341)
4298	Prior years' adjustments	0	0	0
42	Sub-total	20,000	29,341	(9,341)
43	Rental of premises			
4301	Rental of office premises	264,000	253,192	10,808
4398	Prior years' adjustments	0	0	0
43	Sub-total	264,000	253,192	10,808
4	COMPONENT TOTAL	304,000	303,671	329

SCHEDULE 1.3				
1998 MULTILATERAL FUND SECRETARIAT EXPENDITURES (in US\$)				
5	MISCELLANEOUS COMPONENT	APPROVED BUDGET	ACTUAL EXPENDITURE	SAVINGS/ (DEFICIT)
51	Operation and maintenance of equipment			
5101	Maintenance of equipment	8,000	10,000	(2,000)
5102	Maintenance of offices	6,000	5,915	85
5103	Rental of computer equipment	0	0	0
5104	Rental of photocopier(s)	7,000	7,415	(415)
5105	Rental of telecommunication equipment	11,000	10,334	666
5198	Prior years' adjustments	0	0	0
51	Sub-total	32,000	33,664	(1,664)
52	Reporting costs			
5201	Executive Committee meetings	0	0	0
5202	Reporting, others	20,000	13,364	6,636
5298	Prior years' adjustments	0	0	0
52	Sub-total	20,000	13,364	6,636
53	Sundry			
5301	Communications	30,000	28,441	1,559
5302	Freight charges (documents shipment)	20,000	16,278	3,722
5303	Others	5,000	313	4,687
5303	Staff training	50,000	9,836	40,164
5398	Prior years' adjustments	0	53	(53)
53	Sub-total	105,000	54,921	50,079
54	Hospitality			
5401	Hospitality	7,000	9,521	(2,521)
5498	Prior years' adjustments	0	0	0
54	Sub-total	7,000	9,521	(2,521)
5	COMPONENT TOTAL	164,000	111,470	52,530
TOTAL DIRECT SECRETARIAT COSTS		2,891,000	2,405,116	485,884
Monitoring and Evaluation Work Programme				
1201	Consultants	361,000	0	361,000
Production Sector Technical Audits				
2301	Contracts with profit making institutions	600,000	369,345	230,655
Programme support costs		163,540	141,174	22,366
GRAND TOTAL		4,015,540	2,915,635	1,099,905

SCHEDULE 1.4			
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
UNEP Managed Activities in 1991 - 1998 (in US\$)			
INCOME	1998	1997	1991-98
Cash transferred from the Multilateral Fund	10,800,000	6,744,648	35,000,000
Interest earned and retained	(301)	288,029	1,446,976
TOTAL INCOME	10,799,699	7,032,677	36,446,976
TOTAL EXPENDITURE	5,337,682	3,797,090	25,285,558
EXCESS OF INCOME OVER EXPENDITURE	5,462,017	3,235,587	11,161,418
FUND BALANCE			
Fund balance, beginning of period	5,699,401	2,463,814	0
Add excess of income over expenditure	5,462,017	3,235,587	11,161,418
Fund balance, end of period	11,161,418	5,699,401	11,161,418
Comparison to progress reporting			
Total expenditure reported to the Treasurer			25,285,558
Less programme support costs			(2,908,958)
Less unliquidated obligations, end of period			(826,749)
Adjustments			0
Net disbursements reported to the Treasurer			21,549,851
Net disbursements reported to the Executive Committee			21,500,162
Difference			49,689

SCHEDULE 1.5			
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
UNDP Managed Activities in 1991 - 1998 (in US\$)			
INCOME	1998	1997	1991-98
Cash transferred from the Multilateral Fund	26,000,000	31,250,690	208,000,000
Interest earned and retained	7,300,000	9,961,000	23,553,767
TOTAL INCOME	33,300,000	41,211,690	231,553,767
TOTAL EXPENDITURE	42,540,000	54,493,213	156,380,417
EXCESS OF INCOME OVER EXPENDITURE	(9,240,000)	(13,281,523)	75,173,350
FUND BALANCE			
Fund balance, beginning of period	84,413,350	97,694,873	0
Add excess of income over expenditure	(9,240,000)	(13,281,523)	75,173,350
Fund balance, end of period	75,173,350	84,413,350	75,173,350
Comparison to progress reporting			
Total expenditure reported to the Treasurer			156,380,417
Less programme support costs			(14,605,567)
Less unliquidated obligations, end of period			(21,632,645)
Adjustments			211,525
Net disbursements reported to the Treasurer			120,353,730
Net disbursements reported to the Executive Committee			120,030,618
Difference			323,112

SCHEDULE 1.6			
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
UNIDO Managed Activities in 1991 - 1998 (in US\$)			
INCOME	1998	1997	1991-98
Cash transferred from the Multilateral Fund	27,000,000	30,063,761	156,000,000
Interest earned and retained	4,403,236	3,147,069	14,268,239
TOTAL INCOME	31,403,236	33,210,830	170,268,239
TOTAL EXPENDITURE	37,682,789	32,796,683	120,869,410
EXCESS OF INCOME OVER EXPENDITURE	(6,279,553)	414,147	49,398,829
FUND BALANCE			
Fund balance, beginning of period	55,678,382	55,264,235	0
Add excess of income over expenditure	(6,279,553)	414,147	49,398,829
Fund balance, end of period	49,398,829	55,678,382	49,398,829
Comparison to progress reporting			
Total expenditure reported to the Treasurer			120,869,410
Less programme support costs			(13,907,339)
Less unliquidated obligations, end of period			(11,343,858)
Adjustments			0
Net disbursements reported to the Treasurer			95,618,213
Net disbursements reported to the Executive Committee			91,467,573
Difference			4,150,640

SCHEDULE 1.7			
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
World Bank Managed Activities in 1991 - 1998 (in US\$)			
INCOME	1998	1997	1991-98
Cash transferred from the Multilateral Fund	21,000,000	15,547,172	176,000,000
Promissory notes encashed	20,538,908	62,611,523	96,572,901
Promissory notes transferred, net of encashment	(5,943,319)	(41,993,205)	40,715,606
Interest earned and retained	5,280,746	4,202,532	23,373,808
TOTAL INCOME	40,876,334	40,368,023	336,662,315
TOTAL EXPENDITURE	63,253,289	55,809,387	214,351,489
EXCESS OF INCOME OVER EXPENDITURE	(22,376,955)	(15,441,364)	122,310,826
FUND BALANCE			
Fund balance, beginning of period	144,687,781	160,129,145	0
Add excess of income over expenditure	(22,376,955)	(15,441,364)	122,310,826
Fund balance, end of period	122,310,826	144,687,781	122,310,826
Cash balance, end of period	81,595,220	98,028,855	81,595,220
Comparison to progress reporting			
Total expenditure reported to the Treasurer			214,351,489
Less programme support costs			(29,894,461)
Less unliquidated obligations, end of period			0
Adjustments			535,257
Net disbursements reported to the Treasurer			184,992,285
Net disbursements reported to the Executive Committee			184,924,266
Difference			58,019

SCHEDULE 1.8

MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

Comparison of Financial and Progress Reports
 Implementing Agency Summary 1991 - 1998 (in US\$ x million)

Agency	UNEP	UNDP	UNIDO	WB	TOTAL
Total adjusted expenditure reported to the Treasurer	25.3	156.6	120.9	214.9	517.6
Less programme support costs	(2.9)	(14.6)	(13.9)	(29.9)	(61.3)
Less unliquidated obligations, end of period	(0.8)	(21.6)	(11.3)	0.0	(33.8)
Net disbursements reported to the Treasurer	21.5	120.4	95.6	185.0	422.5
Net disbursements reported to the Executive Committee	21.5	120.0	91.5	184.9	417.9
Difference	0.0	0.3	4.2	0.1	4.6