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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-eighth Meeting
Rome, 20-22 November 2002

**UNEP'S PRELIMINARY REPORT ON THE USE OF THE PROGRAMME SUPPORT
COST (DECISION 35/36(b))**

(Submitted by UNEP/DTIE)

Decision 35/36 (b) requested UNEP to submit a preliminary report to the 38th meeting of the Executive Committee (EXCOM) on the use of the programme support costs, with a detailed report to be submitted at the 40th meeting in 2003.

At the 34th meeting of the EXCOM, UNEP had in its paper, dated 15 June 2001, on the use of the 13% Programme Support Cost (PSC), stated that the cost of administering the implementation of the OzonAction Programme was US\$ 848,000 per year.

The estimated cost for 2002 is US\$ **855,000**.

Whilst the total cost has not significantly changed, there has been a shift in the distribution of allocations for the cost of administration.

The estimated Direct and Indirect Staff Costs required to provide the administrative services that supports the UNEP OzonAction Programme are as follows

UNEP/DTIE/Paris	
Administrative officer P4 (50%)	65,000
Associate Administrative Officer P2 (75%)	60,000
Administrative Secretary (G5/G6)	60,000
2 Finance Assistants (G6/G7)	150,000
Other operational costs	20,000**
Estimated total	355,000
UNEP/REGIONAL OFFICES – ROAP/ROLAC/ROWA/ROA	
Administrative Officer – ROAP/ROLAC/ROWA/ROA –20%	75,000
Administrative Assistant – ROLAC G5	40,000
Administrative Assistant – ROWA G5	35,000
Other operational costs	30,000**
Estimated total	180,000

** comprises of communications, travel and other general costs.

A further allocation from the PSC forms the part of the allocation that the Executive Director of UNEP makes to UNON for the central administrative services that UNON provides to UNEP. These services were highlighted in UNEP's paper to the EXCOM noted above.

The estimated staffing and operational costs for provision of these services are US\$ 320,000.

Therefore, the total estimated costs for UNEP to implement the OzonAction Programme is **US\$ 855,000** distributed as follows **DTIE/Paris – 41%**, **UNEP Regional offices – 21%**, **UNEP/UNON – 38%**.

The projected PSC income to UNEP for 2002 from the OzonAction Programme is estimated to amount to US\$ 760,000 which includes the PSC from the CAP programme of US\$ 378,000. The reason for the lower projected PSC from the CAP budget is because there were delays in recruiting and UNEP anticipates returning funds from the CAP programme to the EXCOM of approximately US\$ 600,000.

UNEP estimates this PSC income to remain at US\$ 760,000 over the next few years even though the recruitment under the CAP budget will be completed which will result in a higher PSC income for UNEP. This is because future PSC will be lowered as all Country Programme / RMP and Institutional Strengthening activities approved after the 36th EXCOM will have **NO** PSC being generated.

As noted, in UNEP's paper to the 34th EXCOM, the main reason for the relatively high costs of administering the OzonAction Programme is that over 50% of the activities approved for UNEP amount to US\$ 50,000 or less, which causes a significant burden on administration and reporting.

The net effect of the above is a situation where the OzonAction Programme will require subsidising from the Environment Fund of UNEP and / or other resources to the amount of US\$ 95,000, which runs contrary to the Governing Council decision. The EXCOM may wish to consider increasing the PSC given to UNEP.

Though not related to the subject of the present report, UNEP would like to point out that it has been performing on a pro-bono basis the function of Treasurer, which has a substantial annual cost. UNEP would like EXCOM to consider supporting this function in the future.
