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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-second Meeting
Montreal, 29 November - 3 December 2010

2009 FINAL ACCOUNTS

1. At its 61st Meeting, the Executive Committee considered the UNEP provisional accounts of the Multilateral Fund for the year 2009 (UNEP/OzL.Pro/ExCom/61/56), which were submitted by the Treasurer. The financial statements included 2009 provisional accounts of the implementing agencies. The Executive Committee decided to note the Multilateral Fund provisional accounts for the year 2009 and that the final 2009 accounts would be submitted to the Committee at its 62nd Meeting by the Treasurer.

2. The Agencies provided their final 2009 accounts to the Treasurer by the end of September 2010 in line with the deadline agreed upon with the Treasurer at the workshop on Common terminology and procedures that took place in February 2005. Since UNEP's accounts were closed by the time the final accounts of the implementing agencies were submitted, there are no changes in the accounts of the Multilateral Fund as presented to the Executive Committee at its 61st meeting. The differences that were identified between the agencies' 2009 provisional accounts as presented in UNEP/OzL.Pro/ExCom/61/56, schedules 1.1 through 1.7 (attached as Annex II) and the implementing agencies' final accounts as submitted to the Treasurer are reflected in tables 1 and 2 below and shall be recorded in the 2010 UNEP accounts.

Table 1

**DIFFERENCES BETWEEN IMPLEMENTING AGENCIES' PROVISIONAL AND FINAL
2009 ACCOUNTS INCOME (US \$)**

(1)	(2)	(3)	(4) = (3)-(2)
Agency	Aggregate Income for 2009 Accounts of the Fund (Provisional as reported by the Treasurer)	Aggregate Income for 2009 Accounts of the Fund (per Final statements)	Difference between Provisional and Final Accounts
UNDP	580,967,683	581,002,526	34,843
UNEP	176,259,023	176,259,023	0
UNIDO	556,045,700	556,045,700	0
World Bank	1,035,014,999	1,035,014,999	0

Table 2

**DIFFERENCES BETWEEN IMPLEMENTING AGENCIES' PROVISIONAL AND FINAL
2009 ACCOUNTS EXPENDITURE (US \$)**

(1)	(2)	(3)	(4) = (3)-(2)
Agency	Aggregate expenditure in 2009 Accounts of the Fund (Provisional as reported by the Treasurer)	Aggregate expenditure in 2009 Accounts of the Fund (per Final statements)	Difference between Provisional Accounts and Final Accounts
UNDP	520,705,937	522,178,288	1,472,351
UNEP	154,962,982	154,958,346	-4,636
UNIDO	507,664,149	507,652,733	-11,416
World Bank	974,555,526	974,555,526	0

3. Annex I of this document sets out the final 2009 accounts of the Multilateral Fund which have been audited by the UN Board of Auditors.

AUDIT REPORT

4. The UNEP audit of the 2008 - 2009 biennium has been carried out through three field visits to Montreal and Geneva as well as a review of the financial transactions and operations at Headquarters in Nairobi (Kenya). The Board of Auditors audited the UNEP financial statements and included a general review of financial systems and internal controls, the administration and management of UNEP Funds operation including the Multilateral Fund (MLF).

5. The final audit report on UNEP's financial statements for the biennium ending 31 December 2009 has been finalized and submitted to UNEP and includes the MLF administrative and financial management. In this regard, the report of the Board of Auditors points out to the contributions that have been outstanding owed to the MLF for a number of years and to the presentation of the MLF accounts, which do not indicate the difference between contributions of more than 24 months and those outstanding for more than 5 years. UNEP explained that the decision to write-off any unpaid pledges remained that of the Parties. However, the auditors have recommended that UNEP should consider formulating an accounting policy for the treatment of long outstanding pledges.

6. The audit report pointed out the fact that the MFL financial statements are not consolidated with the other UNEP funds even though they appeared in the financial statements of UNEP. The auditors are of the view that UNEP should either consolidate the MFL's financial statements with UNEP's financial statements or have them presented separately. In this regard, the Board has recommended that UNEP should clarify the legal situation of the MFL and decide accordingly on the presentation of its financial statements. UNEP indicated to the auditors that the issue of consolidation would be decided upon and would start with the implementation of the International Public Sector Accounting Standards (IPSAS) which the United Nations system is preparing to adopt. Until then, UNEP will continue with the current financial reporting.

7. The final audit report did not contain any observation on the general and financial administration of the MLF. It also did not contain any observation on the services of UNEP as the Treasurer of the Fund.

RECOMMENDATIONS

8. The Executive Committee may wish to:

- (a) Note the audited financial statement of the Fund as at 31 December 2009 as contained in Annex I of document UNEP/OzL.Pro/ExCom/62/58.
- (b) Note that the audit report done by the UN Board of Auditors referred to the ageing of the Multilateral Fund long-outstanding pledges and recommended that UNEP should consider formulating an accounting policy for the treatment of long outstanding pledges.
- (c) Request the Treasurer to bring to the Committee's attention any change UNEP intends to make in the presentation in the MLF accounts in respect of the long outstanding pledges.
- (d) Request the Treasurer to bring to the Executive Committee's attention any change in the current practice of separating the MLF accounts from UNEP's accounts.
- (e) Request the Treasurer to record in the 2010 accounts the differences between the agencies' provisional statements and their final 2009 accounts as reflected in tables 1 and 2 of document UNEP/OzL.Pro/ExCom/62/58

Annex I

Trust Fund
for the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer
Statement of Income and expenditure and changes in reserves and fund balances
for the biennium ended 31 December 2009
(Thousands of United States Dollars)

	2009	2007
Income		
Voluntary contributions	254,507	257,848
Interest income	16,368	32,772
Miscellaneous income	12,059	21,351
Total Income	282,934	311,771
Expenditure		
Staff and other personnel costs	6,989	6,693
Contractual services	1,868	1,982
Travel	827	553
Operating expenses	667	715
Acquisitions	1,206	1,107
Programme support costs	652	664
UNEP managed activities	37,628	27,216
UNDP managed activities	69,243	49,552
UNIDO managed activities	54,297	76,572
World Bank managed activities	111,631	184,408
Total Expenditure	284,808	349,462
Shortfall of income over expenditure	(1,874)	(37,691)
Prior period adjustments		3,028
Net shortfall of income over expenditure	(1,874)	(34,663)
Reserves and fund balances, beginning of period	480,535	515,198
Reserves and fund balances, end of period	478,661	480,535

Statement of assets, liabilities, reserves and fund balances
for the biennium ended 31 December 2009

Assets		
Cash and term deposits	278	453
Cash pools	81,109	32,392
Advances provided to implementing agencies	179,423	239,793
Voluntary contributions receivable	183,998	173,751
Inter-fund balances	16	170
Promissory notes	36,363	40,747
Other receivables	644	1,207
Other assets	19	34
Total assets	481,850	488,547
Liabilities		
Payments or contributions received in advance	2,747	7,394
Unliquidated obligations	195	324
Accounts payable	247	
Other liabilities	-	294
Total liabilities	3,189	8,012
Reserves and fund balances		
Fund balance	478,661	480,535
Total reserves and fund balances	478,661	480,535
Total liabilities, reserves and fund balances	481,850	488,547

SCHEDULE 1.1 MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL 2009 STATEMENT OF INCOME AND EXPENDITURE (in US\$) (Thousands of United States dollars)			
INCOME	2009	2008	1991- 2008
Agreed contributions	130,514	123,992	2,308,421
Interest income	4,403	11,965	197,091
Miscellaneous income	1,824	10,235	65,763
TOTAL INCOME	136,741	146,192	2,571,275
EXPENDITURE			
UNEP Managed Activities	20,081	17,546	134,686
UNDP Managed Activities	41,591	27,652	479,115
UNIDO Managed Activities	26,329	27,969	481,330
World Bank Managed Activities	32,428	79,203	942,127
Secretariat	5,264	6,744	67,004
TOTAL EXPENDITURE	125,693	159,114	2,104,262
Excess of income over expenditure	11,048	(12,922)	467,013
Prior period adjustments	-	-	600
Net excess of income over expenditure	11,048	(12,922)	467,613
Fund balance, beginning of period	467,613	480,535	0
Fund balance, end of period	478,661	467,613	467,613

(i) For ease of monitoring and to avoid delays the Treasurer recorded UNDP, UNIDO and WB-IBRD 2009 unaudited expenditure on the provision that these agencies will provide audited expenditures as soon as they become available. Per Executive Committee relevant decisions, the Treasurer adjusted expenditures previously reported by I by US\$144,738 in the current period as a result of the reconciliation of the 2007-2008 account.

SCHEDULE 1.2		
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL		
2009 STATEMENT OF ASSETS AND LIABILITIES		
(Thousands of United States dollars)		
ASSETS	31.12.2009	31.12.2008
Cash and term deposits	81,387	40,288
Voluntary pledges receivable	183,998	177,775
Inter-fund balance receivable	16	-
Other accounts receivable	644	1,543
Other assets - deferred charges	19	19
Promissory notes	36,363	34,068
Operating funds provided to implementing agencies	179,423	215,807
TOTAL ASSETS	481,850	469,500
LIABILITIES		
Deferred credits	2,747	1,349
Reserve for obligations	195	276
Inter-fund balance payable	-	9
Other accounts payable	247	253
TOTAL LIABILITIES	3,189	1,887
RESERVES AND FUND BALANCES		
Cumulative surplus	478,661	467,613
TOTAL RESERVES AND FUND BALANCES	478,661	467,613
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	481,850	469,500

(ii) Of the total US \$183.998 million voluntary contributions receivable, about US \$114.999 million or 63% represent amount due from countries with economies in transition. The Fund encourages parties to pay their outstanding contributions in full and no write-offs or provisions for doubtful accounts are currently being considered.

SCHEDULE 1.3						
A. 2009 Expenditures for Account MFL 2336-2211-2661: (Secretariat's Main Account)						
			Approved	Revised	Actual	Savings/ (Deficit)
			Budget	Budget¹	Expenditure	
10	PROJECT PERSONNEL COMPONENT					
	1100	<i>Project Personnel</i>				
		1101 Chief Officer (D-2)	208,873	208,873	202,515	6,358
		1102 Deputy Chief Officer (Economic Cooperation) (P-5) ²	206,131	206,131	59,498	146,633
		1103 Programme Management Officer (P-3) ³	136,615	136,615	7,454	144,069
		1104 Senior Project Management Officer (P-5)	186,273	186,273	189,081	(2,808)
		1105 Senior Project Management Officer (P-5)	186,273	186,273	204,600	(18,327)
		1106 Senior Project Management Officer (P-5)	186,273	186,273	163,733	22,540
		1107 Senior Project Management Officer (P-5)	186,273	186,273	189,424	(3,151)
		1108 Information Management Officer (P-3)	164,706	164,707	160,049	4,658
		1109 Senior Administrative and Fund Management Officer (P-5)	167,126	152,126	151,115	1,011
		1110 Senior Monitoring and Evaluation Officer (P-5) ⁴	186,273	186,273	76,376	109,897
		1111 Programme Management Officer (P-3)	136,615	136,616	106,178	30,438
		1112 Associate IT Officer (P-2)	82,654	97,654	97,974	(320)
		1114 Programme Management Officer (P-3) ³	136,615	136,616	41,522	95,094
		1188 Prior Year's Adjustment				
	1199	<i>Sub-total</i>	2,170,703	2,170,703	1,634,611	536,092
	1200	<i>Consultants</i>				
		1201 Projects and technical reviews etc	100,000	100,000	100,000	0
	1299	<i>Sub-total</i>	100,000	100,000	100,000	0
	1300	<i>Administrative Support Staff costs</i>				
		1301 Administrative Assistant (G-8)	78,516	78,516	75,466	3,050
		1302 Meetings Services Assistant (G-7)	74,294	74,295	71,130	3,165
		1303 Programme Assistant (G-8)	78,516	78,516	76,424	2,092
		1304 Senior Secretary (Deputy Chief, Economic Cooperation) (G-6) ³	58,160	58,160	26,156	32,004
		1305 Senior Secretary (Deputy Chief, Technical Cooperation) (G-6)	58,160	58,160	59,706	(1,546)
		1306 Computer Operations Assistant (G-8)	78,516	78,516	40,915	37,601
		1307 Secretary (to 2 Programme Officers) (G-6)	61,469	61,469	60,785	684
		1308 Secretary/Clerk, Administration (G-7)	65,941	65,942	49,511	16,431
		1309 Registry Clerk (G-5)	50,241	50,241	48,405	1,836
		1310 Database Assistant (G-8)	78,516	78,516	81,375	(2,859)
		1311 Secretary, Monitoring and Evaluation (G-6)	58,160	58,160	59,156	(996)
		1313 Secretary (G-6)	58,160	58,160	40,303	17,857
		1314 Secretary (G-6) ³	58,160	58,160	19,169	38,991
	1301-14	<i>Sub-total (support staff costs)</i>	856,811	856,811	708,501	148,310
		1333 54 th Meeting of the Executive Committee	780,000	277,000	270,647	6,353
		1334 55 th Meeting of the Executive Committee		263,000	255,742	7,258
		1336 56 th Meeting of the Executive Committee		340,500	333,357	7,143
	1333-34 & 1336	<i>Sub-total (conference servicing)¹</i>	780,000	880,500	859,746	20,754
	1335	Tempory Assistance	65,000	18,000	17,835	165
	1388	Prior Year's Adjustment	-	-	-	0
	1388	<i>Sub-total</i>	-	-	-	0
	1399	<i>Sub-total</i>	1,701,811	1,755,311	1,586,082	169,229

¹ BL 1333-1334: the Secretariat's budget has been revised in line with decision 59/52, to transfer anticipated savings from various budget lines to BL 1336 to cover the additional cost of the 59th ExCom in Port Ghalib.

² BL 1102: Vacant post.

³ BL 1103, 1114, 1304 and 1314: Vacant posts

⁴ BL 1110: As per decision 56/8 only US \$75,000 is to be utilised for the Interim Senior Monitoring Evaluation Officer's functions.

			Approved Budget	Revised Budget ¹	Actual Expenditure	Savings/ (Deficit)
	1600	<i>Travel on Official Missions</i>				
	1601	Mission costs	208,000	208,000	191,099	16,901
	1602	Network meetings (4)	20,000	20,000	24,008	(4,008)
	1603	55 th Meeting of the Executive Committee - Bangkok	0	0	0	0
	1699	<i>Sub-total</i>	228,000	228,000	215,107	12,893
1999	COMPONENT TOTAL		4,200,514	4,254,014	3,535,800	718,214
20	SUB-CONTRACTS COMPONENT					
	2100	<i>Sub-Contracts with UN Agencies:</i>				
	2101	Treasury services	500,000	500,000	500,000	0
	2201	Various studies		0	16	16
	2202	Various studies		0	-	0
	2199	<i>Sub-total</i>	500,000	500,000	499,984	16
	2301	Corporate Consultancies	0	0	0	0
	2399	<i>Sub-total</i>	0	0	0	0
2999	COMPONENT TOTAL		500,000	500,000	499,984	16
30	MEETINGS PARTICIPATION COMPONENT					
	3300	<i>Assistance to Participants from Developing Countries</i>				
	3301	Travel of Chairman / Vice-Chairman	15,000	15,000	5,123	9,877
	3302	Executive Committee meetings ⁵	225,000	225,000	161,614	63,386
	3303	Sub-Committee and Informal Sub-group meetings		0	0	0
	3399	<i>Sub-total</i>	240,000	240,000	166,737	73,263
3999	COMPONENT TOTAL		240,000	240,000	166,737	73,263
40	EQUIPMENT COMPONENT					
	4100	<i>Expendables</i>				
	4101	Office stationery etc (revision initiated to use anticipated savings)	19,500	7,000	6,705	295
	4102	Software & computer expendables	11,700	11,700	11,700	0
	4199	<i>Sub-total</i>	31,200	18,700	18,405	295
	4200	<i>Non-expendable equipment</i>				
	4201	Computer, printers etc.	13,000	13,000	13,000	0
	4202	Others	6,500	6,500	6,500	0
	4299	<i>Sub-total</i>	19,500	19,500	19,500	0
	4300	<i>Rental of premises</i>				
	4301	Rental of office premises ⁶	550,000	550,000	520,476	29,524
	4399	<i>Sub-total</i>	550,000	550,000	520,476	29,524
4999	COMPONENT TOTAL		600,700	588,200	558,381	29,819
50	MISCELLANEOUS COMPONENT					
	5100	<i>Operations and Maintenance</i>				
	5101	Computers, printers etc	9,000	9,000	1,549	7,451
	5102	Office premises	9,000	9,000	9,000	0
	5103	Rental of photocopiers	19,500	19,500	18,006	1,494
	5104	Telecommunications equipment	9,000	9,000	1,898	7,102
	5105	Miscellaneous equipment rentals	16,250	16,250	16,250	0
	5199	<i>Sub-total</i>	62,750	62,750	46,703	16,047
	5200	<i>Reporting Costs</i>				

⁵ BL 3302: Savings due to low DSA in Port Ghalib (59th ExCom).

⁶ BL 4301: Includes the Government of Canada's contribution for the cost differentials of hosting the Secretariat in Montreal.

		Approved Budget	Revised Budget ¹	Actual Expenditure	Savings/ (Deficit)
	5201				
	5202	20,000	6,000	5,819	181
	5299	20,000	6,000	5,819	181
	5300				
	5301	65,000	48,000	38,122	9,878
	5302	15,000	5,000	4,698	302
	5303	5,000	5,000	1,002	3,998
	5305	20,137	20,137	(814)	20,951
	5399	105,137	78,137	43,008	35,129
	5400				
	5401	13,000	13,000	13,464	(464)
	5499	13,000	13,000	13,464	(464)
5999	COMPONENT TOTAL	200,887	159,887	108,994	50,893
99	PROJECT TOTAL	5,742,101	5,742,101	4,869,896	872,205
	Programme Support Costs	393,577	393,577	304,605	88,972
	GRAND TOTAL	6,135,678	6,135,678	5,174,501	961,177
B. 2009 Expenditures for Account MFL 2336-2212-2661: (Monitoring and Evaluation)					
		Approved Budget	Revised Budget ¹	Actual Expenditure	Savings/ (Deficit)
	1201	75,000	75,000	50,679	24,321
	1202	10,872	10,872	7,013	3,859
	1203	0	0	(4,000)	4,000
	1204	17,600	17,600	17,600	0
	1205	0	0	0	0
	1206	0	0	(13,500)	13,500
	1601	0	0	0	0
	4201	0	0	0	0
	5301	0	0	0	0
	ACCOUNT TOTAL	103,472	103,472	57,792	45,680
C. 2009 Expenditures for Account MFL 2336-2213-2661: (Technical Audits: Production Sector)					
	2300				
	2301	0	0	0	0
	ACCOUNT TOTAL	0	0	0	0
D. 2009 Expenditures for Account MFL 2336-2720-2661: (Information Strategy)					
		Approved Budget	Revised Budget ¹	Actual Expenditure	Savings/ (Deficit)
	1201	0	0	0	0
	4102	0	0	0	0
	4201	0	0	0	0
	5105	0	0	0	0
	ACCOUNT TOTAL	0	0	0	0
E. 2009 Expenditures for Account MFL 2336-2567-2661: (HCFC Production phase-out)					
		Approved Budget	Revised Budget ¹	Actual Expenditure	Savings/ (Deficit)
	1201	0	0	0	0
	ACCOUNT TOTAL	0	0	0	0
	TOTAL FOR ALL ACCOUNTS	6,239,150	6,239,150	5,232,293	1,006,857

SCHEDULE 1.4

MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

UNDP Managed Activities 1991 - 2009

INCOME	2009	2008	1991-2009
Cash transferred from the Multilateral Fund	15,132,275	24,299,289	497,443,758
Promissory notes encashment	0	0	31,150,012
Interest and miscellaneous income earned and retained	382,000	2,773,842	52,373,913
TOTAL INCOME	15,514,275	27,073,131	580,967,683
TOTAL EXPENDITURE	41,293,431	27,650,344	520,705,937
EXCESS OF INCOME OVER EXPENDITURE	-25,779,156	-577,213	60,261,746
NET EXCESS OF INCOME OVER EXPENDITURE	-25,779,156	-577,213	60,261,746
Fund balance, beginning of period	86,040,902	86,618,115	0
Add excess of income over expenditure	-25,779,156	-577,213	60,261,746
Fund balance, end of period	60,261,746	86,040,902	60,261,746

SCHEDULE 1.5

MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

UNEP Managed Activities 1991 - 2009

INCOME	2009	2008	1991-2009
Cash transferred from the Multilateral Fund	16,638,790	19,216,583	167,737,514
Total transfers	16,638,790	19,216,583	167,737,514
Interest earned and retained	604,129	763,019	8,478,734
Other income	-21,171	13,637	42,775
TOTAL INCOME	17,221,748	19,993,239	176,259,023
TOTAL EXPENDITURE	20,234,723	17,694,528	154,962,982
EXCESS OF INCOME OVER EXPENDITURE	-3,012,975	2,298,711	21,296,041
Prior period adjustments	0	-110,884	0
NET EXCESS OF INCOME OVER EXPENDITURE	-3,012,975	2,187,827	21,296,041
Fund balance, beginning of period	24,309,016	22,121,189	0
Add excess of income over expenditure	-3,012,975	2,187,827	21,296,041
Fund balance, end of period	21,296,041	24,309,016	21,296,041

SCHEDULE 1.6

MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

UNIDO Managed Activities 1991 - 2009

INCOME	2009	2008	1991-2009
Cash transferred from the Multilateral Fund	18,878,689	35,452,420	520,335,061
Interest and miscellaneous income earned and retained	559,162	2,072,262	35,710,639
TOTAL INCOME	19,437,851	37,524,682	556,045,700
TOTAL EXPENDITURE	26,328,707	28,083,739	507,664,149
EXCESS OF INCOME OVER EXPENDITURE	-6,890,856	9,440,943	48,381,551
NET EXCESS OF INCOME OVER EXPENDITURE	-6,890,856	9,440,943	48,381,551
Fund balance, beginning of period	55,272,407	45,831,464	0
Add excess of income over expenditure	-6,890,856	9,440,943	48,381,551
Fund balance, end of period	48,381,551	55,272,407	48,381,551

SCHEDULE 1.7

MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

World Bank Managed Activities 1991 - 2009

INCOME	2009	2008	1991-2009
Cash transferred from the Multilateral Fund	30,409,161	44,859,180	775,899,086
Promissory notes encashed*	0	0	181,333,627
Interest and miscellaneous income earned and retained (investment income)	937,060	3,513,094	77,782,286
TOTAL INCOME	31,346,221	48,372,274	1,035,014,999
TOTAL EXPENDITURE	32,427,898	79,203,203	974,555,526
EXCESS OF INCOME OVER EXPENDITURE	-1,081,677	-30,830,929	60,459,473
NET EXCESS OF INCOME OVER EXPENDITURE	-1,081,677	-30,830,929	60,459,473
Fund balance, beginning of period**	61,541,150	92,372,079	0
Add excess of income over expenditure	-1,081,677	-30,830,929	60,459,473
Fund balance, end of period	60,459,473	61,541,150	60,459,473

*Promissory notes information provided by World Bank accounts.

** The World Bank restated its Opening Fund balance for 2006 to include unrealized investment income as at the end of 31 December 2005.