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

Eighty-sixth Meeting
Montreal, 2-6 November 2020
Postponed to 8-12 March 2021¹

RECONCILIATION OF THE 2019 ACCOUNTS

1. This document is prepared in collaboration with the Treasurer and the implementing agencies (IAs) in response to decision 38/9(d).² It presents the reconciliation of the income as recorded in the 2019 final accounts with the 2019 progress report financial data (progress report) of the IAs and the Secretariat's inventory of approved projects database (Inventory); expenditures reported in the 2019 final accounts and in the progress reports; and a recommendation.

Reconciliation of the income

2. No discrepancies were found between the 2019 progress reports and the Inventory except for UNDP and the World Bank as shown in Table 1.

Table 1. Discrepancies between the 2019 progress reports and the Inventory (US \$)*

Agency	Progress report	Inventory	Difference
UNDP	945,340,465	945,340,467	(2)
UNEP	356,710,091	356,710,091	0
UNIDO	949,522,356	949,522,356	0
World Bank	1,275,662,030	1,275,662,205	(175)

*Including agency support costs.

3. UNDP explained the difference of US \$2 as a rounding difference to be corrected in its progress report. The World Bank's difference of US \$175 is a reconciling item that will be adjusted by the World Bank in its progress report.

¹ Due to coronavirus disease (COVID-19)

² A full reconciliation of the accounts with the progress and financial reports should be prepared for the last meeting of each year.

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

Net approvals and income in the 2019 final accounts and the progress reports

4. Differences in income between the 2019 final accounts and the progress reports are shown in Table 2.

Table 2. Differences in income between the 2019 final accounts and the progress reports (US \$)

Agency	Progress report*	2019 final accounts	Difference**
UNDP	945,340,465	952,422,161	(7,081,696)
UNEP	356,710,091	363,443,997	(6,733,906)
UNIDO	949,522,356	955,892,312	(6,369,956)
World Bank	1,275,662,030	1,295,721,928	(20,059,898)

(*) Including agency support costs.

(**) A positive number means more income, while a negative number means less income reported in the IAs' accounts.

5. The explanations provided by the IAs for the differences in income between the 2019 final accounts and the progress reports, and actions to be taken are shown in Table 3.

Table 3. Rationale for differences in income between the 2019 final accounts and the progress reports (US \$)

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
1	Difference between final accounts and progress reports	(7,081,696)	(6,733,906)	(6,369,956)	(20,059,898)
2	Additional voluntary contributions included in final accounts but not in progress report (no action needed)	(6,477,434)	(8,935,570)	(8,655,693)	
3	Final interest earned in 2019 (Treasurer to offset against 86 th meeting approvals)	(1,302,751)	(450,092)		
4	Cumulative interest for China's HCFC phase-out management plan not included in the accounts and held by China (amount already offset from approvals, therefore, no action needed)	698,486			
5	Rounding difference (no action needed)	3			
6	Prior years' interest income (Treasurer to offset against 86 th meeting approvals)		(1,094,455)		
7	Other income due to exchange rate gain (Treasurer to offset against 86 th meeting approvals)		(41)		
8	Funding approved in 2019 but recorded in 2020 (no action needed)		3,746,251		
9	2020 core unit funding reflected in 2019 accounts as deferred income (UNIDO to adjust in its 2020 accounts)			2,098,458	
10	Income adjustments recorded in different years (UNIDO to adjust its 2020 accounts)			174,682	
11	Investment income for the 4 th quarter of 2018 and in 2019 not yet deducted from approvals (Treasurer to offset against 86 th meeting approvals)				(1,930,263)
12	Funds from project PHI/SEV/80/TAS/01 returned in 2019 but not reflected in 2019 accounts (World Bank to adjust in its 2020 accounts)				(1,060,319)
13	Funds returned from the 83 rd and 84 th meetings not yet deducted from approvals				(4,436,475)

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
	(Treasurer to offset against 86 th meeting approvals)				
14	Standing reconciling item of Japan bilateral contribution (THA/PHA/68/TAS/158)*				(342,350)
15	Standing reconciling item of Sweden bilateral contribution (THA/HAL/29/TAS/120)*				(225,985)
16	Standing reconciling item of the United States of America bilateral contribution (CPR/PRO/44/INV/425)*				(5,375,000)
17	Standing reconciling item of the United States of America bilateral contribution (CPR/PRO/47/INV/439)*				(5,375,000)
18	Standing reconciling item of Thailand chiller project (THA/REF/26/INV/104)*				(1,198,946)
19	Total (rows 2 to 18)	(7,081,696)	(6,733,906)	(6,382,553)	(20,175,458)
20	Difference	0	0	12,597	115,560

* To be closed on completion of the World Bank's Montreal Protocol's activities.

6. Based on the explanations provided, UNIDO's difference of US \$12,597 and the World Bank's difference of US\$115,560 are outstanding reconciling items.

Expenditures reported in the 2019 final accounts and in the progress reports

7. Table 4 shows the differences between the cumulative expenditures reported to the Treasurer in the 2019 final accounts and the funds disbursed and committed as reported in the progress reports for the period 1991 to 2019.

Table 4. Differences in cumulative expenditures between the progress reports and the 2019 final accounts (US \$)

Agency	Progress report*			Cumulative expenditures for 2019 final accounts	Differences**
	Funds disbursed	Funds committed	Total cumulative		
(1)	(2)	(3)	(4)= (2)+(3)	(5)	(6)= (4)-(5)
UNDP	875,568,317	2,806,050	878,374,367	880,148,749	(1,774,382)
UNEP	309,918,854	19,864,845	329,783,699	314,407,373	15,376,326
UNIDO	841,438,790	52,655,545	894,094,335	837,599,049	56,495,286
World Bank	1,249,225,926	26,275,155	1,275,501,081	1,250,892,519	24,608,562

(*) Including agency support costs.

(**) A positive number means more expenditure and a negative number means less expenditure indicated in the progress report than in the accounts.

8. The explanation for the differences provided by relevant IAs and actions to be taken are shown in Table 5.

Table 5. Rationale for differences in expenditures between the progress reports and the 2019 final accounts (US \$)

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
1	Difference between progress report and 2019 final accounts	(1,774,382)	15,376,326	56,495,286	24,608,562

Row	Explanation	UNDP	UNEP	UNIDO	World Bank
2	Additional voluntary contributions expenditure included in final accounts but not in progress report (no action needed)	(5,276,439)	(7,392,961)	(3,380,668)	
3	Commitments included in progress report but not in financial statement, as only expenses are included in the International Public Sector Accounting Standards (IPSAS) financial statement (no action needed)	2,806,050	22,653,073	49,167,697	26,275,155
4	Cumulative interest income held by China included in UNDP progress report and not in UNDP accounts (no action needed)	596,633			
5	Savings on prior biennium obligations. Standing reconciling item of reduction of expenditure in financial statement not associated with any specific projects. Increases the fund balance due to the Fund (can only be returned when the Trust Fund is closed)	68,300			
6	Standing reconciling item of reduction of expenditure in financial statement not associated with any specific projects. Increases the fund balance due to the Fund (can only be returned when the Trust Fund is closed)	29,054			
7	Expenditure incurred in 2019 and reflected in progress report but recorded in Umoja in 2020 (no action needed)		116,335		
8	Difference between projected and actual agency support costs (no action needed)		(120)		
9	Undepreciated assets included in progress report but not in financial statement, as only expenses are included in IPSAS financial statement (no action needed)			10,193,234	
10	Unrealized fixed-exchange gain/loss on assets and liabilities recorded in 2019 accounts and reversed in 2019 or 2020? (no action needed)	2,020		576,638	
11	Disbursement to special accounts (no action needed)				(1,666,593)
12	Total (rows 2 to 11)	(1,774,382)	15,376,326	56,556,901	24,608,562
13	Difference	0	0	(61,615)	0

9. Based on the explanations provided in Table 5, UNIDO's difference of US \$61,615 remains an outstanding reconciling item.

Recommendation

10. The Executive Committee may wish:
- (a) To note the reconciliation of the 2019 accounts contained in document UNEP/OzL.Pro/ExCom/86/6;
 - (b) To request the Treasurer to deduct from future transfers:
 - (i) To UNDP, US \$1,302,751, on account of income from interest reported in its 2019 final accounts that had yet to be offset against new approvals;
 - (ii) To UNEP, US \$450,092, on account of income from interest earned in 2019; US \$1,094,455, on account of income from interest earned in prior years; and US \$41, on account of income from exchange rate gain, all reported in its 2019 final accounts that had yet to be offset against new approvals;
 - (iii) To the World Bank, US \$1,930,263 on account of income from investment earned in the fourth quarter of 2018 and in 2019; and US \$4,436,475 on account of funds returned from the 83rd and 84th meetings, both reported in its 2019 final accounts that had yet to be offset against new approvals;
 - (c) To request UNIDO to make adjustments in its 2020 accounts of US \$174,682, representing income adjustments that had been recorded in different years; and US \$2,098,458 in income that had been recorded in 2019;
 - (d) To request the World Bank to make adjustments of US \$1,060,319 in its 2020 progress report, representing funds returned in relation to a project (PHI/SEV/80/TAS/01);
 - (e) To note that the following 2019 outstanding reconciling items would be updated prior to the 88th meeting by relevant implementing agencies:
 - (i) Differences of US \$12,597 in income, and US \$61,615 in expenditures between the progress report and the final accounts of UNIDO;
 - (ii) Difference of US \$115,560, in income between the progress report and the final accounts of the World Bank;
 - (f) To note the standing reconciling items as follows:
 - (i) For UNDP, for unspecified projects, in the amounts of US \$68,300 and US \$29,054;
 - (ii) For the World Bank, for the following projects implementing with other bilateral agencies where applicable:
 - a. Bilateral cooperation of the Government of Japan (THA/PHA/68/TAS/158), in the amount of US \$342,350;
 - b. Bilateral cooperation of the Government of Sweden (THA/HAL/29/TAS/120), in the amount of US \$225,985;
 - c. Bilateral cooperation of the Government of the United States of America (CPR/PRO/44/INV/425), in the amount of US \$5,375,000;
 - d. Bilateral cooperation of the Government of the United States of America

(CPR/PRO/47/INV/439), in the amount of US \$5,375,000; and

- e. The Thailand chiller project (THA/REF/26/INV/104), in the amount of US \$1,198,946.
