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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Thirty-sixth Meeting  
Montreal, 20-22 March 2002

**FURTHER MODIFICATIONS TO RESOURCE ALLOCATIONS**

## Introduction

1. At its 11<sup>th</sup> Meeting, the Parties decided, inter alia, “to adopt a budget for 2000-2002 of US \$475,700,000 on the understanding that US \$35,700,000 of that sum would be provided by funds not allocated during 1997-1999 ... and that the Executive Committee should take action to ensure as far as possible that the whole of the budget for 2000-2002 is committed by the end of 2002...” (Decision XI/7).

2. In the context of its review of the draft business plans submitted by bilateral and implementing agencies at its 35<sup>th</sup> Meeting, the Executive Committee decided to establish a resource allocation of US \$176 million for 2002 and authorised the Secretariat to adjust the resource allocation by the amount of interest and funds returned from completed and cancelled projects when the final accounts of the Fund for 2001 were available, taking into account the balances to be returned up to the 37<sup>th</sup> Meeting (Decision 35/2).

3. This paper assesses potential modifications to the resource allocation of US \$176 million and presents recommendations for modifications.

## Approved 2000-2002 Budget and Programmable Resources

4. The budget for the 2000-2002 triennium was distributed equally among the three years of the triennium as shown in Table 1.

Table 1

### DISTRIBUTION OF 2000-2002 BUDGET BY YEAR (US\$)

Income	2000	2001	2002	Total
Pledges	146,666,667	146,666,667	146,666,667	440,000,000
Carryover 1997-1999	11,900,000	11,900,000	11,900,000	35,700,000
Total	158,566,667	158,566,667	158,566,667	475,700,000

5. Historically, the budget approved by the Parties has always been adjusted to arrive at a programmable budget. The programmable budget for the 2000-2002 triennium is presented in Table 2.

Table 2

**PROGRAMMABLE BUDGET FOR 2000-2002**

Item	Amount (US\$)
Approved 2000-2002 Budget	475,700,000
Payment of Arrears from Pledges Prior to 1997	5,398,351
Balances from projects cleared for approval in 1999	6,912,140
Losses due to Fixed Exchange Rate Mechanism	(34,500,000)
Arrears from the 1997-1999 pledges	(12,390,978)
Pledges for countries that have not paid contributions to the Fund	(10,069,740)
Programmable Budget	431,049,773

6. As indicated above, in addition to the approved 2000-2002 budget, the Secretariat received US \$5.4 million from the payment of contributions in arrears from pledges prior to the 1997 and US \$6.9 million from projects that were cleared for approval in 1999 whose final approval level was reduced in 2000. Further adjustments are introduced to account for US \$12.4 million from arrears from the 1997-1999 triennium as it is unknown when these arrears would be received, the loss of about US \$10.1 million from pledges for countries with economies in transition that have not contributed to the Multilateral Fund, and the US \$34.5 million loss due to the fixed exchange rate mechanism as projected by the Treasurer.

**Resources for 2000-2002**

7. Table 3 presents the resources for 2000-2002, including those already committed in 2000 and 2001 and the potential resources for 2002. These resources include the programmable budget, interest received, and returned balances from completed and cancelled projects.

Table 3

**RESOURCES FOR 2000-2002**

Item	Amount (US\$)
Programmable Budget (from Table 2)	431,049,773
Interest Received from 1999 through the 35 <sup>th</sup> Meeting	27,559,565
Returned Balances from 30 <sup>th</sup> - 36 <sup>th</sup> Meetings (23 Jan 2002)	33,235,249
Total	491,844,587

8. It should be noted that on average the Multilateral Fund has received about 25 per cent of pledged contributions after the year they were due. The Executive Committee has historically used funds from interest and returned balances to cover the late payments of contributions, in order to approve projects when they are submitted for approval. It has also cleared projects for approval pending the receipt of contributions.

## Resource Allocation

9. This section addresses the resource allocation for 2000-2001 and remaining balances that could be added to the 2002 resource allocation.

10. The total level of resources for 2000 and 2001 were US \$329.4 million including US \$158.6 million for 2000 and US \$170.8 million for 2001. Table 4 presents the funds approved against the resource allocation for 2000 and 2001, along with the balance of funds remaining from these allocations.

Table 4

### FUNDS APPROVED FROM 2000-2001 RESOURCE ALLOCATION

Item	Amount (US\$)
<b>2000-2001 Resource Allocation</b>	329,368,930
<b>Funds Approved</b>	
Implementing Agencies	262,246,649
Bilateral Agencies	13,758,433
Executive Committee and Secretariat*	6,766,359
Sub-total	282,771,441
<b>Remaining 2001 Investment Share Allocation</b>	24,430,505
<b>Funds Approved plus Remaining Allocation</b>	307,201,946
<b>Balance of 2000-2001 Resource Allocation minus Funds Approved and Remaining 2001 Allocation</b>	22,166,984

\* Also includes Monitoring and Evaluation function, technical audits, and the salary component of the Secretariat's budget through 2004.

11. Implementing agencies have submitted projects to the 36<sup>th</sup> Meeting against their remaining 2001 allocations. The actual level of approvals will not be known until after the 36<sup>th</sup> Meeting. The Executive Committee may wish to consider authorising the Secretariat to increase the allocation for 2002 on the basis of the actual approvals at the 36<sup>th</sup> Meeting against the 2001 allocation.

12. Table 5 presents the possible adjustment to the resource allocation of US \$176 million approved by the Executive Committee at its 35<sup>th</sup> Meeting based on the remaining balances from the 2000-2001 resource allocation.

Table 5

**POSSIBLE ADJUSTMENT TO THE RESOURCE ALLOCATION FOR 2002**

<b>ITEM</b>	<b>AMOUNT (US\$)</b>
Resource Allocation Approved at 35 <sup>th</sup> Meeting	176,000,000
Balance from 2000-2001 Resource Allocation	22,166,984
<b>TOTAL</b>	<b>198,166,984</b>

13. If the Committee approves the possible adjustment proposed in Table 5, then the total allocation for the 2002 could reach US \$205 million. The Executive Committee may wish to consider this possible adjustment in the light of Decision 35/2(e) mentioned above. If an additional adjustment is approved, the Secretariat would allocate the adjustment first to account for any changes to the non-investment allocation and then apportion the remainder according to agency investment shares unless otherwise directed by the Committee.

**Implementation of Decision XI/7**

14. The commitment of the approved budget for 2000-2002 (US \$475,700,000) could be realised or exceeded during this triennium based on approvals of US \$282.8 million in 2000-2001, and potential approvals during 2002 of some or all of the US \$200.4 million (comprising remaining allocation from the 2001 business plans of US \$24.4 million and the US \$176 million in allocation approved for 2002 business plans).

**RECOMMENDATIONS**

The Executive Committee may wish to consider:

1. Noting the report on Modifications to Resource Allocation for 2002 as contained in document UNEP/OzL.Pro/ExCom/36/14/Rev.1.
2. Further adjustments to the approved US \$176 million allocation in the light of Decision 35/2, the balance from the 2000-2001 resource allocation as adjusted by the results of the approvals at the 36<sup>th</sup> Meeting, and Decision XI/7.

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