



**United Nations
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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-third Meeting
Geneva, 5-9 July 2004

**UNIFIED BUDGETS FOR THE COMPLIANCE ASSISTANCE PROGRAMME (CAP)
(FOLLOW-UP TO DECISION 41/39)**

For reasons of economy, this document is printed in a limited number. Delegates are kindly requested to bring their copies to the meeting and not to request additional copies.

1. In Decision 41/39, the Executive Committee requested UNEP:
 - (a) To investigate how it could prepare unified budgets for the Compliance Assistance Programme (CAP), possibly based on the concept of the general trust funds and integrating all the administrative costs and related expenses, as well as programme support costs, into an administrative budget; and
 - (b) To submit the result of the above investigation to the 43rd Meeting of the Executive Committee for its consideration.

2. The response to this request is contained in a letter of 5 May 2004 from the Executive Director of UNEP to the Chief Officer (reproduced in Annex I). UNEP has indicated the administrative actions it considers would be required to enable the administrative and programme support costs of UNEP to be included in respective unified budgets along with the costs for programme activities. These actions include: a change in the status of the Multilateral Fund from a trust fund to a general fund; amendment of the agreements between the Executive Committee and the implementing agencies in order to incorporate the establishment of a general fund, and; with regard to UNEP; approval from the Governing Council to establishment of a general fund. Similar actions would also apply to the other implementing agencies in the case of unified budgets.

3. The Executive Committee might wish to provide clarification as to how it wishes to proceed in the light of the advice from UNEP.

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INTEROFFICE MEMORANDUM

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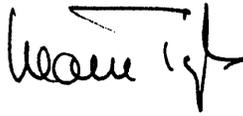
TO: Ms. Maria Nolan
A: Chief Officer
Multilateral Fund Secretariat

DATE: 05 May 2004

THROUGH:

BY:

FROM: Dr. Klaus Toepfer
TO: Executive Director
UNEP



SUBJECT:

OBJET: **Executive Committee decision 41/39**

Dear Ms. Nolan,

1. In its decision 41/39, the Executive Committee requested UNEP:

"To investigate how it could prepare unified budgets for the Compliance Assistance Programme (CAP), possibly based on the concept of the general [trust] fund and integrating all the administrative costs and related expenses, as well as programme support costs (PSC), into an administrative budget."

The legal and administrative regulations that would be affected by such an arrangement are presented below and can be summarized within three areas:

- Change of status of the 'Trust Fund for the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer' (paragraph 2 below)
 - Change of the agreements between the Executive Committee and the implementing agencies (paragraph 3 below)
 - Change of status of the 'Technical Cooperation Trust Fund for UNEP's Implementation of the Multilateral Fund Activities' (paragraph 4 below)
2. a) The Multilateral Fund was established in UNEP through a memorandum dated 23 November 1990 from the UN Controller to the Executive Director of UNEP. The memorandum specifically confirms that a trust fund has been approved (introductory paragraph, sentence 2).

b) Since the Multilateral Fund was established as a trust fund, the UN Secretariat would have to be requested to revise the status of the fund from a trust fund to that of a general fund.

3. a) The present agreement between the Executive Committee and UNEP, states that:
 - *Part B., Financial Provisions, bullet point nr.: 5:* "... UNEP will administer and manage approved projects under a specific Trust Fund established in accordance with:
 - a) the financial rules, regulations and procedures of the Environment Fund of UNEP
 - *Part B., Financial Provisions, bullet point nr.: 8:* "The Trust Fund shall be charged with a percentage of all project expenditures made from the Trust Fund,...".
- b) Since the above-mentioned agreement specifically mentions the establishment and management of a trust fund, the Executive Committee and UNEP would need to enter into a new agreement in order to incorporate the establishment of a general fund. Similar agreements will have to be concluded between the Executive Committee and the other implementing agencies (UNDP, UNIDO and the World Bank).
4. With regard to UNEP, establishing a general fund would further necessitate an approval by the Governing Council of UNEP, as the present decision specifically states a technical cooperation trust fund.
5. The three elements have to be seen as interdependent, as it is necessary to amend all three items in order to be able to operate under a general fund arrangement.
6. Once the establishment of a general fund is approved, the administrative and programme support costs of all implementing agencies would be included in the respective budgets along with the costs for programme activities.