ANNEX IV

THE IMPACT OF NON-COMMITTED RESOURCES AT THE END OF 1993

ON THE 1994-1996 ASSESSMENTS

1. The Ninth Meeting of the Open-ended Working Group of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer requested the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol to prepare a report for its consideration prior to the Fifth Meeting of the Parties covering the impact of non-committed resources at the end of 1993 on the 1994-1996 assessments to support a decision to be taken by the Fifth Meeting of the Parties on the replenishment of the Multilateral Fund.

2. In order to arrive at an evaluation of resources that will be available to the Fund at the end of 1993, five scenarios based on the interpretation of "non-committed resources" are discussed below.

3. Some of the figures included in this draft report will be adjusted pending the results of the Eleventh Meeting of the Executive Committee.

Scenario 1

4. Under this scenario, non-committed resources are considered to be the current cash balance in the Fund which is equivalent to paid contributions less all disbursements made from the Fund.

5. Income received (including bilateral assistance offsets) as at 12 November 1993 amount to US $161 million. Approximately US $139 million has been disbursed from the Fund as at 12 November 1993. Also, the Executive Committee has authorized the implementing agencies to complete the development of projects that were included in their 1993 pipeline amounting to approximately US $18 million. On this basis, total disbursements equal US $157 million. Therefore, the current cash balance is estimated at about US $4 million.

6. This cash balance represents less than 1 per cent of the recommended level of Fund replenishment (US $510 million) for the years 1994 through 1996.

Scenario 2

7. Scenario 2 defines non-committed resources as the projected cash balance in the Fund equivalent to income received plus projected contributions to be paid as at the end of 1993 less all disbursements made from the Fund by the end of the year.

8. As mentioned above, income received as at 12 November 1993 amount to US $161 million. It is assumed, however, that Parties which paid their 1991 and 1992 pledged contributions in full will also pay their 1993 contributions by the end of the year. This would yield additional payments in the amount of US $33 million.[1] Thus, by the end of 1993, the Fund will have received total income amounting to US $194 million.

9. As mentioned above, total disbursements are US $157 million. Under Scenario 2, the cash balance at the end of 1993 would, therefore, be about US $37 million. This amount represents over 7 per cent of the recommended level of replenishment.

Scenario 3

10. Scenario 3 defines non-committed resources as the current cash balance from Scenario 1 plus other financial instruments such as treasury bills and promissory notes to be encashed according to a fixed encashment schedule through 1996. Under this scenario, contributions increase to US $179 million[1] leaving a current cash balance plus other financial instruments of US $22 million. This cash balance represents over 4 per cent of the recommended level of replenishment.

Scenario 4

11. Under this scenario, non-committed resources are interpreted as the projected cash balance of Scenario 2 plus other financial instruments such as treasury bills and promissory notes to be encashed through 1996. Under this scenario, contributions would amount to US $212 million resulting in a cash balance of US $55 million representing less than 11 per cent of the recommended level of replenishment.

Scenario 5

12. Scenario 5 views non-committed resources as all pledged contributions plus accrued interest and other income, i.e, US $244 million, less all disbursements from the Fund (US $157 million) yielding a balance of about US $87 million which would represent over 17 per cent of the recommended level of replenishment. This balance includes pledged contributions from non-Article 5 countries with economies in transition, deposits in treasury bills and promissory notes, and outstanding contributions from Parties as well as cash at hand.

13. It is not expected that all Parties with economies in transition will be able to make their contributions in full in the foreseeable future, as most of them have so indicated. At its Tenth Meeting, the Executive Committee decided to explore the possibilities for using in-kind contributions to assist Parties with economics in transition in meeting their contributions. Their outstanding contributions currently amount to over US $31 million. This situation will be further compounded if these countries will not be able to make any

contribution to the 1994-1996 replenishment; the impact of which is estimated at US $66 million which would reduce the funds available from the recommended level of replenishment of US $510 million by 13 per cent.

Conclusion

14. Based on the terms of reference of the Multilateral Fund and those of the Executive Committee (UNEP/Ozl.Pro.4/15, Annex IX and Annex X, respectively), "non-committed resources" is unequivocally interpreted as the cash balance in the Fund which has not been committed by the Executive Committee.

15. Depending on whether or not projected contributions are considered, it is therefore, concluded that the non-committed resources that can be carried over to 1994-1996 would amount to US $4 to 37 million which may increase to US $22 to 55 million if treasury bills and promissory notes are taken into account. Thus, from US $4 to 55 million would be available at the end of 1993 for projects and other activities ensuing in 1994 and beyond.

Endnote:

1. This includes US $2.7 million in promissory notes to be encashed by the end of 1993.