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THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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Montreal, 1-5 December 2025
Item 9(f) of the provisional agenda[1]

2026 CORE UNIT COSTS FOR UNDP, UNIDO AND THE WORLD BANK

I. Introduction

1. The present document assesses the 2026 core unit costs requests from and administrative cost requirements of UNDP, UNIDO and the World Bank, and the extent to which resources available for total administrative costs in 2026 could cover expected 2026 costs. The assessment is presented separately for each of the three implementing agencies. The document also presents a recommendation.

2. This document is based on information provided by the three implementing agencies on actual core and administrative costs for 2024, estimated costs for 2025, and proposed budget for 2026.[2] During the review of the information submitted, the Secretariat had extensive discussions with each of the three implementing agencies, where all issued were addressed. The Secretariat notes with appreciation the collaboration provided by the three implementing agencies during the review process.

3. A summary of the different administrative cost regimes of the Multilateral Fund is provided in annex I to the present document. To facilitate the review by the Executive Committee, the core unit budget data and other administrative costs for each implementing agency for the last three years (2022–2024) is presented in the main document, while historical data from 2016 is contained in annex II to the present document.

Decision taken at the 93rd meeting

4. At its 93rd meeting, the Executive Committee reviewed the administrative cost regime of the Multilateral Fund and approved an increase in the core unit funding for UNDP, UNIDO and the World Bank, by US $200,000 each, for each year of the triennium 2024–2026, for the strengthening of their capacity to

[1] UNEP/OzL.Pro/ExCom/97/1
[2] The agencies used the revised format for reporting administrative costs contained in annex XVIII to document UNEP/OzL.Pro/ExCom/79/51, pursuant to decision 79/41(e).

provide technical and policy support to Article 5 countries, on the understanding that the increase only applied to the triennium 2024–2026 (decision 93/95(b)).

5. This additional funding is not subject to the annual increase rate of up to 0.7 per cent for core unit funding established in decision 67/15. Accordingly, where applicable, the 2026 core unit budgets were calculated by applying the requested percentage increase to the approved 2025 budget, excluding the US $200,000 in additional funding approved for that year. The US $200,000 allocated for 2026 was subsequently added to the resulting amount to determine the total core unit budget for that year.

II. UNDP

6. The Executive Committee approved the 2025 request for core unit funding for UNDP at US $2,372,940 (decision 95/84(b)(i)). Table 1 presents the core unit budget and administrative costs provided by UNDP from 2022 to 2026.

Table 1. Core unit budget data and other administrative costs for 2022 to 2026 for UNDP (US $)

Cost item	2022	2023	2024	2025		2026
	Actual	**Actual**	**Actual****	**Budget****	**Estimated****	**Proposed****
Core unit personnel and contractual staff	2,380,166	2,243,059	2,187,010	2,472,075	2,472,075	2,546,237
Travel (staff and consultants)	68,900	168,020	156,696	180,000	160,000	150,000
Space (rent and common costs)	131,380	56,183	118,098	131,380	125,000	125,000
Equipment supplies and other costs (computers, supplies)	6,857	766	13,467	15,000	15,000	10,000
Contractual services (firms)	2,430	0	0	30,000	30,000	15,000
Reimbursement of central services for core unit staff	222,303	162,833	186,196	250,000	250,000	250,000
Adjustments (+ = underuse and - = overrun)	-684,097	-488,027	-303,633	-705,516	-679,135	-708,087
Return of funds (- = returned funds)	0	0	0	0	0	0
A. Sub-total core unit costs*	**2,127,939**	**2,142,834**	**2,357,835**	**2,372,940**	**2,372,940**	**2,388,151**
Reimbursement of country offices and national execution, including overheads	830,343	621,273	964,830	742,500	742,500	742,500
Executing agency support cost (internal), including overheads	0	0	0	0	0	0
Financial intermediaries, including overheads	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)						
Cost recovery	222,303	162,833	186,196	250,000	250,000	250,000
Adjustments (+ = overrun and - = underuse)	684,097	488,027	303,633	705,516	679,135	708,087
Project costs (- = to be deducted and thus removed)						
B. Sub-total agency support costs/implementation costs	**1,736,743**	**1,272,133**	**1,454,660**	**1,698,016**	**1,671,635**	**1,700,587**
Grand total (A + B)	**3,864,682**	**3,414,967**	**3,812,495**	**4,070,956**	**4,044,575**	**4,088,737**

* The cost of the core unit is higher than the allowed subtotal of US $2,127,939 in 2022, US $2,142,834 in 2023, US $2,357,835 in 2024 and US $2,372,940 in 2025. An adjustment line and a negative adjustment were, therefore, introduced to arrive at the required ceiling. A corresponding positive adjustment is also provided under agency support costs/implementation costs to ensure that the total costs incurred for administrative costs also reflect the amount exceeded by the agency.

** Including additional funding of US $200,000 for the strengthening of UNDP's capacity to provide technical and policy support to Article 5 countries pursuant to decision 93/95(b).

II.1 Core unit costs

7. UNDP's request of US $2,388,151 for its 2026 core unit budget represents a 0.7 per cent increase in the budget approved for 2025, following the calculation method outlined in paragraph 5. UNDP expects the costs of its core unit to exceed this amount by US $708,087 (indicated as "Adjustment" in table 1). UNDP has normally exceeded its budget allocation for its core unit[3] and recovered those costs from support costs earned through implementing Multilateral Fund projects.

8. UNDP's proposed 2026 core unit budget consists of:

(a) Staff salaries (82.2 per cent of the budget). In 2025, the staff estimated costs were 81.0 per cent of the overall budget (ranging from 70.5 to 87 per cent since 2011);

(b) Reimbursement of central services (8.1 per cent of the budget). The budgeted amount (US $250,000) is higher than the actual costs in 2024 (US $186,196) and at the same level as the estimated costs for 2025;

(c) Travel (4.8 per cent of the budget). The proposed budget (US $150,000) is lower than the estimated costs for 2025 (US $160,000). There was a reduction in travel costs in 2024, following UNDP management's request to limit travel costs and/or downgrade travel class. Further reductions in travel expenditures are anticipated in 2025 and 2026, as travel limits are introduced;

(d) Space rental (4.0 per cent of the budget). The proposed budget (US $125,000) is higher than the actual costs for 2024 (US $118,098) and at the same level as 2025 estimated costs;

(e) Contractual service costs (0.5 per cent of the budget). The proposed budget (US $15,000) is lower than the estimated costs for 2025 (US $30,000); and

(f) Equipment supplies (0.3 per cent of the budget). The proposed budget (US $10,000) is lower than the estimated costs for 2025 (US $15,000) and the actual costs for 2024 (US $13,467).

II.2 Total administrative costs

9. UNDP expects administrative costs to amount to US $4,088,737 in 2026, slightly above the estimated 2025 costs of US $4,044,575.

10. The level of funding for reimbursement of country offices and national execution is expected to be at the same level as the estimated costs in 2025 (US $742,500). This is lower than the actual costs of 2024 (US $964,830). This funding level is also lower than the range of costs between 2011 and 2018 (US $1,472,814 to US $2,442,896).

11. The expected resources available from the Multilateral Fund to UNDP for administrative costs include the core unit costs and the agency support costs, plus any balance of income for administrative costs not previously used. Agency support costs are made available to UNDP only after approved project costs are disbursed. Table 2 presents this assessment for 2022 to 2025.

[3] On three occasions over the past 10 years, UNDP exceeded its core unit cost budget by more than US $800,000: by US $929,036 in 2017, US $1,053,880 in 2018, and US $904,918 in 2019. In 2025, UNDP is projected to exceed its costs by US $679,135 (about 28.6 per cent over budget).

Table 2. Assessment of availability of income for future administrative costs for UNDP (US $)

Description	2022	2023	2024	2025*
Net agency support costs plus core unit costs	3,113,117	4,839,431	4,731,870	4,062,352
Total administrative cost	3,864,682	3,414,967	3,812,495	4,044,575
Balance per year	(751,565)	1,424,464	919,376	17,777
Running balance	(2,332,660)	(908,196)	11,180	28,957

* Including agency support costs approved at the 96th meeting, and the value of agency support costs and core unit costs from submissions to the 97th meeting.

12. Based on the analysis presented in table 2, at the end of 2025, UNDP could accumulate a balance amounting to US $28,957. In 2026, UNDP would have to generate at least US $4,059,780 in agency support costs and core unit costs to cover its expected total administrative costs of US $4,088,737.

III. UNIDO

13. The Executive Committee approved the 2025 request for core unit funding for UNIDO at US $2,279,213 (decision 95/84(b)(ii)). Table 3 presents the core unit budget and administrative costs provided by UNIDO from 2022 to 2026.[4] The figures listed as "actual" are based on a model prepared by UNIDO to estimate the support cost of the Montreal Protocol unit pursuant to decision 56/41.[5]

Table 3. Core unit budget data and other administrative costs for 2022 to 2026 for UNIDO (US $)

Cost item	2022	2023	2024	2025		2026
	Actual	Actual	Actual*	Budget*	Estimated*	Proposed*
Core unit personnel and contractual staff	1,113,459	1,341,886	1,168,475	1,842,100	1,851,400	1,885,400
Travel (staff and consultant)	103,169	160,021	228,253	386,200	285,100	135,600
Space (rent and common costs)	50,835	66,330	53,403	116,700	94,700	151,900
Equipment supplies and other costs (computers, supplies)	22,531	35,764	19,435	61,600	58,900	96,600
Contractual services (firms)	99	2,212	479,816	17,700	5,000	5,800
Reimbursement of central services for core unit staff	363,380	477,770	318,234	719,900	702,800	1,031,200
Adjustments (+ = underuse and - = overrun)	382,680	-33,576	-2,857	-864,987	-718,687	-1,012,732
Return of funds (- = returned funds)	-382,680	0	0	0	0	0
A. Sub-total core unit costs	**1,653,474**	**2,050,407**	**2,264,760**	**2,279,213**	**2,279,213**	**2,293,768**
Reimbursement of country offices and national execution, including overheads	637,077	1,012,091	590,949	1,137,500	746,600	737,300
Executing agency support cost (internal), including overheads	1,286,907	484,470	882,378	891,700	751,200	1,042,500
Financial intermediaries, including overheads	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)						
Cost recovery	0	0	0	0	0	0
Adjustments (+ = overrun and - = underuse)	-382,680	33,576	2,857	864,987	718,687	1,012,732
Project costs (- = to be deducted and thus removed)	0	0	0	0	0	0

[4] UNIDO has never had an appropriate cost centre accounting system that could facilitate reporting based on actual data with an audit trail. UNIDO has indicated that an alignment was established in 2017 to reflect the total administrative costs, including those which as per current UNIDO methodology may have been termed as possible project-related administrative costs.

[5] UNIDO was requested to provide the assumption for its administrative costs model, and in future requests for core unit funding to furnish administrative cost information distinguishing project-related activities from administrative costs. Subsequently, through decision 59/28(c), the Executive Committee took note of the methodology for identifying project-related costs in UNIDO's annual report on administrative costs (UNEP/OzL.Pro/ExCom/60/51).

Cost item	2022	2023	2024	2025		2026
	Actual	**Actual**	**Actual***	**Budget***	**Estimated***	**Proposed***
B. Sub-total agency support costs/ implementation costs	**1,541,304**	**1,530,137**	**1,476,184**	**2,894,187**	**2,216,487**	**2,792,532**
Grand total (A + B)	**3,194,778**	**3,580,544**	**3,740,944**	**5,173,400**	**4,495,700**	**5,086,300**

* Including additional funding of US $200,000 for the strengthening of UNIDO's capacity to provide technical and policy support to Article 5 countries pursuant to decision 93/95(b).

III.1 Core unit costs

14. UNIDO's request of US $2,293,768 for its 2026 core unit budget represents a 0.7 per cent increase in the budget approved for 2025, following the calculation method outlined in paragraph 5. UNIDO expects the costs of its core unit to exceed this amount by US $1,012,732 (indicated as "Adjustment" in table 3).

15. UNIDO's proposed 2026 core unit budget consists of:

(a) Staff salaries (57.0 per cent of the budget consisting of 11 staff members). In 2025, the staff estimated costs were 61.8 per cent of the overall budget (ranging from 59 to 70.1 per cent since 2011). The number of assigned staff is projected to increase from an estimated 9.24 in 2025 to 11 in 2026, returning to historical levels as recruitment efforts continue;

(b) Central services (31.2 per cent of the budget). These expenses relate to the costs of UNIDO's Secretariat's governing bodies and general management apportioned based on the number of staff in the Montreal Protocol unit. The actual costs of central services in 2024 were US $192,666 lower than the estimated costs of US $510,900, due to a temporary reduction in the number of staff supporting the core unit. In 2025, central service costs are projected to return to typical levels as staffing aligns with historical trends. However, the forecast still reflects a slight decrease of US $17,100 compared to budget;

(c) Space rental (4.6 per cent of the budget). The proposed 2026 budget (US $151,900) is higher than the estimated costs for 2025 (US $94,700) and the actual costs for 2024 (US $53,403). The space costs will remain commensurate with the number of staff allocated to the core unit;

(d) Travel (4.1 per cent of the budget). The proposed budget (US $135,600) is lower than the estimated costs for 2025 (US $285,100) and in between the cost range incurred since 2011 to 2024 (US $0 to US $284,000);

(e) Equipment supplies (2.9 per cent of the budget). The proposed budget (US $96,600) is higher than the estimated costs for 2025 (US $58,900) and the actual costs for 2024 (US $19,435); and

(f) Contractual services (0.2 per cent of the budget). The proposed budget (US $5,800) is higher than the estimated costs for 2025 (US $5,000) but lower than the actual costs for 2024 (US $479,816). In 2024, a one-time increase of US $474,716 in contractual service costs was driven by the delivery of a knowledge management (KM) platform and associated services. Noting that the cost for the KM platform was not presented during the request and approval of the 2024 core unit budget nor was it included in the estimated costs for 2024, the Secretariat requested additional information on how the KM platform was funded. UNIDO explained that this was a one-time activity for developing systems for project management for Montreal Protocol projects and was funded from the savings obtained from the reduced staffing levels which resulted in savings on salary costs. The Secretariat reiterated the need to provide a plan for activities and respective budgets and to inform the Executive Committee of any substantive changes to the plan and budgets in advance of implementing those activities. With activities expected to return to typical levels in 2025, costs are projected to drop to US $5,000, representing a reduction of US $12,700 from the budget.

III.2 Total administrative costs

16. Total net administrative costs are proposed at US $5,086,300 for 2026, which is higher than the 2025 estimated costs of US $4,495,700, but in the range of costs between 2011 and 2025 (US $2,703,478 to US $6,821,000).

17. The reimbursement of country offices and national execution, budgeted at US $737,300 for 2026, is lower than the estimated costs for 2025 (US $746,600), but higher than the actual costs for 2024 (US $590,949). In 2024, actual spending was US $535,851 below the estimated level for this item. This reduction is primarily attributed to a lower proportion of Montreal Protocol-related technical cooperation expenditures within UNIDO's overall technical cooperation portfolio. While expenditure levels for the Montreal Protocol remained stable, increased spending across other areas of UNIDO's implementation resulted in a relative shift in the distribution of expenditures.

18. Proposed executing agency costs for 2026 (US $1,042,500) are US $291,300 higher than the estimated costs for 2025 (US $751,200) and US $160,122 above the actual expenditures in 2024 (US $882,378). Over the 2011–2025 period, these costs have ranged from US $733,600 to US $3,302,800. In 2024, actual spending was US $220,922 below the estimated level, primarily due to a reduced number of staff engaged on non-core activities during that year. For 2025, with additional resources made available to the relevant unit through horizontal flexibility approved by UNIDO's member states, staffing levels for non-core activities, as well as associated costs, are expected to stabilize.

19. The expected resources available from the Multilateral Fund to UNIDO for administrative costs include the core unit costs and the agency support costs, plus any balance of income for administrative costs not previously used. Agency support costs are made available to UNIDO only after approved project costs are disbursed. Table 4 presents the assessment for 2022 to 2025.

Table 4. Assessment of availability of income for future administrative costs for UNIDO (US $)

Description	2022	2023	2024	2025*
Net agency support costs plus core unit costs	3,486,116	4,492,154	5,553,776	7,667,364
Total administrative cost excluding project costs	3,194,778	3,580,544	3,740,944	4,495,700
Balance per year	291,338	911,610	1,812,833	3,171,664
Running balance	(5,472,918)	(4,561,308)	(2,748,475)	423,189

* Including agency support costs approved at the 96th meeting, and the value of agency support costs and core unit costs from submissions to the 97th meeting.

20. Based on the analysis presented in table 4, at the end of 2025, UNIDO could accumulate a balance amounting to US $423,189. In 2026, UNIDO would have to generate at least US $4,663,111 in agency support costs and core unit costs to cover its expected total administrative costs of US $5,086,300. UNIDO mentioned that as in the past, it would continue to manage its operations based on its delivery of its project operations and core unit funding received.

IV. World Bank

21. The Executive Committee approved the 2025 request for core unit funding for the World Bank at US $1,947,145 (decision 95/84(b)(iii))[6]. Table 5 presents the core unit budget and administrative costs provided by the World Bank from 2022 to 2026.

Table 5. Core unit budget data and other administrative costs for 2022 to 2026 for the World Bank (US $)

Cost item	2022	2023	2024	2025		2026
	Actual	Actual	Actual*	Budget*	Estimated*	Proposed*
Core unit personnel and contractual staff	1,162,554	1,229,965	1,472,341	1,413,580	1,413,580	1,413,580
Travel (staff and consultant)	91,921	164,756	184,722	211,848	211,848	211,848
Space (rent and common costs)	0	0	0	0	0	0
Equipment supplies and other costs (computers, supplies)	-77	196	321	0	881	0
Contractual services (firms)	7,136	57,626	37,926	61,128	60,247	61,128
Reimbursement of central services for core unit staff	193,342	212,024	241,615	260,589	260,589	260,589
Adjustments (+ = underuse and - = overrun)	280,124	70,433	10,220	0	0	0
Return of funds (- = returned funds)	-280,124	-70,433	-10,220	0	0	0
A. Sub-total core unit costs	**1,454,876**	**1,664,567**	**1,936,925**	**1,947,145**	**1,947,145**	**1,947,145**
Reimbursement of country offices and national execution, including overheads	1,165,041	1,062,864	1,100,000	1,100,000	1,100,000	1,100,000
Executing agency support cost (internal), including overheads	0	0	0	0	0	0
Financial intermediaries, including overheads	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)						
Cost recovery	0	0	0	0	0	0
Adjustments (+ = overrun and - = underuse)	0	0	0	0	0	0
Project costs (- = to be deducted and thus removed)						
B. Sub-total agency support costs/ implementation costs	**1,165,041**	**1,062,864**	**1,100,000**	**1,100,000**	**1,100,000**	**1,100,000**
Grand total (A + B)	**2,619,917**	**2,727,431**	**3,036,925**	**3,047,145**	**3,047,145**	**3,047,145**

* Including additional funding of US $200,000 for the strengthening of the World Bank's capacity to provide technical and policy support to Article 5 countries pursuant to decision 93/95(b).

IV.1 Core unit costs

22. The World Bank's request of US $1,947,145 for its 2026 core unit budget is the same amount as its 2025 core unit budget. Unlike UNDP and UNIDO, the World Bank is not subsidized by revenue from agency support costs or its general fund.

23. The World Bank's proposed 2026 core unit budget consists of:

(a) Staff salaries (72.6 per cent of the budget). The proposed staff costs for 2026 (US $1,413,580) are the same as the 2025 estimated costs but lower than the 2024 actual costs (US $1,472,341). In 2024, actual staff costs were higher than the estimated costs (US $1,375,336). This increase was due to the additional staff and consultant time required for the Montreal Protocol core unit to meet the needs of operational teams at both the country

[6] Including additional funding of US $200,000 for the strengthening of the World Bank's capacity to provide technical and policy support to Article 5 countries according to decision 93/95(b).

and the agency levels. These included demands for specialized technical assistance and policy support, as well as emerging priorities such as communications, knowledge management and learning, and new requirements related to the Energy Efficiency Revolving Fund;

(b) Reimbursement of central services (13.4 per cent of the budget). The 2024 actual costs (US $241,615) were 13.5 per cent lower than the estimated costs (US $279,386). The budget for 2026 (US $260,589) is the same as the estimated costs in 2025 but higher than the actual costs in 2024;

(c) Travel (10.9 per cent of the budget). In 2025, with travel having returned to normal levels following the COVID-19 pandemic, travel costs have increased and are now higher than pre-pandemic levels due to rising airline fares. Despite these higher costs, staff have continued to seek cost-saving opportunities whenever possible, such as organizing virtual sessions when feasible and combining work travel trips. The budget for 2026 (US $211,848) is the same as the estimated costs for 2025 but higher than the actual costs for 2024 (US $184,722);

(d) Contractual services (3.1 per cent of the budget). In 2024, the actual costs for contractual services (US $37,926) were lower than the estimated costs (US $43,642). The proposed 2026 budget (US $61,128) is higher than the estimated costs for 2025 (US $60,247) and the actual costs for 2024; and

(e) No costs for space and equipment supplies are budgeted as they are primarily absorbed by the World Bank's budget (rather than the Montreal Protocol core unit), except for 2023 (US $196), 2024 (US $321) and estimated for 2025 (US $881), when costs were incurred for equipment supplies.

24. The World Bank will return US $10,220 as savings from the core unit costs from 2024, to the 97th meeting.[7] The Executive Committee may wish to note, with appreciation, that the World Bank would be returning unused balances.

IV.2 Total administrative costs

25. The budget for reimbursement of country offices proposed for 2026 (US $1,100,000) is the same as the estimated costs for 2025 and the actual costs for 2024 for providing support for management and supervision of Montreal Protocol activities. The total administrative costs are estimated at US $3,047,145 in 2026 and the same as the estimated costs for 2025.

26. The expected resources available from the Multilateral Fund to the World Bank for administrative costs include the core unit costs and the agency support costs, plus any balance of income for administrative costs not previously used. Agency support costs are made available to the World Bank only after approved project costs are disbursed. Table 6 presents the assessment for 2022 to 2025.

[7] The return of savings has already been included in the report on balances and availability of resources (UNEP/OzL.Pro/ExCom/97/4, annex IV).

Table 6. Assessment of availability of income for future administrative costs for the World Bank (US $)

Description	2022	2023	2024	2025*
Net agency support costs plus core unit costs	2,957,494	3,051,651	3,336,343	2,610,321
Total administrative cost excluding project costs	2,619,917	2,727,431	3,036,925	3,047,145
Balance per year	337,577	324,220	299,418	(436,824)
Running balance	1,284,881	1,609,101	1,908,519	1,471,695

* Including agency support costs approved at the 96th meeting, and the value of agency support costs and core unit costs from submissions to the 97th meeting.

27. Based on the analysis presented in table 6, at the end of 2025, the World Bank could accumulate a balance of US $1,471,695 based on approvals at the 96th meeting and submissions to the 97th meeting. The World Bank would have to generate at least US $1,575,450 in agency support costs and core unit costs in 2026 to cover its expected total 2026 administrative costs of US $3,047,145.

V. Additional core unit funding under decision 93/95(b)

28. In submitting their requests for core unit budgets for 2026, UNDP, UNIDO and the World Bank provided information on how they utilized the additional core unit funding allocated to each agency under decision 93/95(b) during 2025.

29. UNDP reported using the additional resources to assist countries in preparing Kigali HFC implementation plans (KIPs) and initiating KIP preparatory activities. The funds also supported the development and implementation of energy efficiency projects under decision 91/65, including a global project on energy efficiency monitoring using digital tools and to assist countries across various regions with their KIP implementation. Additionally, this funding was used to coordinate and consult with national financial institutions to promote energy-efficient technologies in refrigeration, air-conditioning and heat-pump equipment, conduct risk assessments, develop due diligence framework for potential projects involving financial institutions, and identify measures to foster partnerships with different international financial institutions.

30. UNIDO primarily used the additional funding to support the development and management of additional projects and to provide technical assistance to countries, particularly low-volume-consuming countries in the Africa region (e.g. on new flammable refrigerant standards and licensing of service agencies) and the Europe and Central Asia region (e.g. on HFC licensing system strengthening, import and export management, and safe handling of flammable low-global-warming-potential (GWP) refrigerants). This supported accelerating KIP preparation and implementation and resulted in more targeted technical and policy assistance for the adoption of low-GWP technologies. The funds were mainly allocated to staff and consultant costs, travel, and other operational expenses related to project implementation.

31. The World Bank indicated that the additional funding was used to provide programmatic support on HFC phase-down policy development, including creating tools and models to assist the World Bank's client countries to prioritize HFC phase-down and establish quotas (e.g. in the Southeast Asia region, a quota allocation tool that sets HFC quota in an equitable manner with flexibility based on market realities was developed and disseminated to the countries). The funds also supported specialized workshops, events and meetings that convened experts and practitioners from within and beyond the Montreal Protocol community to discuss issues such as avoiding obsolete cooling technologies and trade, financing approaches to scale up HFC phase-down efforts, and refrigerant lifecycle management. This included working with countries in different regions on addressing energy efficiency while implementing HFC phase-down in the refrigeration and air-conditioning sector. Additionally, the World Bank used the funding to provide technical support for energy-efficiency demonstration/pilot projects aligned with Executive Committee policies and guidelines and leveraging the World Bank interest/sectors (e.g., a side event was organized at the Thirty-Sixth Meeting of the Parties, which aimed to raise awareness of new financing modalities for energy efficiency based on

wider experience of the World Bank's team, as well as consultative meetings on energy efficiency based on practical experience in different regions).

VI. Recommendation

32. The Executive Committee may wish:

(a) To note:

(i) The report on the 2026 core unit costs for UNDP, UNIDO and the World Bank contained in document UNEP/OzL.Pro/ExCom/97/84;

(ii) With appreciation, that the core unit operations of the World Bank were below its budgeted levels and that the World Bank would return unused balances of US $10,220 to the Multilateral Fund at the 97th meeting; and

(b) To consider whether to approve the requested 2026 core unit budgets for:

(i) UNDP, in the amount of US $2,388,151;

(ii) UNIDO, in the amount of US $2,293,768; and

(iii) The World Bank, in the amount of US $1,947,145.

Annex I

SUMMARY OF THE ADMINISTRATIVE COST REGIMES OF THE MULTILATERAL FUND

1. Since the establishment of the Multilateral Fund, the Executive Committee has kept under review the Fund's administrative costs, resulting in five distinct administrative cost regimes.

2. The first administrative cost regime of the Multilateral Fund was used up to 1998. The second administrative cost regime was approved at the 26th meeting in November 1998 when the allocation of administrative costs for UNDP, UNIDO, and the World Bank was changed from a flat rate of 13 per cent applied to all projects to a graduated scale (decision 26/41).

3. The costs were changed again in December 2002 to a lower scale that included a core unit grant of US $1.5 million per agency (decision 38/68). Annual increases have occurred for most agencies since the 46th meeting. Decision 41/94(d) requested the Secretariat to conduct an annual review of the administrative cost regime. Decision 56/41 extended the operation of decision 38/68 and its administrative cost regime to apply to the 2009–2011 triennium.

4. At the 67th meeting, the Committee decided to apply a new administrative cost regime for the 2012–2014 triennium to UNDP, UNIDO and the World Bank, consisting of annual core unit funding for which an annual increase of up to 0.7 per cent could be considered subject to annual review, and to apply the following agency fees on the basis of funding per agency: an agency fee of 7 per cent for projects with a project cost above US $250,000, as well as institutional strengthening projects and project preparation; an agency fee of 9 per cent for projects with a project cost at or below US $250,000; an agency fee no greater than 6.5 per cent, to be determined on a case-by-case basis for projects in the production sector (decision 67/15(b)).

5. At the 73rd and 79th meetings, the existing administrative cost regime for the bilateral and implementing agencies were maintained for the 2015–2017 triennium (decision 73/62(b)) and the 2018–2020 triennium (decision 79/41(c)), respectively. Further, decision 79/41(e) requested UNDP, UNIDO and the World Bank to present their annual reports on core unit funding using the revised format for reporting.

6. At the 86th meeting, the Executive Committee decided to allow bilateral and implementing agencies to continue using the existing administrative cost regime for projects to be submitted in 2021, on an exceptional basis due to the extraordinary situation resulting from the COVID-19 pandemic, and without setting a precedent (decision 86/92(b)).

7. At the 88th meeting, the Executive Committee decided to allow bilateral and implementing agencies to continue to use the existing administrative cost regime for projects to be submitted in 2022 and 2023 (decision 88/74(b)).

8. At the 93rd meeting, the Executive Committee approved an increase in the core unit funding for UNDP, UNIDO and the World Bank, by US $200,000 each, for each year of the triennium 2024–2026, for the strengthening of their capacity to provide technical and policy support to Article 5 countries, on the understanding that the increase only applied to the triennium 2024–2026. Furthermore, the administrative cost regime of the Multilateral Fund for the triennium 2021–2023 was maintained for the triennium 2024–2026, except for agency fees for stage I of Kigali HFC implementation plans for low-volume-consuming countries, which would be applied starting from the 93rd meeting as follows: at 13 per cent for projects up to a value of US $500,000; at 13 per cent on the first US $500,000 and 11 per cent on the balance for projects with a value exceeding US $500,000 (decision 93/95(b) and (c)).

Annex II

CORE UNIT BUDGET DATA AND OTHER ADMINISTRATIVE COSTS FOR 2016 TO 2026 FOR UNDP, UNIDO AND THE WORLD BANK (US$)

UNDP

Cost item	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		2026
	Actual	**Actual**	**Actual**	**Actual**	**Actual**	**Actual**	**Actual**	**Actual**	**Actual***	**Budget***	**Estimated***	**Proposed***
A. Core unit												
Core unit personnel and contractual staff	2,043,505	2,305,838	2,375,437	2,379,866	2,316,147	2,431,357	2,380,166	2,243,059	2,187,010	2,472,075	2,472,075	2,546,237
Travel (staff and consultant)	155,061	173,099	176,170	182,129	17,032	-112	68,900	168,020	156,696	180,000	160,000	150,000
Space (rent and common costs)	159,872	162,982	164,998	153,176	130,925	131,294	131,380	56,183	118,098	131,380	125,000	125,000
Equipment supplies and other costs (computers, supplies, etc.)	16,485	9,196	12,146	8,351	15,777	11,132	6,857	766	13,467	15,000	15,000	10,000
Contractual services (firms)	0	24,547	13,510	24,300	1,648	0	2,430	0	0	30,000	30,000	15,000
Reimbursement of central services for core unit staff	251,317	308,375	381,004	240,968	251,221	222,590	222,303	162,833	186,196	250,000	250,000	250,000
Adjustments (+ = underuse and - = overrun)	-585,526	-929,036	-1,053,880	-904,918	-601,414	-683,114	-684,097	-488,027	-303,633	-705,516	-679,135	-708,087
Return of funds (- = returned funds)	0	0	0	0	-32,878	0	0	0	0	0	0	0
A. Sub-total core unit costs**	**2,040,715**	**2,055,000**	**2,069,385**	**2,083,871**	**2,098,458**	**2,113,147**	**2,127,939**	**2,142,834**	**2,357,835**	**2,372,940**	**2,372,940**	**2,388,151**
B. Agency support costs/implementation												
Reimbursement of country offices and national execution, including overheads	1,472,814	1,749,877	2,214,588	488,288	1,077,150	833,284	830,343	621,273	964,830	742,500	742,500	742,500
Executing agency support cost (internal), including overheads	0	0	0	0	0	0	0	0	0	0	0	0
Financial intermediaries, including overheads	0	0	0	0	0	0	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)												
Cost recovery	251,317	308,375	381,004	240,968	251,221	222,590	222,303	162,833	186,196	250,000	250,000	250,000
Adjustments (+ = overrun and - = underuse)	585,526	929,036	1,053,880	904,918	601,414	683,114	684,097	488,027	303,633	705,516	679,135	708,087
Project costs (- = to be deducted and thus removed)	0	0	0	0								
B. Sub-total agency support costs/ implementation costs	**2,309,657**	**2,987,288**	**3,649,473**	**1,634,174**	**1,929,785**	**1,738,988**	**1,736,743**	**1,272,133**	**1,454,660**	**1,698,016**	**1,671,635**	**1,700,587**
Grand total (A + B)	**4,350,371**	**5,042,289**	**5,718,858**	**3,718,046**	**4,028,243**	**3,852,135**	**3,864,682**	**3,414,967**	**3,812,495**	**4,070,956**	**4,044,575**	**4,088,737**
Net agency support costs plus core unit costs***	4,987,380	4,540,670	4,918,305	2,790,929	4,205,678	3,855,652	3,113,117	4,839,431	4,731,870		4,062,352	
Total administrative cost	4,350,371	5,042,289	5,718,858	3,718,046	4,028,243	3,852,135	3,864,682	3,414,967	3,812,495		4,044,575	
Balance per year	637,009	-501,619	-800,553	-927,117	177,435	3,517	-751,565	1,424,464	919,376		17,777	
Running balance****	467,242	-34,377	-834,929	-1,762,046	-1,584,612	-1,581,095	-2,332,660	-908,196	11,180		28,957	

* Including additional funding of US $200,000 for the strengthening of the agency's capacity to provide technical and policy support to Article 5 countries pursuant to decision 93/95(b).
** The cost of the core unit is higher than the allowed subtotal of US $US $2,040,715 in 2016, US $2,055,000 in 2017, US $2,069,385 in 2018, US $2,083,871 in 2019, US $2,098,458 in 2020, US $2,113,147 in 2021, US $2,127,939 in 2022, US $2,142,834 in 2023, US $2,357,835 in 2024 and US $2,372,940 in 2025. An adjustment line and a negative adjustment were, therefore, introduced to arrive at the required ceiling. A corresponding positive adjustment is also provided under agency support costs/implementation to ensure that the total costs incurred for administrative costs also reflect the amount exceeded by the agency.
*** For 2025, including agency support costs approved at the 96th meeting, and the value of agency support costs and core unit costs from submissions to the 97th meeting.
**** Excludes any balance from years prior to 2002.

UNIDO

Cost item	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		2026
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	Budget*	Estimated*	Proposed*
A. Core unit												
Core unit personnel and contractual staff	1,383,600	1,501,300	1,307,624	1,351,602	1,416,184	947,075	1,113,459	1,341,886	1,168,475	1,842,100	1,851,400	1,885,400
Travel (staff and consultant)	161,100	157,800	196,736	137,864	16,004	0	103,169	160,021	228,253	386,200	285,100	135,600
Space (rent and common costs)	76,200	76,600	80,548	84,323	84,131	52,649	50,835	66,330	53,403	116,700	94,700	151,900
Equipment supplies and other costs (computers, supplies, etc.)	30,900	48,000	33,842	63,164	33,721	26,170	22,531	35,764	19,435	61,600	58,900	96,600
Contractual services (firms)	1,000	4,900	580	6,356	2,455	0	99	2,212	479,816	17,700	5,000	5,800
Reimbursement of central services for core unit staff	432,900	471,600	442,123	464,626	496,559	325,920	363,380	477,770	318,234	719,900	702,800	1,031,200
Additional funding per decision 93/95(b)												
Adjustments (+ = underuse and - = overrun)	-44,985	-205,200	7,931	-24,066	49,404	670,186	382,680	-33,576	-2,857	-864,987	-718,687	-1,012,732
Return of funds (- = returned funds)	0	0	-7,931	0	-49,404	-670,186	-382,680	0	0	0	0	0
A. Sub-total core unit costs**	**2,040,715**	**2,055,000**	**2,061,454**	**2,083,870**	**2,049,054**	**1,351,814**	**1,653,474**	**2,050,407**	**2,264,760**	**2,279,213**	**2,279,213**	**2,293,768**
B. Agency support costs/implementation										3,144,200	2,997,900	3,306,500
Reimbursement of country offices and national execution, including overheads	1,145,400	584,300	729,854	1,339,603	814,755	858,449	637,077	1,012,091	590,949	1,137,500	746,600	737,300
Executing agency support cost (internal), including overheads	1,600,400	1,703,200	1,354,611	1,386,593	1,352,699	1,163,401	1,286,907	484,470	882,378	891,700	751,200	1,042,500
Financial intermediaries, including overheads	0	0	0	0	0	0	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)												
Cost recovery	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments (+ = overrun and - = underuse)	44,985	205,200	0	24,066	0	-670,186	-382,680	33,576	2,857	864,987	718,687	1,012,732
Project costs (- = to be deducted and thus removed)	-187,800	-134,800	-136,283	-38,099	0	0	0	0	0	0	0	0
B. Sub-total agency support costs/ implementation costs	**2,602,985**	**2,357,900**	**1,948,182**	**2,712,163**	**2,167,455**	**1,351,664**	**1,541,304**	**1,530,137**	**1,476,184**	**2,894,187**	**2,216,487**	**2,792,532**
Grand total (A + B)	**4,643,700**	**4,412,900**	**4,009,636**	**4,796,033**	**4,216,509**	**2,703,478**	**3,194,778**	**3,580,544**	**3,740,944**	**5,173,400**	**4,495,700**	**5,086,300**
Net support costs plus core unit costs***	4,529,527	3,369,089	4,347,937	3,391,018	2,435,373	3,270,095	3,486,116	4,492,154	5,553,776		7,667,364	
Total administrative cost excluding project-related costs	4,643,700	4,412,900	4,009,636	4,796,033	4,216,509	2,703,478	3,194,778	3,580,544	3,740,944		4,495,700	
Balance per year	-114,173	-1,043,811	338,301	-1,405,015	-1,781,136	566,617	291,338	911,610	1,812,833		3,171,664	
Running balance****	-2,439,211	-3,483,022	-3,144,721	-4,549,736	-6,330,872	-5,764,255	-5,472,918	-4,561,308	-2,748,475		423,189	

* Including additional funding of US $200,000 for the strengthening of the agency's capacity to provide technical and policy support to Article 5 countries pursuant to decision 93/95(b).
** The cost of the core unit is higher than the allowed subtotal of US $2,040,715 in 2016, US $2,055,000 in 2017, US $2,083,870 in 2019, US $2,050,407 in 2023, US $2,264,760 in 2024 and US $2,279,213 in 2025. An adjustment line and a negative adjustment were, therefore, introduced to arrive at the required ceiling. A corresponding positive adjustment is also provided under agency support costs/implementation to ensure that the total costs incurred for administrative costs also reflect the amount exceeded by the agency.
*** For 2025, including agency support costs approved at the 96th meeting, and the value of agency support costs and core unit costs from submissions to the 97th meeting.
**** The Secretariat had estimated a running balance in 2007 since 2002 of US $2,127,930, but UNIDO's balance of US $1,828,243 is used instead of the Secretariat's calculation.

THE WORLD BANK

Cost item	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		2026
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	Budget*	Estimated*	Proposed*
A. Core unit												
Core unit personnel and contractual staff	1,089,481	1,086,340	1,226,215	1,250,888	1,055,231	1,224,772	1,162,554	1,229,965	1,472,341	1,413,580	1,413,580	1,413,580
Travel (staff and consultant)	216,356	178,550	180,873	151,281	13,481		91,921	164,756	184,722	211,848	211,848	211,848
Space (rent and common costs)	1,027	0							0	0		
Equipment supplies and other costs (computers, supplies, etc.)	33,178	262	1,637	0	0	1,436	-77	196	321	0	881	
Contractual services (firms)	96,839	189,400	73,389	38,983	10,292	1,000	7,136	57,626	37,926	61,128	60,247	61,128
Reimbursement of central services for core unit staff	225,643	210,378	245,946	249,954	212,792	247,637	193,342	212,024	241,615	260,589	260,589	260,589
Additional funding per decision 93/95(b)												
Adjustments (+ = underuse and - = overrun)	62,476	60,070	6,940	43,894	443,204	260,155	280,124	70,433	10,220	0	0	0
Return of funds (- = returned funds)	-62,476	-60,070	-6940	-43,894	-443,204	-260,155	-280,124	-70,433	-10,220	0	0	0
A. Sub-total core unit costs	**1,662,524**	**1,664,930**	**1,728,060**	**1,691,106**	**1,291,796**	**1,474,845**	**1,454,876**	**1,664,567**	**1,936,925**	**1,947,145**	**1,947,145**	**1,947,145**
B. Agency support costs/implementation									1,936,925	1,947,145	1,947,145	1,947,145
Reimbursement of country offices and national execution, including overheads	1,249,361	1,491,814	2,114,429	1,258,437	1,172,183	748,694	1,165,041	1,062,864	1,100,000	1,100,000	1,100,000	1,100,000
Executing agency support cost (internal), including overheads	0	0	0	0	0	0	0	0	0	0	0	0
Financial intermediaries, including overheads	0	0	0	0	0	0	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)												
Cost recovery	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments (+ = overrun and - = underuse)	0	0	0	0	0	0	0	0	0	0	0	0
Project costs (- = to be deducted and thus removed)												
B. Sub-total agency support costs/ implementation costs	**1,249,361**	**1,491,814**	**2,114,429**	**1,258,437**	**1,172,183**	**748,964**	**1,165,041**	**1,062,864**	**1,100,000**	**1,100,000**	**1,100,000**	**1,100,000**
Grand total (A + B)	**2,911,885**	**3,156,744**	**3,842,489**	**2,949,544**	**2,463,979**	**2,223,809**	**2,619,917**	**2,727,431**	**3,036,925**	**3,047,145**	**3,047,145**	**3,047,145**
Net agency support costs plus core unit costs**	2,549,351	1,882,250	3,251,509	1,472,339	1,619,536	2,127,452	2,957,494	3,051,651	3,336,343		2,610,321	
Total administrative cost	2,911,885	3,156,744	3,842,489	2,949,544	2,463,979	2,223,809	2,619,917	2,727,431	3,036,925		3,047,145	
Balance per year	-362,534	-1,274,494	-590,980	-1,477,205	-844,443	-96,357	337,577	324,220	299,418		-436,824	
Running balance***	5,230,783	3,956,289	3,365,309	1,888,104	1,043,661	947,304	1,284,881	1,609,101	1,908,519		1,471,695	

* Including additional funding of US $200,000 for the strengthening of the agency's capacity to provide technical and policy support to Article 5 countries pursuant to decision 93/95(b).
** For 2024, including agency support costs approved at the 96th meeting, and the value of agency support costs and core unit costs from submissions to the 97th meeting.
*** Excludes any balance from years prior to 2002.