

Annex VIII

FINAL DRAFT

**AGREEMENT BETWEEN THE UNITED NATIONS ENVIRONMENT PROGRAMME
AS THE TREASURER OF THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL AND THE UNITED
NATIONS DEVELOPMENT PROGRAMME (“UNDP”)**

WHEREAS the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (“Protocol”) to the Vienna Convention for the Protection of the Ozone Layer (“Parties”) have established the Multilateral Fund for the Implementation of the Montreal Protocol (“Fund”) to operate under the authority of the Parties through an Executive Committee to provide the financing of agreed incremental costs to enable Parties operating under paragraph 1 of article 5 of the Protocol to comply with the control measures of the Protocol;

WHEREAS the Parties established an Executive Committee to develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements including the disbursement of resources for the purpose of achieving the objectives of the Fund with the co-operation and assistance of the World Bank (“Bank”), the United Nations Environment Programme (“UNEP”), the United Nations Industrial Development Organization (“UNIDO”) and the United Nations Development Programme (“UNDP”);

WHEREAS at the request of the Parties, the Fund was established in accordance with the Financial Regulations and Rules of the United Nations;

WHEREAS by decision of the Executive Committee, UNEP has been appointed as Treasurer of the Fund;

WHEREAS the roles and responsibilities of the Treasurer have been set out in the 2004 revised Agreement between the Executive Committee and UNEP as the Treasurer of the Fund;

WHEREAS UNDP has agreed to provide for the establishment of accounts to be constituted by the funds provided to UNDP in accordance with the Agreement concluded on 19 June 1991 and 21 August 1991 as amended on 31 July 1998 and 14 August 1998 respectively between the Executive Committee of the Multilateral Fund and UNDP, together with any other assets and receipts received for the benefit of the Parties;

WHEREAS the Executive Committee and UNDP have agreed on the administrative arrangements and procedures covering UNDP involvement in the implementation of the work programme of the Fund, pursuant to which the Treasurer will transfer funds to UNDP to enable UNDP to administer and manage projects and activities approved by the Executive Committee for implementation by UNDP;

NOW THEREFORE, UNDP and the Treasurer hereby agree as follows:

Article I

- 1.1 The Treasurer shall transfer the amounts approved by the Executive Committee, in advance of the implementation of planned projects and activities approved by the Executive Committee for implementation by UNDP, to the UNDP bank account.
- 1.2 Funds held in the account and not immediately required will be invested in accordance with the regular practice of UNDP, and the income from investments will be added to the resources held.

Article II

- 2.1 The accounts of the Fund will be administered by UNDP in accordance with the Financial Regulations and Rules of UNDP.
- 2.2 Project management and expenditures will be governed by the Financial Regulations and Rules of UNDP.

Article III

- 3.1 UNDP will provide financing from the accounts for the purpose of meeting the costs of the projects and activities approved by the Executive Committee for implementation by UNDP.
- 3.2 In line with the terms of Articles 1 and 2 of the 1998 Amendment to the 1991 Agreement between the Executive Committee and UNDP, UNDP will not make commitments before the receipt of funds or in the case of Promissory Notes before receipt of written confirmation from the Treasurer.
- 3.3 Notwithstanding the completion of projects financed from the accounts, UNDP will continue to hold all unutilized resources in the accounts until all commitments and liabilities in the implementation of these projects have been satisfied and project activities have been brought to an orderly conclusion. Any resources that remain unexpended after such commitments and liabilities have been satisfied will be transferred back to the Fund or used as the Executive Committee and UNDP may jointly determine.
- 3.4 If the unutilized resources prove insufficient to meet such commitments and liabilities UNDP will consult with the Chief Officer of the Fund Secretariat and the Executive Committee on the manner in which such commitments and liabilities may be satisfied.

Article IV

- 4.1 UNDP will provide the Treasurer with an annual provisional financial statement in the format agreed by all the implementing agencies. The provisional financial statement should be duly signed by an authorized official of UNDP and should reach the Treasurer by 31 January of the following year to allow for the timely compilation of the annual accounts of the Fund.
- 4.2 UNDP will provide the Treasurer by 30 September with a certified annual statement or audited biennial statement of income and expenditure for the previous year, including any pertinent comments made by the Auditors. In addition, the Treasurer will at the same time be provided with the financial statement in the format agreed by all the implementing agencies.
- 4.3 Financial statements submitted to the Treasurer in accordance with paragraph 4.2 above will be audited in accordance with the audit rules and procedures of UNDP.
- 4.4 The Treasurer will maintain and after each meeting of the Executive Committee of the Multilateral Fund distribute to UNDP a year-to-date payment ledger for the purposes of reconciliation of accounts.
- 4.5 The Treasurer will manage a transparent system for the issuance and encashment of Promissory Notes, in accordance with predetermined schedules or as funds are needed by UNDP. The Treasurer will circulate annually, the ledger on Promissory Notes for the purpose of the reconciliation of the accounts.
- 4.6 The accounts of the Fund maintained by the Treasurer will be subject solely to the Internal and External Audit of the United Nations.

Article V

- 5.1 These arrangements will remain in force until such time as either party agrees to terminate the Agreement. Should one party wish to terminate these arrangements, such termination notice will be given 180 days prior to its intended termination.
- 5.2 Notwithstanding the termination of this Agreement, UNDP will continue to hold unutilized funds and interest income earned thereon until all commitments and liabilities incurred in the implementation of activities approved by the Executive Committee have been satisfied and activities have been brought to an orderly conclusion.
- 5.3 Any funds that remain after such commitments and liabilities have been satisfied will be transferred by UNDP to the Fund or used as the Executive Committee and UNDP may jointly determine.

Article VI

- 6.1 This Agreement shall enter into force on the date of the last signature by the authorized representatives of the signatories. The Agreement may be modified only by written agreement between the signatories.

For UNDP

Name:
Functional Title:
Place of signature:
Date:

For UNEP as Treasurer

Name:
Functional Title:
Place of signature:
Date: