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Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol

Tenth Meeting
Montreal, 28-30 June 1993

CONTRIBUTIONS IN ARREARS

REPORT OF THE SUB-COMMITTEE ON CONTRIBUTIONS IN ARREARS TO THE EXECUTIVE COMMITTEE

1. The sub-committee on the outstanding contributions was established at the Ninth Meeting of the Executive Committee (Montreal, 8-10 March 1993) under the chairmanship of the Vice-Chairman of the Executive Committee with the following mandate: "The group should study the matter in detail, review all the possibilities and make recommendations to the Executive Committee".
2. The sub-committee held three meetings concomitant with the Ninth Executive Committee Meeting and submitted the report for consideration by the Committee. There were different opinions among the members of the sub-committee on issues raised in the Report.
3. The Executive Committee considered the report and invited its members to send comments to the Secretariat within four weeks. The Secretariat was requested to prepare a revised document for circulation to members of the committee. It was also decided to convene a meeting of the sub-committee the day before the Tenth Meeting of the Executive Committee, i.e. on Sunday, 27 June 1993.
4. Six members of the Executive Committee as well as the Ozone Secretariat (Nairobi) provided their comments on the Report. The Secretariat has prepared the revised version of the Report taking into account these comments. The Report was submitted for consideration of the Sub-committee.
5. The Sub-committee has considered the revised Report at its meeting on 27 June 1993. All the issues have been resolved.
6. The Report as attached in Annex I is submitted for consideration of the Executive Committee.

ANNEX I

REPORT OF THE SUB-COMMITTEE ON THE OUTSTANDING CONTRIBUTIONS TO THE MULTILATERAL FUND (revised)

INTRODUCTION

1. The report presents the recommendations of the Sub-Committee established to identify actions that can be taken by the Executive Committee to help timely payments to the Fund.

BACKGROUND

2. Contributions to the Multilateral Fund have been a constant item in the agenda of every meeting of the Executive Committee as a part of the Secretariat's reports to these meetings. Beginning from the Third Meeting (15-19 April 1991), members of the Committee have been expressing their concern on the slow rate at which contributions to the Fund were received.

3. According to the terms of reference of the Multilateral Fund and the agreements with the Implementing Agencies, the Committee cannot allocate funding for projects and related activities, without the Fund having sufficient resources. At the time of some meetings of the Executive Committee, available resources were barely enough to cover finances for approved projects, as illustrated in Figure 1 (attached).

4. In its report to the Fourth Meeting of the Parties (UNEP/OzL.Pro/4/8/Rev.1), the Executive Committee "...noted with regret that many countries had not fulfilled their pledges and it urged them to do so without delay." Accordingly, Paragraph 2 of Decision IV/20 of the Fourth Meeting of the Parties urged "all Parties to pay their outstanding contributions promptly and also to pay their future contributions promptly and in full, in accordance with the formula for contributions as set out in Annex XIV to the report of the Fourth Meeting of the Parties".

5. At its Ninth Meeting, the Executive Committee expressed its concern regarding outstanding contributions in cash, which stood at US \$11,561,274 for 1991 and US \$19,364,188 for 1992, totalling US \$30,925,461 as at 31 March 1993.

6. Conscious that delays in the flow of contributions might hamper the implementation of projects to speedily reduce and eliminate the consumption of ozone depleting substances, the Executive Committee decided that the issue of outstanding contributions deserved to be examined in detail and every means available to the Executive Committee and Parties should be deployed to improve the situation.

7. The Committee thus established a sub-committee under the chairmanship of the Vice-Chairman to deal with the issue of outstanding contributions to the Multilateral Fund.

Categories of countries with outstanding contributions

8. Countries that still have outstanding contributions in cash may be categorized in three distinct groups.

a) Developed countries

1991 - Portugal;

1992 - Austria¹, France², Greece, Italy, Portugal, and the United Kingdom²;

b) Developing countries which are not Article 5 Paragraph 1 countries:

1991 and 1992 - Bahrain and United Arab Emirates

c) Countries that experience temporary difficulties

1991 and 1992 - Belarus, Hungary, the Russian Federation and Ukraine.

1992 - Bulgaria and Czechoslovakia.

9. In view of the above, the Executive Committee recommends that follow-up actions on late contributions should be differentiated to take into account the different status of countries with outstanding contributions.

Tools Available to Executive Committee, the Treasurer (UNEP) and the Meeting of the Parties:

10. Letters of the Treasurer (UNEP) and the Executive Committee:

The Treasurer should send regular notification and follow-up letters reminding the Parties concerned about delays and problems caused by its delays. The countries concerned should be requested to clarify the expected payment dates. The Executive Committee should authorize its chairman to send letters to the Parties regarding its outstanding contributions to explain the implications for the Multilateral Fund if such contributions are not paid. These letters should be sent to all the relevant Ministries within a country, including the Foreign Ministry, the Finance Ministry and the Environment Ministry.

11. Contacts at Different Levels of Parties involved:

That high officials of the Montreal Protocol institutions, e.g. President of the Bureau, UNEP Executive Director, Chair of the Executive Committee of the Multilateral Fund, should use their good offices to alert the political administrations of the countries concerned, whenever

¹ Austria's 1992 contribution has since been received.

² For schedule of payments from France and the United Kingdom, refer to UNEP/OzL.Pro/ExCom/10/3/Rev.1

possible, with the aim of reaching mutual understanding in respect to modalities and timing of payment of outstanding contributions. Similarly, countries on the Executive Committee which represent regions in which one or more countries are in arrears, should take the opportunity of pre-meeting coordination to discuss this issue with those countries, and report back to the Executive Committee on impediments to timely payment.

12. Presentation of information, Public Awareness and Publications:

Following each Executive Committee meeting, the Treasurer and the Secretariat should update the status of the contributions and provide:

- A list of countries in arrears reflecting annual and total outstanding contributions as at the date of the Committee's report;
- Where available, expected payment dates, and other information on non-payment.

The status of contributions should be distributed to the Parties and used as part of public information material in Executive Committee press releases and in newsletters e.g. in UNEP IE/PAC "OzonAction". This could increase public awareness on the progress of action actually being taken by governments to address this concern.

Countries that experience temporary difficulties

13. The Executive Committee taking into account the decision IV/21 of the Fourth Meeting of the Parties on temporary difficulties encountered by Hungary, Bulgaria and Poland, and the statement made by the Russian Federation at the Ninth Meeting of the Executive Committee regarding its difficulties in meeting the outstanding contributions, requested the Secretariat together with the implementing agencies and the above mentioned countries to examine the possibilities of making their contributions in-kind and/or in national currency in accordance with Article 10, para 6 of the Montreal Protocol, where such options are limited to countries under certain circumstances.

RECOMMENDATIONS

14. The Sub-Committee requests the Executive Committee to adopt and initiate implementation of the recommendations in paragraphs 8 to 13 above. The Sub-Committee further requests the Executive Committee to note and encourage the communications between the Fund Secretariat and the Implementation Committee regarding the status of the Fund, and the availability of funds for the implementation of projects in Article 5, paragraph 1 countries. The Sub-Committee also recommends that the Executive Committee reports to the Fifth Meeting of the Parties on these matters accordingly.

APPENDIX I

STATUS OF CONTRIBUTION TO THE MULTILATERAL FUND

As at 31 March 1993 (in US dollars)

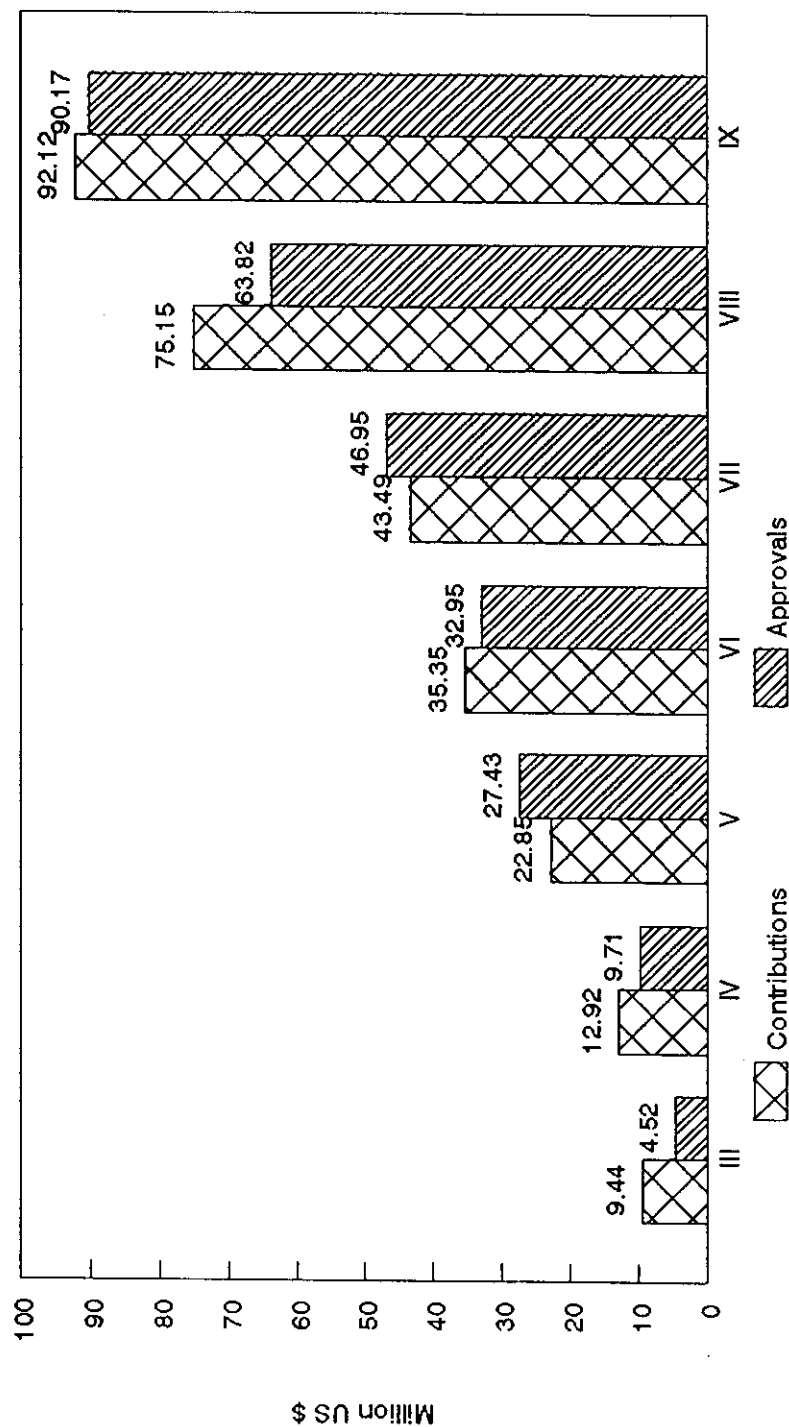
	OUTSTANDING BALANCE			Expected payment dates and other information
	1991	1992	TOTAL	
a) Developed countries				
Austria	0	625,456	625,456	Austria's 1992 contributions have since been received
France	3,922,799 ¹	5,282,564 ¹	9,205,363 ¹	See footnote 1
Greece	0	216,145	216,145	not available
Italy	0	1,082,074	1,082,074	not available
Portugal	112,977	152,138	265,115	not available
The United Kingdom	0	1,326,514 ²	1,326,514 ²	See footnote 2
Sub-total	4,035,776	8,684,891	12,720,667	
% of total in arrears	35%	45%	41%	
b) Developing countries				
Bahrain	12,553	16,904	29,457	not available
United Arab Emirates	119,253	160,590	279,843	not available
Sub-total	131,806	177,494	309,300	
% of total in arrears	1%	1%	1%	
c) Countries that experience temporary difficulties				
Belarus	207,124	278,919	486,043	not available
Bulgaria	-	126,782	126,782	not available
Czechoslovakia ³	-	418,394	418,394	See footnote 3
Hungary	131,806	177,494	309,300	The possibility of in-kind contribution is being considered
Russian Federation	6,270,202	8,443,650	14,713,852	The possibility of in-kind contribution is being considered
Ukraine	784,560	1,056,513	1,841,073	The possibility of in-kind contribution is being considered
Sub-total	7,393,692	10,501,752	17,895,444	
% of total in arrears	64%	54%	58%	
TOTAL OUTSTANDING	11,561,274	19,364,137	30,925,411	

¹ The Government of France has deposited Ffr 93 177 637,01 in a treasury bill current account at the Banque de France in the name of Montreal Protocol Multilateral Fund representing the equivalent of its 1991, 1992 and 1993 contributions. Of this amount, Ffr 14 300 506,87 equivalent to US \$2,680,497.38 has been encashed and deposited in the Multilateral Fund Account in New York as indicated in the table. The Government of France has indicated to the Treasurer that the balance will be made available to the Multilateral Fund according to the following encashment schedule - 30 June 1993: Ffr 18 635 527,40; 30 June 1994: Ffr 18 635 527,40; 30 June 1995: Ffr 18 635 527,40; 30 June 1996: Ffr 14 362 422,45; 30 June 1997: Ffr 8 608 125,49.

² The Government of the United Kingdom has deposited a Promissory Note in an Account in the name of the UNEP Montreal Protocol Multilateral Fund at the Bank of England covering the balance of its pledge up to 1993 to the Multilateral Fund. The Government of the United Kingdom has indicated to the Treasurer the following schedule of encashment against this Promissory Note: July 1993 \$1,332,495; December 1993 \$1,332,495; July 1994 \$1,332,495; December 1994 \$1,332,495; July 1995 \$1,332,495; December 1995 \$1,330,024.

³ The Czech Republic, one of the successors of former Czechoslovakia, informed the Secretariat that US \$100,000 will be paid as 1993 contributions, and that the possibility of in-kind contributions is being considered.

Figure 1 CONTRIBUTIONS AND APPROVALS BY EXECUTIVE COMMITTEE MEETINGS



	III	IV	V	VI	VII	VIII	IX
	Apr 1991	Jun 1991	Nov 1991	Feb 1992	Jun 1992	Oct 1992	Mar 93
INCOME	9,438,155	12,924,761	22,850,488	35,348,072	43,491,838	75,145,334	92,122,077
DISBURSEMENTS	4,519,553	9,708,273	27,428,376	32,954,771	46,945,771	63,821,331	90,171,529
SURPLUS	4,918,602	3,216,488	(4,578,890)	2,393,301	(3,454,133)	11,324,003	1,950,548