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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
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Montreal, 7–11 December 2026
Item 9(f) of the provisional agenda[1]

2027 CORE UNIT COSTS FOR UNDP, UNIDO AND THE WORLD BANK

I. Introduction

1. The present document assesses the 2027 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 2027 could cover expected 2027 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 2025, estimated costs for 2026, and proposed budget for 2027.[2] During the review of the information submitted, the Secretariat had extensive discussions with each of the three implementing agencies, where all issues 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 (2023–2025) is presented in the main document, while historical data from 2017 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/99/1

[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).

Pre-session documents of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol are without prejudice to any decision that the Executive Committee might take following issuance of the document.

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, the 2027 core unit budgets were calculated by excluding the additional funding of US $200,000 from the approved 2026 budgets and applying the requested percentage increase to the resulting amounts. As the additional funding was applicable only through 2026, it was not included in the 2027 core unit budgets.

II. UNDP

6. The Executive Committee approved the 2026 request for core unit funding for UNDP at US $2,388,151 (decision 97/86(b)(i)).[3] Table 1 presents the core unit budget and administrative costs provided by UNDP from 2023 to 2027.

Table 1. Core unit budget data and other administrative costs for 2023 to 2027 for UNDP (US $)

Cost item	2023	2024	2025	2026		2027
	Actual	Actual**	Actual**	Budget**	Estimated**	Proposed
Core unit personnel and contractual staff	2,243,059	2,187,010	2,351,821	2,546,237	2,444,090	2,492,705
Travel (staff and consultants)	168,020	156,696	141,118	150,000	85,000	85,000
Space (rent and common costs)	56,183	118,098	131,273	125,000	132,000	130,000
Equipment supplies and other costs (computers, supplies)	766	13,467	7,103	10,000	10,000	8,000
Contractual services (firms)	0	0	11,280	15,000	15,000	5,000
Reimbursement of central services for core unit staff	162,833	186,196	184,445	250,000	250,000	250,000
Adjustments (+ = underuse and - = overrun)	-488,027	-303,633	-454,100	-708,087	-547,939	-767,238
Return of funds (- = returned funds)	0	0	0	0	0	0
A. Sub-total core unit costs*	**2,142,834**	**2,357,835**	**2,372,940**	**2,388,151**	**2,388,151**	**2,203,467**
Reimbursement of country offices and national execution, including overheads	621,273	964,830	802,435	742,500	775,000	790,000
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	162,833	186,196	184,445	250,000	250,000	250,000
Adjustments (+ = overrun and - = underuse)	488,027	303,633	454,100	708,087	547,939	767,238
Project costs (- = to be deducted and thus removed)						
B. Sub-total agency support costs/implementation costs	**1,272,133**	**1,454,660**	**1,440,980**	**1,700,587**	**1,572,939**	**1,807,238**
Grand total (A + B)	**3,414,967**	**3,812,495**	**3,813,920**	**4,088,737**	**3,961,090**	**4,010,705**

* The cost of the core unit is higher than the allowed subtotal of US $2,142,834 in 2023, US $2,357,835 in 2024, US $2,372,940 in 2025 and US $2,388,151 in 2026. 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).

[3] 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 $2,203,467 for its 2027 core unit budget represents a 0.7 per cent increase in the budget approved for 2026, following the calculation method outlined in paragraph 5. UNDP expects the costs of its core unit to exceed this amount by US $767,238 (indicated as "Adjustment" in table 1). UNDP has normally exceeded its budget allocation for its core unit[4] and recovered those costs from support costs earned through implementing Multilateral Fund projects.

8. UNDP's proposed 2027 core unit budget consists of:

(a) Staff salaries (83.9 per cent of the budget). In 2026, estimated staff costs accounted for 83.2 per cent of the overall budget (ranging from 70.5 to 87 per cent since 2011);

(b) Reimbursement of central services (8.4 per cent of the budget). The budgeted amount (US $250,000) is higher than the actual costs in 2025 (US $184,445) and at the same level as the estimated costs for 2026;

(c) Space rental (4.4 per cent of the budget). The proposed budget (US $130,000) is lower than the actual expenditures for 2025 (US $131,273) and the estimated costs for 2026 (US $132,000). Rent expenditures in 2025 were 5 per cent higher than projected due to higher-than-anticipated costs. Rent costs in 2026 are expected to remain broadly in line with actual expenditures incurred in 2025;

(d) Travel (2.9 per cent of the budget). The proposed budget (US $85,000) is at the same level as the estimated costs for 2026. Travel costs are estimated to decrease by approximately 40 per cent in 2026 compared with 2025 levels, primarily as a result of the institutional cap on travel. This cost-containment measure is expected to remain in place through 2027;

(e) Equipment supplies (0.3 per cent of the budget). The proposed budget (US $8,000) is lower than the estimated costs for 2026 (US $10,000) but higher than the actual costs incurred in 2025 (US $7,103); and

(f) Contractual service costs (0.2 per cent of the budget). The proposed budget (US $5,000) is lower than the estimated costs for 2026 (US $15,000) and the actual costs incurred in 2025 (US $11,280).

II.2 Total administrative costs

9. UNDP expects administrative costs to amount to US $4,010,705 in 2027, slightly higher than the estimated costs for 2026 of US $3,961,090.

10. The level of funding for reimbursement of country offices and national execution (US $790,000) is higher than the estimated 2026 costs (US $775,000), but lower than the actual costs incurred in 2025 (US $802,435). This funding level remains 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

[4] 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 2026, UNDP is projected to exceed its costs by US $547,939 (about 22.9 per cent over budget).

not previously used. Agency support costs are made available to UNDP only after approved project costs are disbursed. Table 2 presents this assessment for 2023 to 2026.

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

Description	2023	2024	2025	2026*
Net agency support costs plus core unit costs	4,835,283	4,731,870	3,815,076	7,632,562
Total administrative cost	3,414,967	3,812,495	3,813,920	3,961,090
Balance per year	1,420,316	919,376	1,155	3,671,473
Running balance	(1,111,564)	(192,188)	(191,033)	3,480,440

***** Including agency support costs approved at the 98th meeting, and the value of agency support costs and core unit costs from submissions to the 99th meeting.

12. Based on the analysis presented in table 2, at the end of 2026, UNDP could accumulate a balance amounting to US $3,480,440. In 2027, UNDP would have to generate at least US $530,265 in agency support costs and core unit costs to cover its expected total administrative costs of US $4,010,705.

III. UNIDO

13. The Executive Committee approved the 2026 request for core unit funding for UNIDO at US $2,293,768 (decision 97/86(b)(ii)).[5] Table 3 presents the core unit budget and administrative costs provided by UNIDO from 2023 to 2027.[6] 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.[7]

Table 3. Core unit budget data and other administrative costs for 2023 to 2027 for UNIDO (US $)

Cost item	2023	2024	2025	2026		2027
	Actual	Actual*	Actual*	Budget*	Estimated*	Proposed
Core unit personnel and contractual staff	1,341,886	1,168,475	1,862,219	1,885,400	2,307,700	2,005,900
Travel (staff and consultant)	160,021	228,253	223,231	135,600	118,400	140,500
Space (rent and common costs)	66,330	53,403	155,756	151,900	107,700	146,700
Equipment supplies and other costs (computers, supplies)	35,764	19,435	124,390	96,600	7,600	11,100
Contractual services (firms)	2,212	479,816	44,191	5,800	0	6,100
Reimbursement of central services for core unit staff	477,770	318,234	1,028,283	1,031,200	841,400	1,018,000
Adjustments (+ = underuse and - = overrun)	-33,576	-2,857	-1,158,858	-1,012,732	-1,089,032	-1,219,876
Return of funds (- = returned funds)	0	0	0	0	0	0
A. Sub-total core unit costs	**2,050,407**	**2,264,760**	**2,279,213**	**2,293,768**	**2,293,768**	**2,108,424**
Reimbursement of country offices and national execution, including overheads	1,012,091	590,949	1,352,196	737,300	1,109,700	1,593,100
Executing agency support cost (internal), including overheads	484,470	882,378	923,619	1,042,500	929,100	1,203,400
Financial intermediaries, including overheads	0	0	0	0	0	0
Reimbursement of central services for core unit staff (including overhead)						

[5] 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).

[6] 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.

[7] 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	2023	2024	2025	2026		2027
	Actual	Actual*	Actual*	Budget*	Estimated*	Proposed
Cost recovery	0	0	0	0	0	0
Adjustments (+ = overrun and - = underuse)	33,576	2,857	1,158,858	1,012,732	1,089,032	1,219,876
Project costs (- = to be deducted and thus removed)	0	0	0	0	0	0
B. Sub-total agency support costs/ implementation costs	**1,530,137**	**1,476,184**	**3,434,674**	**2,792,532**	**3,127,832**	**4,016,376**
Grand total (A + B)	**3,580,544**	**3,740,944**	**5,713,887**	**5,086,300**	**5,421,600**	**6,124,800**

* 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 $2,108,424 for its 2027 core unit budget represents a 0.7 per cent increase in the budget approved for 2026, following the calculation method outlined in paragraph 5. UNIDO expects the costs of its core unit to exceed this amount by US $1,219,876 (indicated as "Adjustment" in table 3).

15. UNIDO's proposed 2027 core unit budget consists of:

(a) Staff salaries (60.3 per cent of the budget consisting of 10.50 staff members). In 2026, estimated staff costs accounted for 68.2 per cent of the overall budget (ranging from 59.0 to 70.1 per cent since 2011). The estimates for 2026 and 2027 are based on budgeted standard costs for established positions, on the assumption that 11.20 and 10.50 staff, respectively, will fulfill these years' core unit functions;

(b) Central services (30.6 per cent of the budget). These expenses are based on total administration costs, including general management and the governing-body costs. The proposed 2027 budget (US $1,018,000) is lower than the actual expenditures incurred in 2025 (US $1,028,283) but higher than the estimated costs for 2026 (US $841,400). Actual central service costs in 2025 were US $325,483 higher than the estimated of US $702,800, due to a higher number of staff assigned to core unit functions and higher actual central administration costs. For 2026, central services costs are estimated at US $841,400, which is US $189,800 lower than the estimated amount of US $1,031,200. This estimate reflects the current level of allotment and may be revised should Member States approve additional resources;

(c) Space rental (4.4 per cent of the budget). The proposed 2027 budget (US $146,700) is higher than the estimated costs for 2026 (US $107,700) but lower than the actual expenditures incurred in 2025 (US $155,756). The space costs will remain commensurate with the number of staff allocated to the core unit;

(d) Travel (4.2 per cent of the budget). The proposed budget (US $140,500) is higher than the estimated costs for 2026 (US $118,400) but lower than the actual expenditures incurred in 2025 (US $223,231). It also falls within the cost range incurred between 2011 and 2025 (US $0 to US $284,000);

(e) Equipment supplies (0.3 per cent of the budget). The proposed budget (US $11,100) is higher than the estimated costs for 2026 (US $7,600) but lower than the actual expenditures incurred in 2025 (US $124,390); this increased level of equipment expenditures in 2025 was primarily driven by an increase in project staff; and

(f) Contractual services (0.2 per cent of the budget). The proposed budget (US $6,100) is higher than the estimated costs for 2026 (US $0) but lower than the actual expenditures incurred in 2025 (US $44,191). The increase of US $39,191 over the estimated amount of US $5,000 in 2025 was driven by the delivery of portfolio training and the use of subcontracted services. As these activities have been completed, contractual services costs are estimated to decrease to zero in 2026, representing a reduction of US $5,800 from the budgeted level for that year.

III.2 Total administrative costs

16. Total net administrative costs are proposed at US $6,124,800 for 2027, which is higher than the 2026 estimated costs of US $5,421,600 but within the cost range incurred between 2011 and 2026 (US $2,703,478 to US $6,821,000).

17. The reimbursement of country offices and national execution, budgeted at US $1,593,100 for 2027, is higher than the estimated costs for 2026 (US $1,109,700) and the actual costs incurred in 2025 (US $1,352,196). Actual expenditures in 2025 were US $605,596 higher than the estimated budget. The increase primarily reflects a higher share of Montreal Protocol-related technical cooperation expenditure within UNIDO's overall technical cooperation portfolio, which resulted in a greater proportion of field representation costs being allocated to Montreal Protocol activities.

18. Proposed executing agency costs for 2027 (US $1,203,400) are US $274,300 higher than the estimated costs for 2026 (US $929,100) and US $279,781 higher than the actual expenditures incurred in 2025 (US $923,619). Over the period 2011–2026, these costs have ranged from US $733,600 to US $3,302,800. In 2025, executing agency support costs exceeded the estimated budget of US $751,200 by US $172,419, primarily reflecting the higher number of staff supporting non-core activities. For 2026, costs are estimated to be US $113,400 lower than the approved budget (US $1,042,500), reflecting the anticipated level of resources required for non-core activities and based on the current level of allotment.

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 2023 to 2026.

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

Description	2023	2024	2025	2026*
Net agency support costs plus core unit costs	4,459,362	5,553,761	7,168,457	5,114,287
Total administrative cost excluding project costs	3,580,544	3,740,944	5,713,887	5,421,600
Balance per year	878,818	1,812,818	1,454,570	(307,313)
Running balance	(4,629,167)	(2,816,349)	(1,361,779)	(1,669,092)

* Including agency support costs approved at the 98th meeting, and the value of agency support costs and core unit costs from submissions to the 99th meeting.

20. Based on the analysis presented in table 4, at the end of 2026, UNIDO could have a negative accumulated balance of US $1,669,092. In 2027, UNIDO would have to generate at least US $7,793,892 in agency support costs and core unit costs to cover its expected total administrative costs of US $6,124,800. 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 2026 request for core unit funding for the World Bank at US $1,947,145 (decision 97/86(b)(iii)).[8] Table 5 presents the core unit budget and administrative costs provided by the World Bank from 2023 to 2027.

Table 5. Core unit budget data and other administrative costs for 2023 to 2027 for the World Bank (US $)

Cost item	2023	2024	2025	2026		2027
	Actual	Actual*	Actual*	Budget*	Estimated*	Proposed
Core unit personnel and contractual staff	1,229,965	1,472,341	1,259,151	1,413,580	1,413,580	1,213,580
Travel (staff and consultant)	164,756	184,722	168,649	211,848	206,848	211,848
Space (rent and common costs)	0	0	0	0	0	0
Equipment supplies and other costs (computers, supplies)	196	321	0	0	0	0
Contractual services (firms)	57,626	37,926	43,528	61,128	66,128	61,128
Reimbursement of central services for core unit staff	212,024	241,615	254,544	260,589	260,589	260,589
Adjustments (+ = underuse and - = overrun)	70,433	10,220	221,273	0	0	0
Return of funds (- = returned funds)	-70,433	-10,220	-221,273	0	0	0
A. Sub-total core unit costs	**1,664,567**	**1,936,925**	**1,725,872**	**1,947,145**	**1,947,145**	**1,747,145**
Reimbursement of country offices and national execution, including overheads	1,062,864	1,100,000	617,193	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	**1,062,864**	**1,100,000**	**617,193**	**1,100,000**	**1,100,000**	**1,100,000**
Grand total (A + B)	**2,727,431**	**3,036,925**	**2,343,065**	**3,047,145**	**3,047,145**	**2,847,145**

* 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 $1,747,145 for its 2027 core unit budget is the same amount as its 2026 core unit budget (excluding US $200,000 in additional funding). 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 2027 core unit budget consists of:

(a) Staff salaries (69.5 per cent of the budget). The proposed staff costs for 2027 (US $1,213,580) are lower than the estimated costs for 2026 (US $1,413,580) and the actual expenditures incurred in 2025 (US $1,259,151). Actual staff costs in 2025 were approximately 11 per cent lower than estimated and 14 per cent lower than actual staff costs in 2024. This decrease primarily reflects internal organizational realignments and temporary staffing gaps associated with staff transitions and the timing of recruitment for replacement positions. As

[8] 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).

these transitions are completed and positions are filled, staffing levels and related personnel costs are expected to return to normal levels in 2027;

(b) Reimbursement of central services (14.9 per cent of the budget). The proposed 2027 budget (US $260,589) is at the same level as the estimated costs for 2026 but higher than the actual expenditures incurred in 2025 (US $254,544). Costs in this category increased by approximately 5 per cent in 2025 compared with 2024, primarily due to higher personnel costs. Nevertheless, actual expenditures remained close to the budgeted amount and were consistent with historical levels;

(c) Travel (12.1 per cent of the budget). The proposed 2027 budget (US $211,848) is higher than the 2026 estimated costs (US $206,848) and the actual expenditures incurred in 2025 (US $168,649);

(d) Contractual services (3.5 per cent of the budget). The proposed 2027 budget (US $61,128) is lower than the estimated costs for 2026 (US $66,128) but higher than the actual expenditures incurred in 2025 (US $43,528); 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).

24. The World Bank will return US $221,273 as savings from the core unit costs from 2025, to the 99th meeting.[9] 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 2027 (US $1,100,000) is the same as the estimated costs for 2026 but higher than the actual expenditures incurred in 2025 (US $617,193) for providing support for the management and supervision of Montreal Protocol activities. The total administrative costs are estimated at US $2,847,145 in 2027, which is lower than the estimated costs for 2026 (US $3,047,145).

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 2023 to 2026.

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

Description	2023	2024	2025	2026*
Net agency support costs plus core unit costs	3,041,431	3,336,343	2,391,892	4,356,403
Total administrative cost excluding project costs	2,727,431	3,036,925	2,343,065	3,047,145
Balance per year	314,000	299,418	48,827	1,309,258
Running balance	1,581,231	1,880,649	1,929,476	3,238,734

* Including agency support costs approved at the 98th meeting, and the value of agency support costs and core unit costs from submissions to the 99th meeting.

27. Based on the analysis presented in table 6, at the end of 2026, the World Bank could accumulate a balance of US $3,238,734 based on approvals at the 98th meeting and submissions to the 99th meeting. The

[9] The return of savings has already been included in the report on balances and availability of resources (UNEP/OzL.Pro/ExCom/99/4, annex IV).

World Bank would have sufficient funds to cover its expected total 2027 administrative costs of US $2,847,145.

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

28. The additional core unit funding approved under decision 93/95(b) has strengthened the capacity of the three implementing agencies to address the expanding scope and complexity of Montreal Protocol obligations. For UNDP, the additional resources enabled the recruitment and retention of specialized technical and regional experts covering Africa, Asia-Pacific, and Latin America and the Caribbean, while also enhancing support for energy-efficiency initiatives and Kigali HFC implementation plans (KIPs). UNIDO utilized this funding for additional project staff recruitment, which was needed to expand policy, regulatory, and technical assistance to Article 5 countries, supporting the preparation and implementation of KIPs, HCFC phase-out management plans, energy-efficiency projects, and national inventories of banks of unwanted controlled substances and plans. The World Bank used the enhanced funding to strengthen policy advisory services, analytical tools, technical guidance, and stakeholder engagement activities related to HFC phase-down and energy-efficiency integration. Based on information received from agencies, it is noted that collectively, the additional resources have improved project preparation, implementation oversight, compliance support, and country-level technical assistance, enabling agencies to respond effectively to growing demands from countries.

29. The implementing agencies explained that continued provision of the additional funding in future years is essential to sustain the level of support required for the successful implementation of the Kigali Amendment and remaining HCFC phase-out commitments. Countries are increasingly required to manage concurrent obligations, including HFC phase-down planning and implementation, energy-efficiency initiatives, refrigerant life-cycle management, unwanted controlled substances inventory activities, and compliance-related policy development, which demand specialized technical and policy expertise, intensive stakeholder engagement and sustained technical assistance. As agencies move into more implementation-intensive phases of KIPs and prepare subsequent stages, maintaining enhanced core unit capacity will be critical to ensuring timely project delivery, effective monitoring and reporting, and continued compliance with Montreal Protocol targets. Without the additional resources, the agencies' ability to provide responsive, high-quality support would be constrained as implementation requirements become more demanding and complex.

VI. Analysis of the administrative cost regime and core unit funding

30. Pursuant to decision 93/95(e), the Secretariat is presenting, for the Executive Committee's consideration at the 99th meeting, a review of the administrative cost regime and its core unit funding budget,[10] including a review of the implementation of the additional core unit funding approved under decision 93/95(b).

31. The 2027 core unit budgets for UNDP, UNIDO and the World Bank may be affected by any decision adopted by the Executive Committee on the administrative cost regime for the triennium 2027−2029. Accordingly, the Executive Committee may wish to approve the 2027 core unit budgets for UNDP, UNIDO and the World Bank as submitted, on the understanding that the approved budget levels may be adjusted in light of the outcomes of its consideration of the administrative cost regime at the 99th meeting.

[10] UNEP/OzL.Pro/ExCom/99/87

VII. Recommendation

32. The Executive Committee may wish:

(a) To note:

(i) The report on the 2027 core unit costs for UNDP, UNIDO and the World Bank contained in document UNEP/OzL.Pro/ExCom/99/78;

(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 $221,273 to the Multilateral Fund at the 99th meeting;

(b) To consider whether to approve the requested 2027 core unit budgets for:

(i) UNDP, in the amount of US $2,203,467;

(ii) UNIDO, in the amount of US $2,108,424;

(iii) The World Bank, in the amount of US $1,747,145; and

(c) To note that the levels of the 2027 core unit budgets referred to in subparagraph (b) above may be adjusted in light of the outcomes of the Executive Committee's consideration of the Review of the administrative cost regime of the Multilateral Fund (decision 93/95(e)) at the 99th meeting.

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 2017 TO 2027 FOR UNDP, UNIDO AND THE WORLD BANK (US$)

UNDP

Cost item	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026		2027
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	Actual*	Budget*	Estimated*	Proposed
A. Core unit												
Core unit personnel and contractual staff	2,305,838	2,375,437	2,379,866	2,316,147	2,431,357	2,380,166	2,243,059	2,187,010	2,351,821	2,546,237	2,444,090	2,492,705
Travel (staff and consultant)	173,099	176,170	182,129	17,032	-112	68,900	168,020	156,696	141,118	150,000	85,000	85,000
Space (rent and common costs)	162,982	164,998	153,176	130,925	131,294	131,380	56,183	118,098	131,273	125,000	132,000	130,000
Equipment supplies and other costs (computers, supplies, etc.)	9,196	12,146	8,351	15,777	11,132	6,857	766	13,467	7,103	10,000	10,000	8,000
Contractual services (firms)	24,547	13,510	24,300	1,648	0	2,430	0	0	11,280	15,000	15,000	5,000
Reimbursement of central services for core unit staff	308,375	381,004	240,968	251,221	222,590	222,303	162,833	186,196	184,445	250,000	250,000	250,000
Adjustments (+ = underuse and - = overrun)	-929,036	-1,053,880	-904,918	-601,414	-683,114	-684,097	-488,027	-303,633	-454,100	-708,087	-547,939	-767,238
Return of funds (- = returned funds)	0	0	0	-32,878	0	0	0	0	0	0	0	0
A. Sub-total core unit costs**	**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**	**2,388,151**	**2,388,151**	**2,203,467**
B. Agency support costs/implementation												
Reimbursement of country offices and national execution, including overheads	1,749,877	2,214,588	488,288	1,077,150	833,284	830,343	621,273	964,830	802,435	742,500	775,000	790,000
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	308,375	381,004	240,968	251,221	222,590	222,303	162,833	186,196	184,445	250,000	250,000	250,000
Adjustments (+ = overrun and - = underuse)	929,036	1,053,880	904,918	601,414	683,114	684,097	488,027	303,633	454,100	708,087	547,939	767,238
Project costs (- = to be deducted and thus removed)	0	0	0									
B. Sub-total agency support costs/ implementation costs	**2,987,288**	**3,649,473**	**1,634,174**	**1,929,785**	**1,738,988**	**1,736,743**	**1,272,133**	**1,454,660**	**1,440,980**	**1,700,587**	**1,572,939**	**1,807,238**
Grand total (A + B)	**5,042,289**	**5,718,858**	**3,718,046**	**4,028,243**	**3,852,135**	**3,864,682**	**3,414,967**	**3,812,495**	**3,813,920**	**4,088,737**	**3,961,090**	**4,010,705**
Net agency support costs plus core unit costs***	4,540,098	4,883,991	2,770,893	4,157,634	3,765,694	3,106,816	4,835,283	4,731,870	3,815,076		7,632,562	
Total administrative cost	5,042,289	5,718,858	3,718,046	4,028,243	3,852,135	3,864,682	3,414,967	3,812,495	3,813,920		3,961,090	
Balance per year	-502,191	-834,867	-947,153	129,391	-86,441	-757,866	1,420,316	919,376	1,155		3,671,473	
Running balance****	-34,945	-869,811	-1,816,964	-1,687,573	-1,774,014	-2,531,879	-1,111,564	-192,188	-191,033		3,480,440	

* 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 $2,055,000 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, US $2,372,940 in 2025 and US $2,388,151 in 2026. 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 2026, including agency support costs approved at the 98th meeting, and the value of agency support costs and core unit costs from submissions to the 99th meeting.

**** Excludes any balance from years prior to 2002.

UNIDO

Cost item	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026		2027
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	Actual*	Budget*	Estimated*	Proposed
A. Core unit												
Core unit personnel and contractual staff	1,501,300	1,307,624	1,351,602	1,416,184	947,075	1,113,459	1,341,886	1,168,475	1,862,219	1,885,400	2,307,700	2,005,900
Travel (staff and consultant)	157,800	196,736	137,864	16,004	0	103,169	160,021	228,253	223,231	135,600	118,400	140,500
Space (rent and common costs)	76,600	80,548	84,323	84,131	52,649	50,835	66,330	53,403	155,756	151,900	107,700	146,700
Equipment supplies and other costs (computers, supplies, etc.)	48,000	33,842	63,164	33,721	26,170	22,531	35,764	19,435	124,390	96,600	7,600	11,100
Contractual services (firms)	4,900	580	6,356	2,455	0	99	2,212	479,816	44,191	5,800	0	6,100
Reimbursement of central services for core unit staff	471,600	442,123	464,626	496,559	325,920	363,380	477,770	318,234	1,028,283	1,031,200	841,400	1,018,000
Additional funding per decision 93/95(b)												
Adjustments (+ = underuse and - = overrun)	-205,200	7,931	-24,066	49,404	670,186	382,680	-33,576	-2,857	-1,158,858	-1,012,732	-1,089,032	-1,219,876
Return of funds (- = returned funds)	0	-7,931	0	-49,404	-670,186	-382,680	0	0	0	0	0	0
A. Sub-total core unit costs**	**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**	**2,293,768**	**2,293,768**	**2,108,424**
B. Agency support costs/implementation												
Reimbursement of country offices and national execution, including overheads	584,300	729,854	1,339,603	814,755	858,449	637,077	1,012,091	590,949	1,352,196	737,300	1,109,700	1,593,100
Executing agency support cost (internal), including overheads	1,703,200	1,354,611	1,386,593	1,352,699	1,163,401	1,286,907	484,470	882,378	923,619	1,042,500	929,100	1,203,400
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				
Adjustments (+ = overrun and - = underuse)	205,200	0	24,066	0	-670,186	-382,680	33,576	2,857	1,158,858	1,012,732	1,089,032	1,219,876
Project costs (- = to be deducted and thus removed)	-134,800	-136,283	-38,099	0	0	0	0	0	0	0	0	0
B. Sub-total agency support costs/ implementation costs	**2,357,900**	**1,948,182**	**2,712,163**	**2,167,455**	**1,351,664**	**1,541,304**	**1,530,137**	**1,476,184**	**3,434,674**	**2,792,532**	**3,127,832**	**4,016,376**
Grand total (A + B)	**4,412,900**	**4,009,636**	**4,796,033**	**4,216,509**	**2,703,478**	**3,194,778**	**3,580,544**	**3,740,944**	**5,713,887**	**5,086,300**	**5,421,600**	**6,124,800**
Net support costs plus core unit costs***	3,369,089	4,340,023	3,367,675	2,435,237	3,266,261	3,482,769	4,459,362	5,553,761	7,168,457		5,114,287	
Total administrative cost excluding project-related costs	4,412,900	4,009,636	4,796,033	4,216,509	2,703,478	3,194,778	3,580,544	3,740,944	5,713,887		5,421,600	
Balance per year	-1,043,811	330,388	-1,428,358	-1,781,272	562,782	287,990	878,818	1,812,818	1,454,570		-307,313	
Running balance****	-3,479,515	-3,149,128	-4,577,486	-6,358,757	-5,795,975	-5,507,985	-4,629,167	-2,816,349	-1,361,779		-1,669,092	

* 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 $2,055,000 in 2017, US $2,083,870 in 2019, US $2,050,407 in 2023, US $2,264,760 in 2024, US $2,279,213 in 2025 and US $2,293,768 in 2026. 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 2026, including agency support costs approved at the 98th meeting, and the value of agency support costs and core unit costs from submissions to the 99th 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	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026		2027
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual*	Actual*	Budget*	Estimated*	Proposed
A. Core unit												
Core unit personnel and contractual staff	1,086,340	1,226,215	1,250,888	1,055,231	1,224,772	1,162,554	1,229,965	1,472,341	1,259,151	1,413,580	1,413,580	1,213,580
Travel (staff and consultant)	178,550	180,873	151,281	13,481		91,921	164,756	184,722	168,649	211,848	206,848	211,848
Space (rent and common costs)	0							0				
Equipment supplies and other costs (computers, supplies, etc.)	262	1,637	0	0	1,436	-77	196	321	0	0	0	0
Contractual services (firms)	189,400	73,389	38,983	10,292	1,000	7,136	57,626	37,926	43,528	61,128	66,128	61,128
Reimbursement of central services for core unit staff	210,378	245,946	249,954	212,792	247,637	193,342	212,024	241,615	254,544	260,589	260,589	260,589
Additional funding per decision 93/95(b)												
Adjustments (+ = underuse and - = overrun)	60,070	6,940	43,894	443,204	260,155	280,124	70,433	10,220	221,273	0	0	0
Return of funds (- = returned funds)	-60,070	-6940	-43,894	-443,204	-260,155	-280,124	-70,433	-10,220	-221,273	0	0	0
A. Sub-total core unit costs	**1,664,930**	**1,728,060**	**1,691,106**	**1,291,796**	**1,474,845**	**1,454,876**	**1,664,567**	**1,936,925**	**1,725,872**	**1,947,145**	**1,947,145**	**1,747,145**
B. Agency support costs/implementation												
Reimbursement of country offices and national execution, including overheads	1,491,814	2,114,429	1,258,437	1,172,183	748,694	1,165,041	1,062,864	1,100,000	617,193	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	**1,491,814**	**2,114,429**	**1,258,437**	**1,172,183**	**748,694**	**1,165,041**	**1,062,864**	**1,100,000**	**617,193**	**1,100,000**	**1,100,000**	**1,100,000**
Grand total (A + B)	**3,156,744**	**3,842,489**	**2,949,544**	**2,463,979**	**2,223,539**	**2,619,917**	**2,727,431**	**3,036,925**	**2,343,065**	**3,047,145**	**3,047,145**	**2,847,145**
Net agency support costs plus core unit costs**	1,882,250	3,246,085	1,472,339	1,619,536	2,127,452	2,944,998	3,041,431	3,336,343	2,391,892		4,356,403	
Total administrative cost	3,156,744	3,842,489	2,949,544	2,463,979	2,223,539	2,619,917	2,727,431	3,036,925	2,343,065		3,047,145	
Balance per year	-1,274,494	-596,404	-1,477,205	-844,443	-96,087	325,081	314,000	299,418	48,827		1,309,258	
Running balance***	3,956,289	3,359,885	1,882,680	1,038,237	942,150	1,267,231	1,581,231	1,880,649	1,929,476		3,238,734	

* 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 2026, including agency support costs approved at the 98th meeting, and the value of agency support costs and core unit costs from submissions to the 99th meeting.
*** Excludes any balance from years prior to 2002.