

TERMS OF REFERENCE FOR THE MULTILATERAL FUND¹

A. Establishment

1. A Multilateral Fund is established.

B. Roles of the implementing agencies

2. Under the overall guidance and supervision of the Executive Committee in the discharge of its policy-making functions:

- (a) Implementing agencies shall be requested by the Executive Committee, in the context of country programmes developed to facilitate compliance with the Protocol, to cooperate with and assist the Parties within their respective areas of expertise; and
- (b) Implementing agencies shall be invited by the Executive Committee to develop an inter-agency agreement and specific agreements with the Executive Committee acting on behalf of the Parties.

3. Implementing agencies shall apply only those considerations relevant to effective and economically efficient programmes and projects which are consistent with any criteria adopted by the Parties.

4. Specifically:

- (a) The United Nations Environment Programme shall be invited by the Executive Committee to cooperate and assist in political promotion of the objectives of the Protocol, as well as in research, data gathering and the clearing-house functions;
- (b) The United Nations Development Programme and such other agencies which, within their areas of expertise, may be able to assist shall be invited by the Executive Committee to cooperate and assist in feasibility and pre-investment studies and in other technical assistance measures;
- (c) The World Bank shall be invited by the Executive Committee to cooperate and assist in administering and managing the programme to finance the agreed incremental costs;
- (d) Other agencies, in particular regional development banks, shall also be invited by the Executive Committee to cooperate with and assist it in carrying out its functions.

5. The Executive Committee shall draw up reporting criteria and shall invite the implementing agencies to report regularly to it in accordance with those criteria.

6. The Executive Committee shall invite the implementing agencies, in fulfilling their responsibilities in respect of the Multilateral Fund, to consult each other regularly. It shall also invite the heads of the agencies or their representatives to meet at least once a year to report on their activities and consult on cooperative arrangements.

¹ As adopted by decision IV/18 of the 4th Meeting of the Parties to the Montreal Protocol. The terms of reference for the Interim Multilateral Fund had been adopted by decision II/8 of the 2nd Meeting of the Parties to the Montreal Protocol.

7. The implementing agencies shall be entitled to receive support costs for the activities they undertake, having reached specific agreements with the Executive Committee.

C. Budget and contributions

8. The Multilateral Fund shall be financed in accordance with Paragraph 6 of Article 10 of the amended Protocol. In addition, contributions may be made by countries not Party to the Protocol, and by other governmental, intergovernmental, non-governmental and other sources.

9. The contributions referred to in paragraph 6 of Article 10 of the amended Protocol are to be based on the scale of contributions decided by the annual Meeting of the Parties. Bilateral and, in particular cases, regional cooperation by a country not operating under paragraph 1 of Article 5 may, according to criteria adopted by the Parties, be considered as a contribution to the Multilateral Fund up to a total of twenty per cent of the total contribution by that Party as decided by the annual Meetings of the Parties.

10. All contributions other than the value of bilateral and agreed regional cooperation referred to in paragraph 9 above shall be in convertible currency or, in certain circumstances, in kind and/or in national currency.

11. Contributions from States that become Parties not operating under paragraph 1 of Article 5 after the beginning of the financial period of the mechanism shall be calculated on a pro rata basis for the balance of the financial period.

12. Contributions not immediately required for the purposes of the Multilateral Fund shall be invested under the authority of the Executive Committee and any interest so earned shall be credited to the Multilateral Fund.

13. Budget estimates, setting out the income and expenditure of the Multilateral Fund prepared in United States dollars, shall be drawn up by the Executive Committee and submitted to the regular meetings of the Parties to the Protocol.

14. The proposed budget estimates shall be dispatched by the Fund Secretariat to all Parties to the Protocol at least sixty days before the date fixed for the opening of the regular meeting of the Parties to the Protocol at which they are to be considered.

15. Resources remaining in the Interim Multilateral Fund shall be transferred to the Multilateral Fund established under the financial mechanism.

D. Administration

16. The World Bank shall be invited by the Executive Committee to cooperate with and assist it in administering and managing the programme to finance the agreed incremental costs of Parties operating under paragraph 1 of Article 5. Should the World Bank accept this invitation, in the context of an agreement with the Executive Committee, the President of the World Bank shall be the Administrator of this programme, which shall operate under the authority of the Executive Committee.

17. The Executive Committee shall encourage the involvement of other agencies, in particular the regional development banks, in carrying out its functions effectively in relation to the programme to finance the agreed incremental costs.

18. The Fund Secretariat operating under the Chief Officer, co-located with the United Nations Environment Programme (UNEP) at Montreal, Canada, shall assist the Executive Committee in the

discharge of its functions. The Multilateral Fund shall cover Secretariat costs, based on regular budgets to be submitted for decision by the Executive Committee.

19. In the event that the Chief Officer of the Fund Secretariat anticipates that there may be a shortfall in resources over the financial period as whole, he shall have discretion to adjust the budget approved by the Parties so that expenditures are at all times fully covered by contributions received.

20. No commitments shall be made in advance of the receipt of contributions, but income not spent in a budget year and unimplemented activities may be carried forward from one year to the next within the financial period.

21. At the end of each calendar year, the Chief Officer of the Fund Secretariat shall submit to the Parties accounts for the year. The Chief Officer shall also, as soon as practicable, submit the audited accounts for each period so as to coincide with the accounting procedures of the implementing agencies.

22. The Fund Secretariat and the implementing agencies shall cooperate with the Parties to provide information on funding available for relevant projects, to secure the necessary contacts and to coordinate, when requested by the interested Party, projects financed from other sources with activities financed under the Protocol.

23. The financing of activities or other costs, including resources channelled to third party beneficiaries, shall require the concurrence of the recipient Governments concerned. Recipient Governments shall, where appropriate, be associated with the planning of projects and programmes.

24. Nothing shall preclude a beneficiary Party operating under paragraph 1 of Article 5 from applying for its requirements for agreed incremental costs solely from the resources available to the Multilateral Fund.