

Annex IX

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 ENVIRONMENT PROGRAMME (“UNEP”)**

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 UNEP has decided to provide for the establishment of accounts to be constituted by the funds provided to UNEP as Implementing Agency pursuant to the agreements between UNEP and the Executive Committee, together with any other assets and receipts received for the benefit of the Parties;

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

NOW THEREFORE, UNEP 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 UNEP, to the UNEP bank account.
- 1.2 Funds held in the account and not immediately required will be invested in accordance with the regular practice of UNEP, 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 UNEP in accordance with the Financial Regulations and Rules of UNEP.
- 2.2 Project management and expenditures will be governed by the Financial Regulations and Rules of UNEP.

Article III

- 3.1 UNEP 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 UNEP.
- 3.2 UNEP will make no commitments for financing before the receipt of funds in the accounts.
- 3.3 Notwithstanding the completion of projects financed from the accounts, UNEP 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 UNEP may jointly determine.
- 3.4 If the unutilized resources prove insufficient to meet such commitments and liabilities UNEP 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 UNEP 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 UNEP 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 UNEP 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 UNEP.
- 4.4 The Treasurer will maintain and after each meeting of the Executive Committee of the Multilateral Fund distribute to UNEP 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 UNEP. 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, UNEP 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 UNEP to the Fund or used as the Executive Committee and UNEP 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 UNEP as Implementing Agency

Name:
Functional Title:
Place of signature:
Date:

For UNEP as Treasurer

Name:
Functional Title:
Place of signature:
Date: