

Annex XI

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 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AS TRUSTEE OF THE OZONE PROJECTS TRUST FUND

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 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 administrative arrangements for the purposes of achieving the objectives of the Fund with the co-operation and assistance of the International Bank for Reconstruction and Development (“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 the Bank has decided to provide for the establishment of the Ozone Projects Trust Fund (“OTF”) constituted by the funds provided to the Bank pursuant to the agreements between the Bank and the Executive Committee, together with any other assets and receipts received for the benefit of the Parties;

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

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

Article I

- 1.1 The Treasurer shall transfer the amounts approved by the Executive Committee (the “Contributions”), in advance of the implementation of planned projects and activities approved by the Executive Committee for implementation by the Bank into the following account of the Bank, under reference to “Ozone Projects Trust Fund, Project Number TF20075”:

Wachovia Bank, NA, New York
11 Penn Plaza
Floor 4
New York, NY 10038

Account Number: 2000192003489
Swift Bic Code: PNBUS3NNYC
Internal Route Code: PNBPNY
Fed ABA Number: 026005092.

- 1.2 Funds held in the OTF and not immediately required will be invested in accordance with the regular practice of the Bank, and the income from investments will be added to the resources of the OTF.

Article II

- 2.1 The OTF will be administered by the Bank in accordance with the Operational Policies and Procedures of the Bank.
- 2.2 Project management and expenditures will be governed by the Operational Policies and Procedures of the Bank.

Article III

- 3.1 The Bank as trustee of the OTF will provide financing from the OTF for the purpose of meeting the costs of the projects and activities approved by the Executive Committee for implementation by the Bank.
- 3.2 The Bank as trustee of the OTF will make no commitments for financing under these arrangements before the receipt of funds in the OTF.

- 3.3 Notwithstanding the completion of projects financed from the OTF, the Bank will continue to hold all unutilized resources in the OTF 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 the Bank may jointly determine.
- 3.4 If the unutilized resources prove insufficient to meet such commitments and liabilities the Bank 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 The Bank will maintain separate records and ledger accounts in respect of the Contributions and the disbursements thereof. The Bank will prepare, on a cash basis, an unaudited statement of receipts, disbursements and fund balance with respect to the OTF and forward a copy to the Treasurer by 31 January. The statement will be expressed in United States dollars, the currency in which the Bank will maintain the funds. The Treasurer will at the same time be provided with the financial statement in the format agreed by all the implementing agencies.
- 4.2 The Bank will annually provide the Treasurer by 30 September with a management assertion, together with an attestation from the Bank's external auditors concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole. The costs of such attestations will be borne by the Bank. The Treasurer will be provided with the same statement in a format agreed by all implementing agencies.
- 4.3 The Bank will cause a financial statement audit of the OTF to be performed by the Bank's external auditors annually and upon completion, the costs of such an audit, including the internal costs of the Bank with respect to such an audit, will be charged to the OTF. The Bank will provide the Treasurer with a copy of the auditors' report. In the event that there are insufficient funds in the OTF to conduct such audits, the World Bank should notify the Executive Committee of the shortfall. Subject to approval by the Executive Committee, the Treasurer shall pay-in such a shortfall as instructed by the Executive Committee. In addition, if the Treasurer wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the OTF at a more frequent interval, the Treasurer and the Bank will first consult as to whether such an external audit is necessary. The Bank and the Treasurer will agree on the most appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank will arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, will be paid by the Fund after approval by the Executive Committee.

- 4.4 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 the Bank. The Treasurer will circulate annually, the ledger on promissory notes for the purpose of the reconciliation of the accounts.
- 4.5 The Treasurer's accounts of the Fund 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 decides to terminate them. Should one party wish to terminate these arrangements, such termination notice will be given 30 days prior to its intended termination.
- 5.2 Notwithstanding termination of this Agreement, the Bank will continue to hold unutilized funds and interest earned by the OTF 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 the Bank to the Fund.

Article VI

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

For the Bank
as trustee of the Ozone Projects Trust Fund

Name:
Functional Title:
Place of signature:
Date:

For UNEP as Treasurer

Name:
Functional Title:
Place of signature:
Date: