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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Ninety-fifth Meeting
Montreal, 4-8 December 2024
Item 9(f) of the provisional agenda[1]

2025 CORE UNIT COSTS FOR UNDP, UNIDO AND THE WORLD BANK

I. Introduction

1. The present document assesses the 2025 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 2025 could cover expected 2025 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 2023, estimated costs for 2024, and proposed budget for 2025.[2] During the review of the information submitted, the Secretariat had extensive discussions with each of the three implementing agencies, where all issued 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 (2021–2023) is presented in the main document, while historical data from 2015 is contained in annex II to the present document.

Decision taken at the 93rd meeting

4. At the 93rd meeting, while reviewing the administrative cost regime of the Multilateral Fund, 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

[1] UNEP/OzL.Pro/ExCom/95/1
[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).

capacity to 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 agreed in decision 67/15. Therefore, where relevant, the core unit budgets for 2025 were calculated by applying the requested increase percentage to the 2024 budget excluding the additional funding approved for 2024 of US $200,000, and then adding to the resulting amount the additional funding for 2025 of US $200,000.

II. UNDP

6. The Executive Committee approved the 2024 request for core unit funding for UNDP at US $2,357,835 (decision 93/92(b)(i)). Table 1 presents the core unit budget and administrative costs provided by UNDP from 2021 to 2025.

Table 1. Core unit budget data and other administrative costs for 2021 to 2025 for UNDP (US $)

Cost item	2021	2022	2023	2024		2025
	Actual	Actual	Actual	Budget	Estimated**	Proposed**
Core unit personnel and contractual staff	2,431,357	2,380,166	2,243,059	2,525,119	2,310,351	2,472,075
Travel (staff and consultants)	-112	68,900	168,020	180,000	180,000	180,000
Space (rent and common costs)	131,294	131,380	56,183	131,380	131,380	131,380
Equipment supplies and other costs (computers, supplies)	11,132	6,857	766	15,000	15,000	15,000
Contractual services (firms)	0	2,430	0	30,000	30,000	30,000
Reimbursement of central services for core unit staff	222,590	222,303	162,833	250,000	250,000	250,000
Additional funding per decision 93/95(b)				200,000		
Adjustments (+ = underuse and - = overrun)	-683,114	-684,097	-488,027	-973,664	-558,896	-705,516
Return of funds (- = returned funds)	0	0	0	0	0	
A. Sub-total core unit costs*	**2,113,147**	**2,127,939**	**2,142,834**	**2,357,835**	**2,357,835**	**2,372,940**
Reimbursement of country offices and national execution, including overheads	833,284	830,343	621,273	742,500	742,500	742,500
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	222,590	222,303	162,833	250,000	250,000	250,000
Adjustments (+ = overrun and - = underuse)	683,114	684,097	488,027	973,664	558,896	705,516
Project costs (- = to be deducted and thus removed)						
B. Sub-total agency support costs/implementation costs	**1,738,988**	**1,736,743**	**1,272,133**	**1,966,164**	**1,551,396**	**1,698,016**
Grand total (A + B)	**3,852,135**	**3,864,682**	**3,414,967**	**4,323,999**	**3,909,231**	**4,070,956**

* The cost of the core unit is higher than the allowed subtotal of US $2,113,147 in 2021, US $2,127,939 in 2022, US $2,142,834 in 2023 and US $2,357,835 in 2024. 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 pursuant to decision 93/95(b).

II.1 Core unit costs

7. UNDP's request of US $2,372,940 for its 2025 core unit budget represents a 0.7 per cent increase in the budget approved for 2024, following the calculation method outlined in paragraph 5. UNDP expects the costs of its core unit to exceed this amount by US $705,516 (indicated as "Adjustment" in table 1). UNDP has normally exceeded its budget allocation for its core unit[3] and recovered those costs from support costs earned through implementing Multilateral Fund projects.

8. UNDP's proposed 2025 core unit budget consists of:

(a) Staff salaries (80.3 per cent of the budget). In 2024, the staff estimated costs were 79.2 per cent of the overall budget (ranging from 70.5 to 87 per cent since 2011);

(b) Reimbursement of central services (8.1 per cent of the budget). The budgeted amount (US $250,000) is higher than the actual costs in 2023 (US $162,833) and at the same level as the estimated costs for 2024;

(c) Travel (5.8 per cent of the budget). The proposed budget (US $180,000) is the same as the estimated costs for 2024. The estimated budget for 2024 and the proposed budget for 2025 are expected to cover costs associated with an anticipated increase in travel to meet the needs of Article 5 countries, especially for the preparation and implementation of Kigali HFC implementation plans and energy efficiency-related activities;

(d) Space rental (4.3 per cent of the budget). The proposed budget (US $131,380) is higher than the actual costs for 2023 (US $56,183) and at the same level as 2024 estimated costs;

(e) Contractual service costs (1.0 per cent of the budget). These are budgeted at the same levels as the estimated costs for 2024; and

(f) Equipment supplies (0.5 per cent of the budget). The proposed budget (US $15,000) is the same as the estimated costs for 2024 and higher than the actual costs of 2023 (US $766).

II.2 Total administrative costs

9. UNDP expects administrative costs to amount to US $4,070,956 in 2025, slightly above the estimated 2024 costs of US $3,909,231.

10. The level of funding for reimbursement of country offices and national execution is expected to be at the same level as the estimated costs in 2024 (US $742,500). This is higher than the actual costs of 2023 (US $621,273). This funding level is also 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 not previously used. Agency support costs are made available to UNDP only after approved project costs are disbursed. Table 2 presents this assessment for 2021 to 2024.

[3] On four occasions over the past 10 years, the level of core unit costs exceeded more than US $800,000: US $849,676 in 2013, US $929,036 in 2017, US $1,053,880 in 2018 and US $904,918 in 2019. In 2024, UNDP will exceed its costs by US $558,896 (about 23.7 per cent over budget).

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

Description	2021	2022	2023	2024*
Net agency support costs plus core unit costs	3,856,069	3,113,117	4,839,432	5,125,431
Total administrative cost	3,852,135	3,864,682	3,414,967	3,909,231
Balance per year	3,934	(751,565)	1,424,465	1,216,200
Running balance	(1,552,592)	(2,304,157)	(879,692)	336,508

* Including agency support costs approved at the 94th meeting, and the value of agency support costs and core unit costs from submissions to the 95th meeting.

12. Based on the analysis presented in table 2, at the end of 2024, UNDP could accumulate a balance amounting to US $336,508. In 2025, UNDP would have to generate at least US $3,734,448 in agency support costs and core unit costs to cover its expected total administrative costs of US $4,070,956.

III. UNIDO

13. The Executive Committee approved the 2024 request for core unit funding for UNIDO at US $2,264,760 (decision 93/92(b)(ii)). Table 3 presents the core unit budget and administrative costs provided by UNIDO from 2021 to 2025.[4] 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.[5]

Table 3. Core unit budget data and other administrative costs for 2021 to 2025 for UNIDO (US $)

Cost item	2021	2022	2023	2024		2025
	Actual	Actual	Actual	Budget	Estimated*	Proposed*
Core unit personnel and contractual staff	947,075	1,113,459	1,341,886	1,722,600	1,447,900	1,842,100
Travel (staff and consultant)	0	103,169	160,021	369,400	366,900	386,200
Space (rent and common costs)	52,649	50,835	66,330	99,900	92,200	116,700
Equipment supplies and other costs (computers, supplies)	26,170	22,531	35,764	53,500	31,800	61,600
Contractual services (firms)	0	99	2,212	17,700	5,100	17,700
Reimbursement of central services for core unit staff	325,920	363,380	477,770	607,000	510,900	719,900
Additional funding per decision 93/95(b)				200,000		
Adjustments (+ = underuse and - = overrun)	670,186	382,680	-33,576	-805,340	-190,040	-864,987
Return of funds (- = returned funds)	-670,186	-382,680	0	0	0	0
A. Sub-total core unit costs	**1,351,814**	**1,653,474**	**2,050,407**	**2,264,760**	**2,264,760**	**2,279,213**
Reimbursement of country offices and national execution, including overheads	858,449	637,077	1,012,091	692,000	1,126,800	1,137,500
Executing agency support cost (internal), including overheads	1,163,401	1,286,907	484,470	1,574,400	1,103,300	891,700
Financial intermediaries, including overhead	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)	-670,186	-382,680	33,576	805,340	190,040	864,987
Project costs (- = to be deducted and thus removed)	0	0	0	0	0	0

[4] 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.

[5] 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	2021	2022	2023	2024		2025
	Actual	Actual	Actual	Budget	Estimated*	Proposed*
B. Sub-total agency support costs/ implementation costs	**1,351,664**	**1,541,304**	**1,530,137**	**3,071,740**	**2,420,140**	**2,894,187**
Grand total (A + B)	**2,703,478**	**3,194,778**	**3,580,544**	**5,136,500**	**4,684,900**	**5,173,400**

*Including additional funding of US $200,000 pursuant to decision 93/95(b).

III.1 Core unit costs

14. UNIDO's request of US $2,279,213 for its 2025 core unit budget represents a 0.7 per cent increase in the budget approved for 2024, following the calculation method outlined in paragraph 5. UNIDO expects the costs of its core unit to exceed this amount by US $864,987 (indicated in the row "Adjustment" in table 3).

15. UNIDO's proposed 2025 core unit budget consists of:

(a) Staff salaries (58.6 per cent of the budget consisting of 9.20 staff members). In 2024, the staff estimated costs were 59 per cent of the overall budget (ranging from 59 to 70.1 per cent since 2011). The number of assigned staff is projected to increase from an estimated 6.92 in 2024 to 9.20 in 2025, as discussions about the replacement staff are already underway;

(b) Central services (22.9 per cent of the budget). These expenses relate to the costs of UNIDO's Secretariat's governing bodies and general management apportioned based on the number of staff in the Montreal Protocol unit. The actual costs of central services in 2023 were US $24,970 higher than the estimated costs of US $452,800, partially due to an increase in staff costs, which constitute a significant part of central services. For 2024, the central services for core unit staff (US $510,900) are forecasted to be below the budgeted amount of US $607,000 by US $96,100 due to general cost-saving measures undertaken on administrative expenses;

(c) Travel (12.3 per cent of the budget). The proposed budget (US $386,200) is higher than the estimated costs for 2024 (US $366,900) and higher than the cost range incurred since 2011 (US $0 to US $284,000);

(d) Space rental (3.7 per cent of the budget). The proposed budget (US $116,700) is higher than the estimated costs for 2024 (US $92,200) and the actual costs for 2023 (US $66,330). The space costs will remain commensurate with the number of staff allocated to the core unit;

(e) Equipment supplies (2 per cent of the budget). The proposed budget (US $61,600) is higher than the estimated costs for 2024 (US $31,800) and the actual costs for 2023 (US $35,764); and

(f) Contractual services (0.6 per cent of the budget). The proposed budget (US $17,700) is higher than the estimated costs for 2024 (US $5,100) and the actual costs for 2023 (US $2,212).

III.2 Total administrative costs

16. Total net administrative costs are proposed at US $5,173,400 for 2025, which is higher than the 2024 estimated costs of US $4,684,900, but in the range of costs between 2011 and 2024 (US $2,703,478 to US $6,821,000).

17. The reimbursement of country offices and national execution budgeted at US $1,137,500 for 2025, is higher than the estimated costs for 2024 (US $1,126,800) and the actual costs for 2023 (US $1,012,091). However, this amount is lower than previous years (ranging from US $1,145,400 to US $3,602,000 between 2011 and 2016). The increase is due to higher costs of field offices and an increase in the ratio of Montreal Protocol related technical cooperation expenditures within UNIDO's overall technical cooperation expenditures.

18. Executing agency cost for 2025 (US $891,700) is US $211,600 lower than the estimated costs in 2024 (US $1,103,300) and US $407,230 higher than the 2023 actual costs (US $484,470). Executing agency costs have ranged from US $733,600 to US $3,302,800 for the 2011–2024 period. UNIDO explained that the actual executing agency costs for 2023 were US $249,130 lower than estimated due to a reduced number of staff working on non-core activities and a decrease in the ratio of Montreal Protocol-related purchase orders within the total number of purchase orders. To address these staffing challenges, UNIDO's member states approved horizontal flexibility in the use of the organization's operational budget resources. This allowed UNIDO's management to allocate additional operational resources, and as a result, as of 2024, recruitment is underway. These measures are expected to stabilize staffing and associated costs for non-core activities.

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 2021 to 2024.

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

Description	**2021**	**2022**	**2023**	**2024***
Net agency support costs plus core unit costs	3,279,613	3,486,116	4,492,154	4,146,207
Total administrative cost excluding project costs	2,703,478	3,194,778	3,580,544	4,684,900
Balance per year	576,135	291,338	911,610	(538,693)
Running balance	(5,717,851)	(5,426,513)	(4,514,903)	(5,053,596)

* Including agency support costs approved at the 94th meeting, and the value of agency support costs and core unit costs from submissions to the 95th meeting.

20. Based on the analysis presented in table 4, at the end of 2024, UNIDO could have a negative accumulated balance amounting to US $5,053,596. In 2025, UNIDO would have to generate at least US $10,226,996 in agency support costs and core unit costs to cover its expected total administrative costs of US $5,173,400. 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 2024 request for core unit funding for the World Bank at US $1,947,145 (decision 93/92(b)(iii))[6]. Table 5 presents the core unit budget and administrative costs provided by the World Bank from 2021 to 2025.

[6] 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 according to decision 93/95(b).

Table 5. Core unit budget data and other administrative costs for 2021 to 2025 for the World Bank (US $)

Cost item	2021	2022	2023	2024		2025
	Actual	Actual	Actual	Budget	Estimated*	Proposed*
Core unit personnel and contractual staff	1,224,772	1,162,554	1,229,965	1,271,755	1,375,336	1,413,580
Travel (staff and consultant)	0	91,921	164,756	175,000	214,845	211,848
Space (rent and common costs)	0	0	0	0	0	0
Equipment supplies and other costs (computers, supplies)	1,436	-77	196	0	626	0
Contractual services (firms)	1,000	7,136	57,626	59,647	43,642	61,128
Reimbursement of central services for core unit staff	247,637	193,342	212,024	240,743	279,386	260,589
Additional funding per decision 93/95(b)				200,000		
Adjustments (+ = underuse and - = overrun)	260,155	280,124	70,433	0	33,310	0
Return of funds (- = returned funds)	-260,155	-280,124	-70,433	0	-33,310	0
A. Sub-total core unit costs	**1,474,845**	**1,454,876**	**1,664,567**	**1,947,145**	**1,913,835**	**1,947,145**
Reimbursement of country offices and national execution, including overheads	748,694	1,165,041	1,062,864	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	**748,694**	**1,165,041**	**1,062,864**	**1,100,000**	**1,100,000**	**1,100,000**
Grand total (A + B)	**2,223,809**	**2,619,917**	**2,727,431**	**3,047,145**	**3,013,835**	**3,047,145**

* 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 $1,947,145 for its 2025 core unit budget is the same amount as its 2024 core unit budget. 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 2025 core unit budget consists of:

(a) Staff salaries (72.6 per cent of the budget). The proposed 2025 staff costs (US $1,413,580) are higher than the 2024 estimated costs (US $1,375,336). In addition, the 2023 actual staff costs (US $1,229,965) were lower than the 2023 estimated costs (US $1,292,000);

(b) Reimbursement of central services (13.4 per cent of the budget). The 2023 actual costs (US $212,024) were 14.8 per cent lower than the estimated costs (US $249,000). The budget for 2025 (US $260,589) is lower than the estimated costs in 2024 (US $279,386) but higher that the actual costs in 2023 (US $212,024);

(c) Travel (10.9 per cent of the budget). In 2025, as travel having resumed to normal levels following the COVID-19 pandemic, travel costs have increased and are now higher than pre-pandemic levels due to rising airline fares. Despite these higher costs, staff have continued to seek cost-saving opportunities whenever possible, such as planning virtual sessions when feasible and combining work travel trips. The budget for 2025

(US $211,848) is lower than the estimated costs for 2024 (US $214,845) and 28.6 per cent higher than the actual costs for 2023 (US $164,756);

(d) Contractual services (3.1 per cent of the budget). In 2023, the actual costs for contractual services (US $57,626) were 25.3 per cent higher than the estimated costs (US $46,000). Contractual services costs have also continued to rise, nearing pre-pandemic levels. The proposed 2025 budget (US $61,128) is higher than the estimated costs for 2024 (US $43,642) and the actual costs for 2023 (US $57,626); 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), except for 2021 (US $1,436) and 2023 (US $196) when costs were incurred for equipment supplies.

24. The World Bank will return US $70,433 as savings from the core unit costs from 2023, to the 95th meeting.[7] 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 2025 (US $1,100,000) is the same as the estimated costs for 2024 but higher than the actual costs for 2023 (US $1,062,864) for providing support for management and supervision of Montreal Protocol activities. The total administrative costs are estimated at US $3,047,145 in 2025, above the estimated costs for 2024 of US $3,013,835.

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 2021 to 2024.

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

Description	2021	2022	2023	2024*
Net agency support costs plus core unit costs	2,128,476	3,068,235	3,053,751	3,352,620
Total administrative cost excluding project costs	2,223,809	2,619,917	2,727,431	3,013,835
Balance per year	-95,333	448,318	326,320	338,785
Running balance	948,328	1,396,646	1,722,966	2,061,751

* Including agency support costs approved at the 94th meeting, and the value of agency support costs and core unit costs from submissions to the 95th meeting.

27. Based on the analysis presented in table 6, at the end of 2024, the World Bank could accumulate a balance of US $2,061,751 based on approvals at the 94th meeting and submissions to the 95th meeting. The World Bank would have to generate at least US $985,394 in agency support costs and core unit costs in 2025 to cover its expected total 2025 administrative costs of US $3,047,145.

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

28. In submitting their requests for core unit budgets for 2025, UNDP, UNIDO and the World Bank provided information on how they used the additional core unit funding allocated to each agency under decision 93/95(b) during 2024.

[7] The return of savings has already been included in the report on balances and availability of resources (UNEP/OzL.Pro/ExCom/95/4, annex III).

29. In the case of UNDP, the funds were used to hire additional staff to support project development and implementation in the African, Latin American, and Caribbean regions, and to recruit an expert on energy efficiency. This additional support is expected to help UNDP, and the countries assisted by the Multilateral Fund, in developing projects related to HFC phase-down, energy efficiency, and other activities.

30. UNIDO is using the additional funds to support countries in developing projects for accessing funding under the different funding windows established by the Executive Committee, providing expertise through technical consultants in new areas of work (e.g., energy efficiency) for developing pipeline projects, as well as strengthening capacities within UNIDO core team on the new and emerging areas of work under the Montreal Protocol. In general, such support is required by all countries; in particular, low-volume-consuming countries and countries in Africa and Asia require specific assistance based on their unique needs.

31. The World Bank indicated that the additional funds were used to conduct technical workshops and consultative meetings for countries, and to build the capacity of World Bank staff on HFC phase-down project implementation, energy efficiency while phasing down HFCs, and other aspects relating to refrigerant life-cycle management.

32. The activities planned using the additional funds are expected to assist countries in the development and implementation of projects related to HFC phase-down, energy efficiency, and other activities. Additionally, these funds will help build the capacity of implementing agencies to support those projects.

VI. Recommendation

33. The Executive Committee may wish:

(a) To note:

(i) The report on the 2025 core unit costs for UNDP, UNIDO and the World Bank as contained in document UNEP/OzL.Pro/ExCom/95/84;

(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 $70,433 to the Multilateral Fund at the 95th meeting;

(b) To consider whether to approve the requested 2025 core unit budgets for:

(i) UNDP in the amount of US $2,372,940;

(ii) UNIDO in the amount of US $2,279,213; and

(iii) The World Bank in the amount of US $1,947,145.

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 costs regime. Decision 56/41 extended the operation of decision 38/68 and its administrative costs 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 2015 TO 2025 FOR UNDP, UNIDO AND THE WORLD BANK (US$)

UNDP

Cost item	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		2025
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
A. Core unit												
Core unit personnel and contractual staff	1,991,859	2,043,505	2,305,838	2,375,437	2,379,866	2,316,147	2,431,357	2,380,166	2,243,059	2,525,119	2,310,351	2,472,075
Travel (staff and consultant)	168,418	155,061	173,099	176,170	182,129	17,032	-112	68,900	168,020	180,000	180,000	180,000
Space (rent and common costs)	109,380	159,872	162,982	164,998	153,176	130,925	131,294	131,380	56,183	131,380	131,380	131,380
Equipment supplies and other costs (computers, supplies, etc.)	19,442	16,485	9,196	12,146	8,351	15,777	11,132	6,857	766	15,000	15,000	15,000
Contractual services (firms)	16,175	0	24,547	13,510	24,300	1,648	0	2,430	0	30,000	30,000	30,000
Reimbursement of central services for core unit staff	317,160	251,317	308,375	381,004	240,968	251,221	222,590	222,303	162,833	250,000	250,000	250,000
Additional funding per decision 93/95(b)										200,000		
Adjustments (+ = underuse and - = overrun)	-595,905	-585,526	-929,036	-1,053,880	-904,918	-601,414	-683,114	-684,097	-488,027	-973,664	-558,896	-705,516
Return of funds (- = returned funds)	0	0	0	0	0	-32,878	0	0	0	0	0	0
A. Sub-total core unit costs*	**2,026,529**	**2,040,715**	**2,055,000**	**2,069,385**	**2,083,871**	**2,098,458**	**2,113,147**	**2,127,939**	**2,142,834**	**2,357,835**	**2,357,835**	**2,372,940**
B. Agency support costs/implementation										3,131,499		3,078,455
Reimbursement of country offices and national execution, including overheads	1,775,969	1,472,814	1,749,877	2,214,588	488,288	1,077,150	833,284	830,343	621,273	742,500	742,500	742,500
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	317,160	251,317	308,375	381,004	240,968	251,221	222,590	222,303	162,833	250,000	250,000	250,000
Adjustments (+ = overrun and - = underuse)	595,905	585,526	929,036	1,053,880	904,918	601,414	683,114	684,097	488,027	973,664	558,896	705,516
Project costs (- = to be deducted and thus removed)	0	0	0	0	0							
B. Sub-total agency support costs/ implementation costs		**2,309,657**	**2,987,288**	**3,649,473**	**1,634,174**	**1,929,785**	**1,738,988**	**1,736,743**	**1,272,133**	**1,966,164**	**1,551,396**	**1,698,016**
Total Administrative Support Costs	**4,715,563**											
Supervisory costs incurred by MPU	56,970											
Grand total (A + B)**	**4,772,532**	**4,350,371**	**5,042,289**	**5,718,858**	**3,718,046**	**4,028,243**	**3,852,135**	**3,864,682**	**3,414,967**	**4,323,999**	**3,909,231**	**4,070,956**
Net agency support costs plus core unit costs***	4,215,555	4,991,070	4,540,670	4,940,676	2,791,753	4,206,878	3,856,069	3,113,117	4,839,432		5,125,431	
Total administrative cost	4,772,532	4,350,371	5,042,289	5,718,858	3,718,046	4,028,243	3,852,135	3,864,682	3,414,967		3,909,231	
Balance per year	-556,977	640,699	-501,619	-778,182	-926,292	178,635	3,934	-751,565	1,424,465		1,216,200	
Running balance****	-169,767	470,932	-30,687	-808,868	-1,735,161	-1,556,526	-1,552,592	-2,304,157	-879,692		336,508	

* The cost of the core unit is higher than the allowed subtotal of US $2,026,529 in 2015, US $2,040,715 in 2016, 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 and US $2,357,835 in 2024. 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.

** Reflects total annual amount provided by the Multilateral Fund. In the transition to the revised reporting format, the budget lines “total administrative support costs”, and “supervisory costs incurred by Montreal Protocol Unit” are reflected in order to show trends in the period between 2013 and 2015. These lines will be removed over time.

*** For 2024, including agency support costs approved at the 94th meeting, and the value of agency support costs and core unit costs from submissions to the 95th meeting.

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

UNIDO

Cost item	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		2025
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
A. Core unit												
Core unit personnel and contractual staff	1,293,800	1,383,600	1,501,300	1,307,624	1,351,602	1,416,184	947,075	1,113,459	1,341,886	1,722,600	1,447,900	1,842,100
Travel (staff and consultant)	147,700	161,100	157,800	196,736	137,864	16,004	0	103,169	160,021	369,400	366,900	386,200
Space (rent and common costs)	75,400	76,200	76,600	80,548	84,323	84,131	52,649	50,835	66,330	99,900	92,200	116,700
Equipment supplies and other costs (computers, supplies, etc.)	52,600	30,900	48,000	33,842	63,164	33,721	26,170	22,531	35,764	53,500	31,800	61,600
Contractual services (firms)	17,500	1,000	4,900	580	6,356	2,455	0	99	2,212	17,700	5,100	17,700
Reimbursement of central services for core unit staff	447,300	432,900	471,600	442,123	464,626	496,559	325,920	363,380	477,770	607,000	510,900	719,900
Additional funding per decision 93/95(b)										200,000		
Adjustments (+ = underuse and - = overrun)	-7,771	-44,985	-205,200	7,931	-24,066	49,404	670,186	382,680	-33,576	-805,340	-190,040	-864,987
Return of funds (- = returned funds)		0	0	-7,931	0	-49,404	-670,186	-382,680	0	0	0	0
A. Sub-total core unit costs*	**2,026,529**	**2,040,715**	**2,055,000**	**2,061,454**	**2,083,870**	**2,049,054**	**1,351,814**	**1,653,474**	**2,050,407**	**2,264,760**	**2,264,760**	**2,279,213**
B. Agency support costs/implementation											2,454,800	3,144,200
Reimbursement of country offices and national execution, including overheads	1,327,500	1,145,400	584,300	729,854	1,339,603	814,755	858,449	637,077	1,012,091	692,000	1,126,800	1,137,500
Executing agency support cost (internal), including overheads	2,289,600	1,600,400	1,703,200	1,354,611	1,386,593	1,352,699	1,163,401	1,286,907	484,470	1,574,400	1,103,300	891,700
Financial intermediaries, including overheads		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
Adjustments (+ = overrun and - = underuse)	7,771	44,985	205,200	0	24,066	0	-670,186	-382,680	33,576	805,340	190,040	864,987
Project costs (- = to be deducted and thus removed)		-187,800	-134,800	-136,283	-38,099	0	0	0	0	0	0	0
B. Sub-total agency support costs/ implementation costs		**2,602,985**	**2,357,900**	**1,948,182**	**2,712,163**	**2,167,455**	**1,351,664**	**1,541,304**	**1,530,137**	**3,071,740**	**2,420,140**	**2,894,187**
Total administrative support costs	**5,651,400**											
Minus project-related costs	-977,800											
Grand total (A + B)**	**4,673,600**	**4,643,700**	**4,412,900**	**4,009,636**	**4,796,033**	**4,216,509**	**2,703,478**	**3,194,778**	**3,580,544**	**5,336,500**	**4,684,900**	**5,173,400**
Net support costs plus core unit costs***	4,527,712	4,530,130	3,388,549	4,354,557	3,394,612	2,438,117	3,279,613	3,486,116	4,492,154		4,146,207	
Total administrative cost excluding project-related costs	4,673,600	4,643,700	4,412,900	4,009,636	4,796,033	4,216,509	2,703,478	3,194,778	3,580,544		4,684,900	
Balance per year	-145,888	-113,570	-1,024,351	344,921	-1,401,421	-1,778,392	576,135	291,338	911,610		-538,693	
Running balance****	-2,321,173	-2,434,743	-3,459,094	-3,114,172	-4,515,593	-6,293,985	-5,717,851	-5,426,513	-4,514,903		-5,053,596	

* The cost of the core unit is higher than the allowed subtotal of US $2,026,529 in 2015, US $2,040,715 in 2016, US $2,055,000 in 2017, US $2,083,870 in 2019, US $2,050,407 in 2023 and US $2,264,760 in 2024. 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.
** Reflects total annual amount provided by the Multilateral Fund. In the transition to the revised reporting format, the budget lines "total administrative support costs", and "minus project-related costs" are reflected in order to show trends in the period between 2013 and 2015. These lines will be removed over time.
*** For 2024, including agency support costs approved at the 94th meeting, and the value of agency support costs and core unit costs from submissions to the 95th 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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		2025
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Estimated	Proposed
A. Core unit												
Core unit personnel and contractual staff	827,111	1,089,481	1,086,340	1,226,215	1,250,888	1,055,231	1,224,772	1,162,554	1,229,965	1,271,755	1,375,336	1,413,580
Travel (staff and consultant)	205,498	216,356	178,550	180,873	151,281	13,481		91,921	164,756	175,000	214,845	211,848
Space (rent and common costs)	434	1,027	0									
Equipment supplies and other costs (computers, supplies, etc.)	19,618	33,178	262	1,637	0	0	1,436	-77	196	0	626	0
Contractual services (firms)	49,989	96,839	189,400	73,389	38,983	10,292	1,000	7,136	57,626	59,647	43,642	61,128
Reimbursement of central services for core unit staff	210,909	225,643	210,378	245,946	249,954	212,792	247,637	193,342	212,024	240,743	279,386	260,589
Additional funding per decision 93/95(b)										200,000		
Adjustments (+ = underuse and - = overrun)	0	62,476	60,070	6,940	43,894	443,204	260,155	280,124	70,433	0	33,310	0
Return of funds (- = returned funds)	-411,441	-62,476	-60,070	-6940	-43,894	-443,204	-260,155	-280,124	-70,433	0	-33,310	0
A. Sub-total core unit costs	**902,118**	**1,662,524**	**1,664,930**	**1,728,060**	**1,691,106**	**1,291,796**	**1,474,845**	**1,454,876**	**1,664,567**	**1,947,145**	**1,913,835**	**1,947,145**
B. Agency support costs/implementation												
Reimbursement of country offices and national execution, including overheads	1,210,733	1,249,361	1,491,814	2,114,429	1,258,437	1,172,183	748,694	1,165,041	1,062,864	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		**1,249,361**	**1,491,814**	**2,114,429**	**1,258,437**	**1,172,183**	**748,964**	**1,165,041**	**1,062,864**	**1,100,000**	**1,100,000**	**1,100,000**
Grand total (A + B)	**2,112,851**	**2,911,885**	**3,156,744**	**3,842,489**	**2,949,544**	**2,463,979**	**2,223,809**	**2,619,917**	**2,727,431**	**3,047,145**	**3,013,835**	**3,047,145**
Net agency support costs plus core unit costs*	5,458,181	2,549,351	1,882,250	3,251,509	1,472,339	1,619,536	2,128,476	3,068,235	3,053,751		3,352,620	
Total administrative cost	2,112,851	2,911,885	3,156,744	3,842,489	2,949,544	2,463,979	2,223,809	2,619,917	2,727,431		3,013,835	
Balance per year	3,345,330	-362,534	-1,274,494	-590,980	-1,477,205	-844,443	-95,333	448,318	326,320		338,785	
Running balance**	5,593,317	5,230,783	3,956,289	3,365,309	1,888,104	1,043,661	948,328	1,396,646	1,722,966		2,061,751	

* For 2024, including agency support costs approved at the 94th meeting, and the value of agency support costs and core unit costs from submissions to the 95th meeting.
** Excludes any balance from years prior to 2002.