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TENTH MEETING OF THE PARTIES TO
THE MONTREAL PROTOCOL ON
SUBSTANCES THAT DEplete
THE OZONE LAYER
Cairo, 23-24 November 1998

USE OF PROGRAMME SUPPORT COSTS

Report of the Executive Director

INTRODUCTION

1. The present report has been prepared in response to paragraph 7 of decision IX/37 of the Ninth Meeting of the Parties, in which the Parties requested the Executive Director of United Nations Environment Programme (UNEP) to ensure that this programme support charge to the Trust Fund for the Montreal Protocol is used fully in support of the Protocol and its Secretariat and to submit a final report to the Tenth Meeting of the Parties.

I. PROGRAMME SUPPORT COSTS CHARGED IN 1997 AND 1998

2. The programme support costs charged to the two trust funds financing the activities of the Ozone Secretariat are summarized below:*

* The programme support charges for 1997 are from certified UNEP accounts, while the 1998 figures are based on approved budgets.

	<u>Support costs charged</u>	
	(US\$)	
	<u>1997</u>	<u>1998</u>
Montreal Protocol Trust Fund	306,815	318,442
Vienna Convention Trust Fund	26,885	34,139
Total	333,700	352,581

II. UTILIZATION OF THE PROGRAMME SUPPORT CHARGE IN 1997 AND 1998

3. A part of the programme support charge is used to finance the costs of three staff members assigned directly to the Secretariat. These are one Professional administrative officer at the P-3 level and two staff in the General Service category. The remainder of the charge represents compensation to UNEP and to the United Nations Office at Nairobi (UNON) for the provision of a multitude of services. Based on the United Nations standard costing for personnel at the Nairobi duty station, the utilization of the programme support charge can be summarized as follows for the years 1997 and 1998:

	<u>1997</u>	<u>1998</u>
	(US\$)	(US\$)
Personnel assigned directly to the Secretariat	123,400	132,000
UNEP and UNON support	210,300	220,581
Total	333,700	352,581

4. Being located at UNEP headquarters, in Nairobi, the Ozone Secretariat is able to directly utilize the services of UNON administrative units. In addition, the Secretariat is provided with the services of various other United Nations, UNEP and UNON units free of any direct charge. This proximity and access to specialized-service units has contributed to the overall cost-efficiency of the operations of the Ozone Secretariat.

5. The services provided in return for the funding received by UNEP and UNON, as indicated above, include, inter alia:

- (a) United Nations external audit;
- (b) United Nations internal audit and investigation;
- (c) Trust fund investment services;
- (d) Other treasury functions;
- (e) Contributions management, administration and accounting;
- (f) General trust fund and programme management service;

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- (g) Human resource management services, for example:
 - Recruitment;
 - Appointments;
 - Payroll;
 - Medical insurance;
 - Pension fund;
 - Other staff benefits;
- (h) Basic financial services, for example:
 - Operative Trust Fund and project accounts;
 - Annual certified and audited accounts;
 - All accounting and cash transactions;
- (i) Procurement services;
- (j) Travel services;
- (k) Various others, including, inter alia:
 - Duty-free arrangements;
 - Limited medical services;
 - Issuance of United Nations laissez-passers;
 - Re-entry permits and other host country liaison;
 - The provision of common services, such as electronic-data-processing networks, telecommunications, mail and pouch services.

III. CONCLUSIONS AND ADDITIONAL CONSIDERATIONS

6. The 13 per cent programme support cost is in accordance with the decisions of the General Assembly and is meant to ensure that activities financed from contributions such as those to the Trust Fund for the Montreal Protocol do not create an additional burden on the regular budget of the United Nations or, in the case of UNEP, on the Environment Fund. While the level of 13 per cent has been subject to some debate from time to time, UNEP is obliged to adhere to that level, whether adequate or not, as set by the General Assembly, pending possible future decisions of the UNEP Governing Council and of the General Assembly.

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7. UNEP, among other United Nations bodies operating directly under United Nations Headquarters, has also been reminded on occasion by the Office of the United Nations Controller that the 13 per cent programme support charge is mandatory on expenditure financed from voluntary extrabudgetary contributions. However, based on the findings of an interim study done at the request of the UNEP Governing Council at its eighteenth session (UNEP/GC.19/18 and Corr.1), the considered opinion of UNEP is that the Convention and its Secretariat are currently provided with services with a cost to the organization somewhat in excess of the 13 per cent charge.

8. As requested by its Governing Council in its decision 19/24 B of 7 February 1998, UNEP is to undertake further studies on the cost of providing support to trust fund activities. However, United Nations Headquarters have some reservations about the feasibility and reliability of such studies. The results of these further studies will be reported to the Governing Council of UNEP and conveyed to the Parties to the Vienna Convention and the Montreal Protocol in due course.

9. Preliminary estimates based on the 1998 budgets and commitments indicate that the total cost of programme support to all UNEP trust funds is approximately \$9.6 million this year, which is 15.7 per cent of the total estimated 1998 commitments of \$61 million for trust fund and related counterpart contribution activities. While these figures may not be conclusive for the Ozone Secretariat trust funds, they do substantiate the view that support in excess of the 13 per cent charged is in fact provided to trust fund activities.

10. In light of the above, it is reasonable to conclude that the programme support charge to the Trust Fund for the Montreal Protocol is used fully in support of the Protocol and its Secretariat.
