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THIRTEENTH MEETING OF THE PARTIES TO
THE MONTREAL PROTOCOL ON
SUBSTANCES THAT DEplete
THE OZONE LAYER
Colombo, 16-19 October 2001

**INTERIM REVIEW OF THE IMPLEMENTATION OF
THE FIXED-EXCHANGE RATE MECHANISM**

Introduction

1. This report was prepared in response to paragraph 6 of decision XI/6 of the Parties which called for: "... the Meeting of the Parties [to] review the implementation of the [fixed-exchange rate] mechanism at the end of 2001 for consideration at the technical segment of the Meeting of the Parties to determine the impact of the mechanism on the operations of the Multilateral Fund and its impact on the funding of the phase-out of ozone-depleting substances in Article 5 countries during this triennium so that the ozone-depleting substances phase-out process is not adversely affected."
2. The report was prepared jointly by the Treasurer and the Secretariat of the Multilateral Fund and is divided into two parts. The first part reviews the objectives of introducing the mechanism and the general performance of the mechanism so far. The second part assesses the impact of the findings on the funding of the phase-out of ozone-depleting substances in Article 5 countries during the triennium.
3. The report was prepared using information available as at 31 August 2001 and has had the benefit of the comments made by the delegates to the Open-Ended Working Group during its twenty-first session held in Montreal, Canada, in July 2001.

Part I: Assessment of the implementation of the fixed-exchange rate mechanism

4. The fixed-exchange rate mechanism was implemented effective 1 January 2000 in accordance with the Parties decision XI/6 paragraph 3. In this connection, the Treasurer requested all the Parties qualifying to use the mechanism in accordance with decision XI/6 paragraph 4, contributing to the Multilateral Fund to confirm their decision to use the fixed-exchange rate mechanism for their payments to the Multilateral Fund, with the view to facilitating follow-up on payments, monitoring and tracking of the performance of the operations of the mechanism. To date, the list of Parties understood to be using the mechanism consists of the seventeen following Parties:

- | | | |
|----------------------|---------------------|--------------|
| (a) Australia; | (b) Austria; | (c) Belgium; |
| (d) Canada; | (e) Czech Republic; | (f) Denmark; |
| (g) Finland; | (h) France; | (i) Germany; |
| (j) Greece; | (k) Ireland; | (l) Italy; |
| (m) Luxembourg; | (n) New Zealand; | (o) Sweden; |
| (p) Switzerland; and | (q) United Kingdom. | |

5. Since its implementation on 1 January 2000 until 31 August 2001, the fixed-exchange rate mechanism has not recorded a net gain to the Multilateral Fund. Instead, the implementation of the mechanism has recorded a loss amounting to US \$11.463 million. Refer to Annex 1 and Annex 2.

6. The major reason for this loss to the Multilateral Fund was the continuous global strengthening of the United States dollar since the establishment of the mechanism. The average decline of the national currencies of the Parties using the fixed-exchange rate mechanism over the period is 19.647%. The decline of the Euro against the United States dollar over the period amounted to 20.409%. Annex 3 shows the details of the changes of the exchange rates of the national currencies of the countries using the fixed-exchange rate mechanism from the time of adoption of the mechanism through 31 August 2001.

7. Annex 1 gives a breakdown of the extent of the loss to the Multilateral Fund as follows:

- (a) In year 2000, the loss amounted to US \$8.599 million or 13.63% of the pledges for year. The payments made by the Parties using the fixed-exchange rate mechanism amounted to 79.96% of their pledges for the year. The loss during the year relative to the pledges for which payments were made and in the course of which the loss was incurred is 14.59%;
- (b) In year 2001 (as of 31 August), the loss amounted to US \$2.864 million or 4.54% of the pledges for year. The payments made by the Parties using the fixed-exchange rate mechanism amounted to 25.71% of their pledges for the year. The loss during the year relative to the pledges for which payments were made and in the course of which the loss was incurred is 14.38%;

- (c) In the period 1 January 2000 – 31 August 2001, the loss amounted to US \$11.463 million or 9.08% of the pledges for period. The payments made by the Parties using the fixed-exchange rate mechanism amounted to 52.84% of their pledges for the period. The loss during the period relative to the pledges for which payments were made and in the course of which the loss was incurred is 14.54%; and
- (d) The loss of US \$11.463 million incurred during the period 2000-2001 amounts to 3.91% of the total pledges for the period while the payments made during the period amounted to 74.82% of the period's pledges.

8. Given the above, the eventual loss to the Multilateral Fund for the triennium 2000-2002 is projected to be US \$34.5 million or 7.85% of the triennium's replenishment level of US \$440 million.

9. There was a call to review this loss to the Multilateral Fund in the light of several other considerations. An attempt to address them has been made in this limited time and whatever other substantive findings which may be come up by the time of the thirteenth meeting of the Parties to the Montreal Protocol, an appropriate update of this document will be furnished to the Parties.

10. One of the objectives of the mechanism was to ease some of the administrative difficulties by the contributing Parties. While this may have indeed been the case for these Parties, although the payments rate have improved for the annual pledges, the timing of the payments need to improve further in order to conform with the payment schedule assumed under the mechanism.

11. Although paragraph 7 of decision XI/6 of the Meeting of the Parties has called for early payments of the contributions and when the contributions can not be made by 1 June a notification of the Treasurer as to when the contributions would be made there has been a noticeable failure for an increasing number of Parties to make their contributions during the first half of the year, as they made in the past. The Parties have also not quite adhered to the notification of the Treasurer of when to expect the payments to be made when none have been made before 1 June.

12. An attempt to establish the effect of the increased US dollar's purchasing power was made. The implementing agencies were requested to review their implementation activities during the fixed-exchange rate mechanism period with the view of establishing the extent the US dollar's strength has contributed to their procurements of goods and services. From the responses received, it has been confirmed that indeed in the course of implementation of projects, some bids for equipment have resulted in lower prices than budgeted for, some local works at the enterprise level have been carried out at lower costs than originally budgeted, some test trials, training or technology transfer have been achieved at lower prices than originally budgeted and the contingency funds have not been fully utilized. The agencies have indicated that there are many factors which have contributed to these lower prices and the extent to which the higher purchasing power of the US dollar has contributed to it is impossible to establish. The resulting savings have been returned to the Multilateral Fund. To establish the extent to which

savings from projects utilizing resources from the fixed-exchange rate mechanism are due to the increased purchasing power of the US dollar is complex and will need more time and resources to accomplish.

13. Other considerations which have been pointed as possible modifiers of the current findings include the possibility of hedging, interest accrued from undisbursed funds and learning from the experiences of other similar institutions. More time would be needed to consult and evaluate these considerations bearing in mind that the interest accrued to-date has offset the losses from uncollectible pledges.

14. Lastly, it should be recalled that at the time of adopting the fixed-exchange rate mechanism in December 1999, the extent of its operational complexities which include the difficulties of the Treasurer's accounting system to cope with it could not be determined.

Part II: Impact of the fixed-exchange rate mechanism on the operations of the Multilateral Fund and on the phase-out of ozone depleting substances in Article 5 countries

15. This part reviews the impact of the fixed-exchange rate mechanism on the operations of the Multilateral Fund and its impact on the funding of the phase out of ozone-depleting substances in Article 5 countries during this triennium so that the ozone-depleting substances phase-out process is not adversely affected.

A. Impact on Fund Operations

16. The impact on the Fund's operations is addressed in terms of its business planning and the project approval process.

Business planning

17. Since 1997, the Executive Committee has allocated Fund resources according to an annual business plan based on the business plans prepared by the implementing and bilateral agencies. The level of resources estimated to be available is determined on the basis of the triennium budget approved at the Meeting of the Parties. The triennium budget consists of funds carried over from the previous triennium and the replenishment for the current triennium. The Executive Committee has been requested by the Parties in their decision XI/7, para. 3 that it "should take action to ensure as far as possible that the whole of the budget for 2000-2002 is committed by the end of 2002, and that Parties not operating under Article 5 should make timely payments in accordance with paragraph 7 of decision XI/6".

18. One third of the budget is allocated for the annual business plan. This amount is reduced by the level of pledges from those non-Article 5 Parties that have never contributed to the Multilateral Fund. It is however augmented by funds returned by the implementing agencies as well as by interest payments.

19. Before the initiation of the fixed-exchange rate mechanism, this level of funding represented a firm financial basis to plan the business of the Fund. The programmable level of resources was predictable and was not susceptible to currency exchange-rate fluctuations.

20. Under the fixed-exchange rate mechanism however a degree of uncertainty is introduced to the programmable resource level both on a three-year and annual basis. The level of available resources would not be predictable with certainty because it could be subject to further changes due to fluctuations in currency exchange rates.

21. Moreover, the loss due to the fixed-exchange rate is not fully known until after the contributions are received. Since 60% of pledges, on average, are received in the year they are due, the full impact of the loss to this triennium will not be known until next triennium.

22. In the case of the current triennium, the extent of the loss due to the application of the fixed-exchange rate mechanism was not estimated until the second year of the triennium. Therefore, the losses due to the mechanism were deducted from the level of resources estimated for the 2002 business plan, i.e. the last year of the triennium.

Project Approval Process

23. As mentioned above, the fixed-exchange rate mechanism includes a provision for the payment of contributions by 1 June of each year. The receipt of contributions by 1 June of each year would enable the Fund to avoid a shortfall of resources at the time of project approval. The terms of reference of the Multilateral Fund require that “no commitments shall be made in advance of the receipt of contributions...” (UNEP/OzL.Pro.4/15, Annex IX, para. 20). Therefore, if contributions are not received by 1 June, a shortfall may arise as most of the funds approved by the Executive Committee occur at its second and third meetings that are normally held after 1 June. Although the Executive Committee has approved projects in principle pending the availability of resources, the implementing agencies cannot initiate project implementation until the funds are transferred from the Treasurer to them as per their agreements with the Executive Committee. Normally, available interest is used to mitigate these cash flow problems, but nevertheless, a shortfall of funds has occurred in the first year of the current triennium, as pledged contributions were not received by 1 June.

B. Impact on Funding

24. Based on these actual results of the implementation of the fixed-exchange rate mechanism, a loss of about US \$11.5 million due to fluctuations of the exchange rates has occurred. As a result, the programmable resources of the Fund for 2002 will have to be curtailed by that amount.

25. Based on the actual results of the implementation of the fixed-exchange rate mechanism as of October 2001 and the projection of the results through the end of the triennium assuming the current rates continue, the Treasurer estimates a total loss of US \$34.5 million in this triennium due to fluctuations of the exchange rates. If this loss materializes, the level of pledged

contributions to the Fund for the 2000-2002 triennium would be reduced from US \$466.4 million to US \$431.9 million.

C. Impact on ODS Phase-out

26. The impact of the loss of US \$11.5 million from currency exchange fluctuations on the ODS phase out programme can be measured by the amount of phase-out that could have resulted from committing this amount for the implementation of projects. The 2001 business plan allocated US \$132.7 million for investment projects that would result in the phase out of 24,131 ODP tonnes when implemented, or approximately US \$5,500 per ODP tonne. Using this measurement, the actual loss through August 2001 could have funded 2,091 ODP tonnes of phase-out. For the overall triennium, this would amount to foregoing 6,272 ODP tonnes of phase-out.

D. Conclusion

27. Since the first control measure for Article 5 countries began in 1999 with the freeze of consumption of CFCs, Article 5 countries and the Multilateral Fund have moved into the compliance period. During this period, the Fund's objective is to assist Article 5 countries to implement their Montreal Protocol compliance commitments over the next years. As distinct from the grace period when there was no clearly defined target that the Article 5 countries had to comply with, the compliance period requires these countries to meet time-bound ODS reduction targets. The implication of this programme shift on the Fund will be, more than anything else, a demand for better and more precise planning and the speedy initiation of projects. It requires the Fund to target its resources more accurately and timely especially to those countries which may risk non-compliance. This additional degree of uncertainty about the resource level and the potential lower level of phase out could serve as a constraint to Multilateral Fund in its efforts to assist Article 5 countries during the compliance period.

SUMMARY OF KEY PERFORMANCE INDICATORS BY THE FIXED EXCHANGE RATE MECHANISM

**A. VIEW OF LOSS RELATIVE TO THE PLEDGES AND PAYMENTS OF THE USERS OF
THE FIXED-EXCHANGE RATE MECHANISM**

	Pledges (US dollars) (A)	Payments (US dollars) (B)	Payments to Pledges (Percentage) (C)=B/A*100	Loss to MF (US dollars) (D)	Loss to Pledges (Percentage) (E)=D/A*100
Year 2000	63,089,958	50,447,912	79.96%	8,599,417	13.63%
Year 2001	63,089,959	16,222,619	25.71%	2,863,959	4.54%
Years 2000 and 2001	126,179,917	66,670,531	52.84%	11,463,376	9.08%

**B. VIEW OF LOSS RELATIVE TO THE PLEDGES FOR WHICH PAYMENTS WERE MADE
WITHIN THE FIXED-EXCHANGE RATE MECHANISM BY ITS USERS**

	Pledges (US dollars) (A)	Payments (US dollars) (B)	Payments to Pledges (Percentage) (C)=B/A*100	Loss to MF (US dollars) (D)	Loss to Pledges (Percentage) (E)=D/A*100
Year 2000	58,932,357	50,332,940	85.41%	8,599,417	14.59%
Year 2001	19,911,587	16,140,643	81.06%	2,863,959	14.38%
Years 2000 and 2001	78,843,944	66,473,583	84.31%	11,463,376	14.54%

**C. VIEW OF LOSS BY USERS OF FIXED EXCHANGE RATE MECHANISM RELATIVE TO
THE TOTAL PLEDGES FOR THE PERIOD 2000- 2001**

	Pledges (US dollars) (A)	Payments (US dollars) (B)	Payments to Pledges (Percentage) (C)=B/A*100	Loss to MF (US dollars) (D)	Loss to Pledges (Percentage) (E)=D/A*100
Years 2000 and 2001 Total	293,333,334	219,483,318	74.82%	11,463,376	3.91%

NB: The Parties who are understood to be using the fixed-exchange rate mechanism include Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, New Zealand, Sweden, Switzerland and the United Kingdom.

INDICATIVE PERFORMANCE OF THE FIXED-EXCHANGE-RATE MECHANISM IN THE PAYMENTS TO THE MULTILATERAL FUND BY BY THE PARTIES USING THE MECHANISM

Parties	Confirmed Using FER Mechanism	YEAR	Pledges as at 11th Meeting of the Parties				Payments/Encashments Made		Payments Portion for the Year			Outstanding Pledges	
			US Dollars	National Currencies	Rates of Exchange	National Currencies	National Currencies	US Dollar Value Realized	National Currencies	US Dollar Value Realized	(Loss)/Gain in US Dollars	National Currencies	US Dollar
Australia	Yes	2000	2,236,561	Australian Dollar	1.560	3,489,035	3,489,035	2,114,356	3,489,035	2,114,356	(122,205)		
	Yes	2000	245,700	US Dollars (Approved bilateral)									
	Yes	<i>Total 2000</i>	<i>2,482,261</i>	<i>Australian Dollar</i>	<i>1.560</i>	<i>3,489,035</i>	<i>3,489,035</i>	<i>2,114,356</i>	<i>3,489,035</i>	<i>2,114,356</i>	<i>(122,205)</i>	<i>0</i>	<i>0</i>
	Yes	2001 Prepaid in 2000	495,429	Australian Dollar	1.560	772,870	772,870	468,276	772,870	468,276	(27,153)		
	Yes	2001	1,490,379		1.560	2,324,992	2,324,992	1,198,533	2,324,992	1,198,533	(291,846)		
	Yes	2001	496,452	Australian Dollar	1.560	774,465						774,465	496,452
	Yes	<i>Total 2001</i>	<i>2,482,261</i>	<i>Australian Dollar</i>	<i>1.560</i>	<i>3,872,327</i>	<i>3,097,862</i>	<i>1,666,809</i>	<i>3,097,862</i>	<i>1,666,809</i>	<i>(319,000)</i>	<i>774,465</i>	<i>496,452</i>
Austria	Yes	<i>2000</i>	<i>1,576,118</i>	<i>Euro</i>	<i>0.940</i>	<i>1,481,551</i>	<i>1,481,551</i>	<i>1,271,912</i>	<i>1,481,551</i>	<i>1,271,912</i>	<i>(304,206)</i>	<i>0</i>	<i>0</i>
	Yes	2001 Prepaid in 2000	3,473	Euro	0.940	3,265	4,046	3,473	4,046	3,473	(831)		
	Yes	2001	1,572,645	Euro	0.940	1,478,286						1,478,286	1,572,645
	Yes	<i>Total 2001</i>	<i>1,576,118</i>	<i>Euro</i>	<i>0.940</i>	<i>1,481,551</i>	<i>4,046</i>	<i>3,473</i>	<i>4,046</i>	<i>3,473</i>	<i>(831)</i>	<i>1,478,286</i>	<i>1,572,645</i>
Belgium	Yes	<i>2000</i>	<i>1,847,459</i>	<i>Euro</i>	<i>0.940</i>	<i>1,736,611</i>	<i>1,741,231</i>	<i>1,568,981</i>	<i>1,741,231</i>	<i>1,568,981</i>	<i>(278,478)</i>	<i>0</i>	<i>0</i>
	Yes	<i>2001</i>	<i>1,847,459</i>	<i>Euro</i>	<i>0.940</i>	<i>1,736,611</i>	<i>1,741,213</i>	<i>1,527,915</i>	<i>1,741,213</i>	<i>1,527,915</i>	<i>(319,544)</i>	<i>0</i>	<i>0</i>
Canada	Yes	2000	3,690,227	Canadian Dollar	1.490	5,498,439	5,498,439	3,570,415	5,498,439	3,570,415	(119,812)		
	Yes	2000	788,827	US Dollars (Approved bilateral)									
	Yes	2000	133,730	Canadian Dollar	1.490	199,257	199,257	127,615	199,257	127,615	(6,115)		
	Yes	<i>Total 2000</i>	<i>4,612,784</i>	<i>Canadian Dollar</i>	<i>1.490</i>	<i>5,697,697</i>	<i>5,697,697</i>	<i>3,698,030</i>	<i>5,697,696</i>	<i>3,698,030</i>	<i>(125,927)</i>	<i>0</i>	<i>0</i>
	Yes	2001	3,690,227	Canadian Dollar	1.490	5,498,439	5,498,439	3,547,380	5,498,439	3,547,380	(142,848)		
	Yes	2001 Prepaid in 2000	446,380	Canadian Dollar	1.490	665,106	665,106	425,968	665,106	425,968	(20,412)		
	Yes	2001	81,976	Canadian Dollar	1.490	122,144	122,144	81,976	122,144	81,976	0		
	Yes	2001	394,201	Canadian Dollar (Reserved for bilateral?)	1.490	587,359						587,359	394,201
	Yes	<i>Total 2001</i>	<i>4,612,784</i>	<i>Canadian Dollar</i>	<i>1.490</i>	<i>6,873,049</i>	<i>6,285,690</i>	<i>4,055,324</i>	<i>6,285,690</i>	<i>4,055,324</i>	<i>(163,260)</i>	<i>587,359</i>	<i>394,201</i>

INDICATIVE PERFORMANCE OF THE FIXED-EXCHANGE-RATE MECHANISM IN THE PAYMENTS TO THE MULTILATERAL FUND BY THE PARTIES USING THE MECHANISM

Parties	Confirmed Using FER Mechanism	YEAR	Pledges as at 11th Meeting of the Parties				Payments/Encashments Made		Payments Portion for the Year			Outstanding Pledges	
			US Dollars	National Currencies	Rates of Exchange	National Currencies	National Currencies	US Dollar Value Realized	National Currencies	US Dollar Value Realized	(Loss)/Gain in US Dollars	National Currencies	US Dollar
Czech Republic	Yes	2000	202,668	Czech Koruna	35.060	7,105,530	7,105,530	188,771	7,105,530	188,771	(13,897)	0	0
	Yes	2001	202,668	Czech Koruna	35.060	7,105,530	7,105,530	177,050	7,105,530	177,050	(25,618)	0	0
Denmark	Yes	2000	1,157,383	Danish Krone	7.020	8,124,832	8,124,832	1,019,235	8,124,832	1,019,235	(138,148)	0	0
	Yes	2001	1,157,383	Danish Krone	7.020	8,124,832	8,124,832	926,551	8,124,832	926,551	(230,833)	0	0
Finland	Yes	2000	907,817	Finnish Markka	5.600	5,083,777	5,083,777	791,927	5,083,777	791,927	(115,890)	0	0
	Yes	2001	907,817	Finnish Markka	5.600	5,083,777						5,083,777	907,817
France	Yes	2000	10,694,928	Euro	0.940	10,076,065	10,076,065	8,715,565	10,076,065	8,715,565	(1,979,363)		
	Yes	2000	259,179	US Dollar (Approved bilateral)									
	Yes	Total 2000	10,954,107	Euro	0.940	10,076,065	10,076,065	8,715,565	10,076,065	8,715,565	(1,979,363)	0	0
	Yes	2001	10,954,107	Euro	0.940	10,296,861						10,296,861	10,954,107
	Yes	2001		Euro	0.940								
	Yes	Total 2001	10,954,107	Euro	0.940	10,296,861	0	0	0	0	0	10,296,861	10,954,107
Germany	Yes	2000 PN Residual Value	13,689,841	Euro	0.940	12,868,451	12,868,451	11,285,985	12,868,451	11,285,985	(2,403,856)		
	Yes	2000 PN encashment	2,737,968	Euro	0.940	2,573,690	2,573,690	2,391,730	2,573,690	2,391,730	(346,238)		
	Yes	2000 PN encashment		Euro	0.940								
	Yes	2000 PN encashment		Euro	0.940								
	Yes	Total 2000	16,427,810	Euro	0.940	15,442,141	15,442,141	13,677,716	15,442,141	13,677,716	(2,750,094)	0	0
	Yes	2001	16,427,810	Euro	0.940	15,442,141						15,442,141	16,427,810
	Yes	2001		Euro	0.940								
	Yes	2001		Euro	0.940								
	Yes	Total 2001	16,427,810	Euro	0.940	15,442,141	0	0	0	0	0	15,442,141	16,427,810

INDICATIVE PERFORMANCE OF THE FIXED-EXCHANGE-RATE MECHANISM IN THE PAYMENTS TO THE MULTILATERAL FUND BY BY THE PARTIES USING THE MECHANISM

Parties	Confirmed Using FER Mechanism	YEAR	Pledges as at 11th Meeting of the Parties				Payments/Encashments Made		Payments Portion for the Year			Outstanding Pledges		
			US Dollars	National Currencies	Rates of Exchange	National Currencies	National Currencies	US Dollar Value Realized	National Currencies	US Dollar Value Realized	(Loss)/Gain in US Dollars	National Currencies	US Dollar	
Greece	Yes	2000 Prepaid in 1999	101,763	Euro	0.940			101,763		101,763				
	Yes	2000	486,141	Euro	0.940	456,973							456,973	486,141
	Yes	Total 2000	587,904	Euro	0.940	456,973	0	101,763	0	101,763	0		456,973	486,141
	Yes	2001	587,904	Euro	0.940	552,630							552,630	587,904
Ireland	Yes	2000	375,186	Irish Pound	0.740	277,638	277,638	301,807	277,638	301,807	(73,379)		0	0
	Yes	2001	375,186	Irish Pound	0.740	277,638	277,638	307,204	277,638	307,204	(67,982)		0	0
Italy	Yes	2000	7,278,618	Euro	0.940	6,841,901	6,841,901	5,874,936	6,841,901	5,874,936	(1,403,683)		0	0
	Yes	2000	1,819,655	Euro (Reserved for bilateral?)	0.940	1,710,475							1,710,475	1,819,655
	Yes	Total 2000	9,098,273	Euro	0.940	8,552,377	6,841,901	5,874,936	6,841,901	5,874,936	(1,403,683)		1,710,475	1,819,655
	Yes	2001	7,278,618	Euro	0.940	6,841,901	6,841,901	5,874,936	6,841,901	5,874,936	(1,403,683)			
	Yes	2001	1,819,655	Euro (Reserved for bilateral?)	0.940	1,710,475							1,710,475	1,819,655
	Yes	Total 2001	9,098,273	Euro	0.940	8,552,377	6,841,901	5,874,936	6,841,901	5,874,936	(1,403,683)		1,710,475	1,819,655
Luxembourg	Yes	2000	113,896	Euro	0.940	107,062	107,062	95,592	107,062	95,592	(18,304)		0	0
	Yes	2001	113,896	Euro	0.940	107,062	107,062	92,844	107,062	92,844	(21,052)		0	0
New Zealand	Yes	2000 Prepaid in 1999	13,209	US Dollar				13,209		13,209				
	Yes	2000	356,953	New Zealand Dollar	1.870	667,502	667,502	311,799	667,502	311,799	(45,154)			
	Yes	Total 2000	370,162	New Zealand Dollar	1.870	667,502	667,502	325,008	667,502	325,008	(45,154)		0	0
	Yes	2001 Prepaid in 2000	65,507	New Zealand Dollar	1.870	122,498	122,498	57,220	122,498	57,220	(8,287)			
	Yes	2001	304,655	New Zealand Dollar	1.870	569,705	569,705	289,678	569,705	289,678	(14,977)			
	Yes	Total 2001	370,162	New Zealand Dollar	1.870	692,203	692,203	346,898	692,203	346,898	(23,264)		0	0

INDICATIVE PERFORMANCE OF THE FIXED-EXCHANGE-RATE MECHANISM IN THE PAYMENTS TO THE MULTILATERAL FUND BY THE PARTIES USING THE MECHANISM

Parties	Confirmed Using FER Mechanism	YEAR	Pledges as at 11th Meeting of the Parties				Payments/Encashments Made		Payments Portion for the Year			Outstanding Pledges	
			US Dollars	National Currencies	Rates of Exchange	National Currencies	National Currencies	US Dollar Value Realized	National Currencies	US Dollar Value Realized	(Loss)/Gain in US Dollars	National Currencies	US Dollar
Sweden	Yes	2000	1,452,508	Swedish Krouna	8.330	12,099,392	12,099,392	1,173,786	12,099,392	1,173,786	(278,722)		
	Yes	2000	363,127	Swedish Krouna	8.330	3,024,848						3,024,848	363,127
	Yes	Total 2000	1,815,635	Swedish Krouna	8.330	15,124,240	12,099,392	1,173,786	12,099,392	1,173,786	(278,722)	3,024,848	363,127
	Yes	2001	1,452,508	Swedish Krouna	8.330	12,099,390	12,099,390	1,173,786	12,099,390	1,173,786	(278,722)		
	Yes	2001	363,127	Swedish Krouna	8.330	3,024,848						3,024,848	363,127
	Yes	Total 2001	1,815,635	Swedish Krouna	8.330	15,124,238	12,099,390	1,173,786	12,099,390	1,173,786	(278,722)	3,024,848	363,127
Switzerland	Yes	2000	1,866,667	Swiss Franc	1.500	2,800,000	2,800,000	1,714,846	2,800,000	1,714,846	(151,821)		
	Yes	2000	80,000	US Dollar (Approved bilateral)									
	Yes	2000	88,385	Swiss Franc	1.500	132,578	132,578	77,147	132,578	77,147	(11,238)		
	Yes	Total 2000	2,035,052	Swiss Franc	1.500	2,932,578	2,932,578	1,791,993	2,932,578	1,791,993	(163,059)	0	0
	Yes	2001 Prepaid in 2000	80,000	Swiss Franc	1.500	120,000	120,000	69,829	120,000	69,829	(10,171)		
	Yes	2001	71,230	US Dollar (Approved bilateral)									
	Yes	2001	1,883,822	Swiss Franc	1.500	2,825,733						2,825,733	1,883,822
	Yes	Total 2001	2,035,052	Swiss Franc	1.500	2,945,733	120,000	69,829	120,000	69,829	(10,171)	2,825,733	1,883,822
United Kingdom	Yes	2000 PN Residual Value	7,104,537	British Pound	0.620	4,404,813	4,404,813	6,477,665	4,404,813	6,477,665	(626,871)		
	Yes	2000 PN Encashment	1,420,907	British Pound	0.620	880,963	880,963	1,258,869	880,963	1,258,869	(162,038)		
	Yes	Total 2000	8,525,444	British Pound	0.620	5,285,775	5,285,775	7,736,535	5,285,775	7,736,535	(788,909)	0	0
	Yes	2001	8,525,444	British Pound	0.620	5,285,775						5,285,775	8,525,444
	Yes	2001		British Pound	0.620								
	Yes	Total 2001	8,525,444	British Pound	0.620	5,285,775	0	0	0	0	0	5,285,775	8,525,444
TOTAL	N.A.		126,179,917	N.A.	N.A.	N.A.	N.A.	66,670,531	N.A.	66,670,531	(11,463,376)	N.A.	46,601,906

NB: FER is Fixed Exchange Rate.

Changes in the Exchange Rate for the Period December 1999 - August 2001

Country	Currency	Monthly Change	Cumulative Change	Fixed ROE	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01
Australia	Australian Dollar	1.317%	25.032%	1.5600	1.5700	1.5300	1.5400	1.6290	1.6400	1.7000	1.7300	1.6500	1.7000	1.7500	1.8200	1.9000	1.9070	1.8000	1.8300	1.9000	2.0300	1.9630	1.9470	1.9590	1.9800
Austria	Schilling	1.064%	20.208%	12.9700	13.6640	13.6915	13.9805	14.2114	14.3520	14.9024	14.6960	14.4621	14.8886	15.4253	15.5354	16.3060	15.9083	14.7882	14.9712	15.0125	15.5629	15.3703	16.0583	16.1821	15.7143
	Euro	1.074%	20.409%	0.9400	0.9930	0.9950	1.0160	1.0330	1.0430	1.0830	1.0680	1.0510	1.0820	1.1210	1.1290	1.1850	1.1561	1.1561	1.0880	1.0910	1.1310	1.1170	1.1670	1.1760	1.1420
Belgium	Belgian Franc	1.064%	20.217%	38.0200	40.0575	40.1382	40.9853	41.6711	42.0745	43.6881	43.0830	42.3972	43.6478	45.2210	45.5437	47.8028	46.6370	43.3533	43.8898	44.0108	45.6244	45.0597	47.0767	47.4397	46.0682
	Euro	1.074%	20.409%	0.9400	0.9930	0.9950	1.0160	1.0330	1.0430	1.0830	1.0680	1.0510	1.0820	1.1210	1.1290	1.1850	1.1561	1.1561	1.0880	1.0910	1.1310	1.1170	1.1670	1.1760	1.1420
Canada	Canadian Dollar	0.149%	2.824%	1.4900	1.4700	1.4500	1.4400	1.4500	1.4600	1.4800	1.5000	1.4800	1.4800	1.4800	1.5000	1.5200	1.5400	1.5100	1.5000	1.5300	1.5700	1.5500	1.5400	1.5200	1.5300
Czech Republic	Czech Koruna	0.556%	10.570%	35.0600	34.4020	35.9400	35.9400	36.6700	36.9500	39.2000	38.7300	38.7300	38.7300	39.6400	40.1200	41.2700	40.1500	37.7000	37.8000	37.8000	38.9000	38.9000	39.8400	39.8400	38.6800
Denmark	Danish Kroner	1.065%	20.233%	7.0200	7.3900	7.4100	7.5600	7.6900	7.7700	8.0700	7.9700	7.8400	8.0600	8.3600	8.4300	8.8200	8.6500	8.0300	8.1200	8.1400	8.4400	8.3400	8.7000	8.7600	8.5100
Finland	Markka	1.069%	20.314%	5.6000	5.9041	5.9160	6.0409	6.1419	6.2014	6.4392	6.3500	6.2490	6.4333	6.6652	6.7127	7.0457	6.8739	6.3899	6.4690	6.4868	6.7246	6.6138	6.9387	6.9922	6.7900
France	French Franc	1.066%	20.257%	6.1800	6.5137	6.5268	6.6645	6.7760	6.8416	7.1040	7.0056	6.8941	7.0975	7.3533	7.4058	7.7731	7.5835	7.0496	7.1368	7.1565	7.4189	7.3270	7.6550	7.7141	7.4910
	Euro	1.074%	20.409%	0.9400	0.9930	0.9950	1.0160	1.0330	1.0430	1.0830	1.0680	1.0510	1.0820	1.1210	1.1290	1.1850	1.1561	1.1561	1.0880	1.0910	1.1310	1.1170	1.1670	1.1760	1.1420
Germany	Deutsche Mark	1.092%	20.748%	1.8400	1.9421	1.9461	1.9871	2.0204	2.0399	2.1182	2.0888	2.0556	2.1162	2.1925	2.1208	2.3177	2.2611	2.1019	2.1279	2.1338	2.2120	2.1847	2.2825	2.3001	2.2336
	Euro	1.074%	20.409%	0.9400	0.9930	0.9950	1.0160	1.0330	1.0430	1.0830	1.0680	1.0510	1.0820	1.1210	1.1290	1.1850	1.1561	1.1561	1.0880	1.0910	1.1310	1.1170	1.1670	1.1760	1.1420
Greece	Drachma	1.346%	25.567%	304.9500	326.0000	329.0000	337.0000	345.0000	350.0000	364.0000	364.0000	353.0000	365.0000	378.0000	383.0000	402.0000	395.0000	366.2040	370.7360	371.7580	385.3880	380.6180	397.6550	400.7220	389.1370
	Euro	1.074%	20.409%	0.9400	0.9930	0.9950	1.0160	1.0330	1.0430	1.0830	1.0680	1.0510	1.0820	1.1210	1.1290	1.1850	1.1561	1.1561	1.0880	1.0910	1.1310	1.1170	1.1670	1.1760	1.1420
Ireland	Irish Pound	1.081%	20.540%	0.7400	0.7820	0.7836	0.8002	0.8136	0.8214	0.8529	0.8411	0.8277	0.8521	0.8829	0.8892	0.9333	0.9105	0.8464	0.8569	0.8592	0.8907	0.8797	0.9191	0.9262	0.8994
Italy	Italian Lira	1.064%	20.208%	1,825.0700	1,922.7200	1,926.5900	1,967.2500	2,000.1700	2,019.5300	2,096.9800	2,067.9400	2,035.0200	2,095.0400	2,170.5600	2,186.0500	2,294.4800	2,238.5200	2,080.9100	2,106.6600	2,112.4700	2,189.9200	2,162.8100	2,259.6300	2,277.0500	2,211.2200
	Euro	1.074%	20.409%	0.9400	0.9930	0.9950	1.0160	1.0330	1.0430	1.0830	1.0680	1.0510	1.0820	1.1210	1.1290	1.1850	1.1561	1.1561	1.0880	1.0910	1.1310	1.1170	1.1670	1.1760	1.1420
Luxembourg	Luxembg Franc	1.064%	20.217%	38.0200	40.0575	40.1382	40.9853	41.6711	42.0745	43.6881	43.0830	42.3972	43.6478	45.2210	45.5437	47.8028	46.6370	43.3533	43.8898	44.0108	45.6244	45.0597	47.0767	47.4397	46.0682
	Euro	1.074%	20.409%	0.9400	0.9930	0.9950	1.0160	1.0330	1.0430	1.0830	1.0680	1.0510	1.0820	1.1210	1.1290	1.1850	1.1561	1.1561	1.0880	1.0910	1.1310	1.1170	1.1670	1.1760	1.1420
New Zealand	NZ Dollar	1.452%	27.594%	1.8700	1.9500	1.9200	2.0200	2.0600	2.0100	2.0600	2.1800	2.1300	2.1900	2.3400	2.4100	2.4800	2.4700	2.2600	2.2900	2.3190	2.4390	2.4270	2.3950	2.4250	2.4300
Sweden	Swedish Kronor	1.303%	24.763%	8.3300	8.5100	8.4400	8.6400	8.7100	8.6300	8.8800	8.9500	8.8500	9.1300	9.4600	9.6400	10.0000	10.0600	9.5500	9.6000	9.6000	10.4000	10.1200	10.5700	10.7800	10.5700
	Euro	1.074%	20.409%	0.9400	0.9930	0.9950	1.0160	1.0330	1.0430	1.0830	1.0680	1.0510	1.0820	1.1210	1.1290	1.1850	1.1561	1.1561	1.0880	1.0910	1.1310	1.1170	1.1670	1.1760	1.1420
Switzerland	Swiss Franc	0.768%	14.585%	1.5000	1.5900	1.6000	1.6400	1.6600	1.6600	1.7100	1.6700	1.6500	1.6700	1.7400	1.7300	1.8000	1.7600	1.6400	1.6500	1.6800	1.7200	1.7200	1.7800	1.7800	1.7200
United Kingdom	British Pound	0.738%	14.020%	0.6200	0.6250	0.6200	0.6100	0.6300	0.6300	0.6300	0.6666	0.6600	0.6600	0.6900	0.6800	0.6900	0.7000	0.6800	0.6900	0.6900	0.6900	0.6900	0.7100	0.7100	0.7100
	N.A.	1.034%	19.647%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.