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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Seventieth Meeting  
Bangkok, 1-5 July 2013

**PERFORMANCE INDICATORS (DECISION 69/5(k))**

1. At its 69<sup>th</sup> meeting, the Executive Committee decided to request the Secretariat and the implementing agencies to address the issue raised by the World Bank concerning performance indicators in a report to be submitted to the 70<sup>th</sup> meeting (decision 69/5(k)).

2. This emanated from a World Bank policy issue in its 2013-2015 business plan (UNEP/OzL.Pro/ExCom/69/11) that as part of the planning process for stage II of HCFC phase-out management plans (HPMPs), consideration should be given to the relevance of some performance indicators and the redefinition of others in light of the fact that the main project modality was multi-year projects with fewer individual ones. The Bank suggested that in particular the indicator for ODS phase-out for individual projects should be revisited.

3. The Secretariat provided a draft of the performance indicators to the four implementing agencies. UNDP and UNIDO provided comments that are taken into account in the document.

### **Background**

4. Performance indicators were first agreed between the Secretariat and the implementing agencies as part of the guidelines for business plans intersessionally between the 17<sup>th</sup> and 18<sup>th</sup> meetings as mandated by decision 17/19. The indicators were included in the 1996 business plans for the first time. They included: speed of delivery of agreements, first and final disbursement, cost of delivery (project preparation and agency fees), amount of phase-out, time until completion, and cost-effectiveness. Agencies were also allowed to propose their own additional performance indicators. These indicators were based on a project by project approach.

5. In the agencies' submissions of their 1997 business plans, most agencies included the following indicators: disbursement, amount and speed of ODS phase-out, time between funding approval and disbursement to enterprises, and cost of project preparation. The Committee then requested the Secretariat to work with the implementing agencies to develop more standardized criteria for evaluating their performance so that it would be possible to examine the relative performance of the agencies prior to consideration of their 1998 business plans (decision 21/5(d)).

6. In a document submitted to the 22<sup>nd</sup> meeting, the Secretariat and the implementing agencies proposed performance indicators based on the following principles:

- (a) The indicators should be few in number, but meaningful;
- (b) The indicators should be equitable and comparable across agencies; bearing in mind that different indicators are necessary for investment and non-investment projects; and
- (c) The indicators should be assessed against the data provided in the implementing agencies' progress and financial reports and should therefore be consistent with the parameters tracked by progress and financial reporting.

7. The Executive Committee adopted the following performance indicators in decision 22/18(b):

- (a) For investment projects: actual ODS phased out from completed projects, speed of ODS phase-out, disbursement, speed of first disbursement, cost of project preparation, cost-effectiveness of project submissions and cost-effectiveness of project proposal submissions for low-volume-consuming (LVC) countries; and
- (b) For non-investment projects: number of non-investment projects completed, speed of project completion, disbursement, speed of first disbursement.

8. In reviewing the agencies' business plans at its 25<sup>th</sup> meeting, the Executive Committee decided *inter alia* to request the Secretariat, in collaboration with the implementing agencies:

- (a) To make proposals on the appropriate indicators for the evaluation of business plan performance;
- (b) To consider how to give different weighting to indicators;
- (c) To take into account the importance of the indicators relating to ODP reduction, speed of delivery and distribution of projects among countries when making proposals; and
- (d) To consider the need to revise the cost of project preparation and cost-effectiveness performance indicators (decision 25/5).

9. At its 26<sup>th</sup> meeting, the Executive Committee adopted the following investment performance indicators:

- (a) Weighted: actual ODS phased out from completed projects (40 points), disbursement (30 points), satisfactory project completion received (20 points), and distribution among countries (10 points).
- (b) The Committee also decided to continue to monitor the other investment performance indicators (speed of first disbursement, cost of project preparation, cost-effectiveness of project submissions and cost-effectiveness of project proposal submissions for LVC countries) plus a new indicator to measure net emission/reduction of ODP resulting from implementation delays/early completion (decision 26/4).

10. It also adopted the following non-investment project indicators:

- (a) Weighted: number of non-investment projects completed (50 points), speed of project completion (10 points), disbursement (30 points), speed of first disbursement (10 points).
- (b) The Committee decided to also monitor the following non-investment indicators (appropriate and timely policies initiated by countries either as a result of networking, training, information exchange, country programme development and/or institutional strengthening, and reduction in ODS consumption over and above that effected by investment projects (decision 26/5).

11. At its 32<sup>nd</sup> meeting, the Executive Committee recognised the need to change the current performance indicators, requesting the Secretariat, in cooperation with the implementing agencies and Article 5 countries, to begin to examine and formulate new indicators consistent with the Executive Committee's efforts to develop a strategic plan which incorporates a country-driven approach, and submit a report at a future meeting (decision 32/7). At its 38<sup>th</sup> meeting, the Executive Committee decided to request the Secretariat in cooperation with the implementing agencies and Article 5 countries to prepare a set of performance indicators for the compliance period in the light of the model three-year phase-out plan and taking into consideration the discussion during the meeting on performance indicators (decision 38/69 (a)). As the agencies did not provide any input, the Secretariat prepared a paper for the Committee's consideration at its 40<sup>th</sup> meeting.

**Current performance indicators for all implementing agencies**

12. At its 41<sup>st</sup> meeting, the Executive Committee adopted the current set of performance indicators (decision 41/93) and the weightings for the weighted indicators were revised at the 47<sup>th</sup> meeting (decision 47/51).

13. The current performance indicators were developed on the following conclusions:

- (a) Multi-year agreements should be taken into account and addressed in one or more performance indicators.
- (b) There continues to be a need to address individual projects such as investment projects, refrigerant management plans (RMPs), halon banking, licensing and other technical assistance projects as they remain relevant in terms of the compliance needs of countries.
- (c) Implementation indicators should be based on the achievement of project/agreement milestones such as project completion and ODP phased out including stand-alone projects and project components that result in policy/regulatory assistance completion.
- (d) Administrative indicators are effective in obtaining required implementation and financial reporting.
- (e) There should be consequences arising from evaluation of performance and a rationale for how the outcomes of performance evaluation will serve to help countries and implementing agencies improve their performance during the compliance period.

14. The weightings were revised to give a greater emphasis to the implementation indicators. Table 1 presents the current performance indicators that are applicable to all implementing agencies and their weightings.

Table 1

**PERFORMANCE INDICATORS ADOPTED IN DECISION 41/93, THE NEW WEIGHTINGS ADOPTED IN DECISION 47/51 AND THEIR SHORT TITLES**

<b>Type of Indicator</b>	<b>Approved Performance Indicator</b>	<b>Short Title</b>	<b>New Weighting</b>
Approval	Number of annual programmes of multi-year agreements approved vs. those planned	Multi-year tranches approved	15
Approval	Number of individual projects/activities (investment projects, RMPs, halon banks, TAS) approved vs. those planned	Individual projects/activities approved	10
		<b>Sub-total</b>	<b>25</b>
Implementation	Milestone activities completed (e.g., policy measures, regulatory assistance)/ODS levels achieved for approved multi-year annual tranches vs. those planned	Milestone activities completed	20
Implementation	ODS phased out for individual projects in ODP tonnes vs. those planned per progress reports	ODS phased out for individual projects in ODP tonnes	15
Implementation	Project completion (pursuant to decision 28/2 for investment projects) and as defined for non-investment projects vs. those planned in progress reports	Project completion	10
Implementation	Percentage of policy/regulatory assistance completed vs. that planned	Policy/regulatory assistance completed	10
		<b>Sub-total</b>	<b>55</b>

Type of Indicator	Approved Performance Indicator	Short Title	New Weighting
Administrative	Speed of financial completion vs. that required per progress report completion dates	Speed of financial completion	10
Administrative	Timely submission of project completion reports vs. those agreed	Timely submission of project completion reports	5
Administrative	Timely submission of progress reports and responses unless otherwise agreed	Timely submission of progress reports	5
		<b>Sub-total</b>	<b>20</b>
		<b>Total</b>	<b>100</b>

### Proposed performance indicators for all implementing agencies

15. The Secretariat's proposal takes into account the comments made by the implementing agencies where agreed. Table 2 presents the proposed performance indicators that would be applicable to all implementing agencies. Annex I presents how the indicators will be targeted and assessed based on the Secretariat's proposal.

Table 2

### PROPOSED PERFORMANCE INDICATORS THAT WOULD BE APPLICABLE TO ALL IMPLEMENTING AGENCIES

Type of Indicator (Existing, Modified, New)	Short Title	Calculation	Old Weighting	Secretariat Proposal	Results of Applying Comments of UNDP/UNIDO
Planning--Approval (Existing)	Tranches approved	Number of tranches approved vs. those planned	15	15	15
Planning--Approval (Modified)	Projects/activities approved	Number of projects/activities approved vs. those planned	10	10 w/ PRP	10 w/o PRP
	<b>Sub-total</b>		<b>25</b>	<b>25</b>	<b>25</b>
Implementation (New)	Submission Delays	Submission on time	0	5	0 if 20% disbursement threshold rule is not changed
Implementation (New)	Funds disbursed (Replaces milestones/activities completed)	Based on estimated disbursement in progress report	0	5	5
Implementation (Modified)	ODS phase out	Pro-rata share of ODS phase out for completed tranches or projects vs. those planned per progress reports	15	15	0 if partial and actual phase-out is not used or if based on completion

Type of Indicator (Existing, Modified, New)	Short Title	Calculation	Old Weighting	Secretariat Proposal	Results of Applying Comments of UNDP/UNIDO
Implementation (Modified)	Project completion for activities with indirect phase-out	Project completion vs. planned in progress reports for all activities without phase-out	10	15	50 if all activities are included, and other indicators are not modified but 30 if all indicators are modified and the compliance indicator is deleted, and PRP is excluded or if separated PRP/non-PRP
Implementation (New)	Compliance (Replaces policy/regulatory assistance completed)	Percentage of countries in which activities have been funded that are in compliance	0	15	0 since compliance is beyond IA control or 15 for lead agency only
	<b>Sub-total</b>		<b>55</b>	<b>55</b>	<b>Assume 55</b>
Administrative (Modified)	Speed of financial completion	The extent to which projects are financially completed 12 months after project completion	10	5	5
Administrative (Existing)	Timely submission of project completion reports	Timely submission of project completion reports vs. those agreed	5	5	5
Administrative (Modified)	Timely submission of progress reports	Timely submission of progress reports and business plan and responses unless otherwise agreed	5	5	5
Administrative (New)	Timely submission of activities and requested information	Timely submission of activities and requested information for a meeting unless otherwise agreed	0	5	N/A
	<b>Sub-total</b>		<b>20</b>	<b>20</b>	<b>20</b>
	<b>Total</b>		<b>100</b>	<b>20</b>	<b>65-85</b>

#### Approval indicators

16. With respect to approval indicators, the implementing agencies did not believe that project preparation should be included as an indicator. Table 3 presents the number of MYA activities and individual projects that were approved over the last four years.

Table 3

**MYA ACTIVITIES AND INDIVIDUAL PROJECTS (2009-2012)**

<b>Year Approved</b>	<b>MYA</b>	<b>INS</b>	<b>PRP</b>	<b>TAS</b>	<b>DEM</b>	<b>INV</b>	<b>TRA</b>	<b>Total</b>
2009	115	76	112	16	4	5	1	<b>329</b>
2010	116	57	39	9	7	3		<b>231</b>
2011	183	47	18	11	6	2		<b>267</b>
2012	108	67		6	5			<b>186</b>
<b>Total</b>	<b>522</b>	<b>247</b>	<b>169</b>	<b>42</b>	<b>22</b>	<b>10</b>	<b>1</b>	<b>1,013</b>

17. Overall MYA activities represent the largest number of activities approved followed by institutional strengthening (IS) and project preparation. Excluding MYAs, individual activities have accounted for 491 of the 1,013 approvals during this last four years. There would not be an approval performance indicator for project preparation if it was not included under individual projects.

Implementation indicators

18. Implementing agencies had different views on the implementation indicators from the Secretariat. The Secretariat views submission delays of tranches a key indicator of progress in implementing MYAs. Although UNDP agreed with the indicator, UNIDO felt that it should not be used if the 20 per cent threshold for submitting a tranche is maintained. As this paper does not address the 20 per cent disbursement threshold, UNIDO is assumed to oppose the indicator.

19. Agencies seemed to agree to the funds disbursed indicator. UNIDO did not want an extra column in the MYA database, but as the extra column would be calculated on the basis of other information provided by UNIDO and all agencies in the individual project database of the annual progress and financial reports, the Secretariat viewed this as not an objection to the indicator. The Secretariat's proposed indicator would replace the one for milestones/activities completed since that indicator could not be verified and was self-assessed by the agencies always achieving full compliance. UNDP preferred a percentage of the balance to be a target, which is how it calculates its estimated disbursement in its individual project database of its annual progress and financial report. There appears to be agreement to this indicator.

20. The ODS phase-out indicator can be expanded to all MYAs based on a pro-rata share of ODS based on approval. This should address the issue raised by the World Bank since the indicator was previously only used for a diminishing number of individual investment projects. UNIDO advised that partial and actual phase-out should be used instead, but actual phase-out will not represent all of the phase-out associated with a tranche. UNDP felt that phase-out should be associated with tranche renewal instead of project completion, however, the ODS phase-out indicator is the project completion indicator for MYAs. Moreover, the pro-rata share is necessary to include UNEP in the indicator.

21. Agencies also appear to agree to an indicator for project completion if all activities except project preparation (PRP) are included. The Secretariat's proposal includes IS and project preparation that constitutes most of the individual projects of the Executive Committee on an annual basis as shown in Table 3 above. It also excludes those activities with phase-out since they are represented by another implementation indicator (ODS phase-out). In this way, an incentive is provided to agencies to address projects such as IS, PRP, and individual demonstration and investment projects.

22. A compliance indicator is proposed to replace the indicator on policy/regulatory assistance completed because this indicator could not be verified and was self-assessed, always resulting in full achievement. UNIDO did not agree to a compliance indicator since it was beyond its control. UNDP agreed only where it was lead agency. The old indicator could not be objectively measured as it was self-assessed with the agencies always achieving their goals. Although compliance is beyond the total control of an implementing agency, the sustainability of an agency's efforts is measured by the extent to which countries are in compliance and remain so. It should be noted that 100 per cent of Article 5 countries are currently in compliance. The agency's performance should receive some credit for their efforts and the resulting compliance.

#### Administrative indicators

23. There was general agreement between the agencies and the Secretariat with respect to the administrative indicators although UNDP suggested that the target should be the average of completion dates in one year versus the average of financial completion dates in the next year.

#### **Assessments based on fully achieving targets**

24. The evaluation of the agencies' performance is based on achievement of indicators, weighted and non-weighted. UNDP has pointed out that the evaluation of full achievement does not reflect any positive weighting for efforts as is the case with the weighted performance indicators. It has proposed that this part of the evaluation be removed. The Secretariat will remove that assessment starting with the evaluation of the 2013 business plans, unless otherwise instructed by the Executive Committee.

25. During the last three years, the Secretariat has noticed increasing difficulties in getting documents and information requested for a meeting (both those with funding and non-funding consequences), submitted on time. In particular, information required for the production sector, special agency papers on, for example, resource mobilization reports, and those which had been specifically requested in Executive Committee decisions, are not provided by the due date for submission, which is at least eight weeks prior to each Executive Committee meeting. In most cases, implementing agencies make great efforts to comply, but some agencies do not even ask for extensions. However, the lowest common denominator is that the agency does not seem to make an effort or ask for an extension leading to delays in the completion of documentation and timely submission to the Committee for its consideration. Such agencies' performance assessment should be impacted by this type of performance.

26. Since the performance indicators for timely submission for progress completion reports and annual progress and financial reports have been effective in providing an incentive for agencies to submit these documents on time, the Secretariat has concluded that such an indicator for other submissions is warranted. Any late submission would result in a one-point deduction in the indicator.

### **RECOMMENDATIONS**

27. The Executive Committee may wish to:

(a) Note:

- (i) The report on performance indicators as contained in UNEP/OzL.Pro/ExCom/70/17;
- (ii) That the Secretariat agrees not to evaluate full achievement in the assessment of implementing agency's performance; and



- (b) Modify the performance indicators established in decisions 41/93, as modified by decision 47/51, as follows:

<b>Type of Indicator</b>	<b>Short Title</b>	<b>Calculation</b>	<b>Weighting</b>
Planning--Approval	Tranches approved	Number of tranches approved vs. those planned	15
Planning--Approval	Projects/activities approved	Number of projects/activities approved vs. those planned	10
	<b>Sub-total</b>		<b>25</b>
Implementation	Submission Delays	Submission on time	5
Implementation	Funds disbursed (Replaces milestones/activities completed)	Based on estimated disbursement in progress report	5
Implementation	ODS phase out	Pro-rata share of ODS phase out for completed tranches or projects vs. those planned per progress reports	15
Implementation	Project completion for activities with indirect phase-out	Project completion vs. planned in progress reports for all activities without phase-out	15
Implementation	Compliance (Replaces policy/regulatory assistance completed)	Percentage of countries in which activities have been funded that are in compliance	15
	<b>Sub-total</b>		<b>55</b>
Administrative	Speed of financial completion	The extent to which projects are financially completed 12 months after project completion	5
Administrative	Timely submission of project completion reports	Timely submission of project completion reports vs. those agreed	5
Administrative	Timely submission of progress reports	Timely submission of progress reports and business plan and responses unless otherwise agreed	5
Administrative	Timely submission of activities and requested in information	Timely submission of activities and requested information for a meeting unless otherwise agreed	5
	<b>Sub-total</b>		<b>20</b>
	<b>Total</b>		<b>100</b>

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**Annex I**

**HOW THE PERFORMANCE INDICATORS WILL BE TARGETED AND ASSESSED BASED ON THE SECRETARIAT'S PROPOSAL**

<b>Type of Indicator (Existing, Modified, New)</b>	<b>Short Title</b>	<b>Calculation</b>	<b>Secretariat Proposal</b>	<b>Note</b>	<b>Assumptions</b>	<b>2014 Target Calculation</b>	<b>2014 Achievement Calculation</b>
Planning-- Approval (Existing)	Tranches approved	Number of tranches approved vs. those planned	15	Includes in previous indicator for only MYA tranches (15 points).	Include all MYA projects.	Count number of MYAs.	Count number of Country.
Planning-- Approval (Modified)	Projects/activities approved	Number of projects/activities approved vs. those planned	10 w/ PRP	Includes in previous indicator for only individual projects (10 points).	Include all Individual projects (Including PRP).	Count number of projects.	Count number of projects.
	<b>Sub-total</b>		<b>25</b>				
Implementation (New)	Submission Delays	Submission on time	5	The best indicator of progress for a MYA tranche is the submission and consideration at the meeting at which the tranche is due.	All tranches are submitted to the meeting at which they are due. However, if the approval of a tranche results in a shifting of the tranche-submission schedule to another meeting of the year for all future tranches, this should override the schedule included in the original agreement.	Tranches that are planned to be submitted in 2014 according to agreements.	Tranches that are submitted on time based on the meeting for submission indicated in the agreements.

Type of Indicator (Existing, Modified, New)	Short Title	Calculation	Secretariat Proposal	Note	Assumptions	2014 Target Calculation	2014 Achievement Calculation
Implementation (New)	Funds disbursed (Replaces milestones achieved)	Based on estimated disbursement in progress report	5	Replaces milestones/activities completed indicator (20 points) since this indicator could not be verified. Disbursement is a key indicator of implementation of all approved activities and was an original indicator.	Include all projects (Excluding CLO and TRF).	From 2013 Progress Report: Estimated Disbursement in Current Year.	2014 Disbursement = Funds Disbursed in 2014 Progress Report - Funds Disbursed in 2013 Progress Report for same set of tranches/projects/activities in 2014.
Implementation (Modified)	ODS phase out	Pro-rata share of ODS phase out for completed tranches or projects vs. those planned per progress reports	15	Previously was only for individual projects but now would be associated with the phase-out value of completed HPMP tranche or individual project.	For completed MYA and individual projects with phase-out only.	From 2013 Progress Report: Total ODP for all MYA and individual projects with phase-out that are planned to be completed in 2014. (Partial phase-out should be excluded).	2014 Phase-out = Phase-out in 2014 Progress Report - Phase-out in 2013 Progress Report. (Apply to projects that are in the target only).
Implementation (Modified)	Project completion for activities with indirect phase-out	Project completion vs. planned in progress reports for all activities without phase-out	15	Modify	For projects without phase-out only including PRP.	From 2013 Progress Report: Total number of projects without phase-out that are planned to be completed in 2014.	From 2014 Progress Report: Total number of projects without phase-out that are completed in 2014. (Apply to projects that are in the target only).

Type of Indicator (Existing, Modified, New)	Short Title	Calculation	Secretariat Proposal	Note	Assumptions	2014 Target Calculation	2014 Achievement Calculation
Implementation (New)	Compliance (Replaces policy/regulatory assistance completed)	Percentage of countries in which activities have been funded that are in compliance	15	Replaces the indicator of policy/regulatory assistance completed because the indicator could not be verified. Compliance with the control measures and the decisions of the Parties is the key reason for assistance and the extent to which countries achieve compliance is a reflection on the effort of the agencies as well as the country.	CAP addresses all countries. For other agencies, agencies responsible for INS are responsible for all control measures and licensing systems and agencies responsible for some activity in a sector is responsible for compliance with that sector's control measure.	Assumed 100% achievement.	Based on MOP report on compliance issue.
	<b>Sub-total</b>		<b>55</b>				
Administrative (Modified)	Speed of financial completion	The extent to which projects are financially completed 12 months after project completion	5	The existing indicator is measured on an average month basis for the 21 year history of the Fund so the impact is minor. Since by decision all projects should be financially completed 12 months after completion, the decision would be the basis for the assessment.	Include all projects.	From 2013 Progress Report: Number of projects with status of "COM".	From 2014 Progress Report: Number of projects with status of "COM" in 2013 Progress Report that are financially completed in 2014 Progress Report. The numbers should also include the projects that were ONG and that were turned into COM and FIN that same year (and will thus be listed as FIN).

Type of Indicator (Existing, Modified, New)	Short Title	Calculation	Secretariat Proposal	Note	Assumptions	2014 Target Calculation	2014 Achievement Calculation
Administrative (Existing)	Timely submission of project completion reports	Timely submission of project completion reports vs. those agreed	5	No change.		Based on Schedule of PCRs submission in 2014 (Consolidated 2013 Projects Completion Report document).	Actual PCRs submitted in 2014 including the MYA PCRs as per the agreed schedule.
Administrative (Modified)	Timely submission of progress reports	Timely submission of progress reports and business plan and responses unless otherwise agreed	5	The indicator is modified to include business plans since there is no current incentive for submission on time.		Assume On Time.	Timely submission of Business Plans, Progress Report and their responses.
Administrative (New)	Timely submission of activities and requested in information	Timely submission of activities and requested information for a meeting unless otherwise agreed	5	This indicator is needed to ensure that other activities and information/reports required by ExCom decisions are submitted on time.	All required documents are submitted on time unless otherwise mutually agreed with the Secretariat.	All documents not addressed by other performance indicators.	One point is deducted for each late submission.
	<b>Sub-total</b>		<b>20</b>				
	<b>Total</b>		<b>100</b>				

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