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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Seventy-first Meeting
Montreal, 2-6 December 2013

PERFORMANCE INDICATORS (DECISION 69/5(k))

Background

1. At its 69th 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 70th 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. In response to decision 69/5 (k), 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 submitted to the 70th meeting (UNEP/OzL.Pro/ExCom/70/17).
4. The document submitted to the 70th meeting presents a detailed description of the history and development of performance indicators under the Multilateral Fund. The present document focuses on the recommendations presented in that document and the results of the subsequent discussions with the implementing agencies on performance indicators.
5. At its 70th meeting, the Executive Committee decided “to request the Secretariat to prepare, in consultation with the implementing agencies and other interested parties, a revised draft of the paper on performance indicators for consideration by the Executive Committee at its 71st meeting” (decision 70/14).

Discussion

6. The implementing agencies and the Secretariat had detailed discussions at the Inter-agency Coordination Meeting held from 24-25 September 2013 in the offices of the Fund Secretariat. Additional discussions were held in the margins of the 25th Meeting of the Parties in Bangkok from 21 to 25 October 2013. The World Bank provided additional suggestions in an email to the Secretariat dated 31 October 2013.
7. At the Inter-Agency coordination meeting, the Secretariat suggested the same indicators as proposed to the 70th meeting but understood difficulties with some indicators. There was general agreement for the approval indicators although the inclusion of project preparation was questioned. It was explained that these activities would constitute a large amount of the total number of activities approved for the agencies. Consideration was given to exempting countries with political difficulties, but it was suggested that those countries unlikely to be able to submit their projects could be included in future years. It was agreed that there should be a recommendation that project preparation should not be assessed if the Executive Committee has not taken a decision on its funding. There was also a suggestion for less points overall. Therefore, the total point for approval indicators was reduced from 25 to 20 points.
8. For the implementation indicators, the Secretariat suggested that all indicators should be maintained including ODS phase-out and compliance as these are the two main objectives of the Fund. All agencies expressed difficulties with “compliance/adherence to agreement” as compliance was responsibility of many stakeholders and “adherence to agreements” was similar in particular in cases where the agreement had been completed.

9. Agencies also preferred not to have ODS phase-out as an indicator because the phase-out would have to be assigned on a pro-rata basis. (It should be noted that the pro-rating of ODS will have to occur if agencies are to get any credit for the phase-out). Some agencies wanted partial phase-out to be counted. The World Bank proposed that the ODS phase-out indicator should be maintained and that it take into account phase-out achieved from on-going tranches of multi-year agreements (MYAs). Targets could be set by aligning the phase-out from MYA projects with the approval of the subsequent tranche (not completion). This could be done in agency progress reports in the view of the Secretariat. Individual projects should continue to have targets set by planned completion. The Secretariat is proposing to modify the indicator, accordingly.

10. Agencies also had difficulties with submission delays but the Secretariat indicated that it was the primary indicator of progress for MYAs. It was also noted that the indicator was closely linked to the first Planning/Approval indicator, "Tranches approved." If the first performance target is not met then automatically the "Tranches approved" indicator will not be met resulting in a double penalty. The Bank also raised an issue with the proposed targeting since it was based on meeting dates instead of submission sometime during the year. Therefore, the Secretariat agreed to remove this indicator.

11. Agencies also had difficulty with including project preparation as part of the completion target since they viewed the completion of project preparation as beyond their control. However, in the light of the argument that the tranche approval is an approval performance indicator and if the tranche is not approved as planned then the project preparation would not be completed, the Secretariat is recommending the removal of submission delays and project preparation as part of the completion target.

12. With respect to compliance indicator, the Secretariat reviewed web site information to ascertain agency performance indicators. The only identifiable performance indicators were for UNIDO. UNIDO had performance indicators *inter alia* for its Montreal Protocol office for compliance with reduction targets established for ODS production and consumption, maintaining zero consumption of ODS phase-out for chemicals phased out in 2010, and promoting the ratification of the amendments to the Montreal Protocol and ODS legislation. Therefore, the Secretariat is of the view that this remains a valuable indicator. However, the World Bank indicated that in lieu of a compliance performance indicator that might better gauge agency support to countries. An indicator based on the country qualitative assessments might be considered. Qualitative performance indicators are not part of the weighted indicators. The proposed weight is 10 points. The Bank suggested that such an indicator could have a target of 4 out of 4 per country per agency with ratings ranging from 1 to 4 based on the previous year's country assessments. After further assessment, the Secretariat agreed to propose this indicator.

13. Concerning the administrative indicators, there was some discussion about financial project completion to be based on individual projects instead of an overall average. The main discussion was on the indicator "Timely submission of activities and requested information". It was emphasized that this was needed to meet the four-week deadline. It was suggested that the deadline for submission of all documents under a two-meeting scenario might be 10 weeks before a meeting instead of 8 weeks to allow more time for review. UNEP needs more than the 5 working days for status reports to coordinate with the regions. It was agreed that the indicator should be based on pre-established criteria for its assessment. The Secretariat discussed possible alternative means of preventing the need for a performance indicator. It was generally agreed that agencies would be able to respond, with some need for reminders, as long as all correspondence was sent to the central email address. This was agreed and therefore there is no need for the proposed indicator at this time.

14. Table 1 presents the existing performance indicators, those proposed at the 70th meeting and the current proposal to the 71st meeting of the Executive Committee.

Table 1

PROPOSED PERFORMANCE INDICATORS*

| Type of indicator (Existing, Modified, New) | Short title | Calculation | Old weighting | Secretariat proposal to 70 th meeting | Proposal to the 71 st meeting |
|---|---|--|---------------|--|--|
| Planning--Approval (Existing) | Tranches approved | Number of tranches approved vs. those planned | 15 | 1 | 10 |
| Planning--Approval (Modified) | Projects/activities approved | Number of projects/activities approved vs. those planned (including project preparation activities) | 10 | 10 | 10 |
| | Sub-total | | 25 | 25 | 20 |
| Implementation (New) | Submission Delays | Submission on time | | -5 | |
| Implementation (New) | Funds disbursed (Replaces milestones/activities completed) | Based on estimated disbursement in progress report | | 5 | 10 |
| Implementation (Modified) | ODS phase-out | ODS phase out for completed when the next tranche is approved vs. those planned per progress reports | 15 | 15 | 15 |
| Implementation (Modified) | Project completion for activities with indirect phase-out | Project completion vs. planned in progress reports for all activities without phase-out (excluding project preparation) | 10 | 15 | 25 |
| Implementation (New) | Compliance (Replaces policy/regulatory assistance completed) | Percentage of countries in which activities have been funded that are in compliance | | -15 | |
| Implementation (New from the World Bank) | Qualitative performance assessment by NOU | Target of 4 with points given for a rating of 1 to 4 for countries providing assessments | | | 10 |
| | Sub-total | | 55 | 55 | 60 |
| Administrative (Modified) | Speed of financial completion | The extent to which projects are financially completed 12 months after project completion | 10 | 5 | 10 |
| 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 | | 5 | |
| | Sub-total | | 20 | 20 | 20 |
| | Total | | 100 | 100 | 100 |

* Annex I presents how the indicators will be targeted and assessed based on the Secretariat's proposal.

Performance indicators for the 2014-2016 business plan

15. Concerning performance indicators for the 2014-2016 business plans, the Secretariat confirmed that the existing indicators would need to be used and therefore any new performance indicators would apply beginning with the 2015-2017 business plans.

RECOMMENDATIONS

16. The Executive Committee may wish to:

- (a) Note the report on performance indicators as contained in UNEP/OzL.Pro/ExCom/71/17; and
- (b) Modify the performance indicators established in decisions 41/93, as modified by decision 47/51, as follows:

| Type of Indicator | Short Title | Calculation | Weighting |
|--------------------------|---|--|------------------|
| Planning--Approval | Tranches approved | Number of tranches approved vs. those planned | 10 |
| Planning--Approval | Projects/activities approved | Number of projects/activities approved vs. those planned (including project preparation activities)* | 10 |
| | Sub-total | | 20 |
| Implementation | Funds disbursed | Based on estimated disbursement in progress report | 10 |
| Implementation | ODS phase out | ODS phase out for the tranche when the next tranche is approved vs. those planned per progress reports | 15 |
| Implementation | Project completion for activities | Project completion vs. planned in progress reports for all activities (excluding project preparation) | 25 |
| Implementation | Qualitative performance assessment by NOU | Target of 4 with points given for a rating of 0 to 4 for countries providing assessments | 10 |
| | Sub-total | | 60 |
| Administrative | Speed of financial completion | The extent to which projects are financially completed 12 months after project completion | 10 |
| 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 |
| | Sub-total | | 20 |
| | Total | | 100 |

* Project preparation should not be assessed if the Executive Committee has not taken a decision on its funding.

Annex I

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

| Type of Indicator (Existing, Modified, New) | Short Title | Calculation | Secretariat Proposal | Note | Assumptions | 2014 Target Calculation | 2014 Achievement Calculation |
|---|--|--|----------------------|--|--|--|---|
| Planning-- Approval (Existing) | Tranches approved | Number of tranches approved vs. those planned | 10 | Includes in previous indicator for only MYA tranches (15 points). | Include all MYA projects. | Count number of MYAs. | Count number of MYAs. |
| Planning-- Approval (Modified) | Projects/activities approved | Number of projects/activities approved vs. those planned | 10 | Includes in previous indicator for only individual projects (10 points). | Include all Individual projects (Including PRP). | Count number of projects. | Count number of projects. |
| | Sub-total | | 20 | | | | |
| Implementation (New) | Funds disbursed (Replaces milestones achieved) | Based on estimated disbursement in progress report | 10 | 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 | ODS phase out for tranche when the next tranche is approved 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 individual projects with phase-out that are planned to be completed in 2014. (Partial phase-out should be excluded). For MYA projects, Total ODP for all projects with tranches to be | For individual projects: 2014 Phase-out = Phase-out in 2014 Progress Report - Phase-out in 2013 Progress Report. (Apply to projects that are in the target only). For MYA projects: 2014 Phase-out = Total phase-out of MYA with tranches approved in 2014. |

| Type of Indicator (Existing, Modified, New) | Short Title | Calculation | Secretariat Proposal | Note | Assumptions | 2014 Target Calculation | 2014 Achievement Calculation |
|---|---|---|----------------------|---|--|---|---|
| | | | | | | submitted in 2014. | |
| Implementation (Modified) | Project completion | Project completion vs. planned in progress reports for all activities (excluding project preparation) | 25 | Modify | For all projects excluding PRP. | From 2013 Progress Report: Total number of projects that are planned to be completed in 2014. | From 2014 Progress Report: Total number of projects that are completed in 2014. (Apply to projects that are in the target only). |
| Implementation (New from the World Bank) | Qualitative performance assessment by NOU | Target of 4 with points given for a rating of 1 to 4 for countries providing assessments | 10 | | Every overall assessment by NOU will be worth 4 point. | 4 points for each NOU. | Average percentage of agency assessment will be applied to the 10 points. |
| | Sub-total | | 60 | | | | |
| Administrative (Modified) | Speed of financial completion | The extent to which projects are financially completed 12 months after project completion | 10 | 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 Reports 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). |
| 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. |

| Type of Indicator (Existing, Modified, New) | Short Title | Calculation | Secretariat Proposal | Note | Assumptions | 2014 Target Calculation | 2014 Achievement Calculation |
|---|---------------------------------------|---|----------------------|---|-------------|-------------------------|---|
| 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. |
| | Sub-total | | 20 | | | | |
| | Total | | 100 | | | | |
