



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/41/80
20 November 2003



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-first Meeting
Montreal, 17-19 December 2003

PERFORMANCE INDICATORS (DECISION 40/15 (C))

Background

1. Following its consideration at its 40th Meeting of a concept paper on performance indicators (UNEP/OzL.Pro/ExCom/40/21), the Executive Committee requested the implementing agencies and Parties to submit proposals, the implementing agencies to explore the feasibility of including the rapidity of financial completion as a performance indicator, and the Secretariat to prepare a paper based on the concepts outlined in UNEP/OzL.Pro/ExCom/40/21, the comments provided by members and the input of the implementing agencies (Decision 40/15).
2. One member and all implementing agencies provided comments. UNEP submitted a paper that was developed by a Consultant on the broader subject of performance measurement that was discussed during UNEP's CAP Advisory Group meeting in September 2003 (copy available upon request).
3. Existing performance indicators address project approval, project implementation and administrative requirements based on targets proposed by implementing agencies in their business plans and approved by the Executive Committee. The lists and weightings of existing performance indicators are provided in Annex I.

Performance Indicators during the Compliance Period

4. The Performance Indicator concept paper submitted to the 40th Meeting (UNEP/OzL.Pro/ExCom/40/21) provides the context for performance indicators during the compliance period. The document was referred to the Sub-Committee on Monitoring, Evaluation and Finance and the recommendations of the Sub-Committee indicated above were adopted by the Executive Committee.
5. This document builds on the main conclusion that emerged from the concept paper, the discussion during the meeting, submissions by members and agencies, and a discussion of the proposed indicators with the implementing agencies in the margins of the XVth Meeting of the Parties. The proposed indicators were developed in the light of the following factors:
 - (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 as 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.
- (f) Consideration should be given to eliminating the distinction between investment and non-investment projects.
- (g) Consideration of performance indicators for UNEP's CAP programme.

6. During the compliance period, the performance of the implementing agencies could be measured on the basis of whether or not projects/activities/annual tranches of multi-year agreements are submitted as planned in the business plan, if they are implemented as forecasted in progress reports based on planned completion dates, and if agencies provide reporting and financial management as required by Executive Committee decisions.

7. As indicated in the concept paper, performance indicators should measure the performance of an agency and not a country but should focus on the agency's role in providing compliance assistance. Since compliance for a country is measured by the extent to which its consumption/production is below the required level of the control for CFCs, halons, methyl bromide, CTC and TCA, an implementing agency's contribution should similarly be measured on a country by country and ODS by ODS basis.

8. Existing performance indicators could continue to be monitored in the context of progress reporting and as part of a trend analysis in the evaluation of the agencies' overall performance. However, performance during the compliance period should not be based on agency targets in business plans, but instead on the basis of planned achievements of projects and milestones as indicated in progress reports and project proposals/annual plans of multi-year agreements.

Multi-year agreements

9. Multi-year agreements have been designed in general to focus on a country's resulting level of consumption vis-à-vis the required control measure's levels of consumption or production as relevant. While the ultimate responsibility of whether or not a country achieves compliance is the country itself, an agency with a sector or national ODS phase-out plan could also be considered to have performed well if the country achieves the compliance and the agency implements all of the tasks/milestones that are within its control. If a country falls into non-compliance, the performance of the agency was not sufficient to provide the necessary environment for successful compliance whether or not all of the specific tasks/milestones were achieved. The proposed implementation performance indicator for annual tranches of multi-year agreements is up to 50 per cent if the agency performs all of the milestones under its control and full credit (up to 100 per cent) if the country achieves its agreed consumption/production levels.

10. With regard to the approval of the initial agreement or subsequent annual tranches, a measure of the performance of the implementing agency is whether or not the agreement was approved when planned and the necessary status report was submitted whether or not the annual tranche was approved. The proposed indicator would provide partial credit (up to 50 per cent) of the target if the progress report of an annual tranche was submitted during the business planning year and full credit (up to 100 per cent) if the annual tranche (or initial agreement) was submitted and approved when planned.

Individual projects

11. Individual investment projects, refrigerant management plans (RMPs), halon banking, licensing projects, and other technical assistance are also relevant to whether or not a country is well-assisted in its compliance needs. Several multi-year agreements rely on the implementation of approved but unimplemented investment projects in order to achieve the consumption level reductions indicated in the agreements particularly in the first few years. RMPs pursuant to Decision 31/48 enable compliance through the 2007 consumption reductions of low-ODS-volume consuming (LVC) countries. Halon banking is presumed to be the last project a country can receive for the halon/fire protection sector. Licensing agreements are required by all Parties to the Montreal Amendment of the Protocol. Other technical assistance may also enable compliance as is the case with the regional methyl bromide technical assistance projects in Africa for LVC countries and those with no methyl bromide consumption.

12. For projects/activities, the approval indicator would be assessed on whether or not the project was approved during the year planned, without regard to its value or the nominal amount of ODS phase-out or the cost of project preparation. It would also allow for partial credit of 50 per cent if the project had been submitted but deferred or if the agency was ready to submit but the country indicated that it was not ready, and 100 per cent if it was submitted and approved.

13. Implementation indicators for individual projects that have already been approved remain relevant since there are currently over 500 investment projects and 483 non-investment projects under implementation and the fact that individual projects will continue to be approved mostly for LVC countries. During the compliance period, the key indicators would be if the project was completed when planned and the ODP phased out. These are existing performance indicators that are proposed for continuation.

Administrative Indicators

14. The concept paper concluded that the administrative indicators appeared to be sufficient and effective. These indicators were adopted as performance indicators after several cases of progress reports and project completion reports having not been submitted when they were due. As a consequence of these indicators, reports have been submitted on time for almost all agencies.

15. Decision 40/15 (d) requested implementing agencies to indicate if an additional administrative performance indicator for the speed of financial completion would be feasible. UNDP, UNIDO and the World Bank indicated that it would be feasible. This indicator was proposed in response to the ongoing late financial completion of projects beyond the 12 months

required by the Executive Committee. The Executive Committee has addressed the issue of operationally completed projects with remaining balances at every meeting since 29th Meeting in November 1999. It requested the Chairman of the Executive Committee to write to the heads of some agencies in April 2003 after noting that substantial balances were held for projects completed over 24 months previously.

Consequences of a performance evaluation

16. The concept paper also noted that there have not been any consequences arising from failure to achieve performance targets, with the exception of a slight reduction in the funding shares of the implementing agencies following the evaluation of the 1997 business plans (Decision 25/4), and the sending of letters to Article 5 countries and heads of implementing agencies on the comparative performance of the agencies following the evaluation of the 1999 business plans (Decision 32/7 (b)). In each case, the Committee chose a consequence in the light of the results of the particular evaluation. No additional suggestions have been provided for the consequence of not achieving performance targets. The Executive Committee may wish to continue to determine if consequences are warranted as a result of its evaluation of agency performance each year.

Non-investment indicators and UNEP's CAP

17. Some members have indicated that the division between investment and non-investment projects is no longer relevant as the Executive Committee through its strategic planning process is seeking the implementation of integrated plans on a national or sectoral basis. In fact, all but two non-investment project indicators are already existing performance indicators for investment projects. The two different indicators are policies initiated from non-investment activities and the reduction in ODP from non-investment activities.

18. These indicators are intended to ascertain whether non-investment projects achieve the policy needs to enable phase-out and compliance, such as establishing regulations that lead to the control or ban of ODS. However, it has been historically difficult to determine if the assistance provided from the agency resulted in the regulations or if the regulations were more related to actions taken by the Government. In some cases, agencies have received funds to assist with the preparation of regulations but in other cases, agencies have used their own resources to provide tangible assistance. In yet other cases, policy and regulatory measures are included in investment projects and annual tranches of sector or ODS phase-out agreements. Nevertheless, the establishment of a licensing system is a matter of compliance with the Montreal Amendment to the Protocol and is therefore extremely important. A ban on the import of halons is a requirement for halon banking projects. Projects, whether they are non-investment, investment or annual tranches, that include the provision of assistance, can be assessed on whether or not the required and funded assistance was fully provided.

19. UNEP has proposed the indicators provided in Annex II for its CAP programme. Two of those indicators were already adopted by the Executive Committee in Decision 40/11 (b) that concerns the assistance provided by UNEP to countries found to be in non-compliance with data

reporting for consumption and/or production data and with data reporting for the purpose of establishing baselines. Annex II also indicates next to the listing of each indicator the data proposed to be used for the assessment and the methodology for assessing the indicators.

Conclusions

20. An agency's performance should be based on the extent to which projects/activities/agreements enable a country to achieve the control measures of the five substances for which relevant controls are in effect or will be in effect shortly. Therefore, the approval and implementation of projects/activities/annual tranches that are linked to control measures, either interim controls or total phase-out, should be aggregated by country and agency as a basis for the measurement of partial or full performance.

21. Existing performance indicators may continue to be tracked in the context of an overall trend analysis with comparisons to previous performance evaluations.

22. Implementation performance indicators would no longer be targeted in business plans but would be assessed based on the data in project approvals/agreements and progress reports. Data provided in business plan tables would be the basis for approval performance indicators.

23. The overall proposed weightings are 40 points for implementation, and 40 points for approval indicators to provide equal weighting for these two main aspects of performance. Administrative indicators represent the remaining 20 per cent of the total weighting to provide sufficient points for an incentive for agencies to comply with the administrative requirements of the Executive Committee.

24. A performance indicator to replace the former non-investment indicators "number of policies initiated from non-investment activities" and "reduction in ODP from non-investment activities" could be "the percentage of completion of policy/regulatory assistance activities as planned based on data in project proposals and progress reports". Due to the importance of this indicator in enabling compliance, it is proposed as a weighted indicator.

25. The speed of financial completion target should be added as a performance indicator due in part to the success of the existing administrative performance indicators in enabling timely submission and the ongoing difficulties in reducing the amount of completed projects with balances.

26. Those performance indicators that were formerly referred to as indicators specific to UNEP's mandate are effectively replaced by the CAP performance indicators that are recommended for approval.

27. The elimination of the distinction between investment and non-investment projects is feasible due to the similarity between the indicators. However, since UNEP is not involved in ODP phase-out investment projects, any comparative rating should account for the lower overall points available to UNEP.

28. As has been the case with progress report and business plan formats, the Secretariat and the implementing agencies would revise operational guidelines to provide any further clarification of how the performance indicators are reported and assessed that are not specified in the present document.

Recommendations

The Monitoring, Evaluation and Finance Sub-Committee may wish to consider recommending that the Executive Committee:

1. Note the document and the definitions of performance indicators as presented in UNEP/OzL.Pro/ExCom/41/80.
2. Approve the following performance indicators for the evaluation of the performance of the implementing agencies starting with the year 2004 with the weightings as indicated in the following table:

Category of Performance Indicator	Item	Weighting
Approval	Number of annual programmes of multi-year agreements approved vs. those planned, may not be applicable to UNEP	20
Approval	Number of individual projects/activities (investment projects, RMPs, halon banks, TAS) approved vs. those planned	20
Implementation	Activities completed/ODS levels achieved for approved multi-year annual tranches vs. those planned, may not be applicable to UNEP	20
Implementation*	ODP phased-out for individual projects vs. those planned per progress reports, may not be applicable to UNEP	5
Implementation*	Project completion (pursuant to Decision 28/2 for investment projects) and as defined for non-investment projects vs. those planned in progress reports	5
Implementation	Percentage of policy/regulatory assistance completed vs. those planned	10
Administrative	Speed of financial completion vs. those required per progress report completion dates	10
Administrative*	Timely submission of project completion reports vs. those agreed	5
Administrative*	Timely submission of progress reports and responses unless otherwise agreed	5

* Existing performance indicator.

3. Request the Secretariat to continue to monitor the following indicators of performance on the basis of trend analysis in future evaluations of the performance of implementing agencies: value of projects approved, ODP to be phased out, cost of project preparation, cost-effectiveness, distribution among countries, funds disbursed, speed of first disbursement, speed of completion, and net emission due to delays.
4. Adopt the proposed performance indicators for UNEP's Compliance Assistance Programme as indicated in Annex II to the present document to replace those former performance indicators unique to UNEP's specific mandate.

Annex I

EXISTING PERFORMANCE INDICATORS

Investment Performance Indicators

Category of Performance	Item	Weighting
Implementation	ODP phased out	40
Implementation	Funds disbursed	30
Approval	Distribution among countries	10
Administrative	Project completion reports	20
Administrative	Submission of progress reports	10
Implementation	Speed of first disbursement	
Implementation	Speed of completion	
Implementation	Project completion pursuant to Decision 28/2	
Implementation	Net emission due to delays	
Approval	Value of projects approved	
Approval	ODP to be phased out	
Approval	Cost of project preparation	
Approval	Cost-effectiveness	

Non-Investment Performance Indicators

	Item	Weighted	Austria
Implementation	Number of Projects Completed	50	X
Implementation	Funds Disbursed	30	X
Implementation	Speed until first disbursement	10	X
Implementation	Speed until project completion	10	X
Administrative	Submission of progress reports	10	X
Implementation	Policies initiated from non-investment activities		X
Implementation	Reduction in ODP from non-investment activities		X

UNEP Specific Non-Investment Performance Indicators

Item
Number of newsletters
Number of joint/regional activities which Network members are involved
Improvement over previous years in data reporting and enacting the legislation and policies for ODS phase-out in Networking and institutional strengthening countries
The extent of awareness-raising activities initiated by the countries as a result of UNEP's publications
The extent to which experience achieved through UNEP's activities is used in the adoption and adjustment of ODS phase-out strategies by Network countries
The extent to which the networks are used by the Agencies and the Secretariat in developing their work or explaining new policies

Annex II

PROPOSED PERFORMANCE INDICATORS FOR UNEP'S COMPLIANCE ASSISTANCE PROGRAMME (CAP)

Indicator	Data	Assessment
Usefulness of the Region Network/thematic meetings	Average of all ratings by Network meeting participants	Average versus maximum rating.
Assistance to countries for data reporting for the purpose of establishing baselines	Number of countries with missing data that received specific CAP assistance for data reporting in order to determine compliance baselines. UNEP should give a clear indication of the assistance provided per Decision 40/11(b)(i)	Number of countries provided assistance as a proportion of the total number of countries that have not provided baseline data
Assistance with Article 7 data reporting	Number of countries reporting data in compliance with Article 7 of the Protocol per Decision 40/11(b)(ii)	Number of countries provided assistance as a proportion of the total number of countries and types of data to be submitted
Countries in actual or potential non-compliance as per MOP decisions	Number of those countries offered assistance by CAP and number of countries that accepted assistance (after consultations with other Implementing and bilateral agencies) and received CAP special assistance outside of Network meetings listing the countries and type of assistance.	Number of countries provided special assistance outside of network meetings as a proportion of those requesting assistance
Countries at risk of becoming in non-compliance as per Article 7 data trends	(a) Number of those countries offered assistance by CAP including those countries not yet official declared in non-compliance but where data indicates as much and number of countries that accepted the offered assistance (after consultations with other Implementing and bilateral agencies) and received CAP special assistance outside of Network meetings listing the countries and type of assistance.	Number of countries provided special assistance outside of network meetings as a proportion of the number of countries that appeared to be in non-compliance
Information clearinghouse	(a) Number of newsletter subscriptions (b) Number of discrete visitors (IP addresses) to the web site (c) Number of PDF documents downloaded from website (d) Number of hardcopy publications disseminated (e) Number of query responses responded to; Average time for response	Comparison to previous years' data
