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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
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EVALUATION OF 1998 BUSINESS PLANS

1. This document presents the evaluation of the 1998 business plans of the implementing agencies. The evaluation is based on:

- (a) the performance indicators adopted by the Executive Committee at its 22nd Meeting (Decision 22/18),
- (b) the performance indicators in the 1998 business plans of the implementing agencies (UNEP/OzL.Pro/ExCom/24/7 through 10) as modified by Decisions 24/4 (a and b),
- (c) the implementing agencies' progress and financial reports submitted to the 25th and 28th Meetings of the Executive Committee, and
- (d) the Executive Committee's decision to apply any new or weighted indicators to evaluation of 1998 business plans (Decision 25/5 (e)).

2. This document addresses the agencies' performance for investment and non-investment projects and concludes with recommendations for Executive Committee consideration.

INVESTMENT PROJECTS

Agency targets and achievements

3. The performance of the implementing agencies during the 1998 business plan period is assessed against the targets that were set in their business plans. This is first done on a target by target basis and is then synthesized in a summary table.

4. It should be noted that achieving higher amounts represents a better performance than targeted in the case of the first two indicators (ODP phased out and Funds disbursed) but for the other indicators (speed of delivery, cost-effectiveness, and cost of project preparation), the lower amounts represent better performance.

ODP phased out

5. Table 1 shows that all implementing agencies exceeded their ODP phase out targets. This is significant since it was accomplished within the context of the Committee's decision to increase the agencies' targets by the shortfall in their phase-out from the 1997 business plans. The achieved phaseout represent 40 per cent, 65 per cent and 70 per cent from the total phaseout ODP approved through 1998 for UNDP, UNIDO and World Bank, respectively.

Table 1

ODP PHASED OUT TARGET

ITEM	UNDP			UNIDO			World Bank		
	Target	Achievement	Meet Target	Target	Achievement	Meet Target	Target	Achievement	Meet Target
ODP phase out	3,309	4,134	Yes	7,688	7,893	Yes	31,186	31,765	Yes

Funds disbursed

6. Only UNIDO has exceeded its disbursement target as shown in Table 2. UNDP and the World Bank were 5 per cent and 12 per cent short of meeting this target, respectively. Taken against the funds approved through 1998 for the three agencies, this level of disbursement represent 52 per cent, 58 per cent, 53 per cent for UNDP, UNIDO and World Bank respectively.

Table 2

FUNDS DISBURSED TARGET

ITEM	UNDP			UNIDO			World Bank		
	Target	Achievement	Meet Target	Target	Achievement	Meet Target	Target	Achievement	Meet Target
Funds Disbursed	\$35,200,000	\$33,540,000	No	\$28,942,753	\$37,044,311	Yes	\$70,746,700	\$61,930,000	No

Speed of delivery

7. The speeds of delivery indicators take into account the overall average of all projects approved through 1998. The longer targets, in this case, reflect some of the earlier projects for which initial agreements took several months to complete. Table 3 shows that the World Bank achieved its target for speed of first disbursement, UNIDO and UNDP took about 1 and 10 months longer than their forecasted. However, UNIDO's target of first disbursement (7 months) was almost half as long as UNDP's target (12 months) and over 4 times shorter than the target of the World Bank (30 months).

Table 3

SPEED OF DELIVERY TARGETS

ITEM	UNDP			UNIDO			World Bank		
	Target	Achievement	Meet Target	Target	Achievement	Meet Target	Target	Achievement	Meet Target
Speed of first disbursement	12 months	12-14 months (used 13 months)	No (a)	7 months	9 months	No	30 months	26 months	Yes
Speed of Completion	27 months	27 to 32 months (used 29.5 months)	No	18 months	28 months	No	36 months	40 months	No

8. No agency met the speed of completion of investment projects target. Both UNDP and the Bank missed their targets by 2.5 and 4 months, respectively. UNIDO's speed of completion was 10 months longer than targeted.

Cost-effectiveness

9. Cost-effectiveness measurements are based on the amount of approvals during the business plan period (for investment projects from the 25th through the 27th Meetings) divided by the ODP to be phased out from these projects (in kilograms). Table 4 shows that all agencies achieved a more cost-effective overall portfolio than it targeted due largely to the lower amount of methyl bromide activities than forecasted.

Table 4

COST-EFFECTIVENESS TARGETS

ITEM	UNDP			UNIDO			World Bank		
	Target	Achievement	Meet Target	Target	Achievement	Meet Target	Target	Achievement	Meet Target
Cost-effectiveness (overall)	\$9.90	\$6.30	Yes	\$6.37	\$6.27	Yes	\$2.40	1.90	Yes
Cost effectiveness (LVCs)	\$18.2	\$8.50	Yes	\$6.49	\$13.50	No	N/a	N/a	N/a

10. Both UNDP and UNIDO indicated that their level of activity in LVCs was less than expected. This had different impacts on the indicator that specifies cost-effectiveness for LVCs. In UNIDO's case, UNIDO had one project approved in an LVC valued at \$130,027 that will

phase out 9.6 ODP tonnes, although it targeted projects valued at \$740,000 that would phase out 114 ODP tonnes. UNDP had \$1.65 million approved for projects in LVCs that will phase out 193 ODP tonnes, although it targeted projects in LVCs valued at \$4.64 million that would phase out 255 ODP tonnes. The World Bank does not target a cost-effectiveness for LVCs as it is not involved in LVCs.

Cost of project preparation

11. The cost of project preparation is a measure of the value of project preparation divided by the value of investment projects approved during the business plan period. Table 5 shows that UNDP’s cost of project preparation was better than its target. The World Bank did not achieve its target.

Table 5

COST OF PROJECT PREPARATION TARGET

ITEM	UNDP			UNIDO			World Bank		
	Target	Achievement	Meet Target	Target	Achievement	Meet Target	Target	Achievement	Meet Target
Cost of project preparation	4.0 per cent	3 per cent	Yes	3.0 per cent	N/a See para. 12	N/a	2.5 per cent	2.7 per cent	No

12. Based on approved projects to-date, UNIDO’s cost of project preparation would be 4.2 per cent. However, the Executive Committee allowed 3 projects that were submitted but not approved at the last meeting to continue to be counted against UNIDO’s 1998 business plan targets. The final amount eligible for their project is yet to be decided by the Executive Committee. Therefore, this performance of this target can not be fully assessed at the present time.

Summary

13. Decision 22/18 established seven targets for the evaluation of investment project performance. The World Bank targets six of the seven indicators because it is not involved in LVCs. Table 6 shows that:

- UNDP fully achieved four of the seven targets (57 per cent) the remaining three being only partially achieved,
- UNIDO achieved three of six targets (50 per cent) the remaining three being partially achieved, the seventh target can not be calculated (please refer to paragraph 12 for an explanation), and

- The World Bank achieved three of six targets (50 per cent) the remaining three being partially achieved.

Table 6

1998 BUSINESS PLAN INVESTMENT PROJECT TARGETS, ACHIEVEMENT, AND PERCENTAGE OF TARGET ACHIEVED, AND NUMBER OF TARGETS ACHIEVED

ITEM	UNDP			UNIDO			World Bank		
	Target	Achievement	Meet Target	Target	Achievement	Meet Target	Target	Achievement	Meet Target
ODP phase out	3,309	4,134	Yes	7,688	7,893	Yes	31,186	31,765	Yes
Funds Disbursed	\$35,200,000	\$33,540,000	No	\$28,942,753	\$37,044,311	Yes	\$70,746,700	\$61,930,000	No
Speed of first disbursement	12 months	12-14 months (used 13 months)	No (a)	7 months	9 months	No	30 months	26 months	Yes
Speed of Completion	27 months	27 to 32 months (used 29.5 months)	No	18 months	28 months	No	36 months	40 months	No
Cost-effectiveness (overall)	\$9.90	\$6.30	Yes	\$6.37	\$6.27	Yes	\$2.40	1.90	Yes (b)
Cost effectiveness (LVCs)	\$18.2	\$8.50	Yes	\$6.49	\$13.50	No	N/a	N/a	N/a
Cost of project preparation	4.0 per cent	3 per cent	Yes	3.0 per cent	N/a (c)	N/a	2.5 per cent	2.7 per cent	No (b)
Number of targets	7	4		7	N/a		6	3	

(a) UNDP met its target for completed projects, but not for ongoing projects.

(b) Includes China Halon Sector Plan

(c) See paragraph 12.

Assessment

14. The Executive Committee determined the relative importance of the indicators at its 26th meeting (Decision 26/4) when it adopted the following weightings for evaluating business plan performance: ODP phased out (40 per cent), funds disbursed (30 per cent), project completion reports (20 per cent), and distribution among countries (10 per cent).

15. The two latter indicators were not targeted in the 1998 business plans. Therefore, the ODP phased out and funds disbursed indicators were used for the assessment with their weights adjusted to a scale of 100 as follows: ODP phased out had 57 points and Funds disbursed had 43 points.

16. Table 7 is based on applying the percentage of the performance target achieved times the relative weighting. The assessment was limited to agencies achieving a maximum of 100 per cent of the target. The resulting points for each indicator are added to obtain the overall assessment.

Table 7

**ASSESSMENT OF PERFORMANCE AGAINST TARGETS
FOR INVESTMENT PROJECTS**

Agency/ Performance Indicator	UNDP			UNIDO			World Bank		
	Percentage of Target Achieved	Weight -ing	Points	Percentage of Target Achieved	Weight -ing	Points	Percentage of Target Achieved	Weight -ing	Points
ODP phased out	100%	57	57	100%	57	57	100%	57	57
Funds disbursed	95%	43	41	100%	43	43	88%	43	38
Assessment			98			100			95

17. UNIDO exceeded both of the weighted targets. UNDP and the World Bank each exceeded one of the two weighted investment project performance targets.

NON-INVESTMENT PROJECTS

18. The Executive Committee adopted four performance indicators for non-investment projects at its 22nd Meeting (Decision 22/18) and adopted weightings for these indicators at its 26th Meeting (Decision 26/5). This section presents a review of the targets and the achievements followed by an assessment based on the weightings adopted by the Executive Committee at its 26th Meeting.

UNEP

19. Most non-investment projects are implemented by UNEP. At its 25th Meeting, the Executive Committee requested UNEP, in view of its specific mandate, to continue the monitoring of its activities according to the set of indicators set out in its business plan. UNEP assessed its performance against six of these indicators in its progress report.

20. It did not mention the targets “reduction of ODS consumption over and above that effected by investment projects” and “appropriate and timely policies initiated by countries either as a result of networking, training or information exchange. These targets were first introduced by UNEP and subsequently applied to all implementing agencies. However, all agencies except UNEP have indicated a difficulty in measuring these targets.

21. Of the remaining targets which are only applicable to UNEP activities, UNEP noted that:

- It achieved its project completion target
- Over 25 countries have been actively involved in regular public awareness activities.
- The rate of completion of country programmes has improved.
- UNEP was involved in four joint activities with network countries
- The OAIC diskette was not updated as planned.
- Only one of the two special supplements was published.

22. UNEP indicated that it achieved four of its six targets except the last two.

Agency Targets and Achievements

23. Implementing agencies’ 1998 business plan targets are presented in Table 3 below. UNEP targeted the largest number of projects to be completed in 1998, and UNDP forecasted the largest level of disbursement. Agencies addressed the speed of delivery indicator differently. UNDP and the World Bank provided an overall average speed of delivery target, while UNEP specified its targets by project type and UNIDO provided ranges.

Table 8

1998 BUSINESS PLAN NON-INVESTMENT PROJECT TARGETS

ITEMS	UNDP	UNEP	UNIDO	World Bank
Number of Projects to be Completed	8 projects	31 projects	5 projects	7 projects
Funds disbursed (US\$)	\$4.18 million	\$3.489 million	\$821,640	\$1.862 million
Speed of delivery until first disbursement	6 months	3 months for institutional strengthening projects	2-11 months (used 6.5 months)	17 months
Speed of project completion	24 months	15 months for complete country programmes	10-12 months (used 11 months)	32 months

24. Table 9 presents the achievements of the implementing agencies for non-investment.

Table 9

**ACHIEVEMENTS AGAINST 1998 BUSINESS PLANS TARGETS
FOR NON-INVESTMENT PROJECTS**

ITEMS	UNDP	UNEP	UNIDO	World Bank
Number of projects Completed	26 projects	41 projects	4 projects	7 projects
Funds disbursed(US\$)	\$4,110,000	\$4,167,177	\$970,957	\$917,930
Speed of delivery until first disbursement	12 months for completed projects & 13 months for ongoing (used 12.5 months)	3 months for institutional strengthening projects	4 months	16 months
Speed of project completion	32 months for completed projects and 36 months for ongoing (used 33.5 months)	15 months to complete country programme	8 months	29 months

Completed projects

25. UNEP completed more projects (41) than the other agencies. It also had the higher target. UNDP completed 26 projects in spite of its target of 8 projects. UNIDO would have completed all five projects but one project that it targeted for completion in 1998 (country programme for Saudi Arabia) was not approved in 1998. The World Bank achieved its target by completing 7 projects.

Funds disbursed

26. UNEP and UNIDO exceeded their disbursement targets in 1998 by almost 20 per cent each. In 1998, UNEP and UNDP disbursed the largest amount of funds, roughly \$4.2 and \$4.1 million, respectively. The World Bank did not achieved its target by disbursing only 49 per cent of the plan target.

Speed of delivery

27. UNEP and the World Bank achieved both of their targets for speed of delivery. UNDP and UNIDO did not achieved their targets.

Assessment

28. The same methodology as used to assess investment projects was used to assess non-investment projects. Table 10 presents the assessment for non-investment projects.

Table 10

ASSESSMENT OF PERFORMANCE AGAINST TARGETS FOR NON-INVESTMENT PROJECTS

Agency/ Performance Indicator	UNDP			UNEP			UNIDO			World Bank		
	Percentage of Target Achieved	Weight -ing	Point s	Percentage of Target Achieved	Weight -ing	Point s	Percentage of Target Achieved	Weight -ing	Point s	Percentage of Target Achieved	Weight -ing	Point s
Number of projects completed	100%	40	40	100%	40	53	80%	40	32	100%	40	40
Funds disbursed	98%	30	29	100%	30	36	100%	30	30	49%	30	15
Speed of first disbursement	0%	15	0	100%	15	15	100%	15	15	100%	15	15
Speed of project completion	60%	15	9	100%	15	15	100%	15	15	100%	15	15
Overall assessment			78			100			92			85

SECRETARIAT'S OBSERVATIONS AND RECOMMENDATIONS

Observations

29. The Executive Committee decided to adjust the agencies' investment project shares based on the evaluation of the agencies' performance against their business plans of 1997. Shares were adjusted from the following shares (UNDP (30 %), UNIDO (25 %), and the World Bank (45 %) to (UNDP (29 %), UNIDO (22 %), the World Bank (43 %) and aerosol/halon (3 %).

30. At this meeting, the Executive Committee will have before it a proposed agreement on agency shares for the year 2000 business plan.

31. The assessment of non-investment projects indicates some of the indicators were difficult target. There seemed to be inconsistencies in the setting of the targets for the 1998 business plan. It is expected that the targets established for the 1999 business plan would have greater consistency.

Recommendations

The Committee may wish to consider:

1. If any adjustment in shares is warranted based upon the evaluation of performance against the 1998 business plan targets.
2. How any adjustment based on the evaluation of performance against the 1998 business plan targets should be applied to the agency shares proposed by the implementing agencies to this meeting.