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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Twenty-sixth Meeting
Cairo, 11-13 November 1998

PERFORMANCE INDICATORS FOR THE EVALUATION OF BUSINESS PLANS

1. Performance indicators are included in agency business plans as proposed targets. The Executive Committee reviews these targets and either modifies them or approves them as part of the approval of the agencies' annual business plans. Following the completion of the business-planning year, these targets are assessed on the basis of each agency's actual performance as indicated in the agency's annual progress reports.

2. At its 22nd Meeting, the Executive Committee adopted the following indicators for the evaluation of the implementing agencies' performance against their business plans:

3. For investment projects:

- Actual ODS phased out from completed projects (expressed in ODP metric tonnes)
- Speed of ODS phase out (expressed in number of months)
- Disbursement (expressed in US $ millions)
- Speed of first disbursement (expressed in number of months).
- Cost of project preparation (expressed as a ratio)
- Cost-effectiveness of project submissions (expressed in US $/kg.)
- Cost-effectiveness of project proposal submissions for LVCs (expressed in US $/kg.)

4. For non-investment projects:

- Number of non-investment projects completed
- Speed of project completion (expressed in number of months)
- Disbursement (expressed in US $ millions)
- Speed of first disbursement (expressed in number of months)

5. During its review of the evaluation of the implementing agencies' performance against their 1997 business plans, the Sub-Committee on Monitoring, Evaluation, and Finance (MEF) discussed the relative importance of the present indicators and the need to include new indicators such as: the cumulative amount of ODP emissions attributable to implementation delays, the distribution of projects among countries in business plans so as to ensure that low-volume consuming countries received due attention, and the number of project completion reports received.

6. Having considered the comments and recommendation of the MEF Sub-Committee, the Executive Committee decided at its 25th Meeting (decision 25/5), 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;
d. to consider the need to revise the cost of project preparation and cost-effectiveness performance indicators; and
e. to apply any new or weighted indicators to evaluation of 1998 business plans.

7. Decision 25/6 requested the Secretariat, in collaboration with the implementing agencies, to consider adding other non-investment project indicators concerning the assessment of the success of performance of such projects. In this regard, the Committee noted that UNEP had made extensive use of performance indicators and that this should be taken into account by the Secretariat in its discussion with implementing agencies concerning the modifications to performance indicators.

8. The Secretariat and the implementing agencies discussed current performance indicators as well as examined potential new indicators for investment and non-investment projects during the Workshop on Progress Reports and Business Plans held in August 1998 in Montreal. The Secretariat had additional consultations with the implementing agencies prior to completion of this paper.

9. All of the existing indicators and those potential indicators that were mentioned during the last meeting of the MEF Sub-Committee and the Executive Committee were discussed. Much discussion was held concerning an indicator that would have measured the net ODP emissions/reductions as a result of implementation delays/early project completion; however, it was determined that the existing indicator, ODP phase-out, was a more positive indicator and more appropriate for both setting targets and measuring performance.

Investment projects

Proposed Indicators

10. An agency's performance may be assessed on the basis of the extent to which the agency: completes phase-out when planned, assists all Article 5 Parties in their phase-out efforts as planned, demonstrates progress toward phase-out for ongoing projects, and provides confirmation that phase-out has occurred through the submission of project completion reports.

11. The proposed investment project indicators and their definitions are presented as follows:

a. ***Actual ODS phased out from completed projects (ODP tonnes)*** – the amount of ODS eliminated from completed projects within the plan period.
b. ***Disbursement (US $)*** – the amount of funds to be disbursed (excluding unliquidated obligations) within the plan period per Table 5 of the business plans.
c. ***Distribution of Projects Among Countries in Business Plans (# of countries)*** - the number of countries for which activities are planned for approval in the year of the business plan per Table 5 of the business plans.
d. ***Project Completion Reports Received (percentage)*** – the number of project completion reports submitted expressed as a percentage of the number of project completion reports due for submission.

<u>Weighting of investment project indicators</u>

12. Based on previous evaluations of business plans, the weighting of performance indicators is necessary to determine which indicators are more crucial in assessing performance. The indicator, "ODP Phase-Out" is viewed as the most important indicator because this indicator captures the main objective of the Fund which is to assist Article 5 Parties in the early phase-out of ozone depleting substances.

13. The other indicators also are related to phase-out efforts. The indicator, "Disbursement", addresses progress toward phase-out and is considered to be the next most important indicator. The indicator, "Distribution of Countries", addresses the need to assist as many countries in meeting their obligations as planned. And the indicator, "Project Completion Reports Received", addresses the need to confirm that the phase-out has occurred.

14. The relative weighting of indicators (on a scale of 100) is suggested as follows:

Investment Project Performance Indicators	**Weighting**
ODS phased out	50
Disbursement	30
Distribution of Projects among Countries in Business Plans	10
Project Completion Reports Received	10
TOTAL	100

15. The weighting will be applied on the basis of the percentage of the target achieved. For example, if an agency sets a target of phasing out 100 tonnes during the business planning year. If it achieves 90 tonnes, then its rating will be 90 per cent times 50 = 45 points. If the same agency meets its other targets, then the agency's total performance assessment will be 95 out of 100.

Non-investment projects

16. Pursuant to Executive Committee decision 25/6, the Secretariat and the implementing agencies discussed UNEP's performance indicators. It was concluded that UNEP's calculations are applicable exclusively to its own system and cannot be applied to the other agencies. Therefore, the existing four performance indicators should continue to be applied to the non-investment projects.

Weighting of non-investment project indicators

17. For non-investment projects, the most important indicator is the number of projects completed. As in the case of the investment projects, the second most important indicator is disbursement. The remaining speed of delivery indicators are viewed as of equal importance. The assessment will be calculated on the same basis of investment projects, i.e., the per cent of the target achieved.

Non-Investment Project Performance Indicators	**Weighting**
Number of projects completed	50
Disbursement	30
Speed of first disbursement	10
Speed of completion	10
TOTAL	100

RECOMMENDATION

1. The Secretariat requests that the Monitoring, Evaluation and Finance Sub-Committee make appropriate recommendations on these revised indicators for the assessment of the agencies' 1999 business plans and subsequent business plans, and in the weight to be assigned to each indicator.
