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Executive Committee of
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Implementation of the Montreal Protocol

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MONITORING AND EVALUATION SYSTEM

FOR THE MULTILATERAL FUND

(revised draft from the Consultant)

Multilateral Fund for the Implementation of the Montreal Protocol

Proposed Monitoring and Evaluation System

REVISED DRAFT

January 17, 1997

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1. Introduction

1.1 Background and Purpose

The Multilateral Fund for the Implementation of the Montreal Protocol was established to assist Article 5 countries in their efforts to eliminate the production and consumption of ozone depleting substances (ODS) in accordance with the Montreal Protocol. The Fund is now financing activities in over 100 countries. Beyond this accomplishment, the question remains of whether the expected progress in reducing ozone depletion is being achieved. The purpose of this document is to propose a system for monitoring and evaluation that will enable the Executive Committee, and other relevant stakeholders to monitor progress and to have the information they require to improve performance of the Fund in achieving its long term goal.

This document is a revised version of a draft presented to the Executive Committee at its 20th Meeting [UNEP/OzL.Pro/ExCom/20/58] which was based on an earlier concept paper, *Options for the Design of a Monitoring and Evaluation System for the Multilateral Fund for the Implementation of the Montreal Protocol* (August 1996), that considered three approaches to monitoring and evaluation. Taking into account the feedback received, this paper recommends what the Executive Committee should do to ensure that there is adequate monitoring and evaluation for the Fund. The paper reviews monitoring and evaluation activities undertaken by the Fund, and recommends how these functions can be improved. It then examines cost-effective means of implementing future evaluations.

Monitoring and Evaluation

Monitoring:	Evaluation:
• is continuous • assesses how we are doing • provides ExCom information on progress on implementation of projects • provides for learning while doing	• is periodic • assesses whether we achieved objectives • provides information on success of projects • provides lessons learned for the future

1.2 Concept Paper

The Concept Paper outlined the following priority recommendations for the development of a monitoring and evaluation system for the Fund:

- to designate and resource an entity within the Secretariat to manage overall monitoring and evaluation for the Fund using external evaluators on behalf of the Executive Committee, and
- to proceed with the development of a framework for monitoring and evaluation based on the operational model with incorporation of feasible (cost-effective) aspects of the logical framework model.

The Operational Model

The **Operational Model** is an enhanced version of existing Fund monitoring and reporting practices. The model builds on existing data collection and reporting systems at the country level and by the Implementing Agencies, but it permits the present mechanisms to be made more efficient by harmonising requirements and reducing the information to a small number of key performance indicators.

The Logical Framework Model

The **Logical Framework Model** employs the 'logical framework' as its conceptual structure, thereby providing stakeholders with a means of monitoring and evaluating the causal relationship between the resources expended and the results achieved in a project or programme context. The logical framework allows stakeholders to design and execute projects and programmes within a cause-and-effect framework for describing how and why the project is being carried out. The logical framework also provides stakeholders with a transparent means of measuring progress and outcomes.

Members of the Executive Committee, the Implementing Agencies and the Fund Secretariat provided feedback on the Concept Paper, supporting its two recommendations and emphasizing the need to involve Article 5 countries in the evaluation process to reinforce equality, ownership and participation.

1.3 Consideration of a Proposed Monitoring and Evaluation System

Following presentation of a proposed system at its 20th Meeting, the Executive Committee decided:

(a) To request the consultant to do further work, for submission to a subsequent Meeting, concentrating on the following considerations:

(i) While significant changes were proposed in the evaluation area, the proposed system of monitoring was largely in place already, embodied in the present system of reporting;

(ii) It was important that the monitoring and evaluation function should not engender excessive costs, nor inflate a presently lean and efficient Secretariat;

(iii) Evaluations had to involve all stakeholders;

(iv) While decisions on the scope of external evaluations and the number performed in a year could be determined by the Executive Committee, decisions on the scope of any evaluations of the Fund as a whole might have to remain in the hands of the Meeting of the Parties;

(b) To invite members of the Executive Committee to submit additional comments in writing to the Fund Secretariat in order to facilitate the work of the consultant (Decision 20/38)

The following sections of this document attempt to incorporate the specific elements of this decision taking informal feedback into account.

2. Monitoring of Fund Activities

2.1 Introduction

The Terms of Reference for the Executive Committee of the Multilateral Fund mandate that: *"the Executive Committee shall draw up reporting criteria and shall invite the implementing agencies to report regularly to it in accordance with those criteria."* As such, reporting criteria have been drawn up for the Fund and various stakeholders are producing regular progress reports against these criteria.

While the reporting requirements have been met, reporting alone does not constitute monitoring. The Executive Committee's Interim Guidelines on Project Monitoring and Evaluation defined monitoring as *"supervisory activities carried out by project management at different levels over the entire implementation process of the project to ensure the attainment of its objectives"* (UNEP/OzL.Pro/ExCom/18/64). The Concept Paper defined monitoring as *"the continuous observation and analysis of project or programme progress, enabling managers to determine whether a project is being carried out and achieving outcomes according to plan and where remedial action is required."*

The reports by the Fund Secretariat to the Executive Committee have aggregated reported data and do constitute a form of monitoring.

2.2 Purpose of Monitoring

Monitoring and evaluation are complementary aspects of the whole system; however, the specific purpose of the monitoring function is to provide information for decision-making to the Executive Committee about the progress of projects it approves, including the overall efficiency and effectiveness of the portfolio of funded projects and the related Implementing Agency/bilateral's performance.

2.3 Assessment of the Existing Monitoring Function

In general, the current procedures involve collection and aggregation of data reported by the countries involved in bilateral cooperation, Implementing Agencies, and Article 5 countries. The Concept Paper noted the following findings about the existing monitoring system:

- Current reporting practices do not respond to the needs for global monitoring of the Fund as a programme.
- Current practices are not sufficiently strategic in nature, focusing at the project level rather than at the level of Fund goals and objectives.
- Improved coordination among Fund stakeholders would increase the efficiency of existing reporting systems and practices.

Subsequent to the 20th meeting of the Executive Committee, the consultants met with the Implementing Agencies and concluded that the Implementing Agencies had invested considerably in the reporting system which is functioning satisfactorily in general. However, certain aspects of the system need further improvement, namely:

- The volume of information generated by the system makes it less 'user friendly' than it could be. Data that are not necessary in a strategic monitoring system should be discontinued and all Implementing Agencies should collect the same information.
- Currently, there are no satisfactory reporting indicators for non-investment projects which means that the Executive Committee is not receiving needed information on these projects.
- There are unreported matters affecting projects that are deemed by some Implementing Agencies to be beyond their control, such as critical assumptions (e.g.: ensuring that phased-out equipment is de-commissioned)

2.4 Recommended Actions

We recommend that the Executive Committee endorse the present monitoring system contingent on

a) The Implementing Agencies, working in cooperation with the Secretariat, continuing their efforts to streamline and simplify the data they are currently reporting.

b) Continued movement towards presenting the data in ways that reflect the general structure of the logical framework

c) The Implementing Agencies and Fund Secretariat developing and reporting on indicators suitable for monitoring of non-investment projects.

3. Evaluation of Fund Activities

3.1 Introduction

The Interim Guidelines on Project Monitoring and Evaluation defined evaluation as *"an ex-post study carried out at the end of the project cycle after termination or completion of the project. Evaluation is distinguished from monitoring by its emphasis on the ultimate impact of the project and its focus on learning lessons which can be applied to subsequent projects"* (UNEP/OzL.Pro/ExCom/18/64). The Concept Paper broadened the definition slightly to include the possibility of evaluation of activities in progress. It defined evaluation as *"an assessment, as systematic and independent as possible, of an ongoing or completed project, its design, implementation and results. The aim of evaluation is to determine, at a point in time, the continued relevance of programme objectives, the efficiency of efforts to achieve them within a specific context, the effectiveness of a programme in achieving objectives, as well as the impact of a programme and any lessons that can help guide future policy and practice."*

Unlike monitoring, evaluation goes beyond self-reporting to provide information generated by independent means that helps assess how the Fund is performing relative to its overall purpose.

3.2 Purpose of Evaluation

The purposes for evaluation relative to the Fund are:

- to provide the Executive Committee with the information it requires to make informed decisions about the Fund. Specifically, information is required on:
  - overall Fund performance in reducing ODS according to established targets
  - the effectiveness of projects in phase-out of specific controlled substances
  - the effectiveness of Fund projects in particular sectors
  - the effectiveness of non-investment projects
  - the strengths and limitations of various types of projects
  - the impact of ExCom policy decisions on project effectiveness
  - the major causes of observed failures to reach targets
  - possible actions that might improve performance of the Fund

In addition, other stakeholders can benefit from evaluation information. The purpose of evaluation for them is:

- to provide Article 5 countries with evaluation information to assist them in achieving the implementation of their Country Programme objectives
- to provide countries and Implementing Agencies with analyses of factors influencing the implementation of projects
- to assess the impact of investment and non-investment projects in reducing ODS.

3.3 Assessment of the Existing Evaluation Function

To date, there have been several evaluation activities including those by Implementing Agencies [For example an *Implementation Performance Review* by the World Bank in 1994].The Meeting of the Parties commissioned a review of the financial mechanism of the Fund at its Fourth Meeting which was completed in March 1995. That evaluation was guided by a Steering Panel with a report directly to the Meeting of the Parties. Such evaluations have given the Executive Committee useful independent information on aspects of Fund performance. However, past activities have limitations:

- Evaluation/Review activities have been irregular with no overall framework to guide the evaluation function.
- The scope of evaluation activities has been limited so the Executive Committee and Meeting of the Parties do not have the evaluative information they need to make key decisions based on Fund performance.
- The management of evaluations has been *ad hoc,* which has not facilitated development of an ongoing mechanism for management of the evaluation function.

The following section recommends an overall framework for evaluation activities. The whole question of management of evaluation is considered in Section 4.

3.4 Recommended Framework for Evaluation Function

Evaluation Timeframe

Evaluations would focus on projects approved by the Executive Committee 18-24 months prior to the evaluation. This would permit the evaluation to examine whether the approved actions were completed and with what effects.

Types of Evaluation

The recommended evaluation framework encompasses four types of evaluation as depicted below. The specific focus, scope, and key evaluation questions for each of the generic types of evaluation are shown in the accompanying boxes. The fourth type of evaluation, Special Evaluations, would reflect terms of reference established to address a particular issue.

TYPE OF EVALUATION	FOCUS OF EVALUATION
Evaluation of Projects Related to Phase-Out of Specific Controlled Substances	This type of evaluation would focus on the effectiveness of approved investment projects involving a specified controlled substance (e.g.: CFCs, Halons) in a designated geographic area.
Evaluation of Projects within a Sector	This type of evaluation would focus on the effectiveness of approved investment and non-investment projects within a specified sector (e.g.: Aerosol, Foam, Refrigeration) in a designated geographic area.
Evaluation of Non-Investment Projects	This type of evaluation would focus on the effectiveness of approved non-investment projects (e.g.: Institutional Strengthening, Training) in a geographic area.
Special Evaluations	These evaluations would address any matter referred by the Executive Committee

Evaluation of Projects Related to Phase-Out of Specific Controlled Substances

Focus:
How effective have projects that target a specific substance been in reaching their ODS reduction targets?

Scope:
Such evaluations would normally deal with projects approved 18-24 months previously within a particular geographic region.

Key Evaluation Questions:
1. Has ODS equipment been replaced/ converted according to project proposals?
2. Has replaced equipment been de-commissioned?
3. Has ODS been reduced?
4. What are the major causes of any observed failures in reaching targets?
5. What should be done to address any problems?

What are the major strengths and limitations of projects related to the controlled substance?

Evaluation of Projects within a Sector

Focus:
How effective have approved investment and non-investment projects within a specified sector (e.g.: Aerosol, Foam, Refrigeration) been in reducing ODS in that sector?

Scope:
Such evaluations would normally deal with projects approved 18-24 months previously within the sector in a particular geographic region.

Key Evaluation Questions:
1. How effective have the various types of investment projects been in reducing ODS within the sector?
2. Were the projects implemented according to project proposals and at the same costs?
3. How effective have the various types of non-investment projects been in achieving their intended objectives in support of ODS reduction within the sector?
4. What have been the collective effect of projects within the sector?
5. What are the major limitations of the portfolio of activities taken within the sector?

What should be done in approving future projects to improve performance in the sector?

Evaluation of Non-Investment Projects

Focus:
How effective are specific types of non-investment projects in achieving their objectives?

Scope:
These evaluations would take a specific type of project (e.g.: training, institution strengthening) and determine the extent to which they did what was intended, and with what effects. They would target a designated time period and geographic area.

Key Evaluation Questions: (Using training as an example)
1. Did the scheduled training activities take place as planned?
2. Were they effective in teaching participants required skills?
3. Was the training transferred to the job – was it effective in supporting technology transfer?
4. Was the learning imparted still in use after 12 months?
5. What were the strengths and limitations of training projects?

How could future training projects be improved?

4. Implementing and Conducting Future Evaluations

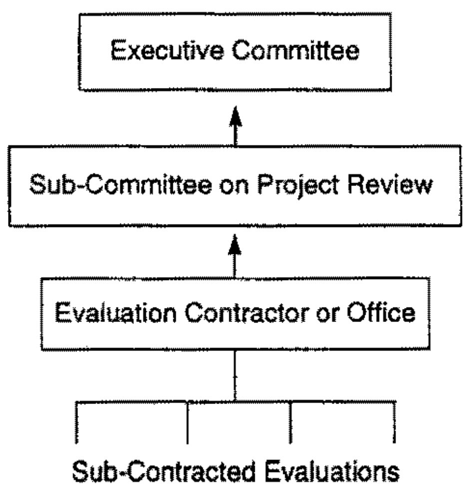
4.1 Introduction

Bearing in mind the feedback on earlier proposals, we wish to recommend the most cost-effective means for evaluations related to the Fund. For this reason we have suggested two options for implementing evaluations. This section outlines the accountability structure for evaluation, the options for implementation, the procedure for conducting external evaluations and the roles of all associated bodies.

4.2 Accountability for the Evaluation Function

The Executive Committee requires an efficient way of dealing with the details of evaluation, and for this purpose we recommend that the Sub-Committee on Project Review should initiate action. The next section describes two options for implementing the actual evaluations, establishment of an Evaluation Office or designating an Evaluation Contractor. In either case, the resulting reporting structure would be as depicted below. The Sub-Committee on Project Review would develop mandate the Evaluation Contractor or Office prescribing its role along the lines suggested in Section 4.5.

Accountability of Evaluation Function



4.3 Options for Implementation of Evaluations

The earlier proposal to establish an Evaluation Office raised some concerns that the required infrastructure and recurrent costs might not be justified given the scope of activities that are envisioned. For this reason we have considered two options: establishment of an Evaluation Office, or designating an Evaluation Contractor to implement evaluations. Some of the advantages and disadvantages of each option are outlined below:

EVALUATION OFFICE	EXTERNAL CONTRACTOR
ADVANTAGES	
Provides ongoing capacity on continuous basis	Would not add to the number of established posts supported by the Fund
Could be located close to or within Secretariat for easy coordination (See Appendix I)	Flexible costing for expansion/contraction as required
Would benefit from knowledge of the UN System	Can be started immediately
Could facilitate relationships with Article 5 countries	Provides for efficient contracting of external evaluations
	Is clearly independent
DISADVANTAGES	
Adds recurrent costs to the Fund	Detachment may tend to build learning outside the Fund rather than develop it within
Adds to infrastructure and bureaucracy	It would be outside of the UN System
Requires costly recruitment and re-location of staff	May complicate communication with the Secretariat, Implementing Agencies and Article 5 countries
Requires resolution of difficult issues about reporting structures (See Appendix II)	Removes individual evaluations from direct UN control

If the option for an Evaluation Contractor were followed, the Sub-Committee of Project Review could mandate and designate a suitable Evaluation Contractor for an initial period of one year to commence as early as deemed appropriate. If an Evaluation Office were established, the Executive Committee would need to resolve the location and reporting structure issues which are outlined in Appendix I.

4.4 The Conduct of Evaluations

The overall number and scope of evaluations conducted is the responsibility of the Executive Committee and its Sub-Committee on Project Review. Assuming the Evaluation Contractor option were followed, the Evaluation Contractor would implement the required evaluations following normal practices of contracted evaluation within international organizations as depicted in the following flow sequence:

Development of Terms of Reference – Each external evaluation would be guided by explicit terms of reference that would outline the scope and focus of the evaluation, the issues and questions to be addressed, the timeframe, and cost following the outlines suggested for the various types of evaluations (See section 3.4.2).

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Sub-Contracting of External Evaluators – External evaluators would be sub-contracted by the Evaluation Contractor through standard contract procurement procedures. Normally, external evaluation teams would include persons with expertise in program evaluation, controlled substance and sectoral technologies, and the country/geographic context. Typically, teams would consist of three to five persons.

↓

Evaluation Workplans – External evaluation sub-contractors would be required to submit workplans that specify what is to be done, when it is to occur and at what cost. These would need the approval of the Evaluation Contractor and enable the Evaluation Contractor to exercise effective supervision and control.

↓

Evaluation Reports – Draft and final evaluation reports would be submitted to the Executive Committee through the Evaluation Contractor and Sub-Committee on Project Review.

To summarize, the Evaluation Contractor would sub-contract specific evaluations and would be mandated by the Sub-Committee on Project review to exercise quality control for each evaluation.

4.5 Monitoring and Evaluation Roles and Responsibilities

An effective and efficient system for monitoring and evaluation requires all of the stakeholders to exercise responsibility for aspects that fall within their mandates. The major dimensions of such responsibility are as follows:

Executive Committee

The role of the Executive Committee is to:

- receive monitoring and evaluation reports through the Sub-Committee on Project Review
- take action on evaluation reports
- incorporate lessons learned through monitoring and evaluation in future policies (e.g. If evaluation results suggest any deficiencies in the performance of Implementing Agencies, the Executive Committee may instruct the Implementing Agencies to respond through their business plans)
- provide information on evaluations in their regular reports to the Meeting of the Parties.

Sub-Committee on Project Review

The Sub-Committee:

- determines the terms and conditions of a contract with the Evaluation Contractor
- negotiates and recommends to the Executive Committee for approval the Annual Workplan of the Evaluation Contractor
- recommends to the Executive Committee as appropriate, approval of the evaluation program for the year including the number, type and scope of evaluations
- receives draft evaluation reports
- directs evaluation reports to the Executive Committee

Evaluation Contractor

The Evaluation Contractor:

- develops an annual evaluation and monitoring workplan and budget for consideration by the Sub-Committee on Project Review
- advises the Secretariat and Implementing Agencies on measures to improve monitoring
- develops generic terms of reference, evaluation frameworks and procedures manuals to guide external evaluations
- liaises with the Multilateral Fund's Chief Officer
- liaises with evaluation units in Implementing Agencies and bilateral agencies

- implements external evaluations including the preparation of summary evaluation reports for the Executive Committee
- presents an annual evaluation report to the Executive Committee

Implementing Agencies

The Implementing Agencies:

- include in annual business plans elements related to monitoring and evaluation as suggested in this report and approved by the Executive Committee
- conduct project evaluations according to established policies and procedures of the involved agencies (This is an internal matter for Implementing Agencies, and does not directly affect the proposed system.)
- provide project progress reports to the Executive Committee following agreed guidelines and directives
- provide project completion reports to the Executive Committee following agreed guidelines and directives

Article 5 Countries

Involvement of Article 5 countries is key to improving the performance of the Fund in reduction of ODS. Article 5 countries:

- ensure that ozone units have capacity to cooperate in evaluations of their projects within existing budgetary allocations by the Multilateral Fund
- provide monitoring and evaluation data through involved ministries and ozone units
- designate representatives to assist the external evaluation teams
- use the results of evaluation to inform and update Country Programs

4.6 Costs of Evaluation

The costs of evaluation depend on such matters as the volume of activity in any year. Our estimate of indicative annual costs for the various components is outlined in the following table:

COST ELEMENT	INDICATIVE COST
Evaluation Function (Assumes equivalent of 1.2 senior professionals plus support, office, travel, communication, etc.)	From $200,000 up
Evaluations related to controlled substances in designated geographic areas	Average of $100,000 per evaluation
Sector Evaluations	Average of $150,000 per evaluation
Evaluation of non-investment projects	Average of $75,000 per evaluation
Country Evaluations	The costs depend greatly on scope (whether users or producers) and level of contributions from Article 5 countries (Probably $50,000 to $200,000 depending on country)

We recommend that the Sub-Committee on Project Review recommend the specific evaluations to be conducted in the first year.

4.7 Recommended Actions

We recommend that the 21st meeting of the Executive Committee designate its Sub-Committee on Project Review to report to the 22nd meeting of the Executive Committee on:

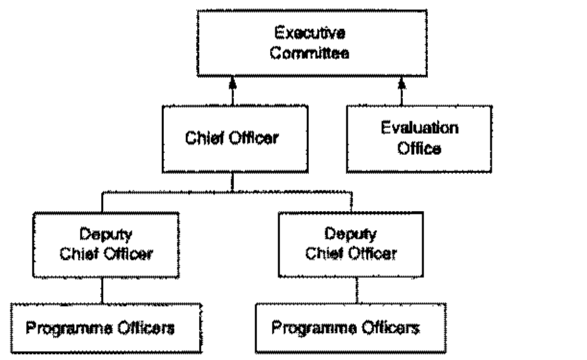
a) mandating and designating a suitable Evaluation Contractor for an initial period of one year.

b) a suitable budget allocation for the implementation and sub-contracting of evaluations over the next year

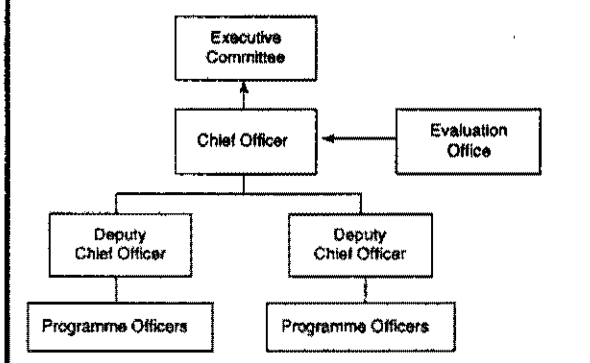
c) the specific evaluations to be undertaken in the next year

Appendix I - Establishment of an Evaluation Office

If the Executive Committee decides to manage the evaluation function through an Evaluation Office, the Executive Committee would need to decide on the location and reporting relationship of such an office. There are two main options as depicted below:



Option A: Placement of the Evaluation Office within the Multilateral Fund Secretariat



Option B: Placement of the Evaluation Office within the Multilateral Fund Secretariat

Option A

In this option, the Evaluation Office would have a direct reporting relationship to the Executive Committee. This would acknowledge the independence of the office, but it would perhaps entail costs of additional infrastructure and complicate coordination with the Chief Officer and Secretariat.

Option B

Option B places the Evaluation Office within the Secretariat and consequently it reports through the Chief Officer. This enables certain efficiencies.