



**United Nations
Environment
Programme**

Distr.
LIMITED

UNEP/OzL.Pro/ExCom/34/15
17 June 2001



ORIGINAL: ENGLISH

EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Thirty-fourth Meeting
Montreal, 18-20 July 2001

EVALUATION OF THE IMPLEMENTATION OF THE 2000 BUSINESS PLANS

Introduction

1. Annual business plans contain the implementing agencies' targeted activities by country on what is planned to be implemented from already approved activities and new activities to be submitted for approval during the year of the plan. At the second meeting of the following year, the performance of the business plans is evaluated. This document presents the evaluation of the 2000 business plans of the implementing agencies. It also concludes with a discussion on contingency lists for non-investment projects and the Secretariat's observations and recommendations.
2. The evaluation is based on:
 - (a) the performance indicators adopted by the Executive Committee at its 22nd Meeting (Decision 22/18) and as modified by the Executive Committee's decisions at its 26th Meeting on the weighted and non-weighted performance indicators for the evaluation of business plans (Decision 26/4-6);
 - (b) the performance indicators in the 2000 business plans of the implementing agencies (UNEP/OzL.Pro/ExCom/30/12 through 15 including 30/12/Corr.1 and 30/14/Corr.1) and as modified by Decisions 30/15 and 30/17; and
 - (c) the implementing agencies' progress and financial reports submitted to the 34th Meeting of the Executive Committee.

INVESTMENT PROJECTS

Agency targets and achievements

3. The performance of the implementing agencies during the 2000 business plan period is assessed against the targets that were set in their business plans or by targets determined by Executive Committee decision.
4. It should be noted that achieving higher amounts represents a better performance than targeted in the case of the indicators (ODP phased out, Funds disbursed, number of Project completion reports, Distribution among countries, Value of projects approved, and ODP to be phased out from new project approvals) but for the other indicators (cost of project preparation, cost-effectiveness, speed of delivery, and net emissions due to delays), the lower amounts represent better performance.

Summary

5. Decision 26/4 established eleven performance indicators for the evaluation of investment project performance of which four are weighted and seven are non-weighted. Table 1 shows that:

- (a) UNDP fully achieved five of the 11 targets (45 per cent), the remaining six being only partially achieved;
- (b) UNIDO fully achieved two of 11 targets (18 per cent), the remaining nine being partially achieved (however, as noted below, UNIDO determined that it met three of its 11 targets); and
- (c) The World Bank fully achieved three of 11 targets (27 per cent), the remaining eight being partially achieved.

Implementation performance indicators

6. Implementing agencies phased out 26,136 ODP tonnes in 2000, of which 16,495 ODP tonnes is attributed to the Bank's production sector projects (including the halon sector). The Fund did not achieve its targeted phase out of 29,542 due largely to the fact that UNDP achieved 41 per cent of the phase-out target set for it by the Executive Committee, and UNIDO achieved 70 per cent of its target. However, it should be noted that most of the phase out by the World Bank (16,495) was for production sector projects (including the halon sector) and only 1,680 was phased out from consumption sector projects.

7. Concerning disbursement, all of the implementing agencies exceeded their targets with the World Bank disbursing US \$15 million more than it targeted in 2000. Although no agency achieved their project completion report target of providing 100 per cent of those due, UNDP provided all but 14 project completion reports that were due, UNIDO all but 8 and the Bank all but 1.

8. The speed of first disbursement and completion are based on cumulative figures, and thus they are not expected to change much from year to year as more projects are implemented. This held true this year for both indicators.

9. The net emission delay is an indicator that is intended to measure the impact of current project implementation delays on additional emissions of ODS. Projects with implementation delays contributed to an additional 38,121 ODP tonnes in emissions in 2000 that would not have occurred if the projects were completed on time. UNDP did not provide a target but contributed 14,136 net emissions. Delayed World Bank projects added 17,422 ODP tonnes in additional emissions compared to its target of 7,800 ODP tonnes. However, UNIDO contributed almost 2500 ODP tonnes less net emissions than it planned.

Planned approval performance indicators

10. Concerning the planned approvals in 2000, it should be noted that none of the agencies achieved their full allocation of value of projects approvals in 2000, despite the fact that projects were approved at all three meetings in 2000 and the first meeting of 2001. There are still projects being submitted to the 34th Meeting (the second meeting of 2001) that will count against the implementing agencies' 2000 business plans. Projects are not approved either because they were not submitted when planned or the submissions raised eligibility issues. If they are not approved during the year of the business plan, the implementation of these projects begins late. The assessment of the performance indicator ODP to be phased out from approved projects also shows that none of the agencies have reached the targeted level of phase out from approved projects. This is also attributed in part to projects not having been submitted in 2000.

11. The weighted performance indicator Distribution among Countries shows that fewer countries received investment projects than planned. This indicator is intended to ensure that the countries included in the business plan receive projects. This indicator does not reward an agency for the number of countries it includes in its business plan as UNDP and UNIDO received approved projects for 20 countries each while the World Bank received approved projects for 11 countries. It does, however, reward the agency that comes closer to reaching its own target, in this case, the World Bank.

12. Cost of project preparation is an indicator that has generally been a value of around 3 per cent of approved projects. UNDP achieved this target, but UNIDO and the World Bank did not. In fact, the World Bank's cost of project preparation of 5.5 per cent is almost twice the normal 3 per cent. This indicator is also influenced by the timeliness of the approvals as the World Bank had only received US \$12 million less in project approvals than its allocation.

Table 1

2000 BUSINESS PLAN INVESTMENT PROJECT TARGETS, ACHIEVEMENT, AND PERCENTAGE OF TARGET ACHIEVED, AND NUMBER OF TARGETS ACHIEVED

Implementation performance indicators										
ITEM	Weight-ed	UNDP			UNIDO			World Bank		
		Target	Achievement	Meet Target	Target	Achievement	Meet Target	Target	Achievement	Meet Target
ODP phased out	Yes	13,646	5,636	No	3,311	2,235	No	12,585	18,175	Yes
Funds disbursed*	Yes	\$40,000,000	\$40,864,539	Yes	\$27,264,000	\$27,602,320	Yes	\$64,492,035	\$79,715,716	Yes
Project completion reports	Yes	100%	180/194 93%	No	100%	12/18 66%	No	100%	55/56 98%	No
Speed of first disbursement		14 months	13 months	Yes	8 months	9 months UNIDO -8 months	No	24 months	25 months	No
Speed of completion		36 months	33 months	Yes	28 months	29 months	No	38 months	39 months	No
Net emission due to delays		N/P	14,136	No	9,147.13 ODP tonnes	6,563	Yes	7,800	17,422	No
Number of targets achieved				5/11			2/11 UNIDO-3/11			3/11
Planned approval performance indicators										
ITEM	Weight-ed	UNDP			UNIDO			World Bank		
		Target	Achievement	Meet Target	Target	Achievement	Meet Target	Target	Achievement	Meet Target
Value of projects approved*		\$35,169,550	\$28,281,438	No	\$25,536,512	\$23,622,228	No	\$46,212,389	\$34,795,104	No
ODP to be phased out		4,566	4,190	No	4,441.5	3,214	No	14,217	11,770	No
Distribution among countries	Yes	33	20	No	27	20 UNIDO-25	No	14	11	No
Cost of project preparation		3%	2.7%	Yes	3%	3.8% UNIDO-2.5%	No UNIDO-Yes	3.2%	5.5%	No
Cost-effectiveness		\$7.80	\$6.74	Yes	\$6.14 excl. Mebr \$6.61 incl. Mebr	\$6.71 \$7.35	No	\$3.57	\$2.96	Yes

* Excluding agency fees assumed to be 13 per cent.

13. The Secretariat's calculation is based on a methodology that was applied equally to all implementing agencies' data provided in the agencies' progress reports submitted to this meeting and the one used in previous evaluations.

Assessment

14. The Executive Committee determined the relative importance of the indicators at its 26th meeting (Decision 27/4) 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. Table 2 is based on applying the percentage of the performance target achieved times the relative weighting.

Table 2

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	41%	40	17	70%	40	28	100%	40	40
Funds disbursed	100%	30	30	100%	30	30	100%	30	30
Project completion reports	93%	20	19	66%	20	13	98%	20	20
Distribution among countries	61%	10	6	74%	10	7	79%	10	8
Assessment			72			78			97

16. UNDP and UNIDO each exceed one of the four weighted investment project performance targets; the World Bank exceeded two of them. The overall assessment is as follows: UNDP (72), UNIDO (78), and the World Bank (97).

NON-INVESTMENT PROJECTS

17. The Executive Committee has adopted six performance indicators for non-investment projects applicable to all implementing agents, four of which are weighted and two are non-weighted (Decision 26/5). This section presents a review of UNEP's specific mandate per Decision 26/6 and then addresses the targets and the achievements common to all agencies followed by an assessment based on the weightings adopted by the Executive Committee at its 26th Meeting.

UNEP

18. Since most non-investment projects are implemented by UNEP. At its 26th Meeting, the Executive Committee requested UNEP, in view of its specific mandate, to continue the monitoring of its activities according to a set of seven additional indicators set out in its business plan (Decision 26/6). UNEP assessed its performance against five of these seven indicators in its progress report.

19. UNEP clearly indicated that it achieved two of the targets (OAIC diskette update and publishing of newsletter). It appears that it may have met two more of its targets although the stated target was not specifically addressed. For example, whilst UNEP specified 7 regional activities when one per region was targeted, it did not indicate the number per region. Similarly, it indicated that 94 per cent of its NOUs participated in their own public awareness activities, but it did not address its target clearly. UNEP did not mention its achievements against the following three targets for the second consecutive year: (1) improvement over the previous years in data reporting and enacting legislation although it did set a target of 80 per cent of all Network member countries reporting data, (2) the extent to which UNEP's activities were used in the adoption and adjustment of ODS phase-out strategies by Network counties, and (3) the extent to which agencies and the Secretariat participate in networks. It should be noted that UNEP proposed these indicators to the Executive Committee to address the uniqueness of its programme vis-à-vis the other agencies investment programmes.

20. The Executive Committee may wish to consider whether UNEP should submit a report on these performance indicators to the 35th Meeting.

Table 3

**UNEP-SPECIFIC NON-INVESTMENT PERFORMANCE INDICATORS FOR ITS 2000
BUSINESS PLAN**

Item	Targets	Achievement
Update of OAIC Diskette version	1 update	1 CD ROM produced
Number of newsletters	4 newsletters	4 newsletters
Number of joint/regional activities which Network members are involved	1 per region	7 total but did not indicate by region
Improvement over previous years in data reporting and enacting the legislation and policies for ODS phase-out in Networking and institutional strengthening countries	80 per cent of all Network member countries report data	Not provided for the second consecutive year
The extent of awareness-raising activities initiated by the countries as a result of UNEP's publications	UNEP stated that this indicator is qualitative but could be expressed in the number of brochures, awareness raising products produced by the countries	94% of its NOUs have actively participated in there own public awareness activities and other countries benefited from UNEP 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	UNEP stated that this indicator is qualitative	Not provided for the second consecutive year
The extent to which the networks are used by the Agencies and the Secretariat in developing their work or explaining new policies	UNEP stated that this indicator is qualitative and also stated that the results could be reported by the agencies and the Secretariats	Not provided for the second consecutive year

21. UNEP's total budget for its 2000 business plans was US \$9.1 million for 39 new activities. Its 2001 business plan budget is US \$11.9 million for 85 new activities. Although Table 3 does not appear to fully indicate UNEP's performance, UNEP's progress report indicated how many activities were completed and why its targets were not achieved. UNEP indicated that it completed 44 of the 107 activities that it had planned to complete in 2000. Therefore, in 2001 UNEP will need to complete those activities that were not completed in 2000, in addition to the 85 new activities envisioned in its 2001 business plan. It will also be implementing 34 projects for bilateral donors valued at US \$3 million, other activities such as the regional network for South East Asia that are provided by governments outside of the Fund's bilateral programme, and US \$480,000 for Montreal Protocol activities for CEIT countries.

Agency Targets and Achievements

22. The Executive Committee established six performance indicators to measure the performance of all of the implementing agencies on non-investment projects (Decision 26/5)

23. It should be noted that achieving higher amounts represents better performance in the case of the indicators (number of Projects completed, Funds disbursed, Policies initiated, and Reduction in ODP from non-investment projects) but for the other indicators (Speed until first

disbursement and Speed until project completion), the lower amounts represent better performance.

24. Decision 26/5 established four weighted and two un-weighted, non-investment project indicators for the evaluation of non-investment project performance. Table 4 shows that:

- (a) UNDP fully achieved three of the six targets (50 per cent);
- (b) The World Bank fully achieved two of the six targets (33 per cent); and
- (c) UNEP and UNIDO fully achieved one of the six targets (17 per cent).

Table 4

**2000 BUSINESS PLAN NON-INVESTMENT PROJECT TARGETS AND
ACHIEVEMENTS (ALL AGENCIES)**

AGENCY ITEM	UNDP			UNEP			UNIDO			WORLD BANK		
	Target	Actual	Per cent	Target	Actual	Per cent	Target	Actual	Per cent	Target	Actual	Per cent
Weighted Indicators												
Number of Projects Completed	8	15	100%	107	44*	41%	3	2 UNIDO-3	67%	4	1 Bank-2	25%
Funds Disbursed (US\$)	1.8 million	\$2.29 million	100%	60% of projects approved	70% of projects approved	100%	\$1,086,725	\$1,116,550 UNIDO \$1,390,000	100%	\$1,619,150**	\$429,084	27%
Speed until first disbursement	12 months	11.29 months	100%	6 months	6.33 months	95%	6 months	8 months UNIDO-6-8 months	66%	19 months	12 months	100%
Speed until project completion	30 months	34.16 months	85%	17 months	27.9 months	48%	18 months	31 months UNIDO-25-27 months	28%	33 months	30 months	100%
Non-weighted indicators												
Policies initiated from non-investment activities	5 countries	N/P	N/P	3 countries	N/P	N/P	1 to 2 countries	N/P	N/P	4 countries	N/P	N/P
Reduction in ODP from non-investment activities	30 ODP tonnes	N/P	N/P	3 tonnes	N/P	N/P	5-10 ODP tonnes	N/P	N/P	20 tonnes	N/P	N/P
Number of Targets Achieved			3/6			1/6			1/6			2/6

N/P – Not provided.

* UNEP indicated the correct number completed is 44 although its report indicates 45.

** Adjusted to exclude Agency Fees.

25. The Secretariat's calculations were applied in the same manner to all four implementing agencies based on the information contained in their progress reports. The Executive Committee requested implementing agencies to provide information they had been requested to provide in a standardised manner (Decision 24/4).

26. None of the implementing agencies mentioned its achievements against 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. This is the second consecutive year that UNDP did not provide an assessment against these targets. This is the third consecutive year that UNEP did not provide an assessment against these targets.

27. UNEP did not provide achievements against these targets for the evaluation of its 1998 business plan or for the evaluation of its 1999 business plan. At its 24th Meeting, the Committee urged UNEP to achieve the same performance level as the other implementing agencies and include in its reports a better description of performance against performance indicators (Decisions 24/6). In its draft 2000 business plan, UNEP did not include these targets, but, the Executive Committee decided that UNEP should provide targets for its non-weighted performance indicators in its final business plan (Decision 29/15(a)).

28. The Executive Committee may wish to consider if to consider reports from the implementing agencies on the missing performance indicators at the 35th Meeting.

Assessment

29. The same methodology as used to assess investment projects was used to assess non-investment projects. Table 5 presents the assessment for non-investment projects.

Table 5

ASSESSMENT OF PERFORMANCE AGAINST TARGETS FOR NON-INVESTMENT PROJECTS

Agency/ Performance Indicator	UNDP			UNEP			UNIDO			World Bank		
	Per Cent of Target Achieved	Weight- ing	Points	Per Cent of Target Achieved	Weight- ing	Points	Per Cent of Target Achieved	Weight- ing	Points	Per Cent of Target Achieved	Weight- ing	Point s
Number of projects completed	100%	40	40	41%	40	16	67%	40	27	25%	40	10
Funds disbursed	100%	30	30	100%	30	30	100%	30	30	27%	30	8
Speed of first disbursement	100%	15	15	95%	15	14	66%	15	10	100%	15	15
Speed of project completion	85%	15	13	48%	15	7	28%	15	4	100%	15	15
Overall assessment			98			67			71			48

30. UNDP exceeded three of the four weighted non-investment targets, the World Bank exceeded two, and UNEP and UNIDO each exceeded one of them. The overall assessment is as follows: UNDP (98), UNEP (67), UNIDO (71), and the World Bank (48).

SECRETARIAT'S OBSERVATIONS AND RECOMMENDATIONS

Observations

31. The evaluation of the business plans completes the business planning cycle for 2000 and the results initiate the new business planning cycle for the year 2002 business plans. Implementing and bilateral agencies are scheduled to submit their draft 2002 business plans to the 35th Meeting of the Executive Committee.

32. At its 30th Meeting, the Fund adopted disbursement and phase out targets for the year 2000 (Decision 30/13(e)). The overall performance of the Multilateral Fund was mixed because although it achieved its disbursement target, it fell 3,406 ODP tonnes short of its 29,542 ODP tonne phase out target.

33. On an agency basis, there was also a mixed performance because for example although the World Bank's weighted performance was 97 of 100 points, its project implementation delays resulted in 17,422 ODP tonnes of emissions, almost 10,000 ODP tonnes more than planned. Whereas UNDP achieved more of its targets than UNIDO and the World Bank, it received approval for projects in 13 fewer countries than it planned and phased out 8,010 ODP tonnes less than the target established for it by the Committee. Whereas UNIDO achieved a lower rate of emissions from delayed projects than it planned it phased out only 70 per cent of its target.

34. There was also mixed performance by the agencies in the implementation of non-investment projects. UNDP's weighted performance for non-investment projects was 98 of 100 points, but it took four months longer to complete projects than it planned. UNIDO and the World Bank's non-investment project activities were limited in 2000 as they completed 2 of 3 and 1 of 4 of the projects they planned to complete in 2000, respectively. UNEP's non-investment programme was much larger than the programmes of the other agencies. Although UNEP achieved a much higher rate of disbursement than targeted (70 per cent instead of 60 per cent of approved funds disbursed), it completed 44 of 107 projects, and took almost 28 months to complete its projects when it targeted a speed of completion of 17 months.

35. The Executive Committee may wish to consider encouraging implementing agencies to concentrate on the implementation of approved but unimplemented projects and to reduce the number of projects with implementation delays. Agencies presenting investment project proposals to the Executive Committee should ensure that the countries in their business plan are covered and should present approvable project proposals during the year of the plan so that project approval is not delayed. For non-investment activities, agencies should also concentrate on project implementation instead of increasing the backlog of unimplemented projects.

Strategic planning and the draft 2002 business plans

36. At its 33rd Meeting, the Executive Committee adopted, as a basis for future work in strategic planning, the framework on the objectives, priorities, problems and modalities for strategic planning of the Multilateral Fund in the compliance period (Decision 33/54(a)). In so doing, the Committee also requested proposals for changes to procedures, implementation mechanisms, and modalities (Decision 33/54 (b)). Therefore, discussions on a final strategic plan, based on the adopted framework, will continue at the 34th Meeting.

37. The discussion on strategic planning will occur after the Sub-Committee considers this document. Therefore, the Executive Committee may wish to consider any additional guidance for the preparation of the 2002 draft business plan in the light of its consideration of the strategic planning issue.

Contingency lists for non-investment projects

38. At its 33rd Meeting, UNEP raised as a policy issue the possibility of a contingency list for non-investment projects. The Executive Committee requested the Secretariat to address the issue of whether or not there should be contingency lists in Decision 33/7(d). This issue should be considered in the light of the history of contingency lists in the Multilateral Fund.

39. Until the 17th Meeting, there was no business planning in the Multilateral Fund. Thus, implementing agencies could submit as many proposals as were ready for submission. When business planning was introduced in the Multilateral Fund, which required inter alia allocation of resources by the Executive Committee, implementing agencies agreed to share the investment project allocation (Decision 17/21). To ensure that agencies receive their full share, the Committee agreed to allow for over-programming of 15 per cent of the value of project proposals covered by each agency's share.

40. It was then discovered that several projects that are included in the annual business plans might raise issues that the Executive Committee had not addressed. This was first raised with regard to including production sector projects in business plans before there were guidelines for their approval. Since these projects represented large amounts of funding, if the Committee did not act on the policy issue in time, the agency concerned might not be able to achieve its full share by a significant amount of funding. Therefore, agencies with investment projects were allowed to provide contingency lists for those projects that might raise policy issues. The size of the contingency lists was limited to the value of projects in the business plan that might raise issues.

41. UNEP's activities are all classified as non-investment activities. UNEP is guaranteed an annual recurring budget for its recurring activities with up to a 5 per cent annual increase for inflation. UNEP has not been restricted by the amount of funds that it may receive except by the fact that there is a total allocation for non-investment projects. Therefore, there should not be a need for a contingency list because the full non-investment allocation is available when new activities arise during the year.

Recommendations

The Sub-Committee on Monitoring, Evaluation, and Finance may wish to recommend to the Executive Committee to:

1. Note UNEP's report on its missing indicators per Decision 26/6.
2. Note the report of the implementing agencies on their performance on their non-weighted non-investment performance indicators per Decision 26/5.
3. Not allow contingency lists for non-investment projects.
4. Note that the Multilateral Fund did not achieve its 2000 phase out target and decide, for the purposes of the 2002 draft business plan, to encourage the implementing agencies to concentrate on the implementation of approved but unimplemented projects and reduce the number of projects with implementation delays.
5. Request agencies presenting investment project proposals to the Executive Committee to ensure that the countries in their business plan are covered and present their proposals during calendar year 2002
6. Request agencies involved in non-investment activities to concentrate on project implementation to reduce the backlog of unimplemented projects.
