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**QUALITATIVE PERFORMANCE INDICATORS
(DECISION 42/5 (B) AND (C))**

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I. Background

1. In the context of its consideration of the consolidated 2004-2006 business plan of the Multilateral Fund at its 42nd Meeting, the Executive Committee decided to invite its members to submit proposals on qualitative performance indicators to the Secretariat by 31 July 2004. It also requested the implementing agencies and the Secretariat to consider further the proposals on qualitative performance indicators, taking into account any proposals received from Executive Committee members, and to report thereon to the 44th Meeting of the Executive Committee (Decision 42/5 (b) and (c)).
2. The Government of Canada submitted a paper on qualitative performance indicators that is at Annex II to this document. The paper sets out a rationale for such indicators and notes the suggestions of the consultant contained in the draft report on the evaluation of the financial mechanism that recommends, *inter alia*, the adoption of qualitative performance indicators. The paper also suggests possible qualitative indicators and their further definition, possibly through a study by a consultant. The paper by Canada also suggests the possibility that the Senior Monitoring and Evaluation Officer might conduct annually a study in a few countries to collect the information required for the qualitative indicators through surveys, interviews, and any other appropriate means.
3. The Fund Secretariat held a Coordination Meeting with implementing agencies on 13-14 October 2004. During that meeting, the paper from Canada was considered and further proposals on qualitative performance indicators were discussed. Following the meeting, a draft paper was circulated to the implementing agencies for their comments.

II. Principles for the Development of Qualitative Performance Indicators

4. The principles that the agencies and Secretariat applied in proposing qualitative performance indicators include:
 - Indicators should measure the quality of the performance of implementing agencies in delivering effective programmes and providing timely and useful compliance assistance to Article 5 countries and an annual opportunity to discuss problems;
 - Indicators should be few in number and agencies may wish to discuss with countries possible objectives for improving quality and include further clarification of the qualitative indicators in their business plans, where appropriate;
 - Reporting by countries on the implementing agencies' qualitative performance assessments to the Executive Committee through the Fund Secretariat should not impose additional reporting requirements on Article 5 countries;
 - Countries should assess the performance of the implementing agencies based on well-defined indicators and guidelines for their assessment, but implementing agencies should be afforded the opportunity to comment on the country's assessment; and
 - An independent assessment of a sample of Article 5 countries' views of the quality of the performance of the implementing agencies might be made in the context of other thematic evaluations, for example, in the context of the planned RMP evaluation.

III. Method of Assessment by National Ozone Units and Means of Delivery

5. The task of the national ozone units in assessing the performance of the implementing agencies according to the proposed indicators will be to make a qualitative assessment of the agency's overall performance because in many cases an agency may be implementing several projects and sub-projects in the same country. The assessment is therefore the qualitative assessment by the country of the agency's performance and countries should also be able to provide a written explanation of their overall assessment. Assessments should be based on whether the performance for the indicator was highly satisfactory (7-10 points), satisfactory (4-6 points), or less than satisfactory (1-3 points). The assessment should also enable a discussion between the agency concerned and the country on possible problem areas.

6. In the light of the proposed multi-year and RMP reporting format contained in UNEP/OzL.Pro/ExCom/44/69, a section might be added to the revised reporting format for the implementation of country programme data that is currently required to be submitted by all Article 5 countries by 1 May of each year. Attaching a performance evaluation of agencies to an existing required report should keep the additional effort of national ozone units at a reasonable level.

IV. Proposed Qualitative Indicators

7. The Secretariat and the implementing agencies considered qualitative descriptions of cases in countries where an agency's performance was successful and those that were not. Based on this discussion and subsequent suggestions, the following indicators emerged:

- Sustainability of programmes implemented by the agency;
- Effectiveness of an agency's efforts in capacity building/institutional strengthening in the country;
- Responsiveness to requests for assistance, reliability of advice provided, coordination of activities; and
- Efficiency in the use of Fund resources.

8. Annex I contains the proposed format that could be incorporated in the implementation of country programme data.

A. Sustainability

9. Programme sustainability would constitute an assessment of whether or not the project/sub-project implemented by an agency is sustained after its completion. Sustainability of the ODS phase-out efforts will ultimately determine the success of the Montreal Protocol and the relevant country's continued ability to maintain compliance. To a large extent, the sustainability of a project depends on the implementation of policies and the price of ODS. Both of these matters are beyond the direct control of an agency. However, the quality of the agency's efforts to incorporate sustainability in the design and implementation of projects and activities is an important qualitative indicator of an agency's performance.

10. Sustainability with regard to investment and non-investment projects may need to be considered somewhat differently. For non-investment activities, the impact should be ongoing in as much as training and regulations must continue after the project is completed. For investment projects, the conversion should end the use of ODS in those areas covered by the project. However, since there is only one rating each being requested for sustainability and the other proposed indicators, it should be understood that the rating is a “general” assessment of the sustainability of all of the individual activities performed by the agency.

11. Project sustainability with regard to investment projects could receive a high rating if the ODS was phased out and the enterprise continued to produce with non-ODS substitutes after the project was completed. If investment projects had sustained use of the non-ODS substitute, but there were technical difficulties for the enterprise in using the substitute, this might be considered satisfactory since the ODS substitute was sustained. However, if investment projects are reverting to ODS use, a rating of less than satisfactory would be warranted.

12. In the case of a customs train-the-trainer project, an effective project would have trained the trainers to a level that would result in effective ODS enforcement. Ongoing training should be provided by those that were trained through the project and the customs officers that were trained should actually use the skills they were taught and believe that the training received from the project had made a difference. This would be considered highly satisfactory. A satisfactory rating might be given if the trainers were trained and those trained indicated that they use some of the skills they were taught, but the follow-up training was limited to the duration of the project. A less than satisfactory rating might be given if there was no follow-up training resulting from the project or if those trained were not using the skills they were taught or if the country believed that the project had not made a difference.

13. In the case of regulatory assistance projects, a highly effective project would be one where an appropriate regulatory instrument was developed and had been proven to be effective in controlling imports of ODS. A satisfactory project would be one where the regulatory instrument was prepared but had to be substantially modified to be more effective. A less than satisfactory project would have developed an instrument that had proven to be in-effective in controlling imports of ODS.

B. Effectiveness of capacity building/institutional strengthening to enable compliance

14. Under the Fund’s strategic planning, the Executive Committee has adopted the country-driven approach. In the country-driven approach is that the national ozone office becomes the key entity instead of the implementing agency. The implementing agency that is implementing RMPs, national phase-out plans, regional networks, or institutional strengthening has as one of its main objectives the enhancement of the capacity of national ozone units to effectively manage or supervise all tasks related to the Montreal Protocol in the country concerned. However, it should be noted that agencies should not be considered responsible for countries that are not responsive to the agencies’ attempts to provide assistance and coordinate activities.

15. Agencies should receive the highest rating if they enhance an Article 5 country’s capabilities to: effectively implement the control measures of the Montreal Protocol; use the

services of the implementing and bilateral agencies effectively; and access fully the funding opportunities through the Multilateral Fund. A satisfactory or less than satisfactory rating might be warranted depending upon the country's level of satisfaction with an agency's performance in capacity building.

C. Responsiveness/Advice/Coordination

16. During the compliance period, national ozone units need continuous and timely assistance from implementing agencies. Countries may need assistance, in the simplest form, by means of a return phone call seeking clarification of a situation with a project or advice on how to deal with a request for data reporting or an interpretation of Fund or Protocol matters.

17. Agencies could be considered responsive if they are frequently coordinating with the national ozone units and other relevant institutions to ensure effective project implementation and compliance assistance, thus providing the country the assurance that all necessary coordination is being undertaken. However, if the agency responds less quickly or has not always been effective with its coordination responsibilities, a lower rating might be given. If the agency is slow to respond, the responses are only somewhat helpful, and there are ongoing coordination difficulties, the rating would be still lower. Finally, if an agency does not respond and has not performed its coordination role, then the lowest rating might be assigned.

D. Efficiency in the use of Fund resources

18. Article 5 countries receive limited incremental costs from the Multilateral Fund intended to assist them in achieving compliance with the control measures of the Protocol. Therefore, the quality of an agency's use of these limited resources has an impact on the efficient use of the assistance provided. It should be underscored, however, that implementing agencies must follow UN rules and regulations and there should not be any negative assessment of an agency for following the required financial rules. Moreover, countries should understand that implementing agencies only receive funding for eligible items under the Fund's rules and cannot provide more funds than were approved.

19. Agencies could be considered efficient in the use of resources if, for example, they obtained good value for money in their projects and activities. If the agency had to use more funds than expected due to avoidable circumstances without adverse consequences to the overall project objectives, but the project was delayed for over a year, a lower rating might be designated. If the agency provided equipment or services that had adverse consequences to the overall effectiveness of the project, the lowest rating might be given.

Comments

20. Implementing agencies were asked to provide comments on a draft version of this document. One agency supported the Canadian proposal that the Multilateral Fund would hire a consultant with significant experience and expertise on the subject of qualitative indicators to develop a concept paper and special suggestions for qualitative indicators and measurements. It also felt that agencies were mainly responsible for providing the necessary conditions for the

training, legislation and conversion and for the supply of high quality equipment, services and advice and that they should be judged on this basis.

21. Another agency indicated that the current proposals leave many open-ended issues and there needed to be more detailed guidance for national ozone officers (NOOs) to avoid confusion. However, detailed guidance on how a country views the performance of an agency might not enable a country to effectively communicate its view. Instead, the guidance suggested in the document is intended to provide some common ideas that all countries might take into account in their assessments.

22. It was also suggested that UNEP's CAP and regional activities might have separate qualitative indicators, although this was not the suggestion of UNEP. UNEP felt that the existing standard non-investment performance indicators and CAP-specific indicators effectively measured its performance. It was concerned that the requested information would prove to be an additional burden since there would be a need to train national ozone units on how to assess the indicators.

23. The issue of whether or not agencies are judged for the actual reporting year and not for the past in general was raised. While the quantitative indicators approved by the Executive Committee are designed to provide an assessment of a year of an agency's performance, the proposed qualitative indicators take into account past performance as well as ongoing performance. This is because the nature of the proposed qualitative indicators requires a longer range assessment especially with regard to the issue of sustainability.

24. Another observation was that the proposal from the Secretariat would result in national ozone officers performing the evaluation, while allowing bilateral and implementing agencies to comment on the NOO's assessment. It was suggested that other country stakeholders should be involved in this exercise, such as the individuals trained, the recipients of technologies, and government departments involved in developing and implementing the legislation might also assess the performance of the implementing agencies. This proposal however would be difficult to achieve on an annual basis and would be likely to increase reporting requirements.

Recommendations

The Executive Committee may wish to:

- (a) Take note of document UNEP/OzL.Pro/ExCom/44/8.
- (b) Consider the proposals for qualitative indicators included in this paper and any other proposals that may be tabled at the 44th Meeting of the Executive Committee together with the possibility of requesting the Secretariat to retain a consultant to review the performance indicators considered by the Executive Committee and make a proposal for qualitative indicators, as appropriate.

Annex I**FORMAT FOR REPORTING ON QUALITATIVE PERFORMANCE INDICATOR**

The format for reporting on qualitative performance indicators is to be included in the format for annual reporting on the implementation of country programmes. It contains sections on the weighting, a narrative explanation of performance, and a section for the relevant agency's response:

Qualitative Performance Assessment of the Implementing Agencies

Please provide a ranking of 1-10 on the following items for implementing agencies that have implemented projects in your country. Assessments should be based on whether the performance for the indicator was highly satisfactory (7-10 points), satisfactory (4-6 points), or less than satisfactory (1-3 points). The assessment should also enable a discussion between the agency concerned and the country on possible problem areas.

Item	Fill in Agency name here:
Sustainability of ODS projects/programme	
Effectiveness of capacity building/institutional strengthening to enable compliance	
Responsiveness to/Advice to/Coordination with NOU	
Efficiency in the use of Fund resources	
Total	

Please provide a narrative explaining the ranking of each agency:

Implementing agency response (to be provided by the implementing agency):

Annex II**PROPOSAL REGARDING QUALITATIVE PERFORMANCE INDICATORS
FOR THE MULTILATERAL FUND
(SUBMISSION BY CANADA)**

1. There are currently a number of quantitative performance indicators, reported annually by the Multilateral Fund's (MLF) Implementing Agencies (IA), which allow the Secretariat and Executive Committee to assess to some extent the performance of the IAs and the success of the projects approved and implemented. Among these, maybe the most important is the level of ODS phase-out achieved every year as a result of each IA's implementation of investment projects. In addition, there are quantitative indicators measuring the IAs' adequacy of planning (i.e. number of annual programs/projects approved vs those planned), effectiveness and efficiency of implementation (i.e. projects completed vs those planned; cost-effectiveness of projects, distribution among countries; speed of first disbursement) and administrative efficiency (i.e. speed of financial completion; timely submission of progress and project completion reports).
2. UNEP's Compliance Assistance Program (CAP) has its own set of quantitative performance indicators, including indicators such as: proportion of countries receiving assistance that subsequently provide data pursuant to Article 7 of the Protocol; proportion of countries accepting assistance that achieved compliance, etc...
3. While all these quantitative indicators are useful, the ExCom has come to an increasing recognition that there would be added value to assessing the performance of the IAs in a more qualitative manner. For instance, although it is of course of primary importance to know the amount of ODS phased out (per agency and per country), it would also be important to know to what extent relevant recipient country stakeholders have been involved in projects, to what extent any technical advice or training provided has been effective and met the expectations of stakeholders, or whether an agency has been responsive to address any technical difficulties which may have been encountered subsequent to the provision of non-ODS technology. Such indicators and information would not only provide a fuller assessment of the long-term sustainability of the projects, but would also encourage IAs to ensure that quality of implementation is not sacrificed for the sake of achieving efficiency, thereby ensuring the long-term trust and cooperation of stakeholders in Article 5 countries. Furthermore, as a matter of course, results statements generally incorporate both quantitative and qualitative indicators. Indeed, institutions such as the World Bank have increasingly recognized the benefits to be gained from combining quantitative and qualitative methods in the research and measurement of results of the projects that they fund.
4. In the case of non-investment projects, such as training projects, where no direct ODS phase-out is necessarily expected or measured, qualitative indicators would allow for an assessment of these projects' success in at least creating the appropriate conditions for facilitating ODS phase-out, something which is not available currently. For instance, qualitative indicators for training projects could measure the quality of the training provided and to what extent the targets of training are subsequently using the skills provided.

5. In the case of UNEP CAP activities, qualitative indicators could provide information on the extent to which CAP policy advice is considered useful by the National Ozone Units and/or to what extent CAP high-level missions are facilitating the speedy adoption of ODS control legislation by governments. Following along the results chain scale, they could, in the longer term, also aim to measure whether the advice has resulted in improved performance on the part of the National Ozone Units.

6. In other words, qualitative indicators would, in some way, measure the quality of the assistance and the changes and/or improvements that have resulted through the provision of funding from the MLF, as opposed to the number of tonnes of ODS phased out, the number of projects completed or the number of countries assisted. There are many attributes to projects and programs funded by the MLF that do not lend themselves to counting. It is interesting to note that the draft report on the Evaluation of the Financial Mechanism of the Montreal Protocol does recommend that “the ExCom should continue its process of developing qualitative indicators”. In particular, the draft report suggests that qualitative indicators should:

- Measure the quality of projects approved and implemented with respect to maximizing compliance;
- Address the interaction between IAs and Article 5 Parties, highlighting in particular, the degree to which the Article 5 Parties are involved in the implementation process;
- Assess IA execution of specific activities that are part of project implementation, such as the development of quality training manuals or the diffuse placement of refrigerant recovery equipment throughout major production population centres under RMPs; and
- Be measurable so that they do not create an excessive burden of IAs and can be evaluated fairly across IAs.

7. The actual development and use of meaningful qualitative indicators, however, is not a simple task. It is important to first consider carefully the qualitative results expected in the implementation of MLF projects and activities. This in itself is an issue requiring thorough analysis of the work of the MLF and discussion among the MLF community of players, taking into consideration the body of work on the subject. Secondly, the selection of qualitative indicators to best assess any selected qualitative results needs to consider the practical feasibility of collecting sufficient information to allow for the assignment of some kind of value to the indicator (for instance, “very significant involvement of stakeholders”, or “quality of training provided = 8, on a scale from 1 to 10). It should also consider that while quantitative indicators have a numerical value, qualitative indicators reflect perceptions, judgments or attitudes. Therefore, generally, the information required to give a value to the indicator will only be available through surveys and questionnaires assessing the perceptions, judgments and/or attitudes of various project stakeholders.

8. Given that there has been a substantial amount of research and literature on the issue of qualitative indicators, it would be advisable for the ExCom to seek experienced and professional

guidance on the subject. Hence, it is proposed that a consultant with significant experience and expertise on the subject of qualitative indicators be hired by the MLF to develop a concept paper and specific suggestions for qualitative indicators and measurement methods, appropriate to the kinds of projects and activities conducted under the Fund. To the extent possible, proposals for qualitative indicators should be integrated within a results-based management approach, outlining outputs, outcomes and impacts and indicators to measure success in each of these categories. For the purposes of expediency and cost considerations, the consultant should likely begin with the development of those qualitative indicators where information can be gathered in the most cost-effective manner. Additional indicators could be proposed and considered on an incremental basis.

9. As a guide, the ExCom and consultant could use the attached proposals for qualitative performance indicators for training and investment projects. These proposals are based on the results-based management approach. At this stage, they are only suggested to encourage thinking and discussion on the issue. They include both ideas for qualitative indicators and, in some cases, for new quantitative ones.

10. It should be noted that if the MLF were to adopt qualitative indicators of the type proposed in this paper, there would probably be a cost implication to the budget of the Evaluation function. Indeed, as it would not be feasible or desirable to have IAs themselves report on such qualitative indicators, it would likely fall to the Evaluation Officer to do so. One approach may be to have the Evaluation Officer select a group of projects every year and collect the information required for the qualitative indicators through surveys, interviews and any other means appropriate.

Examples of Qualitative Indicators for the Multilateral Fund

AREA	ACTIVITIES	OUTPUTS			OUTCOMES			IMPACTS		
		Results	Quant. Indicator	Qual. Indicator	Results	Quant. Indicator	Qual. Indicator	Results	Quant. Indicator	Qual. Indicator
Training Projects	Refrigeration technician training workshops	Technicians trained on good practices to reduce CFCs	# of technicians trained as % of technician population	Level of satisfaction of trainees	Technician improve servicing practices	n/a	Perception of technicians & clients on the quality of servicing practices	ODS phased out by service workshops and nationally	ODS phased out by service workshops and nationally	n/a
	Customs officers training workshops	Customs officers trained	# of customs officers trained as % of customs officers population	Assessment of trainees knowledge and skills	Technician use the tools and equipment provided		Evaluation of technician servicing practices.			

AREA	ACTIVITIES	OUTPUTS			OUTCOMES			IMPACTS		
		Results	Quant. Indicator	Qual. Indicator	Results	Quant. Indicator	Qual. Indicator	Results	Quant. Indicator	Qual. Indicator
Investment projects	Transfer of non-ODS technology to replace ODS technology	Non-ODS technology successfully installed and fully meets expectations of client	N/a	<p>Level of satisfaction of country stakeholders with technology</p> <p>Level of involvement of country stakeholders in selection of technology</p> <p>Level of involvement of country stakeholders in installation and commissioning of technology</p> <p>Quality of technical advice and training provided by IA to country stakeholders on the operation of the technology</p>	<p>Non-ODS technology is fully operating over time and technical difficulties are effectively addressed (i.e. 1 year)</p>	<p>ODS phased out as percentage of objective in project proposal</p> <p># of technical difficulties encountered</p>	<p>Level of responsiveness of IA to technical problems encountered</p> <p>Extent of follow-up by IA to ensure effective use of technology</p>	<p>100% of ODS intended to be phased out has been eliminated</p>	<p>ODS phased out as percentage of objective in project proposal</p>	