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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
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**QUALITATIVE PERFORMANCE INDICATORS AND FEASIBILITY AND
DESIRABILITY OF EXTENDING CURRENT PERFORMANCE INDICATORS TO
BILATERAL IMPLEMENTING AGENCIES (FOLLOW-UP TO DECISIONS 44/6 AND
45/59(d)(ii))**

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1. At its 44th Meeting, the Executive Committee decided:
 1. To request further input on qualitative performance indicators from the National Ozone Unit officers at the next scheduled regional network meetings;
 2. Also to request National Ozone Unit officers (NOUs) to consider the qualitative performance indicators proposed in the table in Annex II to the Report of the 44th Meeting (UNEP/OzL.Pro/ExCom/44/73), and to provide suggestions on additions, deletions and/or modifications to those proposals;
 3. Further to request the Secretariat to compile the results from the regional network meetings in a document for presentation to the 46th Meeting of the Executive Committee; and
 4. To urge the Secretariat to work with UNEP to schedule regional network meetings at a time in 2005 that would maximize participation by the Secretariat and, where it was unable to attend, to utilize consultative services.

(Decision 44/6)

2. At its 45th Meeting, the Executive Committee requested the Secretariat to prepare a paper addressing the feasibility and desirability of extending the current performance indicators to bilateral implementing agencies, for submission to the 46th Meeting of the Executive Committee (decision 45/59(d)(ii)).

3. It should be recalled that both issues dealt with in this document are addressed in the recommendations in the Assessment Report on the Recommendations in the 2004 Evaluation and Review of the Financial Mechanism of the Multilateral Fund (UNEP/OzL.Pro/ExCom/45/55, Annex XVII, Recommendations 9 and 12). Moreover, the Executive Committee decided at its 45th Meeting to report to the Meeting of the Parties on any actions taken by the Committee on those recommendations (decision 45/59, Annex XVII, para.3).

4. This document provides a compilation of information from NOUs on qualitative performance indicators, followed by a consideration of the feasibility and desirability of extending current performance indicators to bilateral implementing agencies, and concludes with recommendations.

SECTION I: QUALITATIVE PERFORMANCE INDICATORS

5. At its 44th Meeting, the Executive Committee considered a set of qualitative performance indicators (see Annex I) and requested further input on the indicators from National Ozone Units (NOUs) at the next scheduled regional meetings. A number of actions were taken to obtain this input: UNEP scheduled regional meetings in March and April 2005; copies of the performance indicators considered at the 44th Meeting were sent to NOUs; and representatives of the Secretariat made presentations at each of the meetings. NOUs were asked to provide additional comments on the indicators by responding to a brief follow-up questionnaire, and to prepare

sample assessments. Forty-one NOUs responded to the follow-up questionnaire, and 30 NOUs prepared sample assessments. This section addresses some general issues that were raised at the regional meetings, any changes to questions in the assessment, other results of the sample assessment, and observations.

General topics

6. The following general topics were raised at regional meetings of NOUs and through the responses to questionnaires.

Annual assessments of qualitative performance of implementing agencies

7. Although there was no specific opposition by NOUs to the set of performance indicators proposed at the 44th Meeting, some reticence was expressed during one joint network meeting concerning rating the performance of agencies due to cultural sensitivities. Most (28 out of 41) of the NOUs that responded to the brief follow-up questionnaire found that it took less than 30 minutes to complete, and therefore did not consider it a time-consuming reporting requirement. In terms of the number of indicators, 32 NOUs felt that the number was correct, while 10 felt that there were too many indicators—no respondent indicated too few indicators. Twenty-nine NOUs believed that the implementing agencies' qualitative performance should be assessed on an annual basis while 13 felt that the exercise might be conducted once every two years.

Confidentiality

8. The format for the assessment report on the indicators had a box for treating the responses as confidential and another box for treating them openly. Those NOUs that spoke on this matter suggested that all responses should be considered confidential. Thirty-three of the NOUs that responded to the follow-up questionnaire indicated that the implementing agency concerned should comment on the results of the assessment, while eight felt that agencies should not. To address these concerns, each report should be considered confidential and the term confidential should be explained in the instructions.

Are assessments for all agencies, each agency, or each project?

9. The header on the assessment format leaves two rows to address "Agency" and "Projects/Programme description". This led to confusion as to whether the assessment was for all agencies, each agency or each project. The intent of qualitative performance indicators is to address the performance of an implementing agency during a period of time. Therefore the assessment is for each agency and the proposed time period would be during the previous calendar year. NOUs should complete one assessment report for each implementing agency operating in the country.

10. NOUs were also concerned that some agencies had better performance on some projects than others, and some had both good and bad consultants. In this respect, some NOUs considered whether a review by project might be better. However, since projects often last more than one year, project completion reports are designed to enable an assessment of performance on an individual project basis.

Ratings

11. NOUs considered how to rate performance, whether numerical ratings were better, and what ratings should be used. In addition to the issue of cultural sensitivities, a few NOUs expressed the view that they were not comfortable with terms such as satisfactory or unsatisfactory. Nevertheless, NOUs seemed to agree that the narrative write-up offered a better means of expressing a NOU's views on performance. Therefore, an optional narrative rating might be provided by those NOUs that preferred to do so.

12. Some NOUs expressed a preference for rating on a scale of 1-10, while others felt that 10 choices would require ten explanations of how to assess the difference between each value. Twenty-two of the 30 NOUs that prepared sample assessments indicated that they preferred the existing system.

13. Very few NOUs realized that the questions were intended to assist the NOU in providing an overall rating for the three main indicators: organization and cooperation, technical assistance/training, and impact. Out of the 30 countries that completed sample assessments, seven provided an overall rating for organization and cooperation, and three each provided assessments for technical assistance/training and impact. It was suggested that moving the overall rating to the end of each section and providing instructions with the assessment should enable NOUs to give ratings for each indicator.

Changes to questions in the qualitative performance assessment

14. As mentioned above, Annex I contains the proposed indicators that were considered at the 44th Meeting and presented at the regional meetings including proposed changes. It was intended to provide the opportunity for NOUs to test the proposed assessment and was therefore a sample assessment. It furthermore asks whether the indicators were good. Most respondents indicated satisfactory or highly satisfactory and there were very few unsatisfactory ratings. There were also very few cases where NOUs indicated that the question was not a good indicator.

15. Most NOUs felt that most of the questions were clear and understandable. Some questions did not translate well into French but also merited reconsideration in English due to the choice of verb and selected tense.

Organization and Cooperation

16. Concerning questions under the overall performance indicator "Organization and Cooperation", the question "was appropriate institutional capacity of the NOU developed" was not considered clear as it could be regarded as a comment on the efforts of the NOU or of the agency. It was also noted that the four phrases following that question were also unclear and possibly redundant. These questions could be removed.

17. A few NOUs suggested adding questions, including whether the reporting requirements for the agencies were excessive; whether the regional network office had treated the reporting it received satisfactorily; and whether the lead agency had coordinated the activities of the other

agencies satisfactorily. Reporting requirements are not indicators of an agency's performance. However, the level of coordination between agencies involved in a programme with the lead agency may be a significant indicator and was therefore added to the list of questions.

Technical Assistance/Training

18. It was suggested that the bullet points under Investment Projects and National Phase-out Projects should be converted into questions.

19. Concerning the bullets under Training Projects, NOUs thought that these questions were unclear. In the first case, it was felt that the question seemed to ask what type of training was provided. In the case of the second example, it was noted that the agency seemed to be held responsible for activities beyond its control. Instead, these bullets could be replaced with: "Was the quality of training provided satisfactory?" and "Was the training designed so that those trained would be likely to use the skills taught?"

20. Concerning the question on whether regulations had been enacted or proposed, NOUs felt that an implementing agency should not be responsible for this action. Instead, the question could be rephrased to read: "Were the regulations that were proposed by the implementing agency: applicable; enforceable; and adapted to local circumstances?"

Impact

21. No changes were suggested to the questions concerning impact, although one NOU proposed an indicator for achieving the control measures of the Protocol, which goes beyond the context of an agency. It was, however, emphasized that there were limits on an implementing agency's impact on a country's efforts to comply with the Montreal Protocol. Nevertheless, there was no mention of removing the overall category of impact, since the main purpose of the implementing agency's involvement is to have a positive impact on a country's compliance with the Protocol through the implementation of projects and activities approved by the Executive Committee.

Other results of the sample assessment

22. Some of the narrative comments in the sample assessments indicated that NOUs were willing to express specific comments about agencies and compare the performance of some agencies to those of others. Overall, 21 out of the 30 countries that prepared sample assessments provided narrative responses. One NOU indicated that the agency needed to exercise greater flexibility in project implementation and use of project funds; to be quicker in responding to NOUs' requests for assistance and advice; to improve coordination with other implementing agencies; and to increase knowledge of substitute technologies. There were also remarks that an agency did not have sufficient local staff. One NOU provided an assessment of a bilateral agency indicating that it been approachable and sensitive to the needs of the country.

Observations

23. Annex I provides a revised Assessment Report and Instruction Sheet for the consideration of the Executive Committee that takes into account the suggested changes above.

24. It is proposed that the evaluation of the implementing agencies' qualitative performance indicators should be combined with the evaluation of the quantitative performance indicators as part of an annual evaluation of implementing agencies' performance.

SECTION II: FEASIBILITY AND DESIRABILITY OF EXTENDING THE CURRENT PERFORMANCE INDICATORS TO BILATERAL IMPLEMENTING AGENCIES

25. As mentioned above, decision 45/59(d)(ii) requested the Secretariat to address the feasibility and desirability of extending the current performance indicators to bilateral implementing agencies.

Feasibility

26. Bilateral cooperation is a unique feature of the Multilateral Fund. Bilateral cooperation under the financial mechanism of the Montreal Protocol has special requirements in that bilateral cooperation may be considered as a contribution to the Multilateral Fund provided that such cooperation, as a minimum, strictly (a) relates to compliance with the provisions of the Protocol; (b) provides additional resources; and (c) meets agreed incremental costs (Article 10 para. 6, Montreal Protocol).

27. The Executive Committee has functions that are specifically related to bilateral cooperation, such as assessing annually whether the contributions made through bilateral cooperation comply with the criteria agreed by the Parties to be considered as part of the contributions to the Multilateral Fund (Terms of Reference of the Executive Committee, Annex X, UNEP/OzL.Pro.4/15, para 10 (i)). The Executive Committee also has overview responsibilities that have been extended to cover bilateral agencies, including reviewing regularly the performance reports on the implementation of bilateral activities supported by the Multilateral Fund and monitoring and evaluating expenditure incurred under the Multilateral Fund. (Terms of Reference of the Executive Committee, Annex X, UNEP/OzL.Pro.4/15, para. 10 (e and f)).

28. At its 5th Meeting, the Executive Committee decided that a progress report on bilateral activities, including financial matters, should be submitted by the donor country to the Secretariat semi-annually (UNEP/OzL.Pro/ExCom/5/16, Annex IV, para. 11).¹ At its 25th Meeting, the Executive Committee decided to allow flexibility in the year for which bilateral projects would be credited, provided that work plans (business plans) were submitted at the Committee's first meeting of the year (decision 25/13).

¹ This was subsequently changed to annual progress reports and reports to each meeting for projects classified as projects with implementation delays.

29. Although bilateral agencies have not been asked to cover the existing quantitative performance indicators targets in their business plans, they have been asked to provide business plans and progress reports. The multilateral implementing agencies include performance indicators in their business plans and the evaluation of their performance is based on the data in their annual progress reports. Therefore, it appears feasible to extend current performance indicators to bilateral agencies.

Desirability

30. The other part of the decision requested the Secretariat to consider if it were desirable to extend the performance evaluation to bilateral agencies. To consider desirability, this section addresses general characteristics of bilateral agencies, the types of performance indicators that could be applied and the relevance of these indicators to bilateral implementing agencies.

31. There are currently eleven bilateral agencies (Australia, Canada, Finland, France, Germany, Italy, Japan, Spain, Sweden, Switzerland, and USA) with ongoing projects. Five of these countries have one or only a few active projects (Australia, Finland, Spain, Switzerland, and USA). Some bilateral agencies are implementing several projects in several countries. Often bilateral projects are being implemented by one of the four multilateral implementing agencies of the Multilateral Fund.

32. A copy of the existing performance indicators is provided in Table 1. These indicators were adopted for use by all four of the multilateral implementing agencies, although as indicated some categories may not be applicable to UNEP and some may not be applicable to other agencies such as the percentage of policy/regulatory assistance completed vs. that planned. When indicators are not applicable, the resulting rating is prorated. Therefore, implementing agencies may have nil targets for some indicators.

Table 1

QUANTITATIVE PERFORMANCE INDICATORS ADOPTED IN DECISION 41/93

Category of performance indicator	Item	Weighting
Approval	Number of annual programmes of multi-year agreements approved vs. those planned, may not be applicable to UNEP	20
Approval	Number of individual projects/activities (investment projects, RMPs, halon banks, TAS) approved vs. those planned	20
Implementation	Milestone activities completed (e.g. policy measures, regulatory assistance)/ODS levels achieved for approved multi-year annual tranches vs. those planned, may not be applicable to UNEP	20
Implementation	ODP phased out for individual projects vs. those planned per progress reports, may not be applicable to UNEP	5
Implementation	Project completion (pursuant to decision 28/2 for investment projects) and as defined for non-investment projects vs. those planned in progress reports	5
Implementation	Percentage of policy/regulatory assistance completed vs. that planned	10
Administrative	Speed of financial completion vs. that required per progress report completion dates	10

Category of performance indicator	Item	Weighting
Administrative	Timely submission of project completion reports vs. those agreed	5
Administrative	Timely submission of progress reports and responses unless otherwise agreed	5

33. Most of the performance indicators relate to bilateral agencies. For example, eight of the 11 bilateral implementing agencies mentioned above have multi-year agreements. Therefore, both approval and implementation performance indicators for multi-year projects are applicable to bilateral agencies.

34. Regarding approval indicators, bilateral agencies normally overestimate the level of funding in their business plans. Indicators that encourage agencies to submit projects within the guidelines of the Fund can improve overall planning for the Fund.

35. For implementation indicators, all of the indicators apply to bilateral agencies except a few cases where bilateral implementing agencies do not have projects that have phase-out associated with them.

36. With regard to administrative indicators, several bilateral agencies do not submit their project completion reports and progress reports on time, while only a few bilateral agencies have provided all reporting requirements on time. Administrative indicators are intended to encourage implementing agencies to provide required submissions on time and therefore are relevant to bilateral agencies.

37. Applying the proposed qualitative performance indicators would also be relevant to bilateral agencies. Qualitative performance indicators provide a country's view of the assistance it has received from an agency. During the compliance period, the assistance provided by all implementing agencies is critical. The rationale for the need for qualitative performance indicators for multilateral implementing agencies equally applies to bilateral implementing agencies. Qualitative performance assessments can provide timely and useful input to both bilateral and multilateral implementing agencies in order for their projects and programmes to be implemented under the demanding time constraints of the Montreal Protocol.

Observations

38. Extending performance indicators to bilateral agencies would need to begin with the targeting of quantitative performance indicators in their 2006 business plans since this would correspond to the next scheduled submission of business plans.

39. However, extending qualitative performance indicators to bilateral agencies could begin, as for the multilateral implementing agencies, with the assessment of 2005 activities because National Ozone Unit officers provide the assessment and targets are not required to assess these indicators. These assessments could be incorporated into an expanded document on the evaluation of the performance of bilateral and multilateral implementing agencies.

SECTION III: RECOMMENDATIONS

The Executive Committee may wish to:

1. Take note of document UNEP/OzL.Pro/ExCom/46/17 and report to the Meeting of the Parties on the outcome of its deliberation in the light of Recommendations 9 and 12 of the Report on the Review and Evaluation of the Financial Mechanism of the Montreal Protocol.
2. Adopt the revised set of qualitative performance indicators and assessment report contained in Annex I to the current document for implementation in the context of the 2005 evaluation of the performance of bilateral and multilateral implementing agencies.
3. Request bilateral implementing agencies to set performance indicator targets for quantitative performance indicators starting with their 2006 business plans for implementation in the context of the 2006 evaluation of the performance of the bilateral and multilateral implementing agencies of the Multilateral Fund.

Annex I

**QUALITATIVE PERFORMANCE INDICATORS FOR IMPLEMENTING AGENCIES
ASSESSMENT REPORT²
(Confidential)**

Instructions:

National Ozone Unit officers are requested to provide one assessment report for each implementing agency operating in the country.

There are 3 main qualitative performance indicators: (1) organization and cooperation (2) technical assistance/training; and (3) impact. Several questions pertaining to each indicator are provided for your assessment and to enable you to determine an overall assessment for the three main indicators.

The final column in the assessment report enables the National Ozone Unit officer to indicate if the question is not relevant to the agency concerned. It also gives NOUs that would prefer to provide a narrative response to the question a place to put that optional information.

The assessment report is confidential and will be shared with the concerned implementing agency for its comment. The Fund Secretariat will compile the results of the individual reports and share anecdotal information while maintaining the confidentiality of the country that provided the information.

Country	
National Ozone Unit Officer	
Implementing Agency	

Section I: Rating by Indicator

Indicator/Sub-indicator	Not satisfactory	Satisfactory	Highly satisfactory	Not relevant / Optional Narrative Rating
Organization and Cooperation				
Did cooperation with the staff of the implementing agency take place in an atmosphere of mutual understanding?				
Did the responsible staff of the implementing agency communicate sufficiently and help to avoid misunderstanding?				
Were the required services of the implementing agency delivered in time?				
Did the implementing agency clearly explain its work plan and division of tasks?				

² Revised version with changes indicated.

Indicator/Sub-indicator	Not satisfactory	Satisfactory	Highly satisfactory	Not relevant / Optional Narrative Rating
Did the implementing agency sufficiently control and monitor the delivery of consultant services?				
Has the use of funds been directed effectively to reach the targets and was it agreed between the national ozone unit and the implementing agency?				
Was active involvement of the national ozone unit ensured in project:				
<ul style="list-style-type: none"> • Identification? 				
<ul style="list-style-type: none"> • Development? 				
<ul style="list-style-type: none"> • Implementation? 				
Was appropriate institutional capacity of the national ozone unit (institutional strengthening) developed?				
<ul style="list-style-type: none"> • Responsiveness to requests for assistance 				
<ul style="list-style-type: none"> • Reliability of advice provided 				
<ul style="list-style-type: none"> • Coordination of activities 				
<ul style="list-style-type: none"> • Efficient and timely use of Fund resources 				
<u>If the lead agency for a multi-agency project, did the lead agency coordinate the activities of the other implementing agencies satisfactorily?</u>				
ORGANIZATION AND COOPERATION (Overall Rating)				
Technical Assistance/Training				
Were project partners and stakeholders encouraged by the implementing agency to participate positively in decision-making and design of activities?				
Did project partners receive sufficient technical advice and/or assistance in their decision-making on technology?				
Did the agency give sufficient consideration to training aspects within funding limits?				
Was the selection and competence of consultants provided by the agency satisfactory?				
Do you feel that you have received sufficient support in building capacities for the national implementation of the project (within the funding limitations)?				
Has the acquisition of services and equipment been successfully administered, contracted and its delivery monitored?				
In case of need, was trouble-shooting by the agency quick and in direct response to your needs?				

Indicator/Sub-indicator	Not satisfactory	Satisfactory	Highly satisfactory	Not relevant / Optional Narrative Rating
<i>Investment projects:</i>				
<ul style="list-style-type: none"> Has the agency been effective and met the expectations of stakeholders in providing technical advice, training and commissioning? 				
<ul style="list-style-type: none"> Has the agency been responsive in addressing any technical difficulties that may have been encountered subsequent to the provision of non-ODS technology? 				
<i>National phase-out plans:</i>				
<ul style="list-style-type: none"> Were proposed implementation strategies adequate? 				
<ul style="list-style-type: none"> Has the technical advice or training that was provided been effective? 				
<ul style="list-style-type: none"> Has technical advice on equipment specifications been adequate? 				
<ul style="list-style-type: none"> Has support for the distribution of equipment been adequate? 				
<ul style="list-style-type: none"> Has support to identify policy issues related to implementation been adequate? 				
<i>Training projects</i>				
<ul style="list-style-type: none"> What was the quality of training provided? <u>Was the quality of the training provided satisfactory?</u> 				
<ul style="list-style-type: none"> Are skills subsequently used by training targets? <u>Was the training designed so that those trained would be likely to use the skills taught?</u> 				
<i>Regulatory assistance projects</i>				
Have the regulations that have been enacted/proposed been: <u>Were the regulations that were proposed by the agency:</u>				
<ul style="list-style-type: none"> <u>Applicable?</u> 				
<ul style="list-style-type: none"> <u>Enforceable?</u> 				
<ul style="list-style-type: none"> <u>Adapted to local circumstances?</u> 				

Indicator/Sub-indicator	Not satisfactory	Satisfactory	Highly satisfactory	Not relevant / Optional Narrative Rating
TECHNICAL ASSISTANCE/TRAINING (Overall Rating)				
Impact				
In the design and implementation of the project, has the implementing agency been striving to achieve sustainable results?				
Has cooperation with the implementing agency substantially contributed and added value to your work or organization in managing compliance in your country?				
IMPACT (Overall Rating)				

Section II: Narrative Rating

Please provide a narrative explaining the evaluation of the agency’s achievements:

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