

MOPAN
2019 ASSESSMENTS

Organisational Performance Brief

**Multilateral Fund for the
Implementation of the
Montreal Protocol (MLF)**

The MLF's performance at a glance

The Montreal Protocol is widely considered one of the most effective international environmental treaties to date, and the Multilateral Fund for the Implementation of the Montreal Protocol (henceforth the MLF, the Multilateral Fund or the Fund), as its financial instrument, has been key to its success. The Multilateral Fund has significantly contributed to the global phase-out of ozone depleting substances (ODS) and phase-down of climate-warming hydrofluorocarbons (HFCs) and to enormous environmental, human health and climate change mitigation impacts by supporting developing countries in this endeavour. It has delivered effectively and efficiently for over 30 years at a total cost of around USD 4 billion. The Multilateral Fund has made good use of its assets and comparative advantage in this. Nevertheless, there are challenges on the way ahead, such as the threat to sustainability that unexplained emissions of trichlorofluoromethane (CFC-11) pose, and the implementation of the recently adopted gender policy. To amplify the impact of the phase-down of HFCs in curbing global warming, the Fund is considering how to address the energy efficiency of replacement technologies and equipment. As requested by the Parties to the Montreal Protocol, the Executive Committee will need to develop guidance on relevant issues, and explore the mobilisation of additional resources to address this issue, in accordance with decisions of the parties to the Montreal Protocol.

The Multilateral Fund offers important organisational lessons. Its strong focus on supporting the compliance of Article 5 countries through the phase-out of ODS is coupled with a lean structure and a cost-conscious approach. With its expert technical staff, the Fund has proved to act with flexibility and agility. While overall decisions are centralised in the MLF's Executive Committee, projects are aligned with countries' preferences. This has improved compliance and further enhanced international acceptance of the organisation. Funding modalities have evolved, and today national governments have a larger responsibility for managing project results. A key part of this success has been the Fund Secretariat's efficient partnerships with national authorities and implementation agencies.

For the Fund to maintain its effectiveness and credibility in the future, ensuring the sustainability of its projects will be important. Whether the Fund might benefit from developing performance measures for the MLF as a whole that allow measuring its progress over time, over and beyond the Montreal Protocol compliance schedule, might merit consideration. Finally, lessons learned from project completion could feed into the design of new projects in a more systematic way.

MLF KEY FACTS

MISSION AND MANDATE: The MLF is the financial instrument of the Montreal Protocol, an international agreement from 1987 that sets out a timetable for the phase-out of ozone depleting substances (ODS) in both developed and developing countries. Since 1991, the MLF has provided financing for the incremental costs of the phase-out/phase-down of substances controlled by the Protocol to developing countries that are parties to it and meet the criteria established by Article 5 of the agreement.

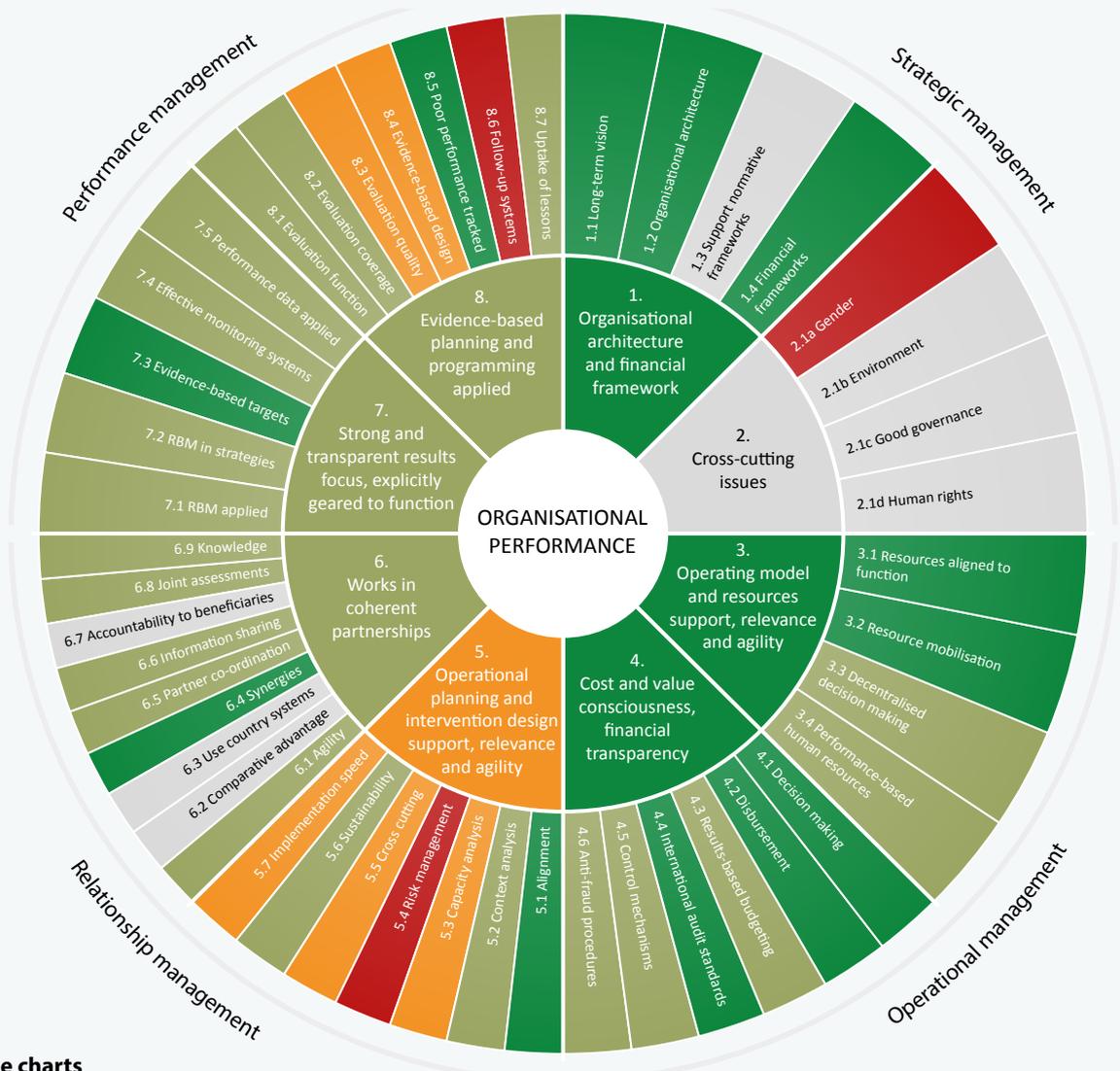
GOVERNANCE: The Multilateral Fund operates under the authority of the Parties to the Montreal Protocol. The Parties consist of Article 5 countries (those receiving assistance from the Multilateral Fund, a total of 145 countries) and non-Article 5 countries (those financing the Multilateral Fund). There are now 197 signatory countries committed to respecting the ODS phase-out schedules.

STRUCTURE: The MLF has five key structural elements: the Parties to the Montreal Protocol, who decide on the Fund's overall policies; the Executive Committee, responsible for developing operational policies and guidelines; the Fund Secretariat, whose 23 staff assist the Executive Committee and which is co-located with UNEP in Montreal; four implementing agencies (UNDP, UNEP, UNIDO and the World Bank) and a number of bilateral agencies that deliver MLF assistance; and the Treasurer, a function carried out by UNEP.

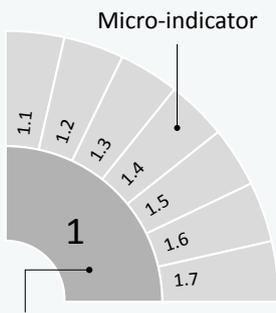
FINANCE: The MLF is funded by non-Article 5 countries. Over the period 1991-2019, the Fund had an income of USD 4 billion of which USD 3.8 billion in grants were allocated to 144 country programmes, hundreds of stand-alone projects and ODS phase-out plans, the establishment and the operating costs of ozone offices in 145 Article 5 countries. The Fund is replenished every three years. For the 2018-20 triennium, parties agreed a budget of USD 540 million, which is relatively constant in cash terms vis-à-vis the USD 508 million it received for 2015-17, and the USD 450 million for 2012-14.

**PERFORMANCE RATING SUMMARY FOR THE MLF
(MOPAN 3.0* – new rating scale system¹)**

1. The cross-cutting issue “gender equality and women’s empowerment” (Micro-indicator 2.1) was considered applicable in this assessment. MOPAN decided, however, not to apply a rating for Key Performance Indicator 2, as its rating – composed only of the gender rating – would highlight the issue in a way that is disproportionate to the role it plays in the Multilateral Fund, with its close focus on the phase-out/down of the consumption and production of controlled substances.



How to read these charts



Key Performance Indicator

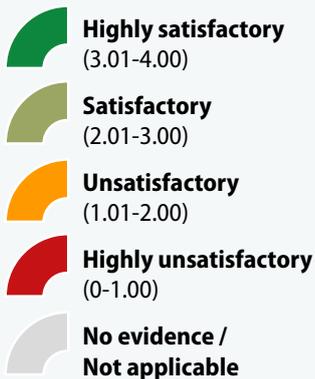
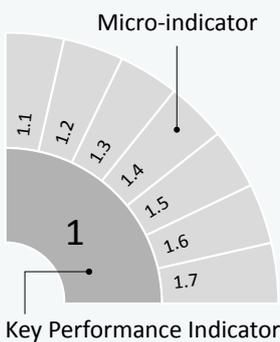
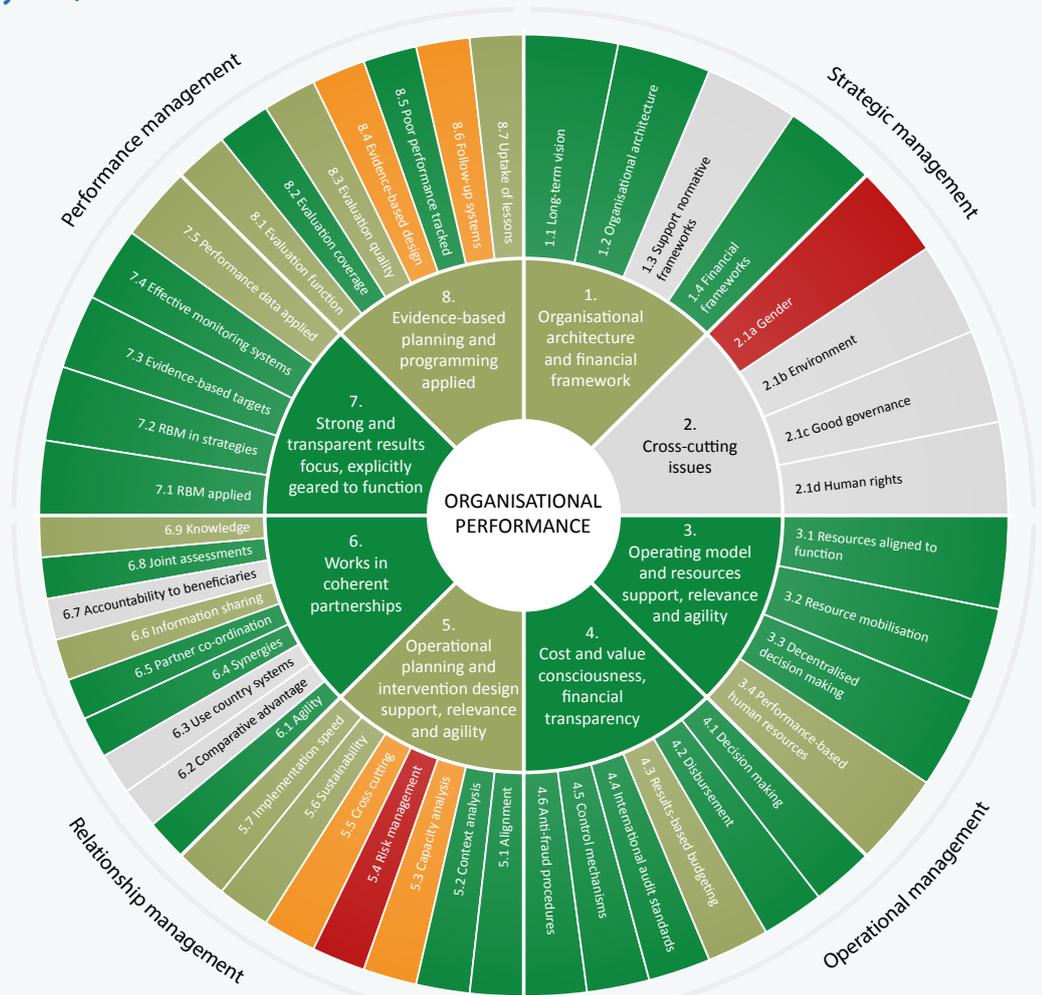
- **Highly satisfactory** (3.51-4.00)
- **Satisfactory** (2.51-3.50)
- **Unsatisfactory** (1.51-2.50)
- **Highly unsatisfactory** (0-1.50)
- **No evidence / Not applicable**



PERFORMANCE RATING SUMMARY FOR THE MLF (MOPAN 3.0 – old rating scale system)

Changes to MOPAN rating system (MOPAN 3.0* scales)

The 2019 Assessment Cycle under MOPAN 3.0* includes a notable change on how ratings (and their corresponding colours) are applied based on the scores at MI and KPI level. Compared to previous cycles, the threshold for a rating has been raised to reflect the increasing demands for organisational performance in the multilateral system. The underlying scores and approach to scoring are unaffected. Further information can be found in the MOPAN 3.0* methodology manual.



Key findings

The MLF has a well-defined long-term vision in the form of the Montreal Protocol Control Schedule. The Montreal Protocol sets out a timetable for the phase-out of ODS and the phase-down of hydrofluorocarbons in both developed (non-Article 5) and developing (Article 5) countries. The organisational architecture of the MLF has maintained a strong focus on the compliance targets in this schedule. An elaborate and evolving framework of rules, guidelines and decisions has been successfully negotiated, modified and agreed between parties with very different priorities in order to deliver support to nearly 150 countries.

The MLF has been very successful in achieving its agenda. In terms of results, the MLF has achieved, or is on track to achieve, the vast majority of the targets set under the Montreal Protocol for Article 5 countries. It has supported positive change in national policies, legislation and regulatory systems, therefore contributing to substantial global-scale environmental, human health and climate change mitigation impacts.

Interventions delivered with the support of the MLF have been relevant and well-aligned with country priorities. The Multilateral Fund uses a country- and compliance-driven approach to budget allocations and intervention planning. Interventions are guided by country progress towards compliance, and countries are given the flexibility to choose both the type of approach that would best enable them to meet their obligations and the bilateral or implementation agency (IA) with which they want to work. Bilateral and implementing agencies are required to involve national bodies in project identification, and all project preparation and reporting processes are a joint effort between National Ozone Units (NOUs), IAs and the Secretariat.

Well-functioning partnerships underpin many aspects of the Fund's performance. Its partnerships with NOUs are key to the successful implementation of the Montreal Protocol. By providing financing for the incremental costs in the phase-out of substances, the MLF leverages the use of partners' own resources. Its mechanisms allow for changes in programming and for adjustments within partnerships as conditions change. Information gaps

are discussed at, among others, six-monthly Executive Committee meetings, annual meetings of the Parties, and bi-annual regional network meetings.

Besides being very effective, the MLF has proved cost-conscious. The organisation makes efficient use of a relatively small budget and a very limited number of staff. It is extremely cost-conscious and operates through a close network of small professional teams. The periodic reporting and independent verification for each tranche of the national phase-out plans is one of the key strengths of the monitoring and reporting system.

The organisation is staffed with dedicated and technical experts ensuring high-quality scrutiny of project proposals and monitoring. The operation of the Fund is small with highly professional teams in the Secretariat. Staff turnover is low, ensuring good and long-established and trusting relationships between Secretariat staff, Executive Committee members and implementing agencies. Mostly, financial and human resources are closely focused on the planning, review, approval, monitoring and evaluation of projects and activities targeted at the remaining production and consumption of ODS.

These achievements notwithstanding, there may be potential to improve the performance of the MLF in the following areas.

Verifying and ensuring the sustainability of results achieved requires greater attention from the MLF. Currently, MLF programme proposals do not explicitly analyse areas such as partner capacity, risks or the critical assumptions that underpin sustainability. The potential harm to the reputation of the Montreal Protocol represented by the unexpected emissions of CFC-11 will force greater attention to post-programme verification and monitoring which could be an important tool to ensure results sustainability.

There is no 'classic' results framework for the MLF as a whole, separate from the Montreal Protocol Control Schedule. There is no results framework with a clear set of performance measures that would also address

the overall quality or sustainability of results. Linked to this, monitoring and reporting is less developed for institutional strengthening and capacity building than it is for investment projects. Also, while the results framework of the Fund focuses on targets defined by the Montreal Protocol Control Schedule, there is no consolidated intermediate results statement for the Fund as a whole. The Fund collects data and reports on a range of medium-term targets applicable to implementing agencies and implementing partners, but has no corporate scorecard of any sort, be it annual or for the replenishment triennium. In sum, for an external observer, there is no clear way of seeing whether the performance of the Fund is improving over time.

Related to this, cross-cutting issues could gain more attention from the MLF. The Multilateral Fund has been relatively slow to address gender equality as a cross-cutting issue, although each of the implementing agencies applies gender policies. The assessment found no cross-cutting policies, apart from a newly approved gender policy. While a strong focus on the mandate of the Fund is creditable, this makes it all the more important that implementing agencies ensure that all their own cross-cutting policies and minimum standards are indeed applied in addition to those required by the Fund.

Several aspects related to evaluation merit strengthening. Currently, lesson learning is tacit rather than explicit and systematic. Despite recommendations from the Executive Committee that project proposals

should build on lessons learned, there is limited documentary evidence that this is happening systematically. The MLF's lessons database is not user-friendly and is largely a descriptive depository of lessons. This has to do with the fact that the evaluation function is insufficiently challenging and analytical. Although the small number of staff and continuity in the composition of the Secretariat staff facilitate informal lesson learning, new project proposals do not incorporate lessons systematically. No annual report exists that would inform on the use and implementation of recommendations from evaluations. Another constraint is that the Multilateral Fund's evaluation function – represented by one Senior Monitoring and Evaluation Officer – is not fully independent. Although this person reports directly to the Executive Committee, the administrative control by the Chief Officer of the Secretariat limits, to a certain extent, the space for innovation or full independence that a Monitoring and Evaluation Office would be expected to have.

Although publicly available, MLF documentation could benefit from better communicative value. Greater public scrutiny will bring with it the need for better, more accessible communication. The Multilateral Fund's policies, plans and progress are embedded in multiple detailed technical reports connected to Executive Committee meetings. The addition of an improved communications function – and an updated, user-friendly website – would enhance public information and accountability.

Strengths and areas for improvement

Main strengths identified in the MOPAN 2019 assessment of the MLF

- The Multilateral Fund is a uniquely focused organisation with an extremely clear set of internationally mandated and achievable targets. It has been extremely successful in supporting the compliance of Article 5 countries in phasing out controlled substances that affect the ozone layer and global climate.
- In terms of results, the Multilateral Fund has achieved, or is on track to achieve, the vast majority of the targets set under the Montreal Protocol for Article 5 countries. It has contributed to substantial, global-scale environmental, human health and climate change mitigation impacts.
- The organisation makes efficient use of a relatively small budget and limited staff. It is very cost-conscious and operates via a close network of small professional teams. The periodic reporting and independent verification for each tranche of the national phase-out plans is one of the key strengths.
- The Multilateral Fund is staffed with dedicated and technically-focused professionals ensuring high-quality scrutiny of project proposals and monitoring. Staff turnover is low, resulting in long-established and trusting relationships between Secretariat staff, Executive Committee members and implementing agencies.

Main areas for improvement identified in the MOPAN 2019 assessment of the MLF

- The evaluation function is insufficiently challenging, formative and analytical. Evaluations tend to present findings rather than providing analysis and explanations for these findings. Lesson learning is tacit rather than explicit and systematic.
- The Multilateral Fund has a strong focus on medium- and long-term results as laid out in the Montreal Protocol Control Schedule. The Fund does not have a 'classic' results framework, separate from the Control Schedule, that would include a set of performance measures for the Multilateral Fund as a whole, and that would also address the overall quality or sustainability of results. Also, although the Multilateral Fund reports on a range of medium-term targets applicable to implementing agencies and recipient countries, it does not have a consolidated intermediate results statement for the Fund as a whole, in form of a corporate scorecard of some sort, either annual or for the replenishment triennium. In addition, monitoring and reporting is less developed for institutional strengthening and capacity building than it is for investment projects.
- Multilateral Fund programme proposals do not analyse explicitly areas such as partner capacity, risks or the critical assumptions which underpin sustainability. Verifying and ensuring the sustainability of results achieved requires greater attention.
- The Multilateral Fund has been relatively slow to address gender equality as a cross-cutting issue, despite the existence of gender policies in each of the IAs. A new gender policy has been approved by the Fund. While a strong focus on the mandate of the Fund is creditable, IAs should be encouraged to ensure that all their own policies and minimum standards are applied in addition to those required by the Fund.
- Although publicly available, Multilateral Fund documentation is not clear and accessible to outsiders. Fund policies, plans and progress are embedded in multiple detailed and technical reports connected to Executive Committee meetings. The addition of an improved communications function – and an updated website – would enhance public information and accountability.

About this assessment

The Multilateral Organisation Performance Assessment Network (MOPAN) is a network of 19 countries¹ that share a common interest in assessing the effectiveness of the major multilateral organisations they fund, including UN agencies, international financial institutions and global funds.

The Network generates, collects, analyses and presents relevant and credible information on the organisational and development effectiveness of the organisations it assesses. This knowledge base is intended to contribute to organisational learning within and among the organisations, their direct clients and partners, and other stakeholders. Network members use the reports for their own accountability needs and as a source of input for strategic decision-making.

The MOPAN 3.0* methodology employed in this assessment uses a framework of 12 key performance indicators and associated micro-indicators. It comprises standards that characterise an effective multilateral organisation. As part of MOPAN's efforts to ensure its assessments remain relevant to stakeholders and aligned to international best practice, the MOPAN methodology is always evolving. The methodology used in the 2019 Assessment Cycle includes two notable changes from the previous iteration. The first is that the threshold for the ratings (and their corresponding colours) applied has been raised to reflect the increasing demands for organisational performance in the multilateral system. The underlying scores and approach to scoring are unaffected.

The second is greater flexibility in the selection of partners and geographies for the survey line of evidence.

This approach allows for a more relevant sampling of organisations' external partners and geographic coverage. More details are available in MOPAN's methodology manual 3.0*.²

This was the first MOPAN assessment of the MLF. It was championed by Canada on behalf of the Network. The assessment addresses organisational systems, practices and behaviours, as well as results achieved during the period 2017 to mid-2019. It relies on three lines of evidence: a document review, interviews with staff at the Multilateral Fund Secretariat in Montreal, and Implementation Agency interviews with staff in the Montreal Protocol units at UNDP, UNEP, UNIDO and the World Bank, as well as an online partner survey.³ The assessment covers the MLF's Executive Committee, Fund Secretariat, bilateral and implementing agencies, and Treasurer.

MOPAN's evidence lines for the MLF

- Review of 64 documents
- 27 interviews conducted among headquarter-level and implementing agency employees
- 36 partner survey results across 26 countries

This brief accompanies the full assessment which can be found on MOPAN's website at www.mopanonline.org. The MLF's management response will be made available on that website as well.

Organisations assessed by MOPAN in 2019:

- CGIAR
- UNCTAD
- UNODC
- MLF
- UNIDO

1. Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, the United Arab Emirates, the United Kingdom and the United States.

2. Available at www.mopanonline.org

3. The online survey was sent to 89 possible respondents from governments, private sector and non-governmental organisations working with the MLF. Among the 36 responses received were 14 from Article 5 countries, 20 from non-Article 5 countries, and 2 without indication of country.