

CDM-EB84-AA-A08

Concept note

Key performance indicators for CDM: options and recommendations

Version 01.0



United Nations
Framework Convention on
Climate Change

TABLE OF CONTENTS	Page
1. PROCEDURAL BACKGROUND	3
2. PURPOSE	3
3. KEY ISSUES AND PROPOSED SOLUTIONS.....	3
4. IMPACTS.....	3
5. SUBSEQUENT WORK AND TIMELINES.....	3
6. RECOMMENDATIONS TO THE BOARD	3
APPENDIX 1. PROPOSED KEY PERFORMANCE INDICATORS.....	4
APPENDIX 2. BACKGROUND RESEARCH ON KEY PERFORMANCE INDICATORS	5
APPENDIX 3. PERFORMANCE INDICATORS USED BY OTHER ORGANIZATIONS	8

1. Procedural background

1. The Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board), at its eighty-second meeting, considered a concept note on “Identification of key performance indicators” and requested the secretariat, in consultation with a small group of Board members, to develop a concept note with proposals for key performance indicators (KPIs). The indicators should assist the Board in determining contributions to the effective and efficient performance of the mechanism, with particular focus on the impact of the secretariat’s performance in the effective and efficient operation of the mechanism. The work should also draw on the experience of others (private and public organizations) that have successfully used and benefited from the use of KPIs.
2. The small group of Board members, as referred to in paragraph 1 above, emphasized via email that the KPIs should build on what is currently reported with due consideration of any relevant information found from the research on the use of KPIs by other institutions as requested by the Board (see appendices 2 and 3).

2. Purpose

3. The purpose of this project is to propose a set of KPIs that will respond to the Board’s request for a set of appropriate performance indicators.

3. Key issues and proposed solutions

4. The proposed indicators related to efficiency are based on currently available data and are listed in appendix 1.

4. Impacts

5. The Board will continue to receive additional information related to the performance of the secretariat on a quarterly basis.

5. Subsequent work and timelines

6. The secretariat will aim to deliver an initial KPI report reflecting data for the third quarter of 2015 to allow sufficient time to provide associated trend analysis.

6. Recommendations to the Board

7. The secretariat recommends that the Board adopt the proposed set of **efficiency** indicators highlighted in appendix 1.

Appendix 1. Proposed key performance indicators

Performance indicator	2015 Target	Bi-annual performance	Comparative performance and other comments
1. The proportion of EB meeting documents made available in accordance with the rules of procedure of the CDM Executive Board	100%		
2. The proportion of EB mandated outputs provided to the secretariat delivered and delivered on time	100%		
3. The proportion of CMP mandates to the Board delivered and delivered on time	100%		
4. Proportion of EB mandated outputs provided to panels and working groups delivered and delivered on-time	100%		
5. The proportion of methodology cases (new methodologies and revision of existing ones) processed within the specified timelines	100%		
6. The proportion of new project registrations processed within the specified timelines	100%		
7. The proportion of new PoA registrations processed within the specified timelines	100%		
8. The proportion of project issuance instructions processed within the specified timelines	100%		
9. The proportion of PoA issuance instructions processed within the specified timelines	100%		
10. The proportion of communications to the Board processed within the specified timelines	100%		
11. The proportion of communications to the Secretariat processed within the specified timelines	100%		
12. Accreditation assessment delays over seven days	0		

Appendix 2. Background research on key performance indicators

1. Introduction

1. The following is intended to provide background information on the definition and use of key performance indicators (KPIs).

2. Defining a key performance indicator

2. Key performance indicators (KPIs) serve to reduce the complex nature of organizational performance to a small number of key indicators in order to make performance more understandable and digestible, especially for decision-makers. The same approach is used, for example, by a medical doctor who might measure blood pressure, cholesterol levels, heart rate and body mass index as key indicators of a patient's health. KPIs attempt to do the same with respect to organizational health. Correctly selected KPIs provide information that helps an organization make more informed decisions.
3. A literature study identified that KPIs:
 - (a) Are different and vary between companies and industries as they depend on organizational priorities or performance criteria;
 - (b) Provide visibility into the performance of an organization and enable decision-makers to take action in achieving the desired outcomes;
 - (c) Are quantifiable measurements, agreed beforehand, that reflect the critical success factors of an organization;
 - (d) Are monitored and normally distributed in dashboards or scorecards.
4. The same study identified the following uses for KPIs:
 - (a) Assisting organizations to gauge or compare performance in terms of meeting their strategic and operational goals and to evaluate their success in reaching targets;
 - (b) Providing the most important performance information to help decision-makers define and measure progress towards goals;
 - (c) Translating complex measures into a simple indicator that allows decision-makers to assess the current situation and act quickly;
 - (d) Enabling learning and improvement on critical operations, capabilities and processes across business areas.
5. If a KPI is to be valuable it needs to be well defined and accurately measured. Many organizations have developed their own checklists for selecting indicators that contain key criteria against which the selected indicators are tested. Among them is the popular acronym SMART. SMART indicators have to be: specific; measurable; attainable; relevant; and time-bound. Expanded versions – SMARTER indicators – are in addition:

evaluated consistently and reviewed, while SMARTTA indicators are also: trackable and agreed.

3. Selecting and using KPIs appropriately

6. The literature study has found that best-practice organizations:
 - (a) Understand which indicators are required for learning and improvement and focus internally on these;
 - (b) Separate the external reporting indicators from internal indicators to avoid confusion and data overload;
 - (c) Create the right culture to drive performance.

4. General process for implementing and managing a system of KPIs

7. In general, the following process should be followed when managing a system of KPIs:
 - (a) Formulate objectives and associated outcomes;
 - (b) Identify SMART indicators to measure progress towards each objective and outcome;
 - (c) Set a target for each indicator to compare actual performance;
 - (d) Consistently collect data on a regular basis to monitor performance;
 - (e) Review and analyse the actual results against the targets and implement any necessary preventive/corrective actions.

5. References

8. The following documents were used as reference material:
 - (a) “CDM Management plan 2015” version 01.0 (CDM-EB81-A01-INFO);
 - (b) “Module 8: Monitoring and Evaluation – How to keep improving the system?” available at:
<http://www.socialsecurityextension.org/gimi/gess/RessourcePDF.action;jsessionid=dbb9e42f4b47cfdd1f9b052f208c7041a4fbfa01b6218efaf8d3ba86f9972eb5.e3aTbhULbNmSe34MchaRah8TbNn0?ressource.ressourceId=41192>;
 - (c) “What is a Key Performance Indicator (KPI)?”, Bernard Marr, available at:
<http://www.ap-institute.com/key%20performance%20indicators.html>;
 - (d) “Key Performance Indicators Infographic”, Diana Almasan, 9 April 2014, available at: <http://kpiinstitute.org/key-performance-indicators-infographic>;
 - (e) “Implementation of results-based management in the United Nations Organizations, Part I-Series on managing for results in the United Nations system”, Even Fontaine Ortiz, Sumihiro Kuyama, Wolfgang Münch, Guangting Tang, available at:
<ftp://ftp.fao.org/docrep/fao/meeting/009/J4769e/J4769e06.pdf>;

- (f) “SMART criteria”, available at: http://en.wikipedia.org/wiki/SMART_criteria;
- (g) “Key Performance Indicators - KPI”, available at:
<http://www.investopedia.com/terms/k/kpi.asp>;
- (h) “Key Performance Indicators (KPI) How an organization defines and measures progress toward its goals”, F. John Reh, available at:
<http://management.about.com/cs/generalmanagement/a/keyperfindic.htm>;
- (i) “The Development Dimension Strengthening Accountability in Aid for Trade”, OECD, available at: http://www.keepeek.com/Digital-Asset-Management/oecd/development/strengthening-accountability-in-aid-for-trade_9789264123212-en#page0.

Appendix 3. Performance indicators used by other organizations

1. Introduction

1. As requested by the Executive Board of the clean development mechanism (the Board), research was conducted on various international organizations to understand their use of key performance indicators (KPIs).
2. The research was also focused on the key dimensions of the organizations' KPIs, i.e. indicators that measure workload, efficiency (of human resources and processes) and the quality of products and services delivered.
3. All organizations identified through the research are reporting diverse indicators to their external stakeholders. The indicators can be classified into two types: results-based indicators and organizational performance indicators. The most frequent indicators used by United Nations organizations are results-based indicators intended to measure the external impact of the outcomes generated as a result of the organization's activities. The overview of research is presented below.

Table 1. Summary of findings

Organization	Context	KPIs	Source
European Aviation Safety Agency - EASA	In September 2014 the Agency underwent a major reorganization in order to be better prepared for the challenges of the future. This activity will be fundamentally reformed in 2015 in order to have an integrated approach that allows an upstream assessment of safety risks and deciding the most cost-effective mitigating measures in terms of rulemaking, oversight and safety promotion. The decision-making process will be supported by impact assessments.	<p><u>Certification & Approvals:</u></p> <p>Number of yearly technical working hours performed as a percentage of planned hours (CAWR)</p> <p>% of positive feedback received through stakeholders feedback questionnaires after completion of the various certification tasks</p> <p><u>Regulation:</u></p> <p>% of State Letter recommendations provided on time</p> <p>% of positive feedback on the process and the outcome of the stakeholder consultation</p> <p><u>Standardization:</u></p> <p>% of Final Inspection Reports delivered to Member States within 10 weeks (12 weeks till end of 2013) of the completion of the Inspection</p> <p>Average satisfaction for Standardization Inspection and follow up and closure</p> <p><u>Support:</u></p> <p>% of working hours allocated to support tasks agency-wide versus total hours (actual versus planned)</p> <p><u>Resources:</u></p> <p>Actual budget versus planned budget</p> <p><u>Employees, learning and growth:</u></p> <p>Number of technical hours (project work) as % of total hours</p> <p>% of positive feedback from staff with regard to training</p> <p>Number of training days per member of staff</p>	EASA Work Programme 2015

Organization	Context	KPIs	Source
United Nations Environment Programme - UNEP	At the Rio+20 Summit in June 2012 and in the UN General Assembly in September of the same year, Member States committed to strengthen the United Nations Environment Programme and in particular to provide secure, stable, adequate and increased financial resources. A prominent feature of the UNEP medium-term strategy is its results-based approach. This approach is mirrored by the UNEP approach to evaluation, which has a strong focus on performance in achieving results.	<p>A set of standard evaluation parameters will be applied to evaluate performance and aid attempts to aggregate results across different UNEP interventions that contribute to the expected accomplishments of the programme of work and budget and the medium-term strategy. The evaluation parameters include:</p> <ul style="list-style-type: none"> Extent of achievement of objectives and planned results Level of attainment of outputs and activities Cost effectiveness of the intervention Efficiency in financial planning and management Effectiveness in programme monitoring <p>Example: Climate change</p> <ul style="list-style-type: none"> Number and percentage of countries implementing concrete ecosystem-based and other site-based adaptation initiatives Number and percentage of countries demonstrating progress in integrating ecosystem-based and other adaptation approaches in strategies Percentage of renewable energy in the global energy mix Number of countries committing to applying energy efficiency standards, with support from UNEP Number of new renewable energy or energy efficiency programmes and projects being implemented Number of policies and actions reducing greenhouse gas emissions and other climate pollutants Extent of country ownership Extent to which the interventions are replicable Extent of stakeholder involvement 	<p>United Nations Environment Assembly of the United Nations Environment Programme. First session. Nairobi, 23–27 June 2014.</p> <p>Proposed biennial programme of work and budget for 2016–2017</p>

Organization	Context	KPIs	Source
International Trade Centre –ITC	<p>In the Operational Plan 2014, ITC summarizes at a glance their Operational priorities and Key challenges which are:</p> <ol style="list-style-type: none"> 1. Securing stability and predictability of <u>funding</u> to support sustainable growth 2. Improving <u>internal processes</u> to facilitate <u>growth</u> 3. Improving <u>quality of project</u> design, delivery and results <p>ITC has put in place a comprehensive and systematic “bottom-up” process for target setting on outputs and outcomes.</p>	<p>Number of institutions reporting improvements in their managerial performance and/or services to small and medium-sized enterprises, as a result of ITC assistance.</p> <p>Number of institutions reporting improvements, as a result of their membership in networks supported by ITC.</p> <p>Number of institutions reporting improvements in their country's trade promotion and export development policies, as a result of ITC assistance.</p> <p>Increased number of enterprises enabled to formulate sound international business strategies, through ITC training on export management issues, delivered directly or indirectly.</p> <p>In addition to outcomes and outputs, ITC is increasingly mindful of the need to report on the longer-term impact of its actions on the ground. ITC is working on a methodology to allow it to monitor impact in a simple but effective manner. A set of SMART impact indicators have been developed.</p>	ITC Operational Plan 2014
United Nations Population Fund -UNFPA- Annex 1 to the UNFPA Strategic Plan, 2014-2017	<p>UNFPA presents the integrated results framework (IRF) which is an essential component of the strategic plan, as it contains the indicators, baselines, and targets that set out the results that UNFPA aims to achieve for 2014-2017, and through which accountability will be assessed. Development results are captured at the levels of impact, outcome, and output. There is a clear results chain for each area in which UNFPA works:</p> <p>organizational effectiveness and</p>	<p>Output</p> <ul style="list-style-type: none"> Percentage of country programmes that meet quality criteria (QCPR) Percentage of country programmes rated as “good” performers Percentage of country offices using common results-based management tools and principles (shared QCPR) Rating in the Aid Transparency Tracker (QCPR) Percentage increase in the share of total resources expended on advocacy/policy Number of visitors to UNFPA website and number of followers on social media 	Annex 1 to the UNFPA Strategic Plan, 2014–2017

Organization	Context	KPIs	Source
	efficiency enable the achievement of outputs, which in turn contribute directly to outcomes, which collectively lead to impact.		
World Intellectual Property Organization – WIPO -	<p>The planning of the Program and Budget for the 2014/15 Biennium was based on the following economic context as described by WIPO. “The world economy continues to underperform. However, demand for intellectual property (IP) titles, which form the basis of the revenue of the Organization, has outperformed the world economy”. After a decrease in international patent applications in 2009, there is an increase from 2010 onwards. WIPO estimates that the income of the Organization will increase by 4.5 per cent in the coming biennium. This rise in revenue will not involve any increase in Member States’ contributions.</p> <p>While revenue will rise, there are strong cost pressures that will necessarily entail higher expenditure levels. Among these cost pressures are staff costs (long - term liabilities), unit cost of translation, investment in ICT are the major cost pressure.</p>	<p>Some performance indicators associated with Strategic Goal II “provision of premier global IB services” include:</p> <ul style="list-style-type: none"> % of satisfied participants in targeted workshops/seminars/ conferences held on specific patent-related topics No. of requests for communication under Article 6ter dealt with Improved electronic services for applicants, third parties, Offices and Authorities Quality of translation Timelines of report translation Quality of software development (QSD) Information systems service levels No. of registrations No. of renewals processed No. of modifications, including subsequent designations Application unit cost Decrease in the number of corrections (towards streamlining and simplification of the system legal framework) Average processing time of regular application 	WIPO Program and Budget for 2014/15 biennium

Organization	Context	KPIs	Source
	In order to achieve the greatest impact, WIPO believes that it is more important than ever to focus the programs and activities of the Organization on delivering on its strategic goals where the Organization has a comparative advantage and where it can make its mark and contribution in a complex world with many actors.	<p>Indicators related to quality are further elaborated as follows:</p> <p><u>Quality of translation</u></p> <p>Statistically calculated numbers of documents are selected at random from translations of abstracts and reports prepared under the responsibility of the IB for quality control. The evaluation determines whether a translation is “acceptable” or “not acceptable”.</p> <p><u>Quality of software development</u></p> <p>Under this approach, development outputs that require little or no rework will be deemed high quality, whereas those that require a lot of rework will be deemed low quality.</p>	

Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	11 May 2015	Initial publication as an annex to the annotated agenda of EB84.
Decision Class: Operational		
Document Type: Information note		
Business Function: Governance		
Keywords: EB, secretariat, MAP, evaluation research, performance indicators, support services		