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STRATEGY, PLANNING AND REFORM

Review of the Performance Indicators and Key Performance Indicators

Note by the Secretary-General

SUMMARY

Executive summary: This document provides an evaluation of the performance indicators and key performance indicators, as well as an assessment of the feasibility of the proposed analysis of a medium level of complexity proposed in document CWGSP 10/2(b)

Strategic direction: 4

High-level action: 4.0.3

Planned output: 4.0.3.1

Action to be taken: Paragraph 16

Related documents: C 113/3; C 112/D; resolution A.1060(28); C/ES.27/D; C 110/D, C/110/3/8; C/ES.25/D and CWGSP 10/2(b)

Introduction

1 At its twenty-seventh extraordinary session the Council requested the Secretary-General to ensure that sufficient resources are available for the purpose of conducting further statistical analysis and review of the performance indicators (PIs) and key performance indicators (KPIs) in accordance with the methodologies, of a medium level of complexity, proposed in document CWGSP 10/2(b).

2 Additionally, at its 112th session, the Council endorsed the fundamental review of the Strategic Plan including an assessment of the PIs and KPIs, based on an initial analysis by the Secretariat, to ensure that, what these indicators measure, is under the control of the Organization and that they provide an effective basis for the evaluation of the Organization's Strategic Plan.

Review of the Performance Indicators and Key Performance Indicators

3 The purpose of performance indicators is to measure the Organization's success in achieving specific objectives that are measurable and derived from the Organization's Strategic Plan (resolution A.1060(28)). They are supposed to measure the effectiveness of the Organization and assist in future planning. The performance indicators should be realistic and should take account of the effect on IMO, if the Organization consistently failed to meet its objectives.

4 This document provides a review of the current system of PIs and KPIs to assess the overall arrangement and usefulness of the PIs and KPIs in achieving their purpose, including the following aspects:

- .1 the effectiveness of the PIs and KPIs in measuring performance against the Strategic Directions taking into account the impact of recent changes in the strategic planning process, i.e. the separation of the High-level Action Plan and the Secretariat's Business Plan;
- .2 the usefulness of a more complex measurement and insights that may be gained by applying the methodologies of a medium level complexity; and
- .3 the initial results of the review carried out on the Strategic Plan (and to be reported in C 113/3).

Assessment of performance indicators and key performance indicators

5 The actual number of individual measurements of all PIs is no less than 44 individual measurements, as many PIs are subdivided. The additional 21 KPIs are in many instances identical to the PIs (with the exception of the KPIs on financial performance and public outreach) resulting in a mere repetition of results already covered by the PIs.

6 Initially, the KPIs were developed to rationalize and therefore replace the existing PIs. The idea was to improve the usefulness of performance measurement by having fewer indicators that presented a closer link to the Organization's Strategic Directions. But it was decided to simply add them to the existing PI measurement (C/ES.25/D, paragraph 3.2 (ii)), leading to a further increase in individual measurements without contributing to a more valuable analysis or an increased comprehensibility of the document produced. The high number of PIs and KPIs also adds to difficulties in structuring the indicators to draw conclusions and derive significant observations for future planning.

7 Given the high number of indicators, it is important to consider the degree of control IMO has over the PIs and KPIs and the respective data sources. If the PIs and KPIs are categorized according to the extent to which IMO can exercise control over the performance measured, the following categories emerge:

- .1 *PIs and KPIs under IMO's control:* PIs and KPIs related to the performance of the Organization itself, that is, performance in terms of a direct output of actions undertaken by IMO as a whole (Member States, Secretariat and committees);
- .2 *PIs and KPIs IMO has indirect control over:* PIs and KPIs related to the outcome of IMO's work that is heavily dependent on the performance of *others*, for example implementation and compliance by Member States; and

- .3 *PIs and KPIs beyond IMO's control:* PIs and KPIs impacted by IMO's work, but dependent on actions by others, such as enforcement by Member States and compliance by subjects of the regulations (shipping industry and seafarers).

8 Evidently, an accurate measurement of PIs and KPIs relies on data of which some is available internally within the Secretariat, while other data is currently only available from external sources or not available at all. Part of the problem with the missing data relates to the lack of reporting to IMO, or the need to acquire data from outside sources (which can have a financial impact).

9 Another issue that affects the overall robustness and structure of the performance measurement is the regular updates or changes to the definitions of PIs and KPIs. In some instances, when a change was made, the availability of data was only touched upon and not thoroughly analysed, leaving the Secretariat with the only option of providing qualitative information in relation to a PI or KPI and therefore making measurement impossible. Furthermore, the lack of dedicated staff to carry out the statistical analysis has led to use of changing data sources without verification of the data validity over the years.

10 Apart from difficulties with appropriate data and the high number of indicators, the delineation between the High-level Action Plan and the Secretariat's Business Plan to improve the identification, monitoring and reporting of services delivered by the IMO Secretariat added another element to consider, as the Secretariat's Business Plan in part duplicates current PIs and KPIs, but with the benefit of having clear targets and identifying assessment criteria.

Assessment of the statistical methods of medium level complexity

11 To assess the statistical methods of medium level complexity as decided by the Ad Hoc Council Working Group on the Organization's Strategic Plan (CWGSP), the Secretariat has taken into account the issues discussed above and analysed the proposed methods concerning their feasibility. A thorough analysis was conducted that included the following aspects influencing the usefulness of the methods:

- .1 an evaluation of the methods proposed in CWGSP 10/2(b), including the data that has to be available to enable an appropriate application of these methods;
- .2 an investigation of the data available to the Secretariat at present and additional data sources that would be available or could be acquired by the Secretariat; and
- .3 an examination of the results applying such methods in the context of investigating the impact of IMO conventions on safety and environmental protection.

12 The proposed statistical methods are rather complex and therefore require significant and specialized human resources to implement and, most importantly, detailed long-term data to effectively measure any existing impact of IMO conventions on safety and environmental protection. Most of this data is not available at present. Additionally, the analysis of additional data sources revealed that such data is not obtainable from other external sources either, especially the long-term data needed. The lack of suitable data was already mentioned as an obstacle of applying the proposed methods in document CWGSP 10/2(b), and the situation has not changed since.

13 A further concern is that given the results of previous studies using such techniques and the quality of the datasets available, it is likely that the analysis would provide only limited or negligible evidence of the effect on safety or environmental protection of IMO's efforts.

14 Due to data constraints that render the proposed statistical methods ineffective, it would not be recommended to conduct an analysis using the methods of medium level complexity proposed in CWGSP 10/2(b).

Initial results of the Strategic Plan review

15 In carrying out the analysis of the performance measure, the Secretariat attempted to group the PIs and KPIs into three categories (as outlined in paragraph 8 above). However, taking into account the issues concerning the PIs and KPIs outlined above and in particular the initial results of the fundamental review of the Strategic Plan, which concludes that the indicators are not sufficiently aligned to the SDs to facilitate a meaningful analysis of the Organization's performance, and that the division of PIs and KPIs does not seem beneficial as both categories contain identical or at least very similar measures, the current indicators are not fit for purpose. Therefore, it is considered more pertinent to suspend the analysis of the PIs and KPIs in the Strategic Plan until a firm decision has been made regarding the overall review of Strategic Plan and a robust and more meaningful system of performance measurement could be established.

Actions requested of the Council

16 The Council is requested to:

- .1 note the review of the performance indicators (PIs) and key performance indicators (KPIs) carried out and reported in this document;
 - .2 suspend future analysis and presentation of the PIs and KPIs in the Strategic Plan as the indicators are not sufficiently aligned to the SDs to allow for the intended analysis of the Organization's performance, and decide on appropriate performance measures at a later stage of the strategic planning review process; and
 - .3 reconsider the decision to apply the methodologies of medium level complexity proposed in document CWGSP 10/2(b) for further statistical analysis of the performance indicators (PIs) and key performance indicators (KPIs) due to lack of suitable data and the resulting difficulties to obtain any significant results.
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