

**North American Development Bank  
Border Environment Cooperation Commission  
Business Process Review**

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**TASK FIVE REPORT  
FINAL**

**Plan to Evaluate Performance and Measure Results of the  
Border Environment Cooperation Commission and the  
North American Development Bank**

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## 1.0 EXECUTIVE SUMMARY

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The Board of the Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADB) has requested the development of a Performance Monitoring Plan (Plan) for use in evaluating BECC and NADB. The current document provides a template structure for such a plan. The template has been selected to meet the Board's needs for tracking both qualitative and quantitative measures of performance, with some measures being individual to BECC or NADB and others representing combined goals. Stone & Webster Management Consultants, Inc. (Stone & Webster) has completed elements of this inaugural Plan based on its evaluation of BECC and NADB. However, the Board can and should anticipate making changes to more closely reflect its own interests and areas of focus.

Selection of indicators and their accompanying metrics should be based on a business plan that is approved by the Board and that provides the road map for the organizations. The business plan is based on the strategic plan, and is developed to implement the strategic plan. It maps the financial, operations, marketing and organizational strategies that BECC and NADB will use to achieve their goals. Performance indicators are then developed based on the strategy outlined in the business plan. In turn, evaluation of the performance monitoring plan provides a logical and defensible basis for changes in policy and/or practices. For this report, the purposes of BECC and NADB as presented in the Charter<sup>1</sup> were used as the goals.

To implement the process for developing this monitoring plan, it is recommended that one representative each from BECC and NADB work as a team to be responsible for coordinating the preparation of the monitoring plan for the Board's review. Progress reports and management meetings should be prepared periodically (at least annually) to review progress and develop strategies for the next reporting period.

In the list below, each goal is shown with one or more performance indicators that would allow progress toward meeting that goal to be assessed. For each performance indicator, one or more metrics are provided. The metrics are discrete activities, to which can be attached a quantitative value. Accomplishment of the metrics will result in improvement in the cited performance indicator. It should be noted that determination of the improvement in each performance indicator is made by measurements as noted in the Performance Tracking Forms provided in Figures 1 through 7. These measurements track changes in the environment external to BECC and NADB and which are expected to change as a result of BECC/NADB's activities, as distinguished from the quantitative metrics that are used to track (or measure) performance of the two institutions directly.

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<sup>1</sup> "Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a Border Environment Cooperation Commission and a North American Development Bank," signed November 1993.

BECC and NADB do not currently track all the data that would permit measurement of these metrics. Some of these performance indicators are currently being tracked, and those data could easily be applied immediately to this program (i.e., grant and loan data). In other cases, new data collections efforts will be required (i.e., pollutant loading or disease incidence). These could be developed as part of the recommendation for establishing a system for performance measurement as discussed in the Task Four report.

A total of seven performance indicators were developed to support the three goals stated as “purposes” in the Charter. There are a total of 14 metrics that have been developed to support assessment of one or more of the indicators. Quantitative measures for the metrics are not provided, as they need to be developed after analysis of the entire performance monitoring plan and prioritization of the choices. Goals, indicators, and metrics are listed below.

**GOAL 1:** “(a) The purpose of the Commission shall be to help preserve, protect and enhance the environment of the border region in order to advance the well-being of the people of the United States and Mexico”

**Performance Indicators:**

(1) Improvement in environment

**Metrics to Measure This Performance Indicator:**

- Implement a systematic method for prioritizing project applicants for acceptance for certification
- Total loan disbursements
- Total disbursements (loans plus grants)
- % of evaluated projects whose impact on environment is qualified as « highly satisfactory » (equivalent to a 4 on a scale of 1 to 5)

(2) Improvement in health

**Metrics to Measure This Performance Indicator:**

- Implement a systematic method for prioritizing project applicants for acceptance for certification
- Total loan disbursements
- Total disbursements (loans plus grants)
- % of evaluated projects whose impact on health is qualified as « highly satisfactory » (equivalent to a 4 on a scale of 1 to 5)

**GOAL 2:** “(b) In carrying out this purpose, the Commission shall cooperate as appropriate with the North American Development Bank and other national and international institutions, and with private sources supplying investment capital for environmental infrastructure projects in the border region.”

**Performance Indicators:**

(3) Development of cooperative programs between BECC and NADB

**Metrics to Measure This Performance Indicator:**

- Time for project processing – this could be elapsed time from project certification to first disbursement (looking for minimizing elapsed time, indicating that when projects are certified they are also ready to receive their disbursements of funding); alternatively, this could be elapsed time from application for certification/financing to first disbursement, although there is significantly more variability in the maturity of the project this early in the project cycle and thus it is more difficult to control the extraneous factors that will affect project timing

(4) Development of cooperative programs with other finance institutions

**Metrics to Measure This Performance Indicator:**

- Cooperative agreements with other finance institutions whereby the agency providing the greatest amount of financing assumes the primary role for project development
- Ratio of total funding administered by NADB (NADB loans and grants plus EPA-BEIF grants) to total funding provided by financing agencies for all projects with co-financing (i.e., success in leveraging NADB funds by increasing the participation of other agencies)
- Time for project processing

(5) Development of programs attractive to private sponsors

**Metrics to Measure This Performance Indicator:**

- Total loan disbursements to projects led by private sector sponsors

**GOAL 3:** “The purposes of the NADB shall be (a) to provide financing for projects certified by the Board of Directors in accordance with Articles I and II of Chapter I, and, as the Board of Directors deems appropriate, to otherwise assist the Commission in fulfilling its purposes and functions”

**Performance Indicators:**

(6) Development of lending instruments that support the BECC/NADB goals

**Metric to Measure This Performance Indicator:**

- Number of loan commitments
- Total loan disbursements
- Loan to grant ratio (on an annual basis)
- Total loans outstanding as a percent of total capital

(7) Development of grant programs that support the BECC/NADB goals

**Metric to Measure This Performance Indicator:**

- Total disbursement of grants provided out of NADB's capital
- Total disbursement of EPA-BEIF grants

(8) IDENTICAL TO NO. 4 ABOVE – APPLIES TO BOTH GOALS: Development of cooperative programs with other finance institutions

**Metrics to Measure This Performance Indicator:**

- Cooperative agreements with other finance institutions whereby the agency providing the greatest amount of financing assumes the primary role for project development
- Ratio of total funding administered by NADB (NADB loans and grants plus EPA-BEIF grants) to total funding provided by financing agencies for all projects with co-financing (i.e., success in leveraging NADB funds by increasing the participation of other agencies)
- Time for project processing

(9) IDENTICAL TO NO. (3) ABOVE – APPLIES TO BOTH GOALS: Development of cooperative programs between BECC and NADB

**Metrics to Measure This Performance Indicator:**

- Number of integrated standard operating procedures developed and implemented
- Time for project processing – this could be elapsed time from project certification to first disbursement (looking for minimizing elapsed time, indicating that when projects are certified they are also ready to receive their disbursements of funding); alternatively, this could be elapsed time from application for certification/financing to first disbursement, although there is significantly more variability in the maturity of the project this early in the project cycle and thus it is more difficult to control the extraneous factors that will affect project timing

## **2.0 INTRODUCTION**

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The Board of the Border Environment Cooperation Commission (BECC) and the North American Development Bank (NADB) has requested the development of a Performance Monitoring Plan (Plan) for use in evaluating BECC and NADB. The current document provides a template structure for such a plan. Stone & Webster Management Consultants, Inc. (Stone & Webster) has completed elements of the plan based on its evaluation of BECC and NADB. However, the Board can and should anticipate making changes to more closely reflect its own interests and areas of focus.

### **2.1 PURPOSE OF THE REPORT**

The Terms of Reference require that the Task Five Report contain the following:

“Plan to evaluate performance and measure results of BECC and NADB.

Output: Proposal for a plan to evaluate the performance of BECC and NADB.

The consultant will develop a draft performance evaluation and monitoring plan for the new Board of Directors to review. This plan would recommend ways for the Board of Directors to set performance goals for both organizations and measure their progress in achieving them.”

### **2.2 CHARTER ESTABLISHING BECC AND NADB**

In evaluating the purposes and functions of the BECC and NADB, the original Charter<sup>2</sup> of 1993 was consulted. In March 2002, Presidents Bush and Fox approved a set of reform proposals. Some of these proposals require revision of the BECC-NADB Charter. The key reforms that will be enacted upon entry into force of the revised BECC-NADB Charter are:

- Establishment of a single Board of Directors for the BECC and NADB;
- Expansion of the BECC/NADB “border region” to 300 km in Mexico; and
- Use of paid-in capital for grants and non-market rate loans.

Entry into force of the revised BECC-NADB Charter is expected in 2004.

The original Agreement is referred to within this Summary as the BECC-NADB Charter or simply the Charter. The revised agreement, based on the changes established within the recently-signed laws, will be referred to as the Revised BECC-NADB Charter.

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<sup>2</sup> “Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a Border Environment Cooperation Commission and a North American Development Bank,” signed November 1993.

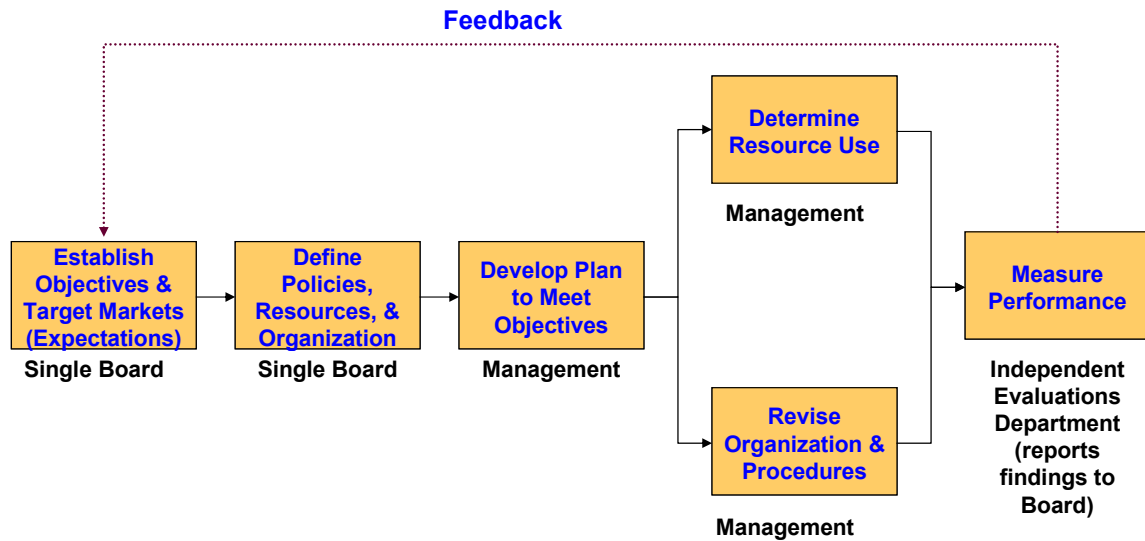
The Charter set up two separate organizations, the BECC and the NADB, with different characteristics. The two are located in different cities – one in Mexico, one in the U.S.; each has a different purpose as stated in the Charter; they are funded separately and using different processes; and they have separate management.

It is important to note that the goals of BECC and NADB are mutually reinforcing. If the ultimate measure of success is the efficient construction of infrastructure projects which demonstrably improve the human health and environment in the border region, then joint activities of both BECC and NADB are required to achieve this.

### **2.3 RELATIONSHIP TO BUSINESS PLAN**

Selection of indicators and their accompanying metrics should be based on a business plan that provides the road map for the organizations. The business plan is based on the strategic plan. The strategic plan is used by an organization to align its organization and budget structure with its priorities, missions, and objectives. The strategic plan includes the mission statement, a description of the organization's long-term goals and objectives, and strategies or means the organization plans to use to achieve the general goals and objectives. The strategic plan may also identify external factors that could affect achievement of long-term goals.

The business plan is developed to implement the strategic plan. It maps the financial, operations, marketing and organizational strategies that BECC and NADB will use to achieve their goals. An integrated business plan should be developed by BECC and NADB that incorporates a common vision and shared priorities that are endorsed by the Board. Performance indicators are then developed based on that strategy. In turn, evaluation of the performance monitoring plan provides a logical and defensible basis for changes in policy and/or practices.



## 2.4 ROLE OF THE PERFORMANCE MONITORING PLAN

The performance monitoring plan is designed to provide information to the U.S. and Mexican governments, as well as to interested stakeholders and the public, as to the wise and efficient use of the funds made available to BECC and NADB. It is also a key internal tool for use of the organization. The performance monitoring plan is an important component of the feedback loop that allows for continual improvement of the programs and processes of BECC and NADB.

An objective review of an organization's performance is needed on a regular basis. A prime objective of performance monitoring is to assist the organization in its efforts to achieve and sustain performance improvements. This is accomplished by establishing a formal, regular, system of data collection and usage regarding the organizations activities and results that provides a trend indication and a measurement of its performance.

BECC and NADB do not currently track all the data that would permit measurement of these metrics. Some of these performance indicators are currently being tracked, and those data could easily be applied immediately to this program. In other cases, new data collections efforts will be required. These could be developed as part of the recommendation for establishing a system for performance measurement as discussed in the Task Four report.

Performance monitoring is intended to:

- Provide a means of defining performance targets/goals across the key aspects of program;
- Provide a comprehensive picture of how the organization is progressing towards achieving its performance targets/goals;

- Provide an early indication of emerging issues that may require corrective action; and
- Indicate where there is the potential to improve the cost effectiveness of services through comparison with other organizations.

Performance measures should be identified that meet the needs of at least the following groups:

- Project sponsors;
- BECC/NADB management and staff;
- Board; and
- Other involved parties including financing agencies.

A range of outputs can be expected from the Performance Monitoring system, such as the following:

- Assess the performance of the organization and its processes;
- Compare performance with objectives;
- Provide historical and trend information;
- Assist in more effective budgeting;
- Identify areas of high cost;
- Identify potential problem areas;
- Optimize performance;
- Compare performance with similar institutions; and
- Facilitate effective decision making to achieve desired service levels.

## **2.5 PREPARATION AND REVIEW OF THE PERFORMANCE MONITORING PLAN**

To implement the process for developing this monitoring plan, it is recommended that one representative each from BECC and NADB work as a team to be responsible for coordinating the preparation of the monitoring plan for the Board's review. Progress reports and management meetings should be prepared periodically to review progress and develop strategies for the next reporting period. Based on the results of the performance review, the Board may (1) require corrective actions within BECC and NADB, (2) modify the goals in the plan, or (3) develop new goals consistent with its overall strategy. At a minimum, progress reports and management reviews should be completed annually, perhaps in connection with the Board's annual meetings

### **3.0 APPROACH TO DEVELOPING THE PERFORMANCE MONITORING PLAN**

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This section contains the approach which has been used to develop this inaugural version of the Performance Monitoring Plan. The template has been selected to meet the Board's needs for tracking both qualitative and quantitative measures of performance, with some measures being individual to BECC or NADB and others representing combined goals. Individual components of the Plan may be modified by the Board upon its consideration. Specific indicators and metrics are discussed in subsequent chapters of this report.

#### **3.1 COMPONENTS OF THE MONITORING PLAN**

This monitoring plan includes three components: (1) comparison with goals stated (as purposes) in the Charter for BECC and NADB, (2) identification of indicators of performance, and (3) development of metrics, the form of measurement of indicators. Each is handled in a slightly different manner.

##### **Comparison with Goals Stated in the Charter**

For this initial version of the Plan, we have incorporated the purposes for BECC and NADB as stated in the Charter. These are qualitative goals, as follows:

##### **FOR BECC:**

- The purpose of the Commission shall be to help preserve, protect and enhance the environment of the border region in order to advance the well-being of the people of the United States and Mexico
- In carrying out this purpose, the Commission shall cooperate as appropriate with the North American Development Bank and other national and international institutions, and with private sources supplying investment capital for environmental infrastructure projects in the border region.

##### **FOR NADB:**

- The purposes of the NADB shall be (a) to provide financing for projects certified by the Board of Directors in accordance with Articles I and II of Chapter I, and, as the Board of Directors deems appropriate, to otherwise assist the Commission in fulfilling its purposes and functions;
- (Note that additional purposes for NADB stated in the Charter are outside the scope of this project and are not listed here).

To conduct the annual review of performance, it is recommended that information be gathered from telephone and in-person interviews of selected stakeholders and a qualitative report should be prepared on progress against each purpose. This plan is intended to be a

living document, incorporating changes over time due to shifts in priorities or other factors. In particular, the Board may wish to refine the goals using more specific language in accordance with its current priorities.

### **Identification of Indicators of Performance**

This monitoring plan suggests specific indicators that BECC and NADB might track to assess its performance in meeting its overall goals. Indicators are described as outcomes to be expected as a result of BECC's and NADB's activities. The indicators suggested here are associated with the goals as described above, and subject to change as the goals change. A process of developing indicators is discussed in the next section.

### **Metrics**

Metrics are measurable tasks or activities that BECC and NADB should perform in support of furthering the stated goals. The metrics include an approach to measuring progress so that the Board can determine how well BECC and NADB are doing. The process of developing metrics is discussed in the next section.

## **3.2 DEVELOPING A PROGRAM OF INDICATORS AND METRICS**

Performance indicators and metrics with which to assess them are developed based on goals that are typically stated in an organization's business plan. Indicators and metrics can be modified within the Performance Monitoring Plan. In this case, we have used the purposes for BECC and NADB as stated in the Charter. To develop the program of indicators and metrics, the following steps are recommended:

### **Step 1 - Develop List of Indicators**

As noted, the current list of indicators is based on the purposes of BECC and NADB as described in the Charter. This list should be reviewed and modified based on the priorities of the current Board. However, it is suggested that the list of indicators be comprehensive to provide long term guidance as to the objectives of BECC and NADB.

It is recognized that it may be difficult to obtain quantitative measures for some of these indicators. In lieu of quantitative data, it will be necessary to obtain qualitative results through interviews with stakeholders or through surrogate measures. We have provided as metrics some measures that may be used to assess the listed indicators. Part of the technical effort that needs to be undertaken in maturing this performance plan will be to review existing and potential data sources to ensure that data associated with these metrics can be obtained periodically or that surrogate measures can be identified if data sources are not adequate to meet the Board's needs.

### **Step 2: Develop List of Metrics**

Metrics are quantitative targets that are used to measure the performance of the organization. The metrics should support the indicators identified as above. There are two components to a metric:

- Identification of each metric as an item to be targeted, and
- The quantitative measure associated with each target.

Some metrics are short term (completed in less than one year), while others are longer term or are continuous in the sense that they are “core” metrics and represent an integral part of the operations of the organizations. However, even the long term metrics should have interim measures that can be assessed within the review cycle (annually as suggested in this document).

It is not practical to define all activities expected of the organizations as metrics in the performance plan. Rather, it is appropriate to identify those most vital to measuring success of the program. We recommend that no more than 7 to 10 metrics be identified as areas of focus for the initial year of the performance plan program, and that both the specific metrics and the total number of metrics included be evaluated as the Board conducts its periodic review. In the current plan, 14 metrics are suggested to provide additional guidance to the Board.

### **Step 3: Develop Quantitative Measures for Metrics**

A quantitative measure should be developed for each metric by the Board in consultation with BECC and NADB. If it is appropriate to establish a goal which is to be accomplished over a period longer than the review cycle, then measures should be identified that correspond to the review cycle (annually as suggested for this program) so that they can be properly evaluated. Typically, measures established for the metrics are “stretch” measures – the organization should not be able to easily achieve the measures; but neither should they be so difficult that the organization does not even try to meet them.

From time to time, different metrics may assume various degrees of importance, and the measures may reflect the expected focus for that year. For example, in a year where great change is expected in a particular indicator, measures may be set that require additional focus by the organization in that area, allowing other areas lesser attention. Measures for those metrics may be set lower to recognize its lesser importance for that period.

### **Step 4: Keep Track of Metrics over Time**

Although there is a periodic review cycle, the metrics should be tracked over time from the baseline year so that continuing progress can be recognized. The baseline year can be established as the first year of operations of the new Board, which is expected to coincide with the first year of development of the performance plan. The form that is provided for tracking metrics includes an area for noting exceptions to the baseline year, in the event that it is useful to select different baseline years for certain metrics.

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## 4.0 INDICATORS AND METRICS

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This section lists the indicators that have been recommended for each goal, and the metrics that have been selected for each indicator. Metrics were selected after review of the recommendations for improvement provided in the Task Four report and the purposes of BECC and NADB as set forth in the Charter. Quantitative measures for the metrics are not provided, as they need to be developed after analysis of the entire performance monitoring plan and prioritization of the choices.

We note that the Task Four report contains an explanation of the recommendations on which these metrics are based, including discussion of the conclusions that led to the development of the metrics and issues to consider concerning them. The Task Four and Task Five reports should be considered companion documents and should be kept together to allow for cross-referencing.

When evaluating the results of the performance measurements, it is important to consider the type of data that is being collected when making decisions regarding summing or otherwise aggregating the results. For example, environmental and health indicators (quantitative values) are generally established on a site specific basis to achieve a certain level of improvement over the existing situation. Although the item being measured might be the same in different projects, there is no basis for trying to aggregate the results since the baseline against which improvement is being measured is not the same. In other words, only the relative amount of improvement can be assessed, not the measured result.

The correct item to aggregate across projects would be whether or not the metric goal was achieved (on a yes/no basis). In fact, if the goal is defined as “meeting target objectives for environmental (or health) improvement”, then evaluating the quantitative data (results against goals) and applying a yes/no response would allow the results to be aggregated even if the specific indicators were different (for example, if air pollutant reduction is measured in a solid waste landfill improvement project and bacterial contamination reduction is measured in a wastewater treatment plant project).

Selection of health and environmental indicators are suggested in the comments accompanying the performance indicator discussion as well as in the Performance Indicator Tracking Forms which appear in Figures 1 through 7. A good source for establishing local indicators of importance, and determining whether baseline data are available, are the local (or county) health departments. Many have established monitoring programs focused on the most important local health risks. Similarly, local environmental departments may have established monitoring programs for important environmental indicators.

**Table 1** (appearing at the end of the text of this report) provides a summary matrix showing the goals, performance indicators, and organization with lead responsibility, with

columns provided for future development of a time frame for performance and funding requirements.

**Figures 1 through 7** (appearing after Table 1 at the end of this report) provide the Performance Indicator Tracking Forms, one for each indicator listed in Table 1. Because Indicator 8 is identical to Indicator 4 and Indicator 9 is identical to Indicator 3, separate forms for Nos. 8 and 9 are not shown. They are detailed in Table 1 only to show that the same indicator serves to measure both a BECC and a NADB goal.

The Tracking Form provides areas for monitoring results over time, using **measurements** that show change in the **indicator**. These measurements are for meaningful parameters that are external to the institutions, as distinguished from the metrics that are designed to measure the performance of the institutions. The Tracking Forms also provide an area for describing key conditions necessary for successful performance of the indicator and comments regarding changes in the organization between the baseline year and subsequent years that affect how the results should be interpreted.

The goals and associated performance indicators with their descriptions are provided below. Also listed below are the metrics that we have suggested for these indicators. There is more than one way to measure a single performance indicator; therefore, in some cases multiple metrics have been suggested and additional ones are also appropriate.

Some metrics appear more than once, indicating that the metric is useful in assessing more than one indicator. Since the indicators were developed upon consideration of the separate goals of BECC and NADB as defined in the Charter, it is logical that the goals overlap and therefore the indicators apply in more than one case. Should a combined strategic plan be developed with common goals and objectives, then the performance indicators will also align without duplication.

In some cases, a number of discrete recommendations were made that are convenient to being considered short term metrics. These are provided here, so not all indicators have the same number of metrics. Some indicators have metrics that are significantly more challenging to achieve than others. This is to be expected and should be taken into account when applying quantitative targets.

A number of recommendations were made in the Task Four report for which individual performance indicators have not been developed. In some cases, this is because the recommendations are of the yes/no variety (i.e., either the fiscal years are aligned or they are not) and a measure of performance is not appropriate. In some cases, the recommendation, if implemented, will show as a result that has been suggested as a performance indicator. The performance indicators were selected to require the implementation of most of the recommendations for maximum improvement to be seen. Table 2 shows the relationship between the recommendations listed in the Task Four report and the performance indicators identified here.

**GOAL 1:** “(a) The purpose of the Commission shall be to help preserve, protect and enhance the environment of the border region in order to advance the well-being of the people of the United States and Mexico”

**Performance Indicators:**

(1) Improvement in environment

DEFINITION OF INDICATOR: Reduction of pollution measured in water bodies or air in target locations (vicinity of actual or potential projects).

**Metrics to Measure This Performance Indicator:**

- Implement a systematic method for prioritizing project applicants for acceptance for certification
- Total loan disbursements
- Total disbursements (loans plus grants)
- % of evaluated projects whose impact on environment is qualified as “highly satisfactory” (equivalent to a 4 on a scale of 1 to 5)

**COMMENTS**

- This indicator program should be developed in consultation with the environmental agency having jurisdiction in the area of interest.
- "Target pollutants" should be selected which provide indicators for overall reduction of pollutant loading. It is not necessary to track all pollutants that may be present. In many cases, appropriate target pollutants have been identified and have been made a part of routine monitoring required of the project owner/operator.
- Target values should be based on the existing pollutant loading and what is a realistic expectation for the new treatment plant or environmental project. It should not be based on regulatory limits or guidelines.
- Measurement of actual values each year may be obtained from external sources, such as monitoring conducted by environmental or municipal agencies, the project sponsor as a part of routine monitoring requirements, or other sources.
- Results from several individual monitoring and measurement programs (such as individual project locations) may be combined to report results for this indicator.

(2) Improvement in health

DEFINITION OF INDICATOR: Reduction in incidence of waterborne diseases, pollutant-related cancers or other health impacts, infant mortality, etc., in target locations (vicinity of actual or potential projects).

**Metrics to Measure This Performance Indicator:**

- Implement a systematic method for prioritizing project applicants for acceptance for certification

- Total loan disbursements
- Total disbursements (loans plus grants)
- % of evaluated projects whose impact on health is qualified as “highly satisfactory” (equivalent to a 4 on a scale of 1 to 5)

## COMMENTS

- This indicator program should be developed in consultation with the environmental and health agencies having jurisdiction in the area of interest.
- "Target indicators" should be selected which provide indicators for overall improvement in health related effects. It is not necessary to track all diseases or health impacts that may be present.
- Target values should be developed in consultation with public health experts.
- In some areas, no monitoring data is available and BECC/NADB will need to decide if it wishes to sponsor such a measurement and monitoring program. Alternatives for measuring this indicator may include periodic questionnaires of the communities or other indirect evidence.
- Results from several individual monitoring and measurement programs (such as individual project locations) may be combined to report results for this indicator.

**GOAL 2:** “(b) In carrying out this purpose, the Commission shall cooperate as appropriate with the North American Development Bank and other national and international institutions, and with private sources supplying investment capital for environmental infrastructure projects in the border region.”

### Performance Indicators:

#### (3) Development of cooperative programs with NADB

DEFINITION OF INDICATOR: This indicator tracks the extent to which BECC and NADB have aligned their goals, objectives, operations, and procedures so as to facilitate integrated services. Time for project processing is one pertinent indicator. Measurement may be based on both outputs (development of common vision and goals, integrated SOPs, etc.) and outcomes (reduction in times for project processing, results from sponsor and stakeholder interviews, etc.)

### Metrics to Measure This Performance Indicator:

- Time for project processing – this could be elapsed time from project certification to first disbursement (looking for minimizing elapsed time, indicating that when projects are certified they are also ready to receive their disbursements of funding); alternatively, this could be elapsed time from application for certification/financing to first disbursement, although there is significantly more variability in the maturity of the project this early in the project cycle and thus it is more difficult to control the extraneous factors that will affect project timing

## COMMENTS

- This indicator program should be developed in consultation with the Board to determine areas of priority, target activities, and desired outcomes.
- Measurement of actual results each year may be obtained from reports and documents prepared and published by BECC and NADB, external sources including interviews and questionnaires of external stakeholders, or other sources.
- Results from several individual activities may be combined to report results for this indicator.

### (4) Development of cooperative programs with other finance institutions

DEFINITION OF INDICATOR: This indicator tracks the extent to which BECC and NADB have developed programs and processes jointly with other agencies to provide integrated services to project sponsors. Measurement may be based on both outputs (development of joint forms and procedures, cooperative agreements regarding lead agency status, etc.) and outcomes (reduction in times for project processing, reduced costs for project development, results from sponsor and stakeholder interviews, etc.)

### **Metrics to Measure This Performance Indicator:**

- Cooperative agreements with other finance institutions whereby the agency providing the greatest amount of financing assumes the primary role for project development
- Ratio of total funding administered by NADB (NADB loans and grants plus EPA-BEIF grants) to total funding provided by financing agencies for all projects with co-financing
- Time for project processing

## COMMENTS

- This indicator program should be developed in consultation with the Board to determine areas of priority, target activities, and desired outcomes.
- Measurement of actual results each year may be obtained from reports and documents prepared and published by BECC and NADB, external sources including interviews and questionnaires of external stakeholders, financial reports from project sponsors, and other sources.
- Results from several individual activities may be combined to report results for this indicator.

(5) Development of programs attractive to private sponsors

DEFINITION OF INDICATOR: This indicator focuses on increasing private sector involvement in environmental infrastructure investment in the border region.

**Metrics to Measure This Performance Indicator:**

- Total loan disbursements to projects led by private sector sponsors

**COMMENTS**

- This indicator program should be developed in consultation with the Board to determine areas of priority, target activities, and desired outcomes.
- Measurement of actual results each year may be obtained from reports and documents prepared and published by NADB.
- We recommend measuring loan disbursements (dollars or pesos) rather than the number of projects to maintain the focus on quality of projects rather than quantity of projects.

**GOAL 3:** “The purposes of the NADB shall be (a) to provide financing for projects certified by the Board of Directors in accordance with Articles I and II of Chapter I, and, as the Board of Directors deems appropriate, to otherwise assist the Commission in fulfilling its purposes and functions”

**Performance Indicators:**

(6) Development of lending instruments that support the BECC/NADB goals

DEFINITION OF INDICATOR: Increase in disbursement of loans to projects that support the BECC/NADB goals.

**Metric to Measure This Performance Indicator:**

- Number of loan commitments
- Total loan disbursements
- Loan to grant ratio (on an annual basis)
- Total loans outstanding as a percent of total capital

**COMMENTS**

- This indicator program should be developed in consultation with the Board to determine areas of priority, target activities, and desired outcomes.
- Measurement of actual results each year may be obtained from reports and documents prepared and published by NADB.

(7) Development of grant programs that support the BECC/NADB goals

DEFINITION OF INDICATOR: This indicator focuses on development of grant programs that supplement funds provided under the EPA-BEIF grant program.

**Metric to Measure This Performance Indicator:**

- Total disbursement of grants provided out of NADB's capital
- Total disbursement of EPA-BEIF grants

**COMMENTS**

- This indicator program should be developed in consultation with the Board to determine areas of priority, target activities, and desired outcomes.
- Measurement of actual results each year may be obtained from reports and documents prepared and published by NADB.

(8) Development of cooperative programs with other finance institutions  
IDENTICAL TO PERFORMANCE INDICATOR (4) ABOVE.

(9) Development of cooperative programs between BECC and NADB  
IDENTICAL TO PERFORMANCE INDICATOR (3) ABOVE..

**Table 1. Matrix of Performance Goals and Indicators**

PERFORMANCE GOAL (PURPOSE AS SPECIFIED IN REVISED CHARTER)	PERFORMANCE INDICATORS	RESPONSIBLE PARTY	TIME FRAME	COST
(a) The purpose of the Commission shall be to help preserve, protect and enhance the environment of the border region in order to advance the well-being of the people of the United States and Mexico	(1) Improvement in environment	BECC (with NADB)		
	(2) Improvement in health	BECC (with NADB)		
(b) In carrying out this purpose, the Commission shall cooperate as appropriate with the North American Development Bank and other national and international institutions, and with private sources supplying investment capital for environmental infrastructure projects in the border region.	(3) Development of cooperative programs between BECC and NADB	BECC (with NADB)		
	(4) Development of cooperative programs with other finance institutions	BECC (with NADB)		
	(5) Development of programs attractive to private sponsors	BECC (with NADB)		
The purposes of the NADB shall be (a) to provide financing for projects certified by the Board of Directors in accordance with Articles I and II of Chapter I, and, as the Board of Directors deems appropriate, to otherwise assist the Commission in fulfilling its purposes and functions;	(6) Development of attractive loan programs	NADB (with BECC)		
	(7) Development of grant programs that support the BECC/NADB goals	NADB (with BECC)		
	(8) Development of cooperative programs with other finance institutions	NADB (with BECC)		
	(9) Development of cooperative programs between BECC and NADB	NADB (with BECC)		

**Table 2. Relationship Between Recommendations and Performance Indicators**

<b>Recommendation</b>	<b>Performance Indicator</b>
<b>2.0 Integrating the Project Cycle Process</b>	
2.1 Revise Process so that Project Certification and the Integrated Financing Package are Presented to the Board for Approval at the Same Time.	3
2.1a When Projects are to Receive both an EPA-BEIF Grant and a NADB Loan, Agreements for both should be Signed at the Same Time.	4
2.2 Develop a Complete Set of Standard Operating Procedures that Reflects an Integrated Project Cycle.	3
2.3 Make NADB Responsible for the Financial Analyses throughout the Entire Project Cycle. Keep Initial Application, Community Participation, Environmental/Sustainability Analyses, Technical Analyses and Engineering Design as BECC-Led Activities	3
2.4 Assign Technical Staff who have been Involved with Project Design to Provide Technical Oversight during Project Implementation.	3
2.5 Make all Parts of the Project Cycle a Team Effort between BECC and NADB and Name a Project “Responsible Party” from both BECC and NADB for the Entire Project Cycle.	3
2.6 Revise the Name and Objective of the Initial Application for Certification Step to More Closely Reflect that it is an “Eligibility Review.”	Discrete action
2.7 Adopt an Approach Based on Cooperative Agreements with Other Agencies Whereby the Agency Providing the Greatest Amount of Financing Assumes the Primary Role for Project Development.	4

<b>3.0 Enhancements to Project Cycle Process</b>	
3.1 Include an Initial Financial Feasibility Step in the Initial Application Process	Discrete action
3.2 Develop a Process for Evaluation, Feedback, and Corrective Actions, Including Establishing an Independent Operations Evaluation Department.	Discrete action
3.3 Develop a Systematic Method for Prequalifying and Prioritizing Project Applicants for Acceptance for Certification.	Discrete action
3.4 Identify a “Pre-Application Step” which Includes Initial Support to Project Sponsors who are not ready for Project Development.	Discrete action
3.5 Implement a Program to Establish Standard Design Parameters.	Discrete action
3.6 Set Up a Program for Design Analysis Peer Review.	Discrete action
3.7 Allow Open Bidding for all Procurements.	Discrete action
3.8 Adopt a Standard Definition for what is included in the BECC/NADB Project Development Process that Distinguishes Activities that are not Typically Defined as Project Development by Other Agencies.	4
<b>4.0 Modifications to Certification Criteria</b>	
4.1 Decide Whether the Certification Criteria should Reflect the Requirements of Government Agencies Only or should Incorporate Additional Expectations – Particularly with Respect to Community Participation, Environmental Assessment, and Sustainable Development.	Discrete action
4.2 Limit the Environmental Assessment Requirement to that which is Required by the Regulatory Agency having Jurisdiction	Discrete action

4.3 Establish a Process for Tiered Environmental Assessment Reviews for Qualifying Projects	Discrete action
4.4 Provide Customized Guidance to Private Sector Sponsors Regarding Compliance with Certification Criteria	5
<b>5.0 Competitiveness of Financing</b>	
5.1 Develop a Financing Strategy for NADB	1, 2, 5, 6, 7
<b>6.0 Border Leadership</b>	
6.1 Empower the BECC/NADB Team to be the Strategic Leader for the Border Region.	3
6.2 Combine Educational Programs in One Umbrella “Institute” to Increase their Prominence and Provide Uniform Training Services.	3
<b>7.0 Organizational Changes to Improve Efficiency</b>	
7.1 Develop a Strategic Plan and a Business Plan for BECC and NADB	1, 2, 3, 5, 6
7.2 Keep BECC and NADB as Separate Institutions, with Separate General Managers, Reporting to a Single Board of Directors	Discrete action
7.3 Use the Existing Offices in the U.S. and in Mexico to House both BECC and NADB Personnel; each Office should be Responsible for Projects in its own Country.	Discrete action
7.4 Combine “New Sector” Project Development and Core Sector Project Development Groups within NADB.	Discrete action
7.5 Use One Administrative Department to Service both BECC and NADB (E.G., Legal, Human Resources, Finance (E.G., Disbursements), Procurement, Information Technology)	Discrete action

7.6 Align the Fiscal Years for BECC and NADB.	Discrete action
7.7 Budget for a One-Time Restructuring Charge for BECC and NADB.	Discrete action

**Figure 1. Performance Tracking Form**  
**PERFORMANCE INDICATOR 1: Improvement in environment**

PERFORMANCE INDICATOR 1: Improvement in environment			
DEFINITION OF INDICATOR: Reduction of pollution measured in water bodies or air in target locations (vicinity of actual or potential projects).			
UNIT OF MEASUREMENT: Pollutant Loading (such as in ppm)	YEAR	TARGET VALUE To be determined based on site specific circumstances, in consultation with appropriate environmental agency	ACTUAL VALUE
DATA SOURCES: 1. Environmental Monitoring Reports by Agencies or Other Sources	Baseline	to be determined	
	2004	___% decrease	
	2005	___% decrease	
	2006	___% decrease	
	2007	___% decrease	
	2008	___% decrease	
	2009	___% decrease	
<b>COMMENTS</b>			
<p>This indicator program should be developed in consultation with the environmental agency having jurisdiction in the area of interest.</p> <p>"Target pollutants" should be selected which provide indicators for overall reduction of pollutant loading. It is not necessary to track all pollutants that may be present. In many cases, appropriate target pollutants have been identified and have been made a part of routine monitoring required of the project owner/operator.</p> <p>Target values should be based on the existing pollutant loading and what is a realistic expectation for the new treatment plant or environmental project. It should not be based on regulatory limits or guidelines.</p> <p>Measurement of actual values each year may be obtained from external sources, such as monitoring conducted by environmental or municipal agencies, the project sponsor as a part of routine monitoring requirements, or other sources.</p> <p>Results from several individual monitoring and measurement programs (such as individual project locations) may be combined to report results for this indicator.</p>			
<b>RELEVANT CRITICAL ASSUMPTIONS</b> (Here, in number bullet form, briefly present the key conditions under which the results are expected to be achieved, and without which achievement of results may be compromised. Also present significant changes in operations from the baseline year that may affect comparison of results).			

**Figure 2. Performance Tracking Form**  
**PERFORMANCE INDICATOR 2: Improvement in health**

PERFORMANCE INDICATOR 2: Improvement in health			
DEFINITION OF INDICATOR: Reduction in incidence of waterborne diseases, pollutant-related cancers or other health impacts, infant mortality, etc., in target locations (vicinity of actual or potential projects).			
UNIT OF MEASUREMENT: Incidence per 100,000 population (or other standard measure)	YEAR	TARGET VALUE To be determined based on site specific circumstances, in consultation with appropriate environmental or health agency	ACTUAL VALUE
DATA SOURCES: 1. Health Monitoring Reports by Agencies or Other Sources	Baseline	to be determined	
	2004		
	2005	__% decrease	
	2006	__% decrease	
	2007	__% decrease	
	2008	__% decrease	
	2009	__% decrease	
<p><b>COMMENTS</b></p> <p>This indicator program should be developed in consultation with the environmental and health agencies having jurisdiction in the area of interest.</p> <p>"Target indicators" should be selected which provide indicators for overall improvement in health related effects. It is not necessary to track all diseases or health impacts that may be present.</p> <p>Target values should be developed in consultation with public health experts.</p> <p>In some areas, no monitoring data is available and BECC/NADB will need to decide if it wishes to sponsor such a measurement and monitoring program. Alternatives for measuring this indicator may include periodic questionnaires of the communities or other indirect evidence.</p> <p>Results from several individual monitoring and measurement programs (such as individual project locations) may be combined to report results for this indicator.</p>			
<p><b>RELEVANT CRITICAL ASSUMPTIONS</b> (Here, in number bullet form, briefly present the key conditions under which the results are expected to be achieved, and without which achievement of results may be compromised. Also present significant changes in operations from the baseline year that may affect comparison of results).</p>			

**Figure 3. Performance Tracking Form**  
**PERFORMANCE INDICATOR 3: Development of cooperative programs between**  
**BECC and NADB**

PERFORMANCE INDICATOR 3: Development of cooperative programs between BECC and NADB (This is also PERFORMANCE INDICATOR 9).			
DEFINITION OF INDICATOR: This indicator tracks the extent to which BECC and NADB have aligned their goals, objectives, operations, and procedures so as to facilitate integrated services. Time for project processing is one pertinent indicator. Measurement may be based on both outputs (development of common vision and goals, integrated SOPs, etc.) and outcomes (reduction in times for project processing, results from sponsor and stakeholder interviews, etc.)			
UNIT OF MEASUREMENT: each	YEAR	TARGET VALUE To be determined based on specific activity, in consultation with Board	ACTUAL VALUE
DATA SOURCES: 1. Reports and publications by BECC and NADB 2. Interviews with stakeholders	Baseline	to be determined	
	2004	to be determined	
	2005	to be determined	
	2006	to be determined	
	2007	to be determined	
	2008	to be determined	
	2009	to be determined	
<b>COMMENTS</b>  This indicator program should be developed in consultation with the Board to determine areas of priority, target activities, and desired outcomes.  Measurement of actual results each year may be obtained from reports and documents prepared and published by BECC and NADB, external sources including interviews and questionnaires of external stakeholders, or other sources.  Results from several individual activities may be combined to report results for this indicator.			
<b>RELEVANT CRITICAL ASSUMPTIONS</b> (Here, in number bullet form, briefly present the key conditions under which the results are expected to be achieved, and without which achievement of results may be compromised. Also present significant changes in operations from the baseline year that may affect comparison of results).			

**Figure 4. Performance Tracking Form**  
**PERFORMANCE INDICATOR 4: Development of cooperative programs with other  
finance institutions**

PERFORMANCE INDICATOR 4: Development of cooperative programs with other finance institutions (This is also PERFORMANCE INDICATOR 8).			
DEFINITION OF INDICATOR: This indicator tracks the extent to which BECC and NADB have developed programs and processes jointly with other agencies to provide integrated services to project sponsors. Measurement may be based on both outputs (development of joint forms and procedures, cooperative agreements regarding lead agency status, etc.) and outcomes (reduction in times for project processing, reduced costs for project development, results from sponsor and stakeholder interviews, etc.)			
UNIT OF MEASUREMENT:  Ratio of total funding administered by NADB (NADB loans and grants plus EPA-BEIF grants) to total funding provided by financing agencies for all projects with co-financing	YEAR	TARGET VALUE  To be determined in consultation with Board and appropriate finance agencies	ACTUAL VALUE
DATA SOURCES: 1. Reports and publications by BECC and NADB 2. Financial reports from project sponsors 3. Interviews with stakeholders	Baseline  2004  2005  2006  2007  2008  2009	to be determined  to be determined  to be determined  to be determined  to be determined  to be determined	
COMMENTS  This indicator program should be developed in consultation with the Board to determine areas of priority, target activities, and desired outcomes.  Measurement of actual results each year may be obtained from reports and documents prepared and published by BECC and NADB, external sources including interviews and questionnaires of external stakeholders, financial reports from project sponsors, and other sources.  Results from several individual activities may be combined to report results for this indicator.			
RELEVANT CRITICAL ASSUMPTIONS (Here, in number bullet form, briefly present the key conditions under which the results are expected to be achieved, and without which achievement of results may be compromised. Also present significant changes in operations from the baseline year that may affect comparison of results).			

**Figure 5. Performance Tracking Form**  
**PERFORMANCE INDICATOR 5: Development of programs attractive to private sponsors**

PERFORMANCE INDICATOR 5: Development of lending programs attractive to private sponsors			
DEFINITION OF INDICATOR: This indicator focuses on increasing private sector involvement in environmental infrastructure investment in the border region.			
UNIT OF MEASUREMENT: Total loan disbursements to projects led by private sponsors (in US\$)	YEAR	TARGET VALUE To be determined in consultation with Board	ACTUAL VALUE
DATA SOURCES: 1. Reports and publications by NADB	Baseline		
	2004	to be determined	
	2005	to be determined	
	2006	to be determined	
	2007	to be determined	
	2008	to be determined	
	2009	to be determined	
<p>COMMENTS</p> <p>This indicator program should be developed in consultation with the Board to determine areas of priority, target activities, and desired outcomes.</p> <p>Measurement of actual results each year may be obtained from reports and documents prepared and published by NADB.</p> <p>We recommend measuring loan disbursements (dollars or pesos) rather than the number of projects to maintain the focus on quality of projects rather than quantity of projects.</p>			
<p>RELEVANT CRITICAL ASSUMPTIONS (Here, in number bullet form, briefly present the key conditions under which the results are expected to be achieved, and without which achievement of results may be compromised. Also present significant changes in operations from the baseline year that may affect comparison of results).</p>			

**Figure 6. Performance Tracking Form**  
**PERFORMANCE INDICATOR 6: Development of attractive loan programs**

PERFORMANCE INDICATOR 6: Development of lending instruments that support the BECC/NADB goals			
DEFINITION OF INDICATOR: Increase in quantity of loans and total dollars or pesos outstanding.			
UNIT OF MEASUREMENT: Amount of loans disbursed (in US\$) and % of available capital outstanding	YEAR	TARGET VALUE To be determined in consultation with Board	ACTUAL VALUE
DATA SOURCES: 1. Reports and publications by NADB	Baseline		
	2004	to be determined	
	2005	to be determined	
	2006	to be determined	
	2007	to be determined	
	2008	to be determined	
	2009	to be determined	
<p>COMMENTS</p> <p>This indicator program should be developed in consultation with the Board to determine areas of priority, target activities, and desired outcomes.</p> <p>Measurement of actual results each year may be obtained from reports and documents prepared and published by NADB.</p>			
<p>RELEVANT CRITICAL ASSUMPTIONS (Here, in number bullet form, briefly present the key conditions under which the results are expected to be achieved, and without which achievement of results may be compromised. Also present significant changes in operations from the baseline year that may affect comparison of results).</p>			

**Figure 7. Performance Tracking Form**  
**PERFORMANCE INDICATOR 7: Development of grant programs that support the BECC/NADB goals**

PERFORMANCE INDICATOR 7: Development of grant programs that support the BECC/NADB goals			
DEFINITION OF INDICATOR: This indicator focuses on development of grant programs that supplement funds provided under the EPA-BEIF grant program.			
UNIT OF MEASUREMENT: Amount of grants disbursed (in US\$) and % of targeted funds outstanding	YEAR	TARGET VALUE To be determined in consultation with Board	ACTUAL VALUE
DATA SOURCES: 1. Reports and publications by NADB	Baseline	to be determined	
	2004	to be determined	
	2005	to be determined	
	2006	to be determined	
	2007	to be determined	
	2008	to be determined	
	2009	to be determined	
COMMENTS  This indicator program should be developed in consultation with the Board to determine areas of priority, target activities, and desired outcomes.  Measurement of actual results each year may be obtained from reports and documents prepared and published by NADB.			
RELEVANT CRITICAL ASSUMPTIONS (Here, in number bullet form, briefly present the key conditions under which the results are expected to be achieved, and without which achievement of results may be compromised. Also present significant changes in operations from the baseline year that may affect comparison of results).			