



Empowered lives.
Resilient nations.

**Executing Agency:
United Nations Development Programme**

**Implementing Partner:
Ministry of Ecology, Spatial Planning and Urbanism of the
Government of Montenegro**

**Terminal Evaluation of UNDP-GEF Project: Growing Green
Business in Montenegro (GGB Project)
(UNDP PIMS ID: 5488, GEF Project ID: 9950)**

Final Report

Mission Members:

Mr. Roland Wong, International Evaluator
Ms. Ana Simonovic, National Evaluator

November 2021

SYNOPSIS

Title of UNDP-GEF project: Growing Green Business in Montenegro

UNDP Project ID: PIMS 5488

Evaluation time frame: 27 April 2018 to 31 August 2021

Project implementation start date: 27 April 2018

Project end date: 27 December 2021

Date of evaluation report: 6 October 2021

Region and Countries included in the project: Montenegro

Implementing partner: UNDP

Evaluation team members: Mr. Roland Wong, International Evaluator, Ms. Ana Simonovic, National Evaluator

Acknowledgements:

The Evaluators wish to acknowledge with gratitude the time and effort expended by all project participants and stakeholders during the course of the GGB Terminal Evaluation. In particular, gratitude is extended to the GGB PMU Team based in Podgorica. The Evaluators sincerely appreciates the interactions with all of you, and sincerely hopes that this report contributes towards a greener business environment in Montenegro.

ABBREVIATIONS

Acronym	Meaning
AFD	Agence Françaises de Développment
APR	Annual Progress Report
CCM	Climate change mitigation
CDR	Combined Delivery Reports
CIS	Commonwealth of Independent States
CO	Country Office
CoE	Chamber of Economy of Montenegro
CSO	Civil service organization
DIM	Direct Implementation Modality
EBC	Eco Business Center in Cetinje
EC	European Commission
EE	Energy efficiency
EIB	European Investment Bank
EOP	End of Project
EPA	Agency for Environmental Protection
ESCOs	Energy service companies
EU	European Union
FSP	Full Sized Project
GCF	Green Climate Fund
GDP	Gross domestic product
GEF	Global Environment Facility
GGB	“Growing Green Business in Montenegro”
GHG	Greenhouse gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Technical Assistance)
GoM	Government of Montenegro
IDF	Investment and Development Fund
IP	Implementing partner
M&E	Monitoring and Evaluation
MESPU	Ministry of Ecology, Spatial Planning and Urbanism
MoTSD	Ministry of Tourism and Sustainable Development
NDC	Nationally Determined Contributions
NGO	Nongovernmental organization
NSC	National Steering Committee
NSSD	National Strategy for Sustainable Development
ODA	Overseas Development Assistance
OECD	Organization for Economic Cooperation and Development
PBPS	Performance-based payment scheme
PDF	Project Development Fund
PIF	Project Identification Form
PMU	Project Management Unit
POPP	Program and Operations Policies and Procedures
PPG	Project Preparation Grnat
ProDoc	UNDP Project Document
PRF	Project Results Framework
PSC	Project Steering Committee
PV	Photo-Voltaic
RES	Renewable Energy Sources

Acronym	Meaning
RTA	Regional Technical Advisor
SDG	Sustainable Development Goal
SESP	Social and Environmental Screening Procedure
SMART	Specific, Measurable, Attainable, Relevant and Time-bound
SME	Small to medium enterprises
TA	Technical Advisor
TCNT	Project “Towards Carbon Neutral Tourism in Montenegro”
TE	Terminal Evaluation
TNA	Technology Needs Assessment
ToC	Theory of Change
ToR	Terms of Reference
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
WeBSEFF	Western Balkans—Sustainable Energy Finance Facility

TABLE OF CONTENTS

	Page
SYNOPSIS.....	II
ABBREVIATIONS	III
EXECUTIVE SUMMARY	III
1. INTRODUCTION	1
1.1 EVALUATION PURPOSE	1
1.2 SCOPE AND METHODOLOGY	1
1.3 STRUCTURE OF THE EVALUATION	3
1.4 DATA COLLECTION AND ANALYSIS	3
1.5 ETHICS	4
1.6 LIMITATIONS	4
2. PROJECT DESCRIPTION AND DEVELOPMENT CONTEXT	5
2.1 PROJECT START AND DURATION	5
2.2 DEVELOPMENT CONTEXT	5
2.3 PROBLEMS THAT THE GGB PROJECT SOUGHT TO ADDRESS	6
2.4 DEVELOPMENT OBJECTIVE OF GGB PROJECT	6
2.5 DESCRIPTION OF THE PROJECT’S THEORY OF CHANGE	6
2.6 EXPECTED RESULTS	7
2.7 TOTAL RESOURCES FOR GGB PROJECT	7
2.8 MAIN STAKEHOLDERS	7
2.9 KEY PARTNERS INVOLVED WITH THE GGB PROJECT	8
2.10 CONTEXT OF OTHER ONGOING AND PREVIOUS EVALUATIONS	8
3. FINDINGS	9
3.1 PROJECT DESIGN AND FORMULATION	9
3.1.1 <i>Analysis of Project Results Framework for GGB Project</i>	9
3.1.2 <i>Assumptions and Risks</i>	9
3.1.3 <i>Lessons from Other Relevant Projects Incorporated into GGB Project Design</i>	10
3.1.4 <i>Planned Stakeholder Participation</i>	10
3.1.5 <i>Linkages between the GGB Project and other interventions in the sector</i>	11
3.1.6 <i>Gender responsiveness of Project design</i>	11
3.1.7 <i>Social and Environmental Safeguards</i>	12
3.2 PROJECT IMPLEMENTATION	12
3.2.1 <i>Adaptive Management</i>	13
3.2.2 <i>Actual Stakeholder Participation Partnership Arrangements</i>	14
3.2.3 <i>Project Finance</i>	14
3.2.1 <i>M&E Design at Entry and Implementation</i>	19
3.2.2 <i>Performance of Implementing and Executing Agencies</i>	19
3.3 PROJECT RESULTS AND IMPACTS	20
3.3.1 <i>Progress towards objective</i>	20
3.3.2 <i>Progress towards Outcome 1: Green business policies, supporting mechanisms and capacities in place</i>	23
3.3.3 <i>Progress towards Outcome 2: Innovative green business financing enabled</i>	29
3.3.4 <i>Progress towards Outcome 3: Increased awareness of entrepreneurs and the financial sector on green business practices and financing green business projects</i>	30
3.3.5 <i>Relevance</i>	33
3.3.6 <i>Effectiveness</i>	34
3.3.7 <i>Efficiency</i>	34

3.3.8	<i>Mainstreaming</i>	34
3.3.9	<i>Overall Project Outcome</i>	35
3.3.10	<i>Sustainability of Project Outcomes</i>	35
3.3.11	<i>Country Ownership</i>	37
3.3.12	<i>Gender equality and women’s empowerment</i>	37
3.3.13	<i>Cross cutting issues</i>	37
3.3.14	<i>GEF Additionality</i>	37
3.3.15	<i>Catalytic/Replication Effect</i>	37
3.3.16	<i>Progress to impact</i>	38
4.	MAIN FINDINGS, CONCLUSIONS, RECOMMENDATIONS AND LESSONS	39
4.1	MAIN FINDINGS	39
4.2	CONCLUSIONS	39
4.3	RECOMMENDATIONS	40
4.4	LESSONS LEARNED	42
	APPENDIX A - MISSION TERMS OF REFERENCE FOR GGB PROJECT TERMINAL EVALUATION	43
	APPENDIX B - MISSION ITINERARY (FOR AUGUST-OCTOBER 2021)	54
	APPENDIX C - LIST OF PERSONS INTERVIEWED	55
	APPENDIX D - LIST OF DOCUMENTS REVIEWED	56
	APPENDIX E - COMPLETED TRACKING TOOL	57
	APPENDIX F - PROJECT RESULTS FRAMEWORK FOR GGB PROJECT	61
	APPENDIX G – THEORY OF CHANGE	63
	APPENDIX H – RESPONSES TO COMMENTS RECEIVED ON DRAFT TE REPORT	64
	APPENDIX I - EVALUATION CONSULTANT AGREEMENT FORM	69

EXECUTIVE SUMMARY

This report summarizes the findings of the Terminal Evaluation conducted during the July-September 2021 period for the UNDP-GEF project: “*Growing Green Business in Montenegro*” (hereby referred to as GGB, GGB Project or the Project). This TE was prepared as an evaluation, with lessons learned, conclusions and recommendations primarily focused on the current setup of the GGB Project.

Project Summary Table

Project Details		Project Milestones	
Project Title	Growing Green Business in Montenegro (GGB Project)	PIF Approval Date:	9 November 2017
UNDP Project ID (PIMS #):	5488	CEO Endorsement Date (FSP) / Approval date (MSP):	8 November 2018
GEF Project ID:	9950	ProDoc Signature Date (Project start date):	27 April 2018
UNDP Atlas Business Unit, Award ID, Project ID:	00087518, 00094488	Date Project Manager hired:	27 April 2018
Country/Countries:	Montenegro	Inception Workshop Date:	5 July 2018
Region:	CIS	Mid-Term Review Completion Date:	N/A
Focal Area:	Climate Change	Terminal Evaluation Completion date:	16 November 2021
GEF Operational Programme or Strategic Priorities/Objectives		Planned Operational Closure Date:	27 December 2021
Trust Fund:	GEF		
Implementing Partner (GEF Executing Entity):	Ministry of Ecology, Spatial Planning and Urbanism (MESPU)		
NGOs/CBOs involvement:	Digitalizuj.me, Nest, Natura		
Private sector involvement:	Chamber of Commerce, Green Business Incubator Cetinje		
Geospatial coordinates of project sites:	Latitude: 42° 42' 15.92" N Longitude: 19° 23' 44.80" E		

Financial Information		
PDF/PPG	At approval (US\$ million)	At PPG/PDF completion (US\$ million)
GEF PDF/PPG grants for project preparation	0	0
Co-financing for project preparation	0	0
Project	At CEO Endorsement (US\$ million)	At TE (US\$ million)
[1] UNDP contribution:	0.045	0
[2] Government:	4.598	112.167
[3] Other multi-/bi-laterals:		2.324
[4] Private Sector:		
[5] NGOs:		
[6] Total co-financing [1 + 2 + 3 + 4 + 5]:	4.643	114.491
[7] Total GEF funding:	0.772	0.417
[8] Total Project Funding [6 + 7]	5.415	114.908

Project Description

Montenegro's Nationally Determined Contributions (NDC) has an ambitious goal of achieving a 35% reduction in national GHG emissions by 2030 against the baseline of 1990. Montenegro's NDC reflects the Government's commitment to contribute to climate change by implementing national policies promoting energy efficiency and renewable energy. Montenegro has a large potential for reducing energy demand and GHG emissions through more efficient energy use.

Meeting the NDC of Montenegro needs to involve the private sector. There are barriers, however, to low carbon investments or green business in Montenegro including an insufficient pipeline of bankable low-carbon projects, and limited access to finance at acceptable terms. The specific problem that the GGB Project seeks to address is the lack of a green business environment that will enable the investment into low carbon technologies and measures. This problem is compounded by the low level of environmental awareness amongst the private sector, lack of specific technical skills and knowledge of the financial institutions as well as the private sector, many low carbon investment projects being the “first of its kind” leading to additional regulatory and administrative barriers, and conservative lending practices of the banks stemming in part from their lack of familiarity and experience in low carbon investments. The UNDP-GEF GGB Project was started on 27 April 2018 as a 3-year project with the specific objective of “promoting private sector investment in low-carbon and green businesses in Montenegro”.

Project Results

Actual outcomes of the GGB Project are summarized in Table A in comparison with intended outcomes.

Table A: Comparison of Intended Project Outcomes from the Inception Report to Actual Outcomes

Intended Outcomes in Project Results Framework of August 2016 (see Appendix H)	Actual Outcomes as of May 2021
Objective: To promote private sector investments in low carbon and green businesses in Montenegro.	Actual achievement toward objective: Private sector investments in low carbon and green businesses have been promoted in Montenegro and are actually being implemented through the Eco-Fund, IDF and other financial institutions.
Intended Outcome 1: Green business policies, supporting mechanisms and capacities in place	Actual Outcome 1: Policies have been developed around green businesses and support services for green start-ups and SMEs have been established. This includes studies that informs green business policies; at least 10 decision makers at Ministry of Ecology, Spatial Planning and Urbanism (MESPU) who understand and recognize policy and incentive options for green businesses; training of entrepreneurs at the Green Business Incubator; and capitalization of the Eco-Fund.
Intended Outcome 2: Innovative green businesses financing enabled.	Actual Outcome 2: Green business financing has been started at IDF and the Eco-Fund. This includes the introduction of a green credit line in August 2021, and at least 2 IDF employees who completed training to become credit officers.
Intended Outcome 3: Increased awareness of entrepreneurs and financing sector on green business practices and financing green business projects.	Actual Outcome 3: Raising awareness of green business opportunities and green business financing opportunities has been established. This includes at least 247 people being informed of the services provided by the Green Business Incubator.

Table B: Evaluation Ratings Table

1. Monitoring & Evaluation (M&E)	Rating ¹
M&E design at entry	5
M&E Plan Implementation	5
Overall Quality of M&E	5
2. Implementing Agency (IA) Implementation & Executing Agency (EA) Execution	
Quality of UNDP Implementation/Oversight	6
Quality of Implementing Partner Execution	n/a
Overall quality of Implementation/Execution	6
3. Assessment of Outcomes	
Relevance	2 ²
Effectiveness	6
Efficiency	5
Overall Project Outcome Rating	5
4. Sustainability	Rating ³
Financial sustainability	4
Socio-political sustainability	4
Institutional framework and governance sustainability	4
Environmental sustainability	4
Overall Likelihood of Sustainability	4

Summary of Conclusions, Recommendations and Lessons

The approach to GGB implementation was strongly conditioned by the political and financial context and situation in Montenegro. Project implementation relied on finding new niches for interventions and an approach to launching activities that have not been a priority but have significant development potential such as solar PV installations and electric vehicles. In essence, the Project created a domino effect through capacity building activities and targeted interventions.

The GGB Project was implemented with policy barriers removed (Para 64), an IDF green credit line (Paras 72 and 83), a performance-based payment scheme implemented as a part of the Eco-Fund's Subsidy Programme (Paras 83 to 84), an operational mentoring programme (Paras 72 to 77), and awareness raising of green business opportunities (Paras 87 to 89). The Project, however, did not deliver GHG emission

¹ Evaluation rating indices: 6=*Highly Satisfactory (HS)*: The project has no shortcomings in the achievement of its objectives; 5=*Satisfactory (S)*: The project has minor shortcomings in the achievement of its objectives; 4=*Moderately Satisfactory (MS)*: The project has moderate shortcomings in the achievement of its objectives; 3=*Moderately Unsatisfactory (MU)*: The project has significant shortcomings in the achievement of its objectives; 2=*Unsatisfactory (U)*: The project has major shortcomings in the achievement of its objectives; 1=*Highly Unsatisfactory (HU)*: The project has severe shortcomings in the achievement of its objectives.

² Relevance ratings: 1=Not relevant; 2=Relevant

³ 4 = *Likely (L)*: negligible risks to sustainability;

3 = *Moderately Likely (ML)*: moderate risks to sustainability;

2 = *Moderately Unlikely (MU)*: significant risks to sustainability;

1 = *Unlikely (U)*: severe risks to sustainability; and

U/A = *unable to assess*.

reductions mainly due to the pandemic and change in Government in August 2020, not project inefficiencies. As a consequence, the status of most aspects of the GGB programme not only appear to be favorable towards promoting and implementing low carbon and green business lines, it appears poised to generate substantial GHG emission reductions after the EOP. This includes:

- responses to the €30 million in financial support offered by the state-owned Electric Power Industry of Montenegro aimed at 500 businesses and 3,000 households to switch to solar PV energy;
- responses to IDF launching a green credit line for solar PV installations and electric vehicles; and
- performance-based payment scheme being implemented as a part of the Subsidy Program of the Eco Fund for solar PV installations and electric vehicles.

In hindsight, the Project was designed with an ambitious schedule starting 27 April 2018 that could have used additional time to undertake ambitious studies that needed to be done to remove legislative and policy barriers. While the COVID-19 pandemic had much to do with the delays of these important studies, the time to produce these studies took 2+ years (to July 2020) to complete. This would have left very little time to activate the Solar 3000+ project's financial support, the IDF's green credit line and Eco-Fund's Subsidy Programme, to generate GHG emission reductions from their investments.

Recommendations from this Evaluation are as follows:

- *Recommendation 1 (to the Government of Montenegro and UNDP): Include as a part of awareness raising activities, additional presentations on the studies "Policy and incentive options for green businesses in Montenegro in agricultural, tourism and energy sectors" and "Improvement of legislative and regulatory framework for the concept of 'prosumers' in Montenegro". See Para 121 for details;*
- *Recommendation 2 (to the Government of Montenegro and UNDP): Monitor post-project GHG emission reductions from projects supported by the Solar 3000+ project, IDF funds, Eco-Fund and other financing initiatives. See Para 122 for details;*
- *Recommendation 3 (to UNDP and the Government of Montenegro): Green initiatives and climate actions must be continued with a special focus on improving their competitiveness within the business sector. See Para 123122 for details;*
- *Recommendation 4 (to UNDP and the Government of Montenegro): In E-vehicle program operated by the Eco-Fund, there should be more focus on corporate vehicle owners who frequently use their vehicles. See Para 124 for details;*
- *Recommendation 5 (to the Government of Montenegro and UNDP): Continually update the framework for energy efficiency and renewable energy sources. See Para 125 for details.*

Lessons learned from implementing the GGB Project include:

- *Lesson #1: If there is willingness of government stakeholders to have frequent interaction with project staff, the project will be more able to deliver outcomes regarding institutional and regulatory reform. See Para 126 for details;*
- *Lesson #2: A project that focuses on a single sector will more likely succeed in its objectives of market transformation. See Para 127 for details;*
- *Lesson #3: More time should be allocated to a project with intentions of legislative and financial reform. See Para 128 for details.*

1. INTRODUCTION

1. The Terminal Evaluation (TE) for the Project entitled “Growing green business in Montenegro” Otherwise referred to as “GGB”, “the GGB Project” or “the Project”) was conducted for UNDP-GEF as an impartial assessment of GGB activities, mainly comprised of capacity building activities. The Project objective is to “promote private sector investments in low-carbon and green businesses in Montenegro”.

1.1 Evaluation Purpose

2. In accordance with UNDP-GEF M&E policies and procedures, all UNDP-GEF supported projects are required to undergo a Terminal Evaluation (TE) upon completion of implementation of a project to provide a comprehensive and systematic account of the performance of the completed project by evaluating its design, process of implementation and achievements vis-à-vis its objectives, and any agreed changes during project implementation. As such, the TE for the GGB Project serves to:
 - promote accountability and transparency, and to assess and disclose levels of the GGB Project accomplishments in the context of developing a comprehensive methodology to estimate GGB capacity building and financing needs;
 - synthesize lessons that may help improve the selection, design and implementation of future GGB capacity building financing projects;
 - provide feedback on issues that are recurrent on GGB capacity building needs that require attention, and on improvements regarding improving the impact of GGB Project activities in Montenegro and regionally;
 - provide an outlook and guidance in charting future directions on sustaining current efforts by UNDP and the Government of Montenegro that have adopted the GGB Project approaches and methodologies;
 - contribute to UNDP’s Evaluation Office databases for aggregation, analysis and reporting on effectiveness of UNDP in achieving global environmental benefits and on the quality of monitoring and evaluation within UNDP projects; and
 - gauge the extent of project convergence with other priorities within the UNDP country and regional programmes, including poverty alleviation; strengthening resilience to the impacts of climate change, reducing disaster risk and vulnerability, as well as cross-cutting issues such gender equality, empowering women and supporting human rights.

1.2 Scope and Methodology

3. The scope of this TE was to evaluate all activities funded by GEF and activities that are parallel-financed. The Terms of Reference (ToRs) for the TE are contained in Appendix A. Key issues addressed on this TE include:
 - that the TE is independent of GGB Project management to ensure independent quality assurance;
 - the application of UNDP and UNDP-GEF norms and standards for evaluations⁴;

⁴ This TE was conducted to closely adhere to GEF guidelines for evaluations. The Table of Contents of this report reflects these GEF guidelines that were accepted by UNDP in the Evaluator’s Inception Report from April 2021.

- assessment of achievements of outputs and outcomes, likelihood of the sustainability of outcomes, and if the Project met the minimum M&E requirements; and
 - reporting basic data of the evaluation and the Project, as well as provide lessons from the Project on broader applicability. This would include an outlook and guidance in charting future directions by UNDP and their future support for a possible GGB Phase II.
4. With this scope, the following issues were identified for further discussion in this TE:
- The nature of the cooperation between the Eco-Fund and UNDP. Is the Subsidy Programme and performance-based payment scheme realistic targets for implementation during the Project?
 - The extent of arrangements of the Eco-Business Center (under the Cetinje Business Center) including the hiring of mentors, online mentoring arrangements and a new strategic plan
 - The extent that the pandemic affected the entrepreneur workshops and support within the business incubators for increasing energy efficiency and the use of RES targeting within private business entities;
 - The performance-based payment scheme and subsidy program within IDF. Is this a realistic target for IDF by the end of project?
 - The effectiveness of the awareness raising program to attract potential beneficiaries and mentors.
5. The methodology of this TE essentially assesses the Project's performance from 2018 to 2021 in addressing the capacity gaps in managing GGB affairs, through the lens of UNDP evaluation criteria of **relevance, effectiveness, efficiency, sustainability, and impact** for one objective and 3 expected outcomes that were achieved through a number of outputs and activities contained within the GGB Project:
- *Relevance* – the extent to which the outcome is suited to local and national development priorities and organizational policies, including changes over time;
 - *Effectiveness* – the extent to which an objective was achieved or how likely it is to be achieved. This would include the effectiveness of the GGB Project to assist implementation and facilitate capacity building (through technical assistance of the Project), and the quality of GGB Project management (including M&E performance);
 - *Efficiency* – the extent to which results were delivered with the least costly resources possible. This would include the pace of capacity building based on the baseline capacities of the institutions and potential beneficiaries;
 - *Sustainability* - The likely ability of an intervention to continue to deliver benefits for an extended period of time after completion. This would include the sustained acceptance of GGB methodologies for capacity building at the national level; and
 - *Impact* – The positive and negative, foreseen and unforeseen changes to and effects produced by a development intervention. This may include the extent of uptake by the national implementation team to the GGB methodologies, and their resulting ability to confidently formulate and facilitate financing solutions.
6. The TE achieves these assessments by collecting credible, useful, and evidence-based information of the Project; interviewing selected stakeholders to triangulate information to bring up key issues in capacity building to the GGB Project team; and bringing up these key issues in strengthening capacity building within the GGB team and its stakeholders. The evaluation of the Project is based on

evaluability analysis consisting of formal (clear outputs, indicators, baselines, data) and substantive (identification of problem addressed, theory of change, results framework) inputs. Considering the information to be provided into this evaluation (which is mainly whether or not the technical assistance of the Project was effective to the Government of Montenegro and its stakeholders), the implication of the proposed methodology is that it should be effective in the evaluation process, and should inform stakeholders and the GGB Project team as it possibly transitions into a Phase II.

7. This TE also evaluates the progress and quality of implementation against the indicators of each objective and outcome in the Project Results Framework (PRF) as provided Appendix F. The TE process was conducted in a spirit of collaboration with GGB Project personnel with the intention of providing constructive inputs that can inform activities of a potential Phase II and future GGB programming.

1.3 Structure of the Evaluation

8. This evaluation report is presented as follows:
 - An overview of Project activities from commencement of operations in April 2018 to the present activities of the GGB Project;
 - A review of all relevant sources of information including documents prepared during the preparation phase (i.e. PIF, UNDP Social and Environmental Screening Procedure/SESP), the Project Document, project progress reports, and any other materials that the team considers useful for this evidence-based evaluation;
 - A participatory and consultative approach to ensure close engagement with the Project Team, government counterparts, implementing partners, the UNDP Country Office (CO), the Regional Technical Advisors, and other stakeholders. Stakeholder involvement includes interviews with stakeholders who have Project responsibilities. More importantly, the national evaluator conducted virtual interviews with the Project's stakeholders;
 - An assessment of results based on Project objectives and outcomes through relevance, effectiveness and efficiency criteria;
 - Assessment of sustainability of Project outcomes;
 - Assessment of monitoring and evaluation systems;
 - Assessment of progress that affected Project outcomes and sustainability; and
 - Conclusions, recommendations and lessons learned.
9. This evaluation report is designed to meet GEF's "Guidelines for Conducting Terminal Evaluations of UNDP-Supported, GEF Financed Projects" of 2020⁵ as well as UNDP guidelines "Evaluation during COVID-19" (updated to June 2021)⁶.

1.4 Data Collection and Analysis

10. Data and information for this TE was sourced from:

⁵ Available at: http://web.undp.org/evaluation/guideline/documents/GEF/TE_GuidanceforUNDP-supportedGEF-financedProjects.pdf

⁶ Available at: <http://web.undp.org/evaluation/guideline/documents/covid19/update/June2021/UNDP%20DE%20Guidance%20Planning%20and%20Implementation%20during%20COVID19%203%20June%202021.pdf>

- Review of project documentation including progress reports. This was important in establishing information pertaining to Montenegro's perceptions of capacity building activities of the Project. This was done primarily at the International Evaluator's home base. A full listing of data and information sources is provided in Appendix C;
- Interviews with key Project personnel including the team members and technical advisors. Preliminary discussions were undertaken by e-mail from the National Evaluator's home base. Zoom meetings were conducted with information being passed to the International Evaluator. A full list of persons interviewed is provided in Appendix B.

1.5 Ethics

11. This Terminal Evaluation has been undertaken as an independent, impartial and rigorous process, with personal and professional integrity and is conducted in accordance with the principles outlined in the UNEG Ethical Guidelines for Evaluations, and the UNDP GEF M&E policies, specifically the August 2020 UNDP "Guidance for Conducting Terminal Evaluations of UNDP-supported, GEF-financed Projects".

1.6 Limitations

12. There are limitations to this TE process, mainly due to the COVID-19 pandemic and the inability of the International Evaluator to travel to Montenegro to conduct face-to-face meetings with stakeholders and the PMU. This task was instead undertaken by the National Evaluator. The information collected by the National Evaluator was then passed onto the International Evaluator. However, the International Evaluator was not able to take the opportunity to get to know the stakeholders better. Actual visits to the offices of the stakeholders and the PMU by the International Evaluator are usually an opportunity for the stakeholders and the PMU to make a 2-3 hour presentations followed by question-and-answer period. This has many intangible benefits including the collection of information not documented. With the virtual visits on Zoom, the opportunity to make these 2-3 hour presentations and conduct a question-and-answer period is limited. By this limitation to the International Evaluator, he has limited exposure to the stakeholder teams, and as such, the Terminal Evaluation to a large extent is dependent on the information passed on by the National Evaluator and the documentation from progress reports and other reports. This also limits the Terminal Evaluation in terms of findings.

2. PROJECT DESCRIPTION AND DEVELOPMENT CONTEXT

2.1 Project Start and Duration

13. The GGB Project commenced as of 27 April 2018. The Project is being implemented up to the time of writing of this report (as of November 2021). The Project is scheduled to close as of 27 December 2021.

2.2 Development Context

14. Montenegro has the National Strategy for Sustainable Development (NSSD) which is set up a comprehensive framework for national response to the challenges of sustainable development in Montenegro by 2030 that includes requirements in the process for accession of Montenegro to the EU. To achieve desired results, a number of obstacles need to be addressed to sustainable development in Montenegro by 2030. In particular, the increase in Montenegro's greenhouse gas (GHG) emissions needs to be curtailed given that emissions from energy production are projected to increase 2.4 times as in the business-as-usual scenario. Moreover, the energy intensity of Montenegro exceeds the EU average by 3.4 times, indicating substantial potential for improving energy efficiency in the country.
15. Montenegro's Nationally Determined Contributions (NDC) revised in 2021 has an ambitious goal of achieving a 35% reduction in national GHG emissions by 2030 against the baseline of 1990. Montenegro's NDC reflects the government's commitment to contribute to climate change by implementing national policies promoting energy efficiency and renewable energy. Montenegro has a large potential for reducing energy demand and GHG emissions through more efficient energy use. The country's high energy intensity is partly due to widespread use of electricity for heating and inefficient building structures that almost completely lack insulation. There is significant scope for private investment in energy efficiency in the public and residential sectors in Montenegro. If energy service companies (ESCOs) are in operation, the market potential for energy efficiency in Montenegro residential sector could be €1.8 billion with corresponding GHG emission reductions at hundred and 84,000 tCO₂ per year. Likewise, the opportunities for investment in renewable energy are plentiful due to its abundant wind, solar, biomass energy and hydro resources. However, fuel wood is traditionally used for heating and cooking in households, not the use of renewable energy sources.
16. To encourage investments in renewable energy generation, the Ministry of Economy in 2011 introduced new premium feed in tariffs for electricity purchase from renewable energy sources. With a tariffs valid for 12 years, a favourable energy investment framework and investment in renewable energy would rise but mainly in small Hydro Power development followed by wind. Between 2013 and 2015, 11 new small Hydro power plants were constructed, and 2 wind farms of a total of 118 MW will shortly be commissioned. Solar and biomass investments were very scarce. Furthermore, the Energy Law does not provide for installation of solar panels on the ground, only on the roofs of buildings which limits the potential for projects.
17. Apart from energy efficiency and renewable energy, opportunities for private investment in low carbon growth in Montenegro exist in areas such as municipal and agricultural waste management and sustainable transport. Road transport is responsible for 18% of the national GHG emissions of Montenegro. Montenegro's Technology Needs Assessment (TNA) identified and prioritized a range

of climate change mitigation actions in the transport sector such as low carbon vehicles and intelligent transport systems; this offers good GHG emission reduction potential but also requires sizable investments that can only be delivered via partnerships and private sector involvement.

18. Meeting the NDC of Montenegro needs to involve the private sector. There are barriers, however, to low carbon investments or green business in Montenegro that includes:
 - resolving the issue of an insufficient pipeline of bankable low-carbon projects. This was caused by a low level of general awareness about low-carbon investment opportunities among private sector (in particular SMEs), low financial literacy of SMEs and limited knowledge about funding sources and mechanisms, limited capacities among SMEs to identify and prepare quality projects, and additional regulatory and administrative barriers for low-carbon projects that are often related to projects being the “first of its kind”;
 - addressing limited access to finance at acceptable terms. This has been caused by the financial sector’s lack of readiness to finance low-carbon projects, lending conditions not being adapted to SME needs (in particular high equity and collateral requirements), and not all green or low-carbon projects being sufficiently financially attractive.
19. GGB was started on 27 April 2018. The Project is funded by the GEF with co-financing from the Ministry of Ecology, Spatial Planning and Urbanism or MESPU (successor of the former Ministry of Tourism and Sustainable Development (MoTSD) of the Government of Montenegro) as well as the Investment and Development Fund (IDF) of Montenegro, and the Municipality of Cetinje. The Project is being implemented and executed by UNDP Montenegro, with day-to-day management of the Project activities administered by UNDP.

2.3 Problems that the GGB Project sought to address

20. The specific problem that the GGB Project seeks to address is the lack of a green business environment that will enable the investment into low carbon technologies and measures. This problem is compounded by the low level of environmental awareness amongst the private sector, lack of specific technical skills and knowledge of the financial institutions as well as the private sector, many low carbon investment projects being the “first of its kind” leading to additional regulatory and administrative barriers, and conservative lending practices of the banks stemming in part from their lack of familiarity and experience in low carbon investments.

2.4 Development Objective of GGB Project

21. This Project is in direct response to the NSSD of Montenegro by 2030 and its need to address the increase in Montenegro’s increase in GHG emissions. The development objective of the GGB Project is to “promote private sector investment in low-carbon and green businesses in Montenegro”. This is contained in PRF in Appendix F.

2.5 Description of the Project’s Theory of Change

22. A Theory of Change (ToC) was completed for this Project. Due to the differences of opinion by the Evaluators on how to setup a ToC, a revised ToC is provided in Annex F.

2.6 Expected Results

23. The expected results of the GGB Project are as follows:

- Outcome 1: Green business policies, supporting mechanisms and capacities in place;
- Outcome 2: Innovative green businesses financing enabled; and
- Outcome 3: Increased awareness of entrepreneurs and financing sector on green business practices and financing green business projects.

2.7 Total Resources for GGB Project

24. The total resources allocated to this Project at time of ProDoc signature is provided in Table 1.

Table 1: Total Resources for GGB Project

Component	GEF Resources	Planned Co-Financing Resources
Outcome 1	\$305,000	\$6,728,545
Outcome 2	\$310,000	\$5,442,319
Outcome 3	\$58,000	\$3,798,166
Outcome 4 – Monitoring and Evaluation	\$30,000	\$147,000
Project Management (including M&E)	\$113,690	\$804,545
Total	\$771,690	\$16,920,575

2.8 Main Stakeholders

25. The main stakeholders on the GGB project are listed in Table 2. More details on these stakeholders are provided in Sections 3.1.4. and 3.2.2.

Table 2: Main Stakeholders on GGB Project

Stakeholder Type	Name
Government	Ministry of Tourism and Sustainable Development (MoTSD)
	Agency for Environmental Protection (EPA)
	Ministry of Economy
	Chamber of Commerce of Montenegro
	National Focal Points and the Ministry of Environment
	Eco-Fund
	Investment and Development Fund
Local	Municipality of Cetinje
Private Sector	To be determined
NGO	Natura (Kolatin)
	Expeditio (Kotor)
	Digitalizul.me (Podgorica)
	Bicikin.me (Podgorica)

2.9 Key Partners involved with the GGB Project

26. Key partners for the GGB Project were MoTSD and subsequently, the Ministry of Ecology, Spatial Planning and Urbanism (MESPU) after the August 2020 change in government, with whom the Eco-Fund was to be established, and the IDF with whom the Government of Montenegro provides an efficient mechanism for supporting economic development including green business support to SMEs.

2.10 Context of other ongoing and previous evaluations

27. The UNDP GEF project “Towards Carbon Neutral Tourism” (TCNT) cooperated with this Project on the establishment of the Eco-Fund through a study on “Situational Analysis of the Montenegrin Legislative, Financial and Institutional Framework for the Establishment of the Eco-Fund”. The cooperation analysed and proposed methods and legal status of the establishment of a self-sustaining Eco Fund as well as possible revenue streams from low carbon investments.

3. FINDINGS

3.1 Project Design and Formulation

28. During the PPG stage of the GGB Project, key stakeholders were closely involved and consulted. This included meetings with the Ministry of Sustainable Development and Tourism, Ministry of Agriculture, Ministry of Economy, National Parks, Old Royal Capital Cetinje, and IDF to gather information on baseline activities and in securing their interest in commitments for collaboration. Additional stakeholders representing CSOs and NGOs and the Chamber of Commerce were also involved during the PPG stage.
29. The GGB ProDoc commences with a description of the challenges to the implementation of the National Strategy for Sustainable Development in Montenegro. One of the main challenges is meeting the targets of Montenegro's NDC, specifically achieving a 30% reduction in national GHG emissions against the baseline level of 1990 (which has updated in 2021 with more ambitious goal to reduce 35% of national GHG emissions). The Government of Montenegro, while committing to climate change mitigation through its policies for energy efficiency and renewable energy, realizes that business-as-usual with these policies is not sufficient to achieving this target.
30. There is significant scope for reducing energy demand and GHG emissions through more efficient energy use. Furthermore, there is significant scope for private investment in energy efficiency and renewable energy in Montenegro. For example, energy efficiency in the residential sector could amount to 184,000 tCO_{2eq}/year with an investment of US\$2.0 billion. However, there are numerous barriers to this investment. The objective of this Project is the removal of barriers to more efficient energy use and renewable energy.

3.1.1 Analysis of Project Results Framework for GGB Project

31. The Project was designed based on a PRF that includes SMART indicators for the Project objective and for each Project outcome, with the corresponding target values. These indicators and their targets are listed in the PRF shown in Appendix F.

3.1.2 Assumptions and Risks

32. There are a lot of assumptions made under the GGB PRF. For example, under the Project objective, the following assumptions are made:
- performance-based green financing scheme is working to maximize GHG emission reductions;
 - continued Government support of IDF;
 - timely start-up of the Eco-Fund;
 - green business incubator is graduating significant number of entrepreneurs from its programmes that includes mainstreaming gender and encouraging women participation on Project activities and as beneficiaries of Project activities;
 - commitment and capacities of Eco-Fund, MESPU, and IDF to implement and scale-up new financing mechanisms;
 - private companies are interested in pursuing green investments and have the required knowledge, skills and capacities to identify and carry out each business opportunity.

These assumptions as well as others appear to be reasonable.

33. Assumptions made for the specific outcomes are related mostly to the commitment of the stakeholders. For example, the IDF, Eco-Fund and MoTSD are assumed to have commitments to adopt and enforce polluter-pays financial mechanisms. These are reasonable assumptions.
34. There are 4 risks listed in the GGB PRF. These risks are comprised of:
 - investment climate in Montenegro deteriorates or does not improve due to a policy and regulatory framework and their insufficient enforcement;
 - lack of private sector interests to invest in green low carbon businesses;
 - high turnover of Ministry staff;
 - lack of interest or training participation.
35. The risk log lists 2 risks that are not on the PRF:
 - Climate change is predicted to have a negative effect on Montenegro's key economic sectors such as energy;
 - Eco-Fund not established by Project initiation.

These risks should be consistent with the risks in the PRF.

3.1.3 Lessons from Other Relevant Projects Incorporated into GGB Project Design

36. The GGB Project uses the following projects as impetus for its existence:
 - **UNDP-GEF Project: “Montenegro: Power Sector Policy Reform to Support Small Hydropower Development”** (Project ID 3813) was completed in 2013 and was designed to develop a sound but simplified and transparent tendering procedure complete with secondary regulations and by-laws that reduces the risk of potential investors into Montenegro seeking small hydropower projects (SHPPs) investment opportunities. This complemented the Government commitment to support feed-in-tariffs for renewable energy generation sources, and the successful engagement of Montenegro’s local municipalities in low carbon energy planning (which are linked to the positive impact of the power sector reforms in Montenegro);
 - **UNDP-GEF Project: “Towards Carbon Neutral Tourism in Montenegro” (Project ID 5149)** was to increase the low carbon investments to support the tourism sector. This project contributed to the outcome of establishing an “Eco-Fund”, a sustainable financing mechanism covering the tourism sector as well as other economic sectors (such as agriculture, power generation and heavy industry) that needed to be capitalized, and the setup of an MRV system to verify and report GHG emissions from low carbon projects.

3.1.4 Planned Stakeholder Participation

37. The GGB ProDoc details in very specific terms, the stakeholders to be involved on the Project (in the ProDoc on pages 18 and 19) including their roles. The stakeholders identified for engagement as mentioned in Para 28 had already been consulted during the PPG stages of the Project. Further stakeholder engagement during Project implementation was to be organized through extensive consultation processes through all stakeholders who will serve as information providers in their roles

of raising public awareness of the GGB Project. This will include the participation of civil society NGOs. The Project was also to assist green business incubators to develop their promotional material and communication tools to promote green business development activities.

3.1.5 Linkages between the GGB Project and other interventions in the sector

38. The GGB Project was supposed to be linked with baseline investments as listed on pgs 7 to 9 of the GGB ProDoc. Some of these investments are listed in as follows:

- **Environmental Fund of Montenegro (Eco-Fund):** This fund was set up based on the Law on Environmental Protection (now operated under MESPU) where annual ecological fees are charged to polluters in Montenegro. The problem with the fund is that the current polluter pays billing system is inefficient and results in far less fees being paid and charged. The general consensus among stakeholders (including MESPU) is that the fund should be established as a mechanism for administering polluter pay fees and supporting environmental and GHG emission reduction projects. The Eco-Fund was developed through the UNDP-GEF financed “Towards Carbon Neutral Tourism in Montenegro” Project with a clear mandate to identify possible revenue streams and financial mechanisms, and areas of work related to climate change and energy;
- **Investment and Development Fund of Montenegro (IDF):** The IDF was established in 2009 to encourage and facilitate economic development in Montenegro by providing an efficient mechanism to support SMEs along with infrastructure development and environmental protection. Loans have been setup for young entrepreneurs, women-led businesses and small farmers, who have supported infrastructure projects in water supply, wastewater treatment and environmental protection. The Fund, however, has a “climate change and energy efficiency” credit line which has been undersubscribed. There is a general lack of understanding amongst fund officials as to how climate change and energy efficiency works, leaving them with insufficient knowledge and skills to promote this product to potential borrowers;
- **Cetinje Business Center:** This Center is being developed by the Old Royal Capital of Cetinje. The Center seeks investment into a business zone of 130,000 m² of space and infrastructure with considerations into energy efficiency, vocational training on EE and RES, support to small businesses and encouragement of green ideas and innovations;
- **WeBSEFF:** WeBSEFF is a financing facility of the EBRD providing credit lines to partner banks in the Western Balkans to on-lend to private and public entities for small-scale RE projects. Given the low energy prices and low awareness of EE and RES in Montenegro, the WeBSEFF did not focus on Montenegro.

3.1.6 Gender responsiveness of Project design

39. The GGB Project has a comprehensive strategy:

- Building on IDF and UNDP on-going efforts, the Project will target women as both beneficiaries and decision-makers in the design and implementation of green business support activities;
- Component 1 activities will seek to ensure that 40% of decision makers in MoTSD are women. This translates into actively inviting women to take action on the relevant activities of the Project and that 20% of the entrepreneurs to be trained through the Green Business Incubator;
- Components 2 and 3 aim to have at least 40% women of its training and awareness raising activity participants.

In conclusion, the GGB Project design is responsive to the considerations of gender.

3.1.7 Social and Environmental Safeguards

40. Social and environmental safeguards were done for the GGB Project. Considering the capacity building nature of this Project, there were no concerning features on the procedure. The social safeguard of the Project is the promotion of gender equality amongst female entrepreneurs, a repetition of the gender responsiveness to the GGB design. The environmental safeguard of the Project is the National Climate Change Strategy which was intended to mainstream environmental safeguards by accelerating private investment into low-carbon activities. The SESP is contained in Annex E in the ProDoc.

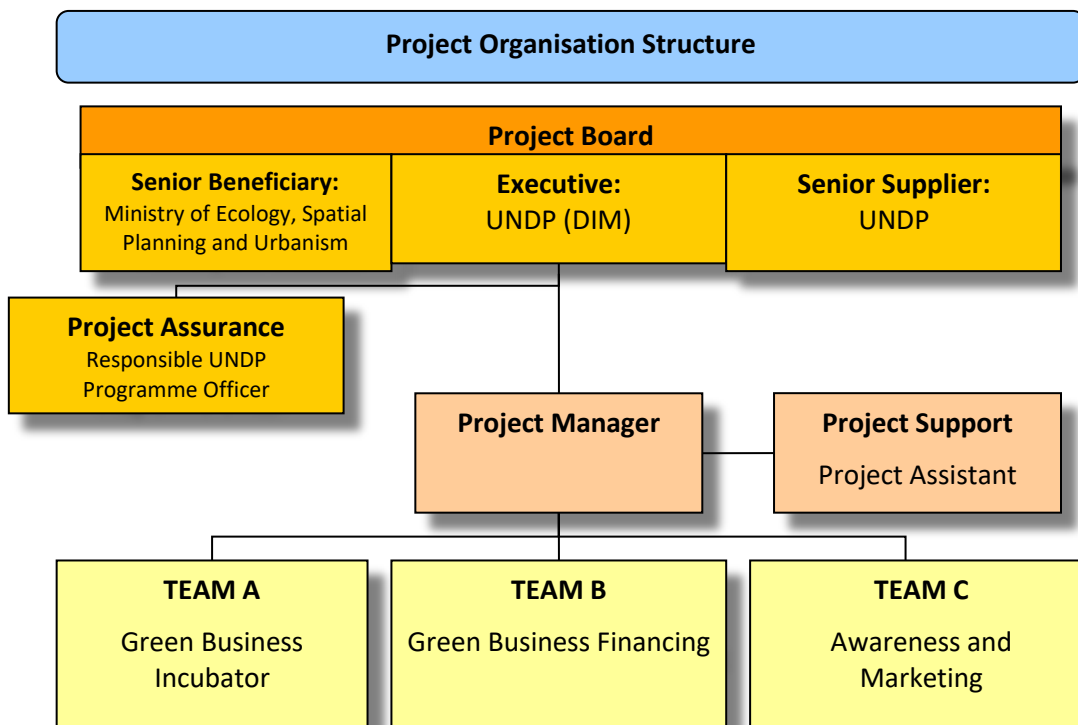
3.2 Project Implementation

41. The following is a compilation of significant events during implementation of the GGB Project in chronological order:

- PIF Approved under GEF 6 - 9 November 2017 ;
- GEF Endorsement (ProDoc) – 27 April 2018;
- Preparatory phase: the Inception Workshop held in Podgorica on 5 July 2018;
- Establishment of Eco Business Center (EBC) in late 2018 and continuously until the EOP;
- Establishment of Eco-Fund by Government establishment decree - April 2019;
- Organization and participation on International Conference on “Green Days” as a part of Component 3 - June 2019;
- Studies released on “Feasibility study on the concept of ‘prosumers’ in Montenegro” and “Improvement of legislative and regulatory framework for the concept of ‘prosumers’ in Montenegro” (see Paras 64-67 for further details) as a part of Component 1 – June 2019;
- Design of photovoltaic power plants with financial support provided by Slovak Government – July 2019 to March 2021;
- Mentoring program in cooperation with EBC as a part of Component 3 – November 2019 to date;
- Establishment of Roster of Experts that would support online mentoring and support and green development support as a part of Component 3 – November 2019;
- Cooperation between UNDP and Eco-Fund as a part of Component 1 – June 2020;
- A study released on “Policies and incentives for green business in Montenegro with a focus on agriculture, energy and tourism, with a roadmap for future climate action in these areas” as a part of Component 1 – 15 July 2020;
- Start-up operations of Eco-Fund – June 2020;
- Request for the 1st no-cost extension to December 2021 – October 2020;
- Public Call for for Eco-Fund subsidizing the procurement of electric and hybrid vehicles, targeting citizens and businesses in Montenegro – 25 January 2021;
- Initial end date of the Project – 27 April 2021;
- Public Call for installation of off-grid solar photovoltaic systems in Cetinje - July 2021;
- Training of Eco Fund’s personnel on green financing - July 2021;
- Public Call from Eco-Fund for photovoltaic installations – August 2021;
- Public Call for proposals spreading network of electric vehicle charging stations – August 2021;
- Promotional campaign for Eco Fund’s Subsidy programme – July-September 2021;
- Promotional campaign for IDF green credit line – July-December 2021.

42. Without much change, the GGB Project was implemented according to the management arrangements as elaborated in Figure 1.

Figure 1: GGB Project Organization Structure



3.2.1 Adaptive Management

43. Adaptive management is discussed in UNDP evaluations to gauge performance of project personnel to adapt to changing regulatory and environmental conditions and unexpected situations encountered during the course of implementation, both common occurrences that afflict the majority of UNDP projects. Without adaptive management, donor investments into UNDP projects would not be effective in achieving their intended outcomes, outputs and targets. Much of the early adaptive management by GGB staff came in the form of:

- facilitating cooperation between the Project and other donors. For example, the “Study on policies and incentives for green business in Montenegro with a focus on agriculture, energy and tourism, with a roadmap for future climate action in these areas” was financially assisted by the Trust Fund of the Government of the United Kingdom of Great Britain and Northern Ireland. In another case, cooperation was developed between the Slovenian Ministry of the Environment and Spatial Planning and the Eco-Fund to position Eco Fund as beneficiary of Slovenian climate fund resources in technical and financial support for implementation of a grant scheme to increase energy efficiency of residential sector;
- facilitating cooperation and synergies between experts of the Eco-Fund’s Subsidy Programme and IDF’s green credit line for solar PVs as a measure to conduct online training during the COVID-19 pandemic and complying with mobility and social distance restrictions;

- loan discussions between IDF and the European Investment Bank (EIB) and Agence Francaises de Development (AFD);
 - additional resource mobilisation by the Project and UNDP Project Manager for activities that would benefit overall goal of the Project such as a study on “Identification of Green Added Value Products and Feasibility Assessment of Related Value Chains” and “Development of the E-Mobility Feasibility Study for Montenegro” (see 78 for further details).
44. In conclusion, UNDP’s efforts to adaptively manage this Project were sincere and **highly satisfactory** in consideration of the successful outcomes from the GGB Project.

3.2.2 Actual Stakeholder Participation Partnership Arrangements

45. The key to successful stakeholder participation arrangements for the GGB Project were the close involvement and consultations between key ministries during the PPG to collect information on their key baseline activities, and to secure their collaboration during the Project. The same can be said for CSOs, NGOs, trade unions and the Chambers of Commerce who were contacted for their willingness to be involved on the Project, notably on the outreach activities of Component 3.
46. During Project implementation, this translated into useful Project activities, much of which was facilitated by the MoTSD (then MESPU), and harnessed into useful activities such as the Ministry of Economic Development in the implementation of a third assistance package for business sector recovery (Para 66), the activation of the Eco-Fund by the MoTSD (Paras 68 to 71), and IDF cooperating with UNDP on green business opportunities (Paras 81 to 82), CSOs, NGOs and the Chamber of Commerce of Montenegro being active in raising awareness and promoting the Green Business Incubator (Paras 88 to 90), and the Ministry of Capital Investment and the Ministry of Ecology, Spatial Planning and Urbanism raising awareness of green business opportunities (see Para 91).
47. Overall efforts by the GGB team to forge effective partnership arrangements with various stakeholders have been **highly satisfactory**.

3.2.3 Project Finance

48. The total GEF budget for the GGB Project was US\$771,690 that was to be disbursed over a 36-month period, managed by a UNDP-PMU under the direction of a Project Steering Committee. Table 3 depicts disbursement levels up to 31 August 2021, 4 months prior to the actual terminal date of the GGB Project of 27 December 2021, revealing the following:
- There were deviations of actual expenditures from the ProDoc budget. The largest budgeted expenditure was in Year 4 (2021) when expenditures were 159% of the scheduled ProDoc disbursement up to 31 August 2021, followed by 62%, 37% and 18% of the ProDoc expenditure in Years 3, 2 and 1 respectively. This shows that the Project was off to a slow start and affected by the COVID-19 pandemic;
 - Expenditures by Outcomes were reasonably on target. The largest deviation was Outcome 3 where a total of US\$3,112 has not been yet spent;

Table 3: GEF Project Budget and Expenditures for GGB Project (in USD as of 31 August 2021)

Outcomes	Budget (from Inception Report)	2018 ¹⁹	2019	2020	2021 ²⁰	Total Disbursed	Total to be expended in September-December 2021	Total remaining
OUTCOME 1: Policy development and business support services for green start-ups and SMEs	305,000	10,153	69,124	108,980	44,363	232,621	72,000	379
OUTCOME 2: Green business financing	310,000	13,302	27,351	19,093	31,238	90,984	218,700	316
OUTCOME 3: Raising awareness of green business practices and financing opportunities	58,000	2,245	3,807	31,426	13,410	50,888	4,000	3,112
OUTCOME 4: Monitoring, learning, adaptive feedback and evaluation	30,000				6,157	6,157	23,000	843
Project Management	68,690	947	4,681	2,858	28,148	36,634	32,000	56
Total (Actual)	771,690	26,647	104,963	162,357	123,318	417,285	349,700	4,705
Total (Cumulative Actual)		26,647	131,610	293,967	417,285			
Annual Planned Disbursement (from ProDoc) ²¹	771,690	149,831	284,080	260,047	77,732			
% Expended of Planned Disbursement		18%	37%	62%	159%			

¹⁹ Commencing 27 April 2018²⁰ Up to 31 August 2021²¹ Year 1 in ProDoc was prorated to the May-December 2018 when the Project was being implemented.

- The majority of funds were expended on consultants (i.e. 71200 - International Consultants, Local Consultants – 71300 and 71400, and consulting companies - 72100) as revealed in Table 4;
 - There are no major deviations in the Outcome expenditures. Each outcome expenditure was roughly according to the ProDoc expenditure.
49. The Project has also demonstrated that appropriate financial controls are in place, notably through:
- Combined Delivery Reports (CDRs) and Project Budget Balance Report which shows the expenditure and commitments in the current year up to date (both as generated by Atlas);
 - manual monitoring of Project expenditures against budget lines to attain an in-depth understanding of the financial progress and the pending commitments.
50. Project co-financing was estimated to be more than US\$114.491 million, way above the expected co-financing of US\$ 4.643 million. Co-financing summary and details can be found on Tables 5 and 6 respectively. The TE team notes the following on the level of co-financing provided on this Project:
- The majority of co-financing (US\$ 108.9 million) was realized from GoM's IDF. This included on-lending of €50 million from ADF and €40 million from EIB for green development;
 - The Eco-Fund's revenues from the environmental fees was at the level of US\$1.21 million, while US\$1.815 million was signed with the Slovenian Government, sufficient to launch the programmes for solar PV and electric cars. Co-financing attributed to the Eco-Fund was US\$1.936 million;
 - EBC with US\$ 1.331 million to augment their infrastructure;
 - The cross-border cooperation network for an open-to-innovation tourism, OPEN TOURISM, funded by EU IPA to the grant amount of US\$1.27 million with US\$0.135 million for Cetinje to improve quality of tourism information and welcome services and to create premises to increase and diversify tourist flows;
 - "Intelligent Energy Management and Renewable Energy Sources Promotion" (INER) with US\$0.392 million to call for proposals to energy efficiency as well as environment and risk prevention;
 - Slovakian Government with US\$0.46 million with assistance to develop the feasibility studies for modernization of public lighting systems in 6 municipalities, with substantial expected GHG post-project direct ERs, energy audits of 9 buildings in Pljevlja to enable investment of US\$0.5 million in the implementation of EE measures, and to develop ToRs for the "Main Design for Water Supply System Improvement in Montenegro" to provide technical assistance to investment in modernization of water supply network, increasing its efficiency, stability and public health quality;
51. Overall, the cost effectiveness of the GGB Project has been **highly satisfactory** in consideration of the excellent results achieved in the capacity building of the stakeholders involved, and the high amounts of co-financing leveraged.

Table 4: Expenditures by ATLAS Code

ATLAS Code	Expenditure Description	Spent to date (US\$)	To be spent by before the EOP (US\$)
71200	International Consultants	33,651	20,291
71300	Local Consultants	132,209	30,750
71400	Contractual Services - Individual	104,665	22,000
71600	Travel	6,690	2,000
72100	Contractual Services- Companies	114,760	270,000
72500	Supplies	11,562	
72800	Information Technology Equipment	64,898	
74200	Audio Visual & Print Prod Costs	9,440	10,000
74500	Miscellaneous Expenses	36,614	2,000
75700	Training, Workshops and Confer	2,386	
74596	Services to Projects - GOEs	3,365	1,000

Table 5: Co-Financing for GGB Project (as of 31 August 2021)

Co-financing (type/source)	UNDP own financing (million USD)		Government (million USD)		Partner Agency (million USD)		Private Sector (million USD)		Total (million USD)	
	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual	Planned	Actual
Grants										
Loans/Concessions			5.370	110.836		2.227			5.370	113.063
• In-kind support	0.045								0.045	
• Other				1.331		0.097				1.428
Totals	0.045		5.370	112.167		2.324			5.415	114.491

Table 6: Co-Financing Details

Co-Finance Funder	Type of Finance	Amount (US\$) ¹⁰	Details
OPEN TOURISM - funded by the call for cross-border cooperation Italy - Albania - Montenegro ¹¹	Grant	US\$1,270,932 (€1,050,357)	Call for cross-border cooperation of Italy, Albania and Montenegro. The total value of the project is € 937,149, while the budget of the Old Royal Capital Cetinje is €113,208.
INER funded by the second call of the INTERREG program of Croatia - Bosnia and Herzegovina - Montenegro ¹²	Grant	US\$391,891 (€ 323,877)	2nd call for proposals for environment, risk prevention and energy efficiency
TRANSCPEARLYWARNING within the second call of the INTERREG ADRION program of the Adriatic-Ionian program ¹³	Grant	US\$104,858 (€ 86,660)	To improve the resilience of Adrion territories to natural and man-made risks
EBC ¹⁴	Other	US\$1,331,000 (€1,100,000)	€300,000 for the tourist facility project and €800,000 for the project in Žabljak
Eco-Fund ¹⁵	Other (consisting of grant and local revenues)	US\$1,936,000 (€1,600,000)	Current activities include €100,000 for e-mobility, €100,000 for solar PVs, and €1,500,000 planned activities with the Government of Slovenia (EkoSklad)
IDF ¹⁶	Loans	US\$108,900,000 (€90,000,000)	€50 million from ADF for green development and €40 million from EIB of which a minimum 20% is allocated for green development
Slovakian Government	Grant	US\$459,800 (€380,000)	Technical assistance for energy efficiency in building, street lighting and water works
City Experiment Fund 2	Other	US\$96,800 (€80,000)	Enhanced citizens participation for a sustainable urban future in Pljevlja
Total:		US\$114,491,281	

¹⁰ US\$1.21 = €1.00

¹¹ Funded by the project "Cross-border cooperation network for an open-to-innovation tourism" (OPEN TOURISM) (1st Call, Priority Axis 2, Special Objective 2.1). The total value of the project is € 937,149, while the budget of the Old Royal Capital Cetinje is €113,208.

¹² Funded by the project "Intelligent Energy Management and Renewable Energy Sources Promotion" - INER within the second call of the INTERREG program Croatia - Bosnia and Herzegovina - Montenegro.

¹³ Funded by the project "TRANSnational Civil Protection EARLY WARNING System" or TRANSCPEARLYWARNING within the second call of the INTERREG ADRION program of the Adriatic-Ionian program (2nd call- Specific Objective 2.2, subtopic)

¹⁴ With IDF assistance.

¹⁵ Current activities include €100,000 for e-mobility and €1,500,000 planned activities with EkoSklad.

¹⁶ €50 million from ADF for green development and €40 million from EIB of which a minimum 20% is allocated for green development

3.2.1 M&E Design at Entry and Implementation

52. The ProDoc does provide for an M&E design on pages 27-30 in the ProDoc. The design is presented in a fairly generic manner, similar to other M&E designs from other GEF projects, and with preparations for a detailed M&E plan left to the implementation phase of the Project. Moreover, in terms of budgeting for M&E activities, US\$64,700 was the total M&E budget (as broken down on page 30 of the ProDoc) for a number of indicators that were easy to be monitored. As such, the M&E design is rated as **satisfactory**.
53. In terms of M&E plan implementation, the Evaluation Team only had access to progress reports for 2020 and April 2021 which were informative in terms of the progress made on various studies, actions taken by the Project, and extra activities in collaboration with other donors; the progress reports, however, did not report on the targets to be achieved. No PIRs were included nor were they required by the Project considering the GEF amount was under US\$1.0 million. Indicators against the targets were obtained from project activity reports.
54. As such, *M&E plan implementation is rated as **satisfactory***. Ratings according to the GEF Monitoring and Evaluation system¹⁷ are as follows:
- M&E design at entry – 5;
 - M&E plan implementation – 5;
 - Overall quality of M&E – 5.

3.2.2 Performance of Implementing and Executing Agencies

55. The performance of UNDP (the Implementing Agency) can be characterized as follows:
- During the early stages of GGB, UNDP's involvement with the Project was strong. UNDP's involvement was mainly to engage the stakeholders in Project activities and to provide management arrangements that follow global UNDP POPP guidelines;
 - UNDP facilitated collaboration to add to Outcome 1: "Green business policies, supporting mechanisms and capacities in place". This included collaborations with the UNDP Resource Efficient Development Engagement Facility and the UNDP-GEF TCNT Project (see Para 78);
 - UNDP's cooperation with other donors including the Government of Slovenia and the Government of Slovakia (who fund the Resource Mobilization Facility and the City Experiment Fund);
 - UNDP's role on the Project was to partner and support training organizations. They did so, producing important synergies that prolonged and extended the impact of the trainings and activities that have been carried out;
 - Overall performance of UNDP on the GGB Project can be assessed as being **highly satisfactory**.

¹⁷ 6 = HS or Highly Satisfactory: There were no shortcomings;

5 = S or Satisfactory: There were minor shortcomings,

4 = MS or Moderately Satisfactory: There were moderate shortcomings;

3 = MU or Moderately Unsatisfactory: There were significant shortcomings;

2 = U or Unsatisfactory: There were major shortcomings;

1 = HU or Highly Unsatisfactory

U/A = Unable to assess

N/A = Not applicable.

3.3 Project Results and Impacts

56. This section provides an overview of the overall results of the GGB Project and an assessment of the relevance, effectiveness and efficiency, country ownership, mainstreaming, sustainability, and impact of the GGB Project. For Table 7, the “status of target achieved” is color-coded according to the following color-coding scheme:

Green: Completed, indicator shows successful achievements	Yellow: Indicator shows expected completion by the EOP	Red: Indicator shows poor achievement – unlikely to be completed by Project closure
---	--	---

3.3.1 Progress towards objective

57. With the overall goal of this Project being to reduce GHG emissions, work with Project beneficiaries, and mobilize additional public and private funds, a summary of achievements of the GGB Project at the objective level is provided with evaluation ratings on Table 7. The GEF Tracking Tool for the GGB Project is contained in Appendix E.
58. With respect to the target of 20,400 tCO₂eq of direct emissions reductions, the only GHG emissions that could be realized was the installation of EV charging stations from the e-mobility study (see Para 78 for details) resulting in only 141 tCO₂eq. The Eco Fund did publish the Public Call for the award of subsidies in August 2021 for the procurement and installation of photovoltaic systems as well as electric vehicles. The Call was open until 17 September 2021, most likely resulting in direct emission reductions from this source to be zero at the EOP. The Call was delayed by more than one year due to the COVID-19 pandemic and the change in Government.
59. The GGB Project, however, has produced 3 studies (details on Paras 64 and 65), in particular, the third study being a “Feasibility study on the concept of ‘prosumers’ in Montenegro” (released in July 2019) that has contributed to the changes in the legislation of Montenegro, particularly regarding the installation and use of the solar panels within laws regulating energy and spatial planning. This study resulted in €30 million of financial support offered by the Electric Power Industry of Montenegro (on the project *Solar+*) aimed at 500 businesses and 3,000 households to convert to solar energy. The expected annual yield is estimated to be 44 GWh. The carbon footprint methodologies of EIB suggest that CO₂eq emission reductions should reach 730,400 tons over 20 years¹⁸.
60. With respect to the number of Project beneficiaries, there were 343+ persons (41% women) who were involved with comprising of:
- company recipients of funds from the Eco fund Support Programme - 50 employees in total within 5 companies;
 - companies procuring and installing equipment - 50 employees in total within 5 companies;
 - companies supervising installation - 50 employees in total within 5 companies;

¹⁸ Assuming solar panels will save 830 g of CO₂ per kWh for Montenegro, the 44 GWh (or 44,000,000 kWh) being generated from solar PV will result in a total GHG emission reduction of 36,520 tCO₂eq (830 gCO₂/kWh x 44,000,000 kWh). Over 20 years, this would amount to 730,400 tCO₂eq (36,520 tCO₂eq x 20 years)

Table 7: Project-level achievements against GGB Objectives

Project Strategy	Performance Indicator	Baseline	Target	Status of Target Achieved	Evaluation Comments	Rating ¹⁹
Project objective: To promote private sector investment in low-carbon and green businesses in Montenegro	tCO _{2eq} direct emissions reductions (attributable to the project-facilitated green investments made during the project's supervised implementation period, totaled over the respective lifetime of the investments)	0	20,400 tCO _{2eq}	141 (lifetime investment) Direct emission reductions are dependent on the latest Eco Fund Public Call for provision of subsidies for solar panel installations (published in August 2021, and open until September 17, 2021), the IDF's green credit line (published in August and initially opened until end 2021), and the project "Solar 3000+" implemented by the State-owned Electric Power Industry targeting 3,000 households and 500 companies to install solar PVs for "prosumers". There have been 17 applications received on Eco Fund's Call and the final information on support to be provided will be obtained after selecting the projects to be financed. Similarly, for the green credit line launched by the IDF, the final calculation cannot be drawn at this point, as the green credit line was established in August 2021. However, at this moment (as per the data from IDF), one application is being processed. Potential emission reductions from the project "Solar 3000+" is 730,400 tCO _{2eq} over the 20-year lifetime of the investment	See Paras 58 and 59	6
	Number of project beneficiaries, including % of women	n/a	3,000 (including 30% - women)	343+ (41% women)	See Para Error! Reference source not found.	6
	Volume of additional public and private investment mobilized for low GHG development	n/a	Public: US\$20,000,000 Private: US\$4,000,000	€120 million (not including private investment)	See Para 7	5
Outcome 1: Policy development and business support services for green start-ups and SMEs	Number of decision makers in the Ministry of Tourism and Sustainable Development that understand and recognize policy and incentive options for green businesses in agricultural, tourism and energy sectors	0	10 (4 women)	4+. The number of the decision-makers who understand and recognize policy and incentive options for green businesses could be evidenced through "Amendments of the Energy Law", "Amendments of the Law on Spatial Planning and Construction" (revised by the Government and adopted by the Parliament) and through the attendance of high-profile participants at the Green Days Conference organized by the Chamber of Economy of Montenegro (CoE). This includes the Minister of Capital Investment, the State Secretary of the Ministry of Finance and Social Welfare, the State Secretary of the Ministry of Ecology, and the State Secretary of the Ministry of Economic Development.	See Paras 64 to 68	6
	Level of capitalization of Eco-Fund	0	€3 million	€1.6 million (as of June 2020)	See Para 70 and 71	5
	Number of existing and potential entrepreneurs trained and assisted through the Green Business Incubator (green business services delivered)	0	100 (including 30% - women)	247 (22% women)	See Paras 72 to 78	6

¹⁹ Ibid 17

Project Strategy	Performance Indicator	Baseline	Target	Status of Target Achieved	Evaluation Comments	Rating ¹⁹
				Throughout the GGB project, 247 beneficiaries received individual mentorship at the Cetinje Eco-Business Incubator including 56 women entrepreneurs. At this moment, 6 of them are receiving support for all the financing currently available for them.		
Outcome 2: Green business financing	Number of IDF staff, and other relevant institutions, trained to implement and market IDF's green business financing	0	10 (including 30% women)	15 (53% women). 8 IDF employees underwent training provided by AFD, of which 2 were credit officers (3 or 37% of them were women). 7 Eco Fund employees underwent training on green financing, provided by the project (5 or 71% of them were women)	See Paras 81 and 82	
	Number of green business investments supported via performance-based payment	0	20 (including 30% women-led SMEs)	5. Eco-Fund has received 17 applications out of which 5 have been selected immediately for the support.	See Paras 83 and 84	
Outcome 3: Raising awareness of green business practices and financing opportunities	Number of direct green business stakeholders (existing and potential entrepreneurs and technical specialist) reached out to by awareness raising activities	0	300 (including 30% - women)	5,190. Eco Business Centre Cetinje – 247 direct support and 369 social media users and followers Climathon - 1,000 individual views Green Days - 600 participants in 2020 Coronathon – 2,000 individual views Eco Fund social media users and followers - 974	See Paras 87 to 97	

- IDF green credit line support programme that includes company recipients of loans, companies designing technical documentation, companies procuring and installing equipment, companies supervising installation. The number of persons involved is unknown;
- Cetinje off-grid solar power project for 25 rural households - 100 persons;
- Coronathon (see Para 93) - 53 persons (including 32 males and 21 females);
- Climathon for EV subsidy programme (see Para 93) - 40 persons (35% women).

The number of Project beneficiaries will not reach its target of 3,000 persons by the EOP due to COVID-19 pandemic and the change in Government. However, this number is clearly growing and is expected to reach its target sometime after the EOP.

61. With respect to the volume of additional public and private investment mobilized for low GHG development, the investments considered at this moment are the ones received by IDF for a green credit line, where ADF provided €50 million and EIB provided €40 million for green development. In addition, there is a €30 million investment for the Solar+ project mentioned in Para **Error! Reference source not found.** (the first phase has started). This excludes the investments to be placed by the private sector into the projects.
62. Overall, the work by the Project to assist Montenegro in the reducing GHG emissions, training Project beneficiaries and mobilizing public and private capital for the GGB Project, is rated as **satisfactory**.

3.3.2 Progress towards Outcome 1: Green business policies, supporting mechanisms and capacities in place

63. To achieve Outcome 1, Project resources would be used to generate 5 outputs:
 - Output 1.1: Study and roadmap for policy and incentive options for green businesses in agricultural, tourism and energy sectors;
 - Output 1.2: Eco-Fund's regulatory provisions developed and advisory services provided to diversify;
 - Output 1.3: Green business incubator established;
 - Output 1.4: Entrepreneurs supported through the Green Business Incubator (50 existing and potential including at least 20% women); and
 - Output 1.5 Training workshops to develop green business skills delivered (3 workshops training a total of 50 specialists including at least 20% women).

A summary of actual targets of Outcome 1 with evaluation ratings are provided on Table 6.

64. Working closely with the Government of Montenegro, UNDP recognizes that GoMs economic instruments and innovative public policy are key in reducing investor risk, creating financial incentives to transform production and consumption patterns, and generating an enabling environment for greater levels of ambition in terms of GHG emission reductions. Within this context, Output 1.1, three studies were generated through Project resources:
 - "Policies and incentives for green business in Montenegro with a focus on agriculture, energy and tourism, with a roadmap for future climate action in these areas" released on 15 July 2020;

- "Improvement of legislative and regulatory framework for the concept of 'prosumers' in Montenegro" released in June 2019; and
 - "Identification of agricultural products with the highest added value in Montenegro and analysis of their value chains with special reference to the environment", released in January 2020.
65. These studies were designed to help the Government reform economic instruments related to environmentally harmful projects to provide incentives for both reducing pollution and introducing greener products. The Study with the roadmap was progressive for Montenegro in raising awareness among policymakers; establishing a plan for integrating new policies towards enabling a green business environment for Montenegro; and raising awareness amongst the business sector and the general public. In this context, the GGB project was perceived as a pioneer pilot project with a continuation of climate actions to create impact that corresponds with the Government's climate commitments with the EU and the UN that are reflected in the closing measures under the Action Plan for the Negotiation Chapter 27 (Environment) and the National Strategy for Sustainable Development 2030. The Study with the roadmap has also facilitated clarifying the economic benefits to the decisionmakers and influencing their further commitment in creating institutional and normative preconditions for transition to green economy.
66. The Studies have already had multiple purposes during Project implementation. Firstly, it has contributed to the UN response to the overall social and economic situation in Montenegro, even before the COVID-19 pandemic. Secondly, the Studies are significant for Montenegro as EU candidate country in implementing steps under the EU green recovery programme that mitigates the social and economic consequences of COVID-19 pandemic. Thirdly, the Studies were presented to the National Council for Competitiveness in the GoM, followed up by recommendations to the Prime Minister that the Work Plan of the new Government (formed in December 2020, following the elections in August 2020) includes the transition to a green economy as one of the priority components in Montenegro's economic development. Fourthly, the Study has facilitated the Ministry of Economic Development in the implementation of a third assistance package for business sector recovery, thus further contributing to raising awareness on the economic benefits of the transition to green businesses through cost reduction and incentives.
67. Fifthly, the Studies have contributed to the changes in the legislation of Montenegro, particularly regarding the installation and use of the solar panels within the Energy Efficiency Law, resulting in the €30 million in financial support offered by the Solar 3000+ project (under the Electric Power Industry of Montenegro) aimed at 500 businesses and 3,000 households to switch to solar power energy. The Studies were used as an input for preparation of:
- the design of the performance-based payment scheme (PBPS) for the IDF of Montenegro;
 - the design of the PBPS for Eco Fund of Montenegro;
 - the inputs for preparation of assessment of the impact of COVID-19 on the business sector and the growth prospects of the Montenegrin economy;
 - the inputs for preparation of the UN socio-economic response plan to COVID-19 in Montenegro; and
 - inputs for discussion between IDF, EIB and AFD.
68. The GGB Project also provided technical assistance for the development of guidelines towards the Study on "Integration of Small-Scale Renewable Installations". The work focused on identifying

existing legal and financial framework for installation of small-scale solar installations, identifying existing and potential gaps, and developed recommendations and guidelines on the integration of small-scale renewable installations. The purpose of the assignment was to support the development of the decentralized solar energy market in Montenegro by de-risking investments and sourcing innovative technologies in local communities. The recommendations from the Study led to:

- government providing subsidies to SMEs and general public through a public call for the installation of small-scaled on-grid photovoltaic systems. The Project provided technical assistance for the development of technical specification of equipment which is eligible under the Government Program and conditions for the implementation of the works and the maintenance during the warranty period;
- amendments of the Law on Energy providing an improved environment for construction and integration of small-scaled on-grid photovoltaic systems;
- the process of amending the Law that opened number of legislative and technical questions that will need to be aligned with the new legislation to stimulate adoption of the concept by wider population. Within this context, the Project has provided assistance to local municipal administrations to develop local decisions that enable these kinds of investments on the erection, construction and removal of local facilities³². The Project is also in the process of providing technical assistance in development of a road map for necessary bylaws and technical guidance necessary to further develop local production and consumption of renewable energies;
- amendments to the Law on Building and Spatial Planning. The aspect of spatial planning is important aspect of adoption of the local production and consumption of renewable energies by wider population and adopted amendments will further simplify the process;
- development of technical designs for photovoltaic power plants on:
 - the roof of the EBC building in Cetinje (with the plan to build the plant using Project and Cetinje municipality funds);
 - the roof of Innovation and Business Support Center at the Tehnopolis Building in Niksic;
 - the Sports Centre Topolica, Bar;
 - the roof of the parking service in Podgorica; and
 - land on the tourism location in Martinici.

69. With regards to Output 1.2, advisory services for the Eco-Fund's developed regulatory provisions were provided to diversify the cooperation between the MESPU and the UNDP, which has been satisfactory in that the cooperation had commenced during the previous Government for the establishment of Eco-Fund. The management of the Eco-Fund had changed in mid-2021 following the establishment of the new Government in December 2020. The new management found that all the preconditions were met in the establishment of Eco-Fund, with capacities built for the implementation of the PBPS and the subsidy program. The commencement of the work of Eco-Fund was only slightly delayed by the COVID-19 pandemic and the change of the Government. The UNDP PMU, however, ensured good coordination with the new management resulting in a Public Call for the award of subsidies for the procurement and installation of photovoltaic systems for business sector in August 2021 (currently being evaluated by new management).

70. UNDP had set a solid base for the establishment of the Eco-Fund, especially in terms of technical and human resources capacity building for managing the subsidies programme. The majority of activities

³² 19 of 24 municipalities adopted these decisions outlined on <http://www.cetinje.me/cetinje/cms/public/image/dokumenta/cca2790dfc7d1e2e010dac5c78243c8f.pdf>

were implemented under the previous UNDP-GEF Project “Towards Carbon-Neutral Tourism” (TCNT) and continued through the GGB Project, with special attention to capacity building. In terms of the contribution to the design of the performance-based payment scheme and the subsidy program for co-financing green projects³³, decision makers were able to identify and prioritize the type of business activities that should be subsidized to reduce emissions from the tourism, agriculture or energy sectors. In addition to the €1.0 million already in the Eco-Fund, the UNDP PM had also managed to raise €1,500,000 of fund assistance from the Slovenian Government for the Eco-Fund, combining technical and financial assistance, and being the only international project that offers support from the Climate Fund. At the moment, the Eco-Fund has all the necessary resources for managing the ongoing subsidy programmes; however, further technical assistance will be required for planning and managing future programmes.

71. The cooperation of the UNDP and GoM was crucial in establishing the Eco-Fund as the fund to provide support to environmentally related projects in areas such as waste management and energy efficiency, climate change mitigation, and transport (initiated under TCNT). With adopted changes in legislation to the Energy Law and the Law on Spatial Planning by Parliament, the cooperation continued within GGB resulting in:

- a rulebook on the implementation of the procedure for evaluation of applications under the public competition and the manner of monitoring the intended use of funds from the Eco-Fund. The document served as input for future development of 3 Eco-Fund Rule books;
- a cooperation agreement signed between UNDP and Eco-Fund. The agreement serves as a framework for the future cooperation focusing on the creation of a capacity building program for employees in the Eco-Fund, IDF, Chamber of Commerce, SMEs and line ministries. As the institution mandated with financing projects and processes relevant for green development, the Project in June 2020 initiated the design of the capacity building program with the Eco-Fund in a central role to secure improvement of capacities and green business skills;
- inputs for the preparation of Eco-Fund financial and work plans;
- technical support for the preparation and implementation of the Eco-Fund’s first Public Call for subsidizing the procurement of electric and hybrid vehicles, targeting citizens and businesses in Montenegro. The Call was published on 25 January 2021;
- technical support for the design and implementation of the Eco Fund’s Subsidy Program for co-financing projects for increasing energy efficiency and the use of renewable energy sources (RES) targeting private business entities designed on the basis of principles of PBPS. The co-financing proposed was defined up to 40% (maximum of €25,000 per project) of the investment, targeting projects increasing the energy efficiency and use of RES or the installation of the solar photovoltaic systems launched on 4 August 2021;
- a Standard Letter of Agreement on 15 April 2021 between Eco-Fund and UNDP that enables implementation of the PBPS.

72. For Output 1.3, the technical assistance from UNDP was significant in establishing the incubator mentoring programme September 2019 - December 2020, including its transition to online mentoring where beneficiaries throughout Montenegro (50% from Cetinje, and the rest from other Montenegrin towns) received mentoring support via online platforms (including encouragement to

³³ And based on the methodology provided under the “Study on policies and incentives for green business in Montenegro” (which largely relies on the European Green Deal action plan for the creation of a common classification system for sustainable economic activities, “EU taxonomy”).

contact the mentors via phone and e-mail). With the support of UNDP, 4 mentors in the areas of marketing, strategic planning, finance and ICT were initially recognized (with the additional expert roster from Montenegro and Croatia) and engaged to support beneficiaries within the Eco Business Center in Cetinje (EBC). As a result, 247 beneficiaries received mentoring support, while 4 of them received loans from €1,400,000 from IDF as a direct result of the mentoring support in the development of green business plans.

73. In the context of Green Business Incubator establishment, the Project provided technical assistance September 2019 - December 2020 to EBC resulting in:

- an EBC strategic and action plan developed. Taking in consideration COVID-19 effects on the Montenegrin economy, the UNDP and Cetinje team commenced initiation on the revision and update of the plan;
- criteria for use of space and services of EBC developed and adopted;
- a mentoring program needs assessment that resulted in the creation of a mentoring program focusing on:
 - legislative regulation, accounting and administrative conditions;
 - strategic and financial planning and management and networking in business;
 - product development, promotion, marketing and networking; and
 - innovations and new technologies;
- a memorandum of cooperation signed with the Project and the Old Royal Capital Cetinje on 4 July 2019;
- support for a design of grant/subsidies program to be implemented by Old Royal Cetinje Centre with additional focus on green jobs.

74. There was a strategic document developed in November 2020 as a result of the COVID-19 pandemic to set a framework for future EBC incubator services and development. Consequently, a set of documents has been developed including:

- a new strategic plan that reflect EBC's ambition to have a regional role and impact, and movement towards online mentoring and support and green development support;
- establishment of Roster of Experts based on a Public Call;
- publishing a grant/subsidies program based on a Public Call;
- exploring and supporting efforts to introduce online support and mentoring platform as part of regular EBC incubator services.

75. With regards to Output 1.4, entrepreneurs supported through the Green Business Incubator, there has been a "Mentoring Programme Needs" assessment, where terms of references and services were procured for 5 mentors. A mentoring program was envisaged for EBC with services consisting of:

- grants for proven feasible concepts;
- business consulting and mentoring;
- access to finance;
- partnership and networking;
- marketing;
- support in creating appropriate policies for the development of green business.

Starting from November 2019, the mentoring program has had a continuous call for applicants with continuous promotion offering advice to more than 200 users up to date.

76. Entrepreneurs supported through the Green Business Incubator include those Public Calls for the procurement and installation of photovoltaic systems for business sector in August 2021. IDF's Green Credit Line has an interest rate of 3% and a 1-year grace period. Green Business entrepreneurs were trained to apply for credits at IDF, not for the subsidy programme published by Eco-Fund. There is a separate activity of Eco Fund from the E-mobility Study conducted by the Tourism Project in 2019 which allocated €100,000 from the Eco Fund for subsidizing E-vehicles (€5,000) and hybrid vehicle (€2,500). All the money has been distributed to end-beneficiaries, namely to private companies and individuals.
77. With regards to Output 1.5, training workshops to develop green business skills, a consultant has been recruited for designing and conducting the training programs. In addition to training 7 Eco-Fund employees provided by the Project on green financing (5 or 71% of them were women), the Eco-Fund and IDF will be nominating relevant staff members to participate in upcoming training sessions. Due to the COVID-19 pandemic and associated mobility and social distance restrictions, online tailor-made training of IDF and Eco-Fund technical specialists were to be conducted.
78. There have been additional resources raised in support of this Outcome:
 - Following preparation and approval of the concept note for the UNDP Resource Efficient Development Engagement Facility, a study "Identification of Green Added Value Products and Feasibility Assessment of Related Value Chains" was prepared. The study identified concrete green products with high market value and job creation potential, possibilities for greening products, and implementing the identified solutions. This complements the Output 1.1 study on "Policies and incentives for green business in Montenegro with a focus on agriculture, energy and tourism, with a roadmap for future climate action in these areas";
 - E-mobility study supporting the efforts under UNDP-GEF TCNT Project, "Development of the E-Mobility Feasibility Study for Montenegro" finalized in May 2019. For the first time in Montenegro, a systemic analysis of institutional, legal and financial capacities was conducted as well as market conditions and design of suitable financial and non-financial incentive programs to promote further transformational change and increase of e-vehicles in Montenegro. According to the market analyses, the key obstacle to further deployment of e-vehicles in Montenegro is the lack of public charging infrastructure (according to 67% of surveyed citizens and 80% of surveyed business entities). In response, the Eco-Fund, with technical assistance of the Project, put together a program with their own resources to financially support companies and individuals in procuring electric and hybrid vehicles. Within the TCNT Project, the first 12 public charging stations for e-vehicles have been installed throughout Montenegro from September 2019 until September 2020, thus enabling charging of e-vehicles in all three regions of Montenegro;
 - the Project implemented activities focusing on supporting 20 solar PV technical designs for businesses using funding provided by the Slovak government. The estimated investment was €2.33 million with a potential 2,550 kW of power generated, and avoided CO₂ emissions of 1,626 tCO₂/year;

- The study “Identification of agricultural products with the highest added value in Montenegro and analysis of their value chains with special reference to the environment” that was developed in January 2020 was co-financed by the British Embassy in Montenegro.
79. Overall, the work by the Project to assist in achieving Outcome 1, policy development and business support services for green start-ups and SMEs, is rated as **satisfactory**. This is primarily due to the number of beneficiaries receiving individual mentorship, the ongoing but successful capitalization of the Eco-Fund allowing it to make Public Calls for installation of photovoltaic systems for the business sector in August 2021, for electric vehicle subsidies in January 2021, and for electric vehicle charging infrastructure in August 2021 (implemented by the UNDP CO).

3.3.3 Progress towards Outcome 2: Innovative green business financing enabled

80. To achieve Outcome 2, Project resources would be used to generate 2 outputs:
- Output 2.1: Capacities created within IDF to implement/enhance green business financing;
 - Output 2.2: Financing mechanism (performance-based payment scheme) designed and implemented.

A summary of actual achievements of Outcome 2 with evaluation ratings are provided on Table 7.

81. With regards to Output 2.1, capacities created within IDF to implement and enhance green business financing, the preparation of “Study on policies and incentives for green business in Montenegro with a focus on agriculture, energy and tourism, with a roadmap for future climate action in these areas” (under Output 1.1) had a very positive impact on the capacities of the IDF team (even with the late release of the study in July 2020 due to the COVID-19 pandemic). The Study proved to be very informative for the IDF team in terms of the process of discussing loans from EIB and AFD, with whom the IDF has established successful cooperation with UNDP. The Study was observed to be very progressive for Montenegro in the application of good practices and methodology that correspond more to the existing local context for PBPS and the subsidy program for co-financing green projects. The assistance for financing and capacity building was successful, resulting in the introduction of a new IDF green credit line (with a concessional 3% interest rate) as of August 2021³⁴. The Study was to be of utmost importance in the creation of future financing priorities within the green credit line, which was to remain active in the future IDF financing programmes. The Study has already had multiple effects, one of which is IDF's recognition of the benefits in introducing green portfolio among its credit lines, which also contributed to the identification of financial institutions, EIB and AFD that provided further support in capacity building and financing of green business plans.
82. Further to the capacities created within IDF to implement and enhance green business financing, IDF and the Eco-Fund signed a cooperation agreement. This led to an exchange of experts to jointly assess financial and legal capacities of companies applying and to exchange information about companies applying for subsidies. In addition, a draft training programme for the IDF was developed resulting in covering as many of the IDF staff as possible (Eco-Fund staff had already been trained).
83. With regards to Output 2.2, financing mechanism (performance-based payment scheme) was designed and implemented as a part of the Subsidy Program of the Eco Fund. The Subsidy Program

³⁴ <https://www.irfcg.me/me/2015-01-13-12-25-48/program-podrske-razvoju-zelenih-poslova-u-crnoj-gori-fotonaponski-paneli-za-privredu-i-polioprivredu.html>

launched on 4 August 2021, specifies the co-financing of up to 40% (max €25,000 per project), targeting projects that increase the energy efficiency and use of renewable energy sources (installation of the solar photovoltaic systems). An agreement between IDF and UNDP was that IDF would allocate its own funds for the green credit line while the Project provided technical assistance for the communication campaign. This possibly includes IDF promises to lower interest rates in the near future to catalyse interest in green loans.

84. The UNDP Project Team was flexible in adapting to the needs of IDF, supporting and supervising the entire process of implementing the PBPS and the subsidy program for co-financing the projects, regardless of the challenges in the COVID-19 related delays and the change of the Government. As a result, the IDF initiated the new green credit line for businesses in August 2021, following the Public Call by Eco-Fund for the installation of solar photovoltaic systems, supporting up to 40% of the investment. The green credit line will be regularly included in IDF's annual financing programme as of 2021. Next steps in the PBPS financing scheme and subsidy program will be the:

- finalization of the green loan product; and
- launching of the green loan product for co-financing the projects that increase energy efficiency and use of RES (installation of solar photovoltaic systems).

85. In conclusion, the work by the Project to assist in achieving Outcome 2, green business financing under IDF, is rated as **satisfactory**. This is based on the capacities developed by IDF and a new green credit line started at IDF in August 2021, notwithstanding the delays due to the COVID-19 pandemic and the change in Government.

3.3.4 Progress towards Outcome 3: Increased awareness of entrepreneurs and the financial sector on green business practices and financing green business projects

86. To achieve Outcome 3, Project resources would be used to generate 2 outputs:

- Output 3.1: Awareness-raising activities conducted (150 existing and potential entrepreneurs and 100 stakeholders from public institutions, industry experts and academia);
- Output 3.2: Green Business Incubator communication tools developed (reaching out to 300 entrepreneurs).

A summary of actual achievements of Outcome 3 with evaluation ratings are provided on Table 7.

87. With regards to Output 3.1, the raising awareness approach of the Project was three-fold:

- outreach to have as many one-on-one discussions with potential beneficiaries;
- use concrete activities and tangible results as information dissemination platform;
- building on these inputs to create a long-term platform and information sharing hub regarding green development.

While the first two activities are well underway, the third activity is in the development phase. The outreach towards potential beneficiaries of mentoring services was done through public calls, individuals reaching out to mentors and project teams, and use of available data bases and contacts. The result is that more users of mentoring services is outside of Cetinje, from Bar, Mojkovac and

Budva municipality, who contacted the Project for mentoring services. Agreements were made for providing services for ongoing national employment institute grant program.

88. Raising awareness and increasing knowledge of the Green Economy concept and sustainable development in national and regional context by numerous stakeholders from the NGOs and private sector has been ongoing. These activities are based on international best practices from organization of the first Climathon in Montenegro, and CORONATHON, the COVID-19 response and recovery online hackathon. Further details are found in Para 93.
89. The International Green Days Conference was organized by the Chamber of Economy of Montenegro, 3 times during GGB Project implementation in 2019, 2020 and 2021, in cooperation with the GoM and GGB. The success of the Conference implies its potential to upgrade to the large-scale regional conference and becoming the only high-profile event in the region that encompasses green and climate action topics. Its impact reflects mostly in the change in public discourse that deals more with green topics, though there is still room for improvement in terms of additional promotion in the area of climate actions aimed at the decisionmakers.
90. According to UNDP, this awareness raising and promotion component of the GGB project was extremely efficient. In particular, the Green Days Conference had a strong effect on exchange knowledge exchanges, good practices, and promotion of investments in green activities. The Conference had the potential of influencing awareness raising amongst decision and policy makers in Montenegro, and the general public. The high-profile speakers drew attention to the economic benefits, but also to the fact that recovery from COVID-19 consequences may be achieved only through GoM's full commitment to a green economy transition.
91. The Ministry of Capital Investment and the Ministry of Ecology, Spatial Planning and Urbanism also thought this output of the GGB project was very efficient in raising awareness among decisionmakers and business sector. The direct impact of the 2019 Green Days Conference had reflected the motivation of policymakers to introduce changes in the normative framework of energy efficiency, and consequently contribute to the country's obligations under two Negotiation Chapters (Chapters 15 (Energy Efficiency) and 27 (Environment) of the integration negotiation process with the EU).
92. In addition to the work done in Output 3.1, there was a Facebook campaign for the IDF green credit line (specifically for the project of photovoltaic panels "Sunce radi za vas") which performed the following:
 - informed the public about the existence of credit opportunities from the production of electricity from solar photovoltaic systems;
 - brought interesting facts about solar energy and the sun, trying to educate the target group through interesting and likable content. The campaign emphasized that there are no emissions of harmful gases, was a reduction of greenhouse effect, no negative impact on the environment, and that the project was sustainable and profitable;
 - provided effective visuals with short messages: greater use of clean energy, better energy efficiency, less carbon dioxide, and went into expert explanations of photovoltaic energy, how solar cells and solar panels function, and provided history of the first solar cell from its use in the space program.

An estimated 177,000 viewers were within reach of the campaign.

93. There were several other awareness raising events including:

- Climathon, a world-renowned environmental competition dedicated to innovation in climate change. The first Climathon in Montenegro was organized by the NGO "Nest", under the auspices of the Delegation of the European Union to Montenegro, and in cooperation with the Ministry of Science, the United Nations Development Program (UNDP), Telenor, the Capital Podgorica, the Chamber of Commerce of Montenegro, Erste Bank and the Foundation Petrovic Njegos. The GGB mentors took part as mentors with focus on expanding and supporting green elements of the participants ideas;
- CORONATHON was the COVID-19 response and recovery online hackathon. UNDP, Ministry of Science and Ministry of Culture organized this first online hackathon in Montenegro in cooperation with DevClub, Alicorn, Digitalizuj.Me and Science and Technology Park. The goal of online hackathon was to identify solutions that would help Montenegro adjust to, respond to and recover from the consequences caused by coronavirus COVID-19. The event brought together the digital community and experts from various fields and citizens, with the virtual contest on 24-26 April. The GGB mentors took part as mentors with focus on expanding and supporting green elements of the participants ideas.

94. With regards to Output 3.2, Green Business Incubator communication tools developed, the EBC thought the Communication Strategy was set on a good basis in profiling the first green business incubator in Montenegro and also in the region, to support development of existing businesses to turn green. However, the EBC has gone through changes as a consequence of election results in August 2020 up to the beginning of 2021, as the local authorities of Cetinje decided to change the structure of the Centre (which is still ongoing) and which has resulted in the interruption of the Strategy implementation and promotional activities via social media channels. For the purpose of increasing the EBC visibility and outreach, 2 workshops on using social media were organized for the development of:

- the EBC communication strategy;
- EBC branding; and
- EBC social media posting framework.

95. Green Business Incubator communication tools were provided directly to 247 beneficiaries under which the mentorship support was provided for the development of business plans. Four loans were granted by the IDF in the total amount €1,400,000 as a direct result of the EBC beneficiaries and mentorship support to develop business plans. One-on-one mentoring with beneficiaries was carried out in person, but also in online formats, via direct phone lines with the mentors and e-mails. The availability of mentors was granted 24/7 for beneficiaries and was significant not only in strategic planning and business plans development (which corresponded to the targeted and needs of the beneficiaries) but also in assisting them to introduce green components in their business ideas. Particular examples are related to the business plan that was awarded the highest loan (€800,000), which with the mentoring support succeeded in turning the initial idea of building a standard boutique hotel into an eco-boutique hotel. In addition, one of the beneficiaries that previously used chemicals in building and painting electric and acoustic guitars has switched to eco-water-based paints, which in addition to ensuring a loan from IDF, has also ensured that his guitar-making business is also competitive in the European market which forbids the use of certain chemicals in the production process.

96. In addition, agricultural producers who do not have access to electricity in remote rural areas of Montenegro, do not have the status of legal persons but have interest in the installation of solar PV systems. In June 2021, the PSC enabled them to take part in the support programmes implemented by the Eco-Fund and the IDF. The Royal Capital Cetinje, supported by UNDP, designed and implemented activities to provide support to remote off-grid agricultural holdings with the procurement and instalment of photovoltaic systems.
97. These initiatives resulted in identification of additional opportunities to finance green business opportunities:
- Cooperation with Slovak Resource Mobilization Facility Program: This initiative, in cooperation with TCNT project team used funds from Slovak Government to design:
 - the technical documentation that would serve as the backbone of the Tender Documentation for selecting the IT Company to develop and implement appropriate ICT solution for the Road Sector in Montenegro (coordinated by the Ministry of Transport and Maritime Affairs);
 - a full set of documentation, including an energy audit and Bill of Quantities for the modernization of public lighting system in Danilovgrad, Budva, Kolasin and Cetinje;
 - the ToR for development of the “Main Design for Water Supply System Improvement in Montenegro”. The detailed ToRs for 21 municipalities were developed and submitted to the Association of Water Supply Public Companies;
 - an energy audit for 9 residential buildings in the center of Pljevlja town that provided basis for investment in concrete EE measures;
 - Cooperation under the City Experiment Fund³⁵. The initiative “Enhanced Citizens Participation for Sustainable Urban Future of Pljevlja” funded through the regional City Experiment Fund supported financially by Slovak Government, aims for a multi-stakeholder consensus on the fundamental transformation of Pljevlja towards a healthy, resilient and prosperous city through processes of mapping and better understanding of the needs of citizens and business community by co-designing systems and support mechanisms. Two goals were set with recurrent calls for broader conceptualization of new development paths:
 - new development agenda based on multi-actor approach that directs due attention to technological innovation, facilitation of R&D and the investments in human capital ensuring competitiveness and progress, and through it, a sustainable local economic growth to capture inwards and outward flows of capital and knowledge;
 - integrated solutions with focus on decarbonization programs that will further accelerate investments and boost up transformation.
98. In conclusion, the results of Outcome 3 in raising awareness of the Green Incubator can be rated **satisfactory** in light of the broad outreach of awareness raising campaigns, and the additional green business opportunities brought on by the Project.

3.3.5 Relevance

99. The GGB Project is **relevant** to the development priorities of the GoM, namely:

³⁵ City Experiment Fund (CEF) is an initiative of UNDP and the Slovak Ministry of Finance, to support cities in the application of innovative approaches

- the NSSD, set up for the response to the challenges of sustainable development in Montenegro by 2030;
- Montenegro's NDC with an ambitious goal of achieving a 30% reduction in national GHG emissions by 2030 against the baseline of 1990;
- the 2011 Ministry of Economy's new feed-in tariffs for electricity purchase from renewable energy sources.

100. Moreover, the GGB Project contributes to SDGs including:

- No. 5 - Gender Equality: there are gender targets for every indicator involving project beneficiaries or stakeholders;
- No. 7 – Affordable and clean energy: Ensuring affordable, reliable, sustainable and modern energy for all;
- No. 11 – Sustainable cities and communities: make cities and human settlements inclusive, safe resilient and sustainable; and
- No. 13 – Climate action: take urgent action to combat climate change and its impacts.

3.3.6 Effectiveness

101. The effectiveness of the GGB Project has been **highly satisfactory**, in consideration of the highly successful technical assistance provided, and the additional resources leveraged by the Project to tackle issues such as the UNDP Resource Efficient Development Engagement Facility study of “Identification of Green Added Value Products and Feasibility Assessment of Related Value Chains” (Para 78), the UNDP-GEF sponsored TCNT Project “Development of the E-Mobility Feasibility Study for Montenegro” (Para 78), cooperation with Slovak Program (Para 97), and the City Experiment Fund sponsored “Enhanced Citizens Participation for Sustainable Urban Future of Pljevlja” (Para 97).

102. Moreover, in a small sampling of participating GGB participants, the Evaluation found that the GGB PMU had developed excellent relationships with all stakeholders, who all valued the technical assistance provided by the GGB Project. The goodwill generated by these stakeholders has been impressive, strongly influenced by the GGB's regional workshops, and webinars. All persons interviewed by the Evaluators had glowing reviews about the GGB process and approach to technical assistance.

3.3.7 Efficiency

103. The efficiency of the GGB Project has been rated as **satisfactory** in consideration of the cost efficiencies of the technical assistance financed by the GEF funds, followed by co-financing from the GoM. The usage of funds allocated to each stakeholder were determined by the GoM, specifically the MoTSD and then MESPU. The fact that most of the funds allocated were used to meet the targets also contributes to the overall efficiency for which GEF funds were utilized. However, in terms of the efficiency of expenditures and GHG emission reductions achieved, the Project did not do so well mainly due to the COVID-19 pandemic but also partly due to the change in government, *not* inefficiencies in Project management.

3.3.8 Mainstreaming

104. The GGB Project partially mainstreamed green business through its technical assistance. Most notable of GGB activities to mainstream green business opportunities was the preparation and completion of the “Study on policies and incentives for green business in Montenegro with a focus on agriculture, energy and tourism, with a roadmap for future climate action in these areas” (Para 64). This was the continuation of climate actions to create impact that corresponds with the Government’s climate commitments with the EU and the UN that are reflected in the closing measures under the Action Plan for the Negotiation Chapter 27 (Environment) and the National Strategy for Sustainable Development 2030 (Para 65), and the Study contributing to changes in the legislation of Montenegro, particularly regarding the installation and use of the solar panels within the Energy Efficiency Law, resulting in the €30,000,000 in financial support offered by the Electric Power Industry of Montenegro (Paras 66 to 67).

3.3.9 Overall Project Outcome

105. The intended Project outcomes have been **satisfactory**:

- the Project has been successful at promoting and catalyzing private sector investment in low carbon and green businesses in Montenegro based on the setup of the Eco-Fund and IDF green credit line, and the number of entrepreneurial proposals responding to the Public Calls for solar installations and e-vehicles;
- the IDF, Eco-Fund, Solar 3000+ project and other initiatives appear poised to generate substantial GHG emission reductions after the EOP (including IDF promises to lower interest rates in the near future to catalyse interest in green loans – see Para 83);
- a total credit line of €120 million being available in public funding for low carbon development;
- a critical mass of decision-makers that understand and recognize policy and incentive options for green businesses leading to ;
- a large number of existing and potential entrepreneurs and technical specialists (or direct green business stakeholders) who have been affected by green awareness raising activities.

3.3.10 Sustainability of Project Outcomes

106. In assessing sustainability of the GGB Project, the Evaluators asked “how likely will the Project outcomes be sustained beyond Project termination?” Sustainability of GGB’s outcomes was evaluated in the dimensions of financial resources, socio-political risks, institutional framework and governance, and environmental factors, using a simple ranking scheme:

- 4 = *Likely (L)*: negligible risks to sustainability;
- 3 = *Moderately Likely (ML)*: moderate risks to sustainability;
- 2 = *Moderately Unlikely (MU)*: significant risks to sustainability; and
- 1 = *Unlikely (U)*: severe risks to sustainability; and
- U/A = *unable to assess*.

Overall rating is equivalent to the lowest sustainability ranking score of the 4 dimensions. Details of sustainability ratings for GGB Project are provided on Table 7.

107. The overall GGB Project sustainability rating is likely (L). This is primarily due to:

- confirmed funding for establishing the incubator and holding additional workshops to develop green business skills from the municipal budget, donors and the state budget;
- the GoM completely engaged on the Project supporting legislation and policies;
- no socio-political risks on all outcomes.

Table 7: Assessment of Sustainability of Outcomes

Actual Outcomes (as of August 2021)	Assessment of Sustainability	Dimensions of Sustainability
Actual Outcome 1: Policies have been developed around green businesses and support services for green start-ups and SMEs have been established.	<ul style="list-style-type: none">• <u>Financial Resources:</u> Funding is confirmed for the Eco-Fund and the EBC (with local municipal budget of the Cetinje, donor sources and state budget). This covers both mentoring and information dissemination services;• <u>Socio-Political Risks:</u> No socio-political risks;• <u>Institutional Framework and Governance:</u> No institutional and governance risks;• <u>Environmental Factors:</u> No risk.	4
		4
		4
		4
		<u>Overall Rating</u> 4
Actual Outcome 2: Green business financing has been started at IDF	<ul style="list-style-type: none">• <u>Financial Resources:</u> IDF initiated the new green credit line for businesses in August 2021, following the Public Call by Eco-Fund for the installation of solar photovoltaic systems, supporting up to 40% of the investment, sing GoM funds. IDF is having ongoing discussions with EIB and ADF on on-lending;• <u>Socio-Political Risks:</u> No socio-political risks;• <u>Institutional Framework and Governance:</u> No institutional and governance risks;• <u>Environmental Factors:</u> No risk.	4
		4
		4
		4
		<u>Overall Rating</u> 4
Actual Outcome 3: Raising awareness of green business opportunities and green business financing opportunities has been established.	<ul style="list-style-type: none">• <u>Financial Resources:</u> Sources of funds for raising awareness is available from the Eco-Fund and the EBC (with local municipal budget of the Cetinje, donor sources and state budget);• <u>Socio-Political Risks:</u> <i>No socio-political risks;</i>• <u>Institutional Framework and Governance:</u> <i>No institutional and governance risks;</i>• <u>Environmental Factors:</u> <i>No risk.</i>	4
		4
		4
		4
		<u>Overall Rating</u> 4
	<u>Overall Rating of Project Sustainability:</u>	4

3.3.11 Country Ownership

108. The applicability of GGB approaches to government-backed legislation and legal and policy frameworks has created strong government ownership and drivenness to apply GGB methodologies from studies to government and entrepreneurial planning processes. With the GGB Project involving the MoTSD then MESPU as well as other line ministries, these teams were active in providing feedback on GGB methodologies that facilitated constant improvement of the methodologies.

3.3.12 Gender equality and women's empowerment

109. Gender equality was managed and monitored throughout the Project including the delivery of:

- 56 female entrepreneurs were under the EBC mentoring program in Cetinje;
- 60 female entrepreneurs receiving mentoring support in Bar and Budva for 16 full applications for the subsidy programs. The mentoring program was made available to applicants for the subsidy programs focused on promoting female entrepreneurship in Bar municipality and Budva Municipality;
- 2 females out of 15 beneficiaries from the Project of Public employment bureau;
- 5 female-led teams out of 10 from Climated;
- 21 females out of 53 in Coronathon where 5 mentors from the Project provided support to the participants of the first online hackathon in Montenegro;
- 5 women in trainings for Eco Fund out of 7 staff members;
- 45% women out of 25 households for Cetinje subsidy program for 25 off-grid solar PV systems.

3.3.13 Cross cutting issues

110. The main cross-cutting issues of the GGB Project is gender disaggregation. This is mentioned in Section 3.3.13.

3.3.14 GEF Additionality

111. The issue of GEF additionality is quite clear on this GGB Project. Without the Project, there would be no activity regarding green financing legislation, no capacity building amongst all stakeholders concerned with implementing green business, and no efforts of technical assistance to establish GGB partnerships. Hence, GEF additionality consists of these elements.

3.3.15 Catalytic/Replication Effect

112. Catalytic effects can be found in the start-up of programmes to raise awareness of green business practices and financing opportunities in Outcome 3. This created high demand for mentoring services in Outcome 1.

113. Replication effects of the Project have not yet been realized due to the late start of the Project and the delays caused by the COVID-19 pandemic and then the change in Government in August 2020. Activities that have replication potential are the projects financed by the August 2021 Public Call for solar PV installations and electric vehicles which have yet to see their first investment. Given the 247+ entrepreneurs who have been provided mentoring services, replication of the solar PV installations and electric vehicles should be realized soon.

3.3.16 Progress to impact

114. There is still much progress to be made before the GGB Project is able to mainstream green businesses in Montenegro. However, there are some encouraging activities that show a shift towards an impact of national GHG emission reductions:

- The program Solar 3000+ consisting of renewable energy investments (particularly solar photo-voltaic) run by the GoM and the state-owned Electric Power Industry consisting of €30 million from the Government and a substantial amount from companies and individuals. The funds will be loaned out to buy the equipment for the energy company (with support from the Eco-Fund) with the loans paid back through energy savings. This was driven by the legal and financial legislative changes made by the Project;
- Possible IDF reductions in interest rates in the near future to catalyse interest in green loans (see Para 83);
- E-vehicle program operated by the Eco-Fund to convert existing individual and company petrol and diesel vehicles to electric or hybrid vehicles. The problem with this program is the focus on privately-owned vehicle owners who will be difficult to convert. Focus should be on vehicle owners who frequently use their vehicles and would therefore be more willing to convert. Thus, the progress to impact suffers (see Para 124).

4. MAIN FINDINGS, CONCLUSIONS, RECOMMENDATIONS AND LESSONS

4.1 Main Findings

115. The GGB Project has managed to promote private sector investments in low carbon and green businesses in Montenegro. It has done so by:

- produced studies referred in Para 64 that have contributed to changes in the legislation of Montenegro, particularly regarding the installation and use of the solar panels within the Energy Efficiency Law, resulting in €30 million of financial support offered by the Electric Power Industry of Montenegro;
- successful awareness raising of low carbon and green business opportunities amongst potential and actual green business stakeholders;
- training and assisting existing and potential 247+ entrepreneurs through the Green Business Incubator (green business services delivered);
- working with donors such as the EIB, ADF and the Slovak Government to create credit lines for private investment into photo-voltaic installations, other forms of renewable energy, and electric vehicles;
- working with the GoM to provide subsidies from the Eco-Fund and favourable credit lines with a “grant” component to be provided by the IDF. This included Public Calls for solar PV installations, e-vehicles and e-vehicle charging infrastructure with affordable loans and grants considered a precondition and a highly motivating factor for the private sector to invest in the green transition and technologies (maximum envisaged amount of subsidies or grants would be up to €25,000 per project, covering up to 40% of eligible costs);
- the IDF and the Eco Fund cooperating to ensure synergies in actions taken by both institutions towards implementing the Programme to Support Green Business in Montenegro, specifically photovoltaic panels for industry and agriculture;
- facilitating Public Calls for low carbon proposals.

116. This work was being done despite the change in government and the COVID-19 pandemic (with its social restrictions), causing the Project to fall behind. Regardless, the momentum carried by the Project was sufficient to get these credit lines into place with decent responses to the Calls. The EU’s Green Deal helped to determine a new low-carbon development framework and the way Montenegro’s financing institutions were able to access funding. As a result, the IDF and Eco-Fund had initiated discussions to obtain funding for low-carbon development with the IDF negotiating with the EIB and AFD and the Eco-Fund negotiating with the Slovenian Government’s Climate Fund, and these funds being operational in early 2021.

4.2 Conclusions

117. The approach to GGB implementation was strongly conditioned by the political and financial context and situation in Montenegro. Project implementation relied on finding new niches for interventions and an approach to launching activities that have not been a priority but have significant development potential such as solar PV installations and electric vehicles. In essence, the Project created a domino effect through capacity building activities and targeted interventions.

118. The GGB Project was implemented with a number of policy barriers being removed (Para 64), an IDF green credit line becoming operational (Paras 72 and 83), a performance-based payment scheme implemented as a part of the Eco-Fund's Subsidy Programme (Paras 83 to 84), an operational mentoring programme for green business (Paras 72 to 77), and awareness raising of green business opportunities (Paras 87 to 89). While most of the important targets were achieved, the Project did not deliver direct GHG emission reductions targets, mainly due to the pandemic and change in Government in August 2020, *not* project inefficiencies. As a consequence, the status of most aspects of the GGB programme not only appear to be favorable towards promoting and implementing low carbon and green business lines, it appears poised to generate substantial GHG emission reductions after the EOP. This includes:

- responses to the €30 million in financial support offered by the state-owned Electric Power Industry of Montenegro aimed at 500 businesses and 3,000 households to switch to solar PV energy;
- responses to IDF launching a green credit line for solar PV installations and electric vehicles; and
- performance-based payment scheme being implemented as a part of the Subsidy Program of the Eco-Fund for solar PV installations and electric vehicles.

119. In hindsight, the Project was designed with an ambitious schedule starting 27 April 2018 that could have used additional time to undertake ambitious studies that needed to be done to remove legislative and policy barriers. While the COVID-19 pandemic had much to do with the delays of these important studies, the time to produce these studies took 2+ years (to July 2020) to complete. This would have left very little time to activate the Solar 3000+ project's financial support, the IDF's green credit line and the Eco-Fund's Subsidy Programme, to generate GHG emission reductions from their investments.

4.3 Recommendations

120. The recommendations made in this Evaluation are made in the spirit of improving ongoing future delivery of GGB projects, and on the basis of the lessons learned during implementation of the GGB Project.

121. *Recommendation 1 (to the Government of Montenegro and UNDP): Include as a part of awareness raising activities, additional presentations on the studies "Policy and incentive options for green businesses in Montenegro in agricultural, tourism and energy sectors" and "Improvement of legislative and regulatory framework for the concept of 'prosumers' in Montenegro".* These Studies were very important to the removal of policy and legislative barriers to green business in Montenegro, containing information relevant of the process of preparing future low carbon strategies. Thus, presentations should be aimed at awareness raising to a wider audience of decision makers.

122. *Recommendation 2 (to the Government of Montenegro and UNDP): Monitor post-project GHG emission reductions from projects supported by the Solar 3000+ project, IDF funds, Eco-Fund and other financing initiatives.* IDF and the Eco-Fund have their own internal GHG emission reduction monitoring systems resulting from their Public Calls for solar PV installations and electric cars. The GHG emission reduction monitoring systems for the Solar 3000+ project and other financing schemes has not yet been defined. The UNDP CO and the Government of Montenegro should work closely

with the IDF, Eco-Fund, the Solar 3000+ and other financing schemes to ensure the GHG emission reduction monitoring systems to adhere to best practices and comply with standards for accuracy.

123. Recommendation 3 (to UNDP and the Government of Montenegro): Green initiatives and climate actions must be continued with a special focus on improving their competitiveness within the business sector. This would include:

- as most green investments are expensive, future support by donors and financing institutions is one of the key preconditions in the process of transition to green economy. This would include a focus on sustainable support for grants for the mentoring programme, concessional finance from donors and financial institutions, and grants for the Subsidy Programme of the Eco-Fund of green investments;
- future green projects should encompass credit lines and subsidies aimed at citizens, especially in the area of energy efficiency, which requires changes in the current framework;
- future subsidy programs for co-financing green projects should support more than 40% of the investment. While the Eco Fund suggests that the support to green investments be at least 50%, preferably 60%, the Government should consider this spike in subsidy levels to be only promotional. In other words, the Government should use this spike in subsidy levels to catalyse interest in a particular intervention such as solar PV installations or conversion of private vehicles to hybrid or electric vehicles (see Para 124), then reduce the subsidy rate when there is sufficient interest;
- future green projects should encompass introducing the emissions trading system for reduction of CO₂ as well as technical assistance for operator's capacity building;
- incorporate lessons learned from the Call for Proposals for the improvement of similar future programs to the current Eco-Fund and IDF programmes. For example, there needs to be simplified procedures in the legal and institutional framework that have created business barriers in the implementation of these green investments.

124. Recommendation 4 (to UNDP and the Government of Montenegro): In E-vehicle program operated by the Eco-Fund, there should be more focus on vehicle owners who frequently use their vehicles. The E-vehicle program operated by the Eco-Fund aims to convert existing individual and company petrol and diesel vehicles to electric or hybrid vehicles as mentioned in Para 114. The problem with this program is a focus on privately-owned vehicle owners who generally will be difficult to convert mainly due to problems of affordability. Focus should be on:

- corporate vehicle owners who frequently use their vehicles such as delivery companies and service vehicles. This would increase the success rate of vehicles conversions in the short-term while privately-owned vehicle owners decide to convert in larger numbers;
- vehicle owners who frequently use their vehicles (annual millage over 13,000 km) and would therefore be more willing to convert. Due to still low affordability by this class, increased subsidies (greater than 40%) should be considered for a year or 2 to catalyse and improve incentives to convert;
- potential owners of EV charging stations who should be offered subsidies.

125. Recommendation 5 (to the Government of Montenegro and UNDP): Continually update the framework for energy efficiency and renewable energy sources. This would be to eliminate outdated

technologies, reduce infrastructural barriers for installations, and have stronger involvement of line ministries.

4.4 Lessons learned

126. Lesson #1: If there is willingness of government stakeholders to have frequent interaction with project staff, the project will be more able to deliver outcomes regarding institutional and regulatory reform. This Project has fostered such a relationship and has generated benefits of efficient delivery of the studies (in implementing steps under the EU green recovery programme). Quick adoption of these studies, and accompanying rules and regulations were developed to help the Government, specifically the Eco-Fund and IDF design or reform economic instruments related to environmentally harmful projects and to provide incentives for both reducing pollution and introducing greener products. By comparison, there are countries where relevant government officials were not available to often meet (or meet at all) with project staff causing delays, and in some cases, non-delivery of outcomes involving institutional and regulatory reform work.
127. Lesson #2: A project that focuses on a single sector will more likely succeed in its objectives of market transformation. In the case of GGB, GEF resources were mainly focused on the development of one renewable energy source, solar photovoltaic installations. Once momentum was achieved on the solar photovoltaic installations, the focus has been on electric vehicles and charging infrastructure. Once momentum has been achieved on electric vehicles and charging infrastructure, focus can be applied elsewhere to address other renewable energies such as biomass, wind or geothermal, and energy efficiency initiatives.
128. Lesson #3: More time should be allocated to a project with intentions of legislative and financial reform. The 3-year implementation period of GGB was too short. If the GGB Project had 4 years to complete all of its intended works, it would have reached targeted GHG emission reductions.

APPENDIX A - MISSION TERMS OF REFERENCE FOR GGB PROJECT TERMINAL EVALUATION

BASIC CONTRACT INFORMATION

Job Title: International consultant to conduct Terminal Evaluation of the Growing Green Businesses Project

Location: Montenegro

Application Deadline: 15th June 2021

Type of Contract: IC

Assignment Type: Short-term

Languages Required: English

Starting Date: 1st July 2021

Duration of Initial Contract: 1st July – 27th September 2021

Expected Duration of Assignment: 24 working days

BACKGROUND

1. Introduction

In accordance with UNDP and GEF M&E policies and procedures, all full- and medium-sized UNDP-supported GEF-financed projects are required to undergo a Terminal Evaluation (TE) at the end of the project. This Terms of Reference (ToR) sets out the expectations for the TE of the medium-sized project titled Growing Green Businesses in Montenegro (PIMS 5488) implemented through the UNDP. The project started on the 27th of April 2018 and is in its 4th year of implementation. The TE process must follow the guidance outlined in the document 'Guidance For Conducting Terminal Evaluations of UNDP-Supported, GEF-Financed Projects:

http://web.undp.org/evaluation/guideline/documents/GEF/TE_GuidanceforUNDP-supportedGEF-financedProjects.pdf.

2. Project Description

The project objective is to promote private sector investment in low-carbon and green businesses in Montenegro. The project will use a combination of policy de-risking (implementation of favourable policy framework and provision of business support services) and financial de-risking instruments (improving access to finance for innovative green businesses and partnerships, in particular agriculture, tourism and energy sectors). Overall, the project will stimulate low-emission economic growth and green job creation in Montenegro. It is composed of the following components and related activities:

Policy development and business support services for green start-ups and SMEs:

- Study and road-map for policy and incentive options for green businesses in agricultural, tourism and energy sectors
- Eco-Fund's regulatory provisions developed, and advisory services provided to diversify its funding base
- Green Business Incubator established
- Entrepreneurs supported through the Green Business Incubator (50 existing and potential, including at least 20% women)

- Training workshops to develop green business skills delivered (3 workshops training a total of 50 specialists, including at least 20% women)

Green business financing:

- Capacities created within Investment-Development Fund to implement/enhance green business financing
- Financing mechanism (performance-based payment scheme) designed and implemented

Raising awareness of green business practices and financing opportunities:

- Awareness-raising activities conducted (150 existing and potential entrepreneurs and 100 stakeholders from public institutions, industry experts and academia)
- Green Business Incubator communication tools developed.

Justification:

Business Barriers	Root Causes	Proposed strategy to address
<i>Barrier 1: Insufficient pipeline of bankable low-carbon projects</i>	<p>1.1. Low level of general awareness about low-carbon investment opportunities among private sector, in particular SMEs</p> <p>1.2. Low financial literacy of SMEs and limited knowledge about potential/available funding sources and mechanisms</p> <p>1.3. Limited capacities among SMEs to identify and prepare quality projects</p> <p>1.4 Additional regulatory and administrative barriers due to the fact that low-carbon projects are often “first of its kind”</p>	<p>Component 3 “Raising awareness of green business practices and financing opportunities” of the project will address root causes 1.1 and 1.2</p> <p>Component 1 “Policy development and business support services for green start-ups and SMEs” of the project will address root causes 1.3 and 1.4</p>
<i>Barrier 2: Limited access to finance at acceptable terms</i>	<p>2.1. Insufficient financial sector’s readiness and appetite to finance low-carbon projects</p> <p>2.2 Lending conditions are not adapted to SME needs, in particular high equity and collateral requirements</p> <p>2.3. Not all green/low-carbon projects are sufficiently financially attractive (low returns/long pay-back)</p>	<p>Component 2 will work with the Investment and Development Fund (IDF) of Montenegro to help address root causes 1.1, 1.4, as well as 2.1, 2.2 and 2.3. In particular, the performance-based payment mechanism is meant to compensate low-carbon project developers for additional risks (stemming from root cause 1.4) or insufficient returns and create a track record of real-life projects thus building awareness of SME sector about existence of real business opportunities (root cause 1.1), as well as awareness and confidence of financial sector regarding real environmental and financial performance of such projects. Based on this information and cases, the banking sector will be in a strong position to categorize such projects, assess risks, and adjust requirements and terms of their financial products accordingly.</p>

Expected results:

Create favourable business climate and conditions for private sector investment in low-carbon and other environmentally-friendly businesses in Montenegro

<i>Project</i>	<u><i>Growing Green Businesses in Montenegro</i></u>			
<i>GEF Project ID:</i>	9950		<u><i>at endorsement (Million US\$)</i></u>	<u><i>at completion (Million US\$)</i></u>
<i>UNDP Project ID:</i>	5488	<i>GEF financing:</i>	771,690	
<i>Country:</i>	Montenegro	<i>IA/EA own:</i>	45,000	
<i>Region:</i>	Europe and CIS	<i>Government:</i>	1,030,000	
<i>Focal Area:</i>	Climate change mitigation	<i>Other:</i>	3,568,490	
<i>FA Objectives, (OP/SP):</i>	FA Objective #4 for GEF 6: Promoting energy efficient low carbon, transport and urban systems	<i>Total co- financing:</i>	4,598,490	
<i>Executing Agency:</i>	UNDP	<i>Total Project Cost:</i>	5,415,180	
<i>Other Partners involved:</i>		<i>ProDoc Signature (date project began):</i>		April 27, 2018
		<i>(Operational) Closing Date:</i>	<i>Proposed: April 27, 2021</i>	<i>Actual: December 27, 2021</i>

Key partners/stakeholders:

- Ministry of Capital Investments
- Ministry of Economic Development
- Ministry of Ecology, Spatial Planning and Urbanism
- Eco Fund
- Investment Development Fund
- Business Incubator Cetinje
- Chamber of Commerce
- Private sector

This project will contribute to the following country outcome included in the UNDAF/Country Programme Document:

- By 2021, people of Montenegro benefit from sustainable management of natural resources, combating climate change and disaster risk reduction.
- By 2021, people of Montenegro benefit from an enabling institutional and regulatory framework for sustainable and inclusive economic growth based on innovation, entrepreneurship and competitiveness

This project will be linked to the following output of the UNDP Strategic Plan:

- Outcome 1: Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for poor and excluded people.
- Linkages to SDGs:
- SDG 7: Affordable and clean energy - Ensure access to affordable, reliable, sustainable and modern energy for all
- SDG 13: Climate action - Take urgent action to combat climate change and its impacts critical social, economic, political, geographic and demographic factors

The project was extended for 8 months in February 2021 (the end date of the project implementation is 27 December 2021). The following factors made it necessary and justified as a result of changes in the basic project conditions, while the project purpose remained unchanged:

- The COVID-19 lockdown in the country caused economic withdrawal and private-sector focus on maintaining liquidity, thus halting planned investments aligned with the project's purpose.
- The elections in August 2020 additionally affected the implementation as, historically, the pre-election period results in decreased partner activities. The result is a new parliamentary majority, for the first time in 30 years, resulting in the ongoing formation of the government.
- The project support for some of the key partners was delayed. The Business Centre in Cetinje appointed its director and management structure only in November 2019, while the Eco Fund (EF) became operational in the first half of 2020. As the EF should become one of the key facilitators of the green transition, adjusting the project's capacity-building activities to include the EF team should be considered a priority. Investment Development Fund has been severely affected by the pandemic. The effects resulted in twofold crisis: (i) personnel workload increased due to responsibility of delivering recovery packages. The workload of issuing the loans and support measures increased workload of available personnel, (ii) increased workload was followed by workforce decrease due to work from home arrangements and significant number of cases of COVID infection affecting personnel in second half of 2020. All this resulted in no availability for planned training and development initiatives

The total number of deaths associated with COVID-19 infection in Montenegro since the beginning of the pandemic is 1561. Taking into account all newly discovered cases as well as the number of recovered, the total number of currently active COVID-19 cases in Montenegro is 1393. Since the beginning of the epidemic events (March 2020), the total number of registered cases of infection with the new corona virus in Montenegro is 98852.

The COVID-19 lockdown in the country caused economic withdrawal and private-sector focus on maintaining liquidity, thus halting planned investments aligned with the project's purpose. A survey conducted on a sample of 66 companies in the summer of 2020 revealed that planned investments will be delayed for a minimum of 6 to 12 months. As the design of the project support scheme relies on the private sector's capability for co-financing, activities needed to be postponed until a later period. As per the survey, affordable loans and/or grants would be considered a precondition and a highly motivating factor for the private sector to invest in transition practices and technologies. Travel to and within the country is currently not restricted.

3. TE Purpose

The TE report will assess the achievement of project results against what was expected to be achieved, and draw lessons that can both improve the sustainability of benefits from this project, and aid in the overall enhancement of UNDP programming. The TE report promotes accountability and transparency, and assesses the extent of project accomplishments.

The findings of the Terminal evaluation will be used by the Government of Montenegro and relevant national and local institutions for further planning and promotion of low carbon development, enhancing and enabling regulatory and financial frameworks for investments in green technologies and developing green business opportunities. They will be used by UNDP Country Office as inputs for developing new project ideas, concepts and projects aimed at designing technical assistance and policy advice in the subject area, addressing various sources of funding.

DUTIES AND RESPONSIBILITIES

4. TE Approach & Methodology

The TE must provide evidence-based information that is credible, reliable and useful.

The TE team will review all relevant sources of information including documents prepared during the preparation phase (i.e. PIF, UNDP Initiation Plan, UNDP Social and Environmental Screening Procedure/SESP) the Project Document, project reports including annual PIRs, project budget revisions, lesson learned reports, national strategic and legal documents, and any other materials that the team considers useful for this evidence-based evaluation. The TE team will review the baseline and midterm GEF focal area Core Indicators/Tracking Tools submitted to the GEF at the CEO endorsement and midterm stages and the terminal Core Indicators/Tracking Tools that must be completed before the TE field mission begins.

The TE team is expected to follow a participatory and consultative approach ensuring close engagement with the Project Team, government counterparts (the GEF Operational Focal Point), Implementing Partners, the UNDP Country Office(s), the Regional Technical Advisors, direct beneficiaries and other stakeholders.

Engagement of stakeholders is vital to a successful TE. Stakeholder involvement should include interviews with stakeholders who have project responsibilities, including but not limited to representatives of

- *Ministry of Capital Investments*
- *Ministry of Ecology, Spatial Planning and Urbanism*
- *Eco Fund*
- *Investment Development Fund*
- *Business Incubator Cetinje*
- *Municipality of Cetinje*
- *Chamber of Economy*
- *University of Montenegro (Mechanical Faculty, Electrotechnical Faculty)*
- *Selected private sector representatives*

Additionally, the TE team is expected to conduct field missions to *Cetinje, Bar, Podgorica* and other locations subject to the topics discussed and dynamics of the visit.

The specific design and methodology for the TE should emerge from consultations between the TE team and the above-mentioned parties regarding what is appropriate and feasible for meeting the TE purpose and objectives and answering the evaluation questions, given limitations of budget, time and data. The TE team must, however, use gender-responsive methodologies and tools and ensure that gender equality and women's empowerment, as well as other cross-cutting issues and SDGs are incorporated into the TE report.

The final methodological approach including interview schedule, field visits and data to be used in the evaluation should be clearly outlined in the inception report and be fully discussed and agreed between UNDP, stakeholders and the TE team.

In case of introduced travel and/or meeting restrictions in the country of residence of the Team Leader or in Montenegro, the mission to Montenegro will be cancelled and the evaluation will be conducted remotely. Project Team will support the implementation of virtual interviews with stakeholders and the national expert will support implementation of face-to-face interviews and field visits, if allowed at the timeframe planned for the mission to Montenegro.

The final TE report should describe the full TE approach taken and the rationale for the approach making explicit the underlying assumptions, challenges, strengths and weaknesses about the methods and approach of the evaluation.

As of 11 March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic as the new coronavirus rapidly spread to all regions of the world. Travel to and within the country is currently not restricted. If it is not possible to travel to or within the country for the TE mission then the TE team should develop a methodology that takes this into account the conduct of the TE virtually and remotely, including the use of remote interview methods and extended desk reviews, data analysis, surveys and evaluation questionnaires. This should be detailed in the TE Inception Report and agreed with the Commissioning Unit.

If all or part of the TE is to be carried out virtually then consideration should be taken for stakeholder availability, ability or willingness to be interviewed remotely. In addition, their accessibility to the internet/computer may be an issue as many government and national counterparts may be working from home. These limitations must be reflected in the final TE report.

If a data collection/field mission is not possible then remote interviews may be undertaken through telephone or online (skype, zoom etc.). International consultants can work remotely with national evaluator support in the field if it is safe for them to operate and travel. No stakeholders, consultants or UNDP staff should be put in harm's way and safety is the key priority.

5. Detailed Scope of the TE

The TE will assess project performance against expectations set out in the project's Logical Framework/Results Framework (see TOR Annex A). The TE will assess results according to the criteria outlined in the Guidance for TEs of UNDP-supported GEF-financed Projects http://web.undp.org/evaluation/guideline/documents/GEF/TE_GuidanceforUNDP-supportedGEF-financedProjects.pdf.

The Findings section of the TE report will cover the topics listed below. A full outline of the TE report's content is provided at:

http://web.undp.org/evaluation/guideline/documents/GEF/TE_GuidanceforUNDP-supportedGEF-financedProjects.pdf

The asterisk “(*)” indicates criteria for which a rating is required.

Findings

i. Project Design/Formulation

- National priorities and country driven-ness
- Theory of Change

- Gender equality and women's empowerment
- Social and Environmental Safeguards
- Analysis of Results Framework: project logic and strategy, indicators
- Assumptions and Risks
- Lessons from other relevant projects (e.g. same focal area) incorporated into project design
- Planned stakeholder participation
- Linkages between project and other interventions within the sector
- Management arrangements

ii. Project Implementation

- Adaptive management (changes to the project design and project outputs during implementation)
- Actual stakeholder participation and partnership arrangements
- Project Finance and Co-finance
- Monitoring & Evaluation: design at entry (*), implementation (*), and overall assessment of M&E (*)
- Implementing Agency (UNDP) (*) and Executing Agency (*), overall project oversight/implementation and execution (*)
- Risk Management, including Social and Environmental Standards

iii. Project Results

- Assess the achievement of outcomes against indicators by reporting on the level of progress for each objective and outcome indicator at the time of the TE and noting final achievements
- Relevance (*), Effectiveness (*), Efficiency (*) and overall project outcome (*)
- Sustainability: financial (*), socio-political (*), institutional framework and governance (*), environmental (*), overall likelihood of sustainability (*)
- Country ownership
- Gender equality and women's empowerment
- Cross-cutting issues (poverty alleviation, improved governance, climate change mitigation and adaptation, disaster prevention and recovery, human rights, capacity development, South-South cooperation, knowledge management, volunteerism, etc., as relevant)
- GEF Additionality
- Catalytic Role / Replication Effect
- Progress to impact

iv. Main Findings, Conclusions, Recommendations and Lessons Learned

- The TE team will include a summary of the main findings of the TE report. Findings should be presented as statements of fact that are based on analysis of the data.
- The section on conclusions will be written in light of the findings. Conclusions should be comprehensive and balanced statements that are well substantiated by evidence and logically connected to the TE findings. They should highlight the strengths, weaknesses and results of the project, respond to key evaluation questions and provide insights into the identification of and/or solutions to important problems or issues pertinent to project beneficiaries, UNDP and the GEF, including issues in relation to gender equality and women's empowerment.

- Recommendations should provide concrete, practical, feasible and targeted recommendations directed to the intended users of the evaluation about what actions to take and decisions to make. The recommendations should be specifically supported by the evidence and linked to the findings and conclusions around key questions addressed by the evaluation.
- The TE report should also include lessons that can be taken from the evaluation, including best and worst practices in addressing issues relating to relevance, performance and success that can provide knowledge gained from the particular circumstance (programmatic and evaluation methods used, partnerships, financial leveraging, etc.) that are applicable to other GEF and UNDP interventions. When possible, the TE team should include examples of good practices in project design and implementation.
- It is important for the conclusions, recommendations and lessons learned of the TE report to include results related to gender equality and empowerment of women.

The TE report will include an Evaluation Ratings Table, as shown at

http://web.undp.org/evaluation/guideline/documents/GEF/TE_GuidanceforUNDP-supportedGEF-financedProjects.pdf .

6. Expected Outputs and Deliverables

The TE *consultant/team* shall prepare and submit:

- TE Inception Report: TE team clarifies objectives and methods of the TE no later than 2 weeks before the TE mission. TE team submits the Inception Report to the Commissioning Unit and project management. Approximate due date: 30th July 2021
- Presentation: TE team presents initial findings to project management and the Commissioning Unit at the end of the TE mission. Approximate due date: 3rd September 2021
- Draft TE Report: TE team submits full draft report with annexes within 3 weeks of the end of the TE mission. Approximate due date: 10th September 2021
- Final TE Report* and Audit Trail: TE team submits revised report, with Audit Trail detailing how all received comments have (and have not) been addressed in the final TE report, to the Commissioning Unit within 1 week of receiving UNDP comments on draft. Approximate due date: 27th September 2021

*The final TE report must be in English. If applicable, the Commissioning Unit may choose to arrange for a translation of the report into a language more widely shared by national stakeholders.

All final TE reports will be quality assessed by the UNDP Independent Evaluation Office (IEO). Details of the IEO's quality assessment of decentralized evaluations can be found in Section 6 of the UNDP Evaluation Guidelines.²⁴

7. TE Arrangements

The principal responsibility for managing the TE resides with the Commissioning Unit. The Commissioning Unit for this project's TE is **UNDP CO Montenegro**.

²⁴ Access at: <http://web.undp.org/evaluation/guideline/section-6.shtml>

The Commissioning Unit will contract the consultants and ensure the timely provision of per diems and travel arrangements within the country for the TE team. The Project Team will be responsible for liaising with the TE team to provide all relevant documents, set up stakeholder interviews, and arrange field visits. ***If it is not possible to travel to or within the country for the TE mission then the TE team should develop a methodology that takes this into account the conduct of the TE virtually and remotely, including the use of remote interview methods and extended desk reviews, data analysis, surveys and evaluation questionnaires. In that case, the Project Team and the Commissioning Unit will provide an updated stakeholder list with contact details (phone and email).***

8. Duration of the Work

The total duration of the TE will be approximately 25 working days over a time period of 13 weeks starting 1st July 2021 and shall not exceed five months from when the TE team is hired. The tentative TE timeframe is as follows:

- 15th June: Application closes
- 1st July: Selection of TE Team
- 1st July: Prep the TE team (handover of project documents)
- 10th July: 3 days: Document review and preparing TE Inception Report
- 30th July: 2 days: Finalization and Validation of TE Inception Report - latest start of TE mission
- 29th August- 4th September: 7 working days (with 2 days for travel): TE mission: stakeholder meetings, interviews, field visits
- 3rd September: Mission wrap-up meeting & presentation of initial findings - earliest end of TE mission
- 10th September: 10 days: Preparation of draft TE report
- 10th September: Circulation of draft TE report for comments
- 20th September: 2 days: Incorporation of comments on draft TE report into Audit Trail & finalization of TE report
- (26th September): Preparation & Issue of Management Response
- 27th September: Expected date of full TE completion

The expected start date of contract is 1st July 2021.

9. Duty Station

The consultant is expected to work from home with one mission of 5 working days (not including travel days) to Montenegro (if the travel would be possible due to restrictions of travel caused by the pandemic) Expected places of travel: Podgorica, Montenegro and day trips to other parts of Montenegro such as Cetinje, Bar (with return to Podgorica by evening).

Travel:

- International travel will be required to **Montenegro** during the TE mission;
- The BSAFE course must be successfully completed prior to commencement of travel;
- Individual Consultants are responsible for ensuring they have vaccinations/inoculations when travelling to certain countries, as designated by the UN Medical Director.
- Consultants are required to comply with the UN security directives set forth under: <https://dss.un.org/dssweb/>

- All related travel expenses will be covered and will be reimbursed as per UNDP rules and regulations upon submission of an F-10 claim form and supporting documents.

REQUIRED SKILLS AND EXPERIENCE

10. TE Team Composition and Required Qualifications

A team of two independent evaluators will conduct the TE – one team leader (with experience and exposure to projects and evaluations in other regions) and one team expert, from Montenegro - the country of the project. The team leader will be responsible for the overall design and writing of the TE report, preparing methodology and the Inception Report etc.) The team expert will work with the Project Team in developing the TE itinerary, assist in compilation of data collected via desk research and interviews, assist in translation of key information/data from MNE to ENG language, assess emerging trends with respect to regulatory frameworks, budget allocations) .

In case of introduced travel and/or meeting restrictions in the country of residence of the Team Leader or in Montenegro, the mission to Montenegro will be cancelled and the evaluation will be conducted remotely. Project Team will support the implementation of virtual interviews with stakeholders and the national expert will support implementation of face to face interviews and field visits, if allowed at the timeframe planned for the mission to Montenegro.

The evaluator(s) cannot have participated in the project preparation, formulation and/or implementation (including the writing of the project document), must not have conducted this project's Mid-Term Review and should not have a conflict of interest with the project's related activities.

The selection of evaluators will be aimed at maximizing the overall “team” qualities in the following areas:

For Team Leader:

Education

- Master's degree in *engineering, economic, environmental policy, civil engineering, mechanical engineering, technical engineering, natural sciences (biology, environment, sustainable development...)* or other closely related field;

Experience

- Relevant experience with results-based management evaluation methodologies;
- Experience applying SMART indicators and reconstructing or validating baseline scenarios;
- Competence in adaptive management, as applied to *climate change / environment/tourism*;
- Experience in evaluating projects, specifically GEF financed projects and GEF evaluation processes;
- Experience working in *Western Balkans Region, specifically Montenegro*;
- Experience in relevant technical areas for at least *10 years*;
- Demonstrated understanding of issues related to gender and *climate change/environment* experience in gender responsive evaluation and analysis;
- Excellent communication skills;
- Demonstrable analytical skills;
- Project evaluation/review experience within United Nations system will be considered an asset;
- *Experience with implementing evaluations remotely will be considered an asset.*

Language

- Fluency in written and spoken English.

11. Evaluator Ethics

The TE team will be held to the highest ethical standards and is required to sign a code of conduct upon acceptance of the assignment. This evaluation will be conducted in accordance with the principles outlined in the UNEG 'Ethical Guidelines for Evaluation'. The evaluator must safeguard the rights and confidentiality of information providers, interviewees and stakeholders through measures to ensure compliance with legal and other relevant codes governing collection of data and reporting on data. The evaluator must also ensure security of collected information before and after the evaluation and protocols to ensure anonymity and confidentiality of sources of information where that is expected. The information knowledge and data gathered in the evaluation process must also be solely used for the evaluation and not for other uses without the express authorization of UNDP and partners.

12. Payment Schedule

- 20% payment upon satisfactory delivery of the final TE Inception Report and approval by the Commissioning Unit
- 40% payment upon satisfactory delivery of the draft TE report to the Commissioning Unit
- 40% payment upon satisfactory delivery of the final TE report and approval by the Commissioning Unit and RTA (via signatures on the TE Report Clearance Form) and delivery of completed TE Audit Trail

Criteria for issuing the final payment of 40%

- The final TE report includes all requirements outlined in the TE TOR and is in accordance with the TE guidance.
- The final TE report is clearly written, logically organized, and is specific for this project (i.e. text has not been cut & pasted from other MTR reports).
- The Audit Trail includes responses to and justification for each comment listed.

In line with the UNDP's financial regulations, when determined by the Commissioning Unit and/or the consultant that a deliverable or service cannot be satisfactorily completed due to the impact of COVID-19 and limitations to the TE, that deliverable or service will not be paid.

Due to the current COVID-19 situation and its implications, a partial payment may be considered if the consultant invested time towards the deliverable but was unable to complete to circumstances beyond his/her control.

APPENDIX B - MISSION ITINERARY (FOR AUGUST-OCTOBER 2021)

#	Activity	Stakeholder involved	Place
01 September 2021 (Wednesday)			
1	60 min interview, 09h-10h (Zoom Platform)	Vasilije Djurovic, SC member, Investment Development Fund	Podgorica
2	60 min interview, 11h-12h (Zoom Platform)	Sonja Raznatovic, SC member, Ministry of Ecology, Spatial planning and Urbanism	Podgorica
03 September 2021 (Friday)			
3	60 min interview, 08:30h-09:30h (Zoom Platform)	Drasko Boljevic, SC member, Director, Eco Fund	Podgorica
06 September 2021 (Monday)			
4	60 min interview, 14h-15h (Zoom Platform)	Tomica Paovic, SC member, UNDP	Podgorica
5	Clarifications questionnaire, e-mail correspondence	Jovana Zaric, Ministry of Ecology, Spatial Planning and Urbanism	Podgorica
07 September 2021 (Tuesday)			
6	60 min interview, 13h-14h (Zoom Platform) followed by clarifications through e-mail correspondence	Borko Vulikic, former GGB Project Manager, UNDP	Podgorica
7	60 min interview, 14h:15-15:15h (Zoom Platform)	Bozidar Pavlovic, SC member, Ministry of Capital Investments, Directorate for Energy and Energy Efficiency	Podgorica
14 September 2021 (Tuesday)			
8	Clarifications questionnaire, e-mail correspondence	Vasilije Djurovic, SC member, Investment Development Fund	Podgorica
9	Clarifications questionnaire, e-mail correspondence	Borko Vulikic, former GGB Project Manager, UNDP	Podgorica
10	Clarifications questionnaire, e-mail correspondence	Sonja Raznatovic, SC member, Ministry of Ecology, Spatial planning and Urbanism	Podgorica
11	Clarifications questionnaire, e-mail correspondence	Bozidar Pavlovic, SC Member, Ministry of Capital Investments, Directorate for Energy and Energy Efficiency	Podgorica
15 September 2021 (Friday)			
12	60 min interview, 13h-14h (Zoom Platform)	Marija Raspopovic, Chamber of Economy of Montenegro	Podgorica
13	60 min interview, 15h-16h (Zoom Platform) followed by clarifications through e-mail	Milos Ivanisevic, Eco Business Centre Cetinje	Podgorica
22 September 2021 (Friday)			
14	Clarifications questionnaire, e-mail correspondence	Borko Vulikic, former GGB Project Manager, UNDP	Podgorica
01 September – 08 October 2021			
15	Regular correspondence on the collected data clarifications and additional information	Aleksandra Kikovic, PM for GGB Project, UNDP	Podgorica

Total number of meetings conducted: 15

APPENDIX C - LIST OF PERSONS INTERVIEWED

This is a listing of persons contacted in the GGB Team (unless otherwise noted) during the Terminal Evaluation Period only. The Evaluators regrets any omissions to this list.

1. Mr. Vasilije Djurovic, SC member, Investment Development Fund;
2. Ms. Sonja Raznatovic, SC member, Ministry of Ecology, Spatial Planning and Urbanism;
3. Mr. Drasko Boljevic, SC member, Eco Fund;
4. Ms. Marija Raspopovic, Chamber of Economy of Montenegro;
5. Mr. Bozidar Pavlovic, SC member, Ministry of Capital Investments, Directorate for Energy and Energy Efficiency;
6. Ms. Jovana Zaric, Ministry of Ecology, Spatial Planning and Urbanism;
7. Mr. Milos Ivanisevic, Eco Business Centre Cetinje;
8. Mr. Tomica Paovic, SC member, UNDP;
9. Mr. Borko Vulikic, former PM for GGB Project, UNDP;
10. Ms. Aleksandra Kikovic, PM for GGB Project, UNDP.

APPENDIX D - LIST OF DOCUMENTS REVIEWED

1. UNDP-GEF Project Document for “Growing Green Business in Montenegro”;
2. Signed DOA, CEO approval and endorsement for GGB Project;
3. GGB Project- Steering Committee Meeting Minutes, 30 March 2021;
4. GGB Project- Steering Committee Meeting Minutes, 25 June 2021;
5. Growing Green Business Project - Progress Report, December 2021;
6. Growing Green Business Project - Progress Report for Steering Committee Meeting, March 2021;
7. Project Board Meeting Report, October 2020;
8. UNDP Resident Representative's approval of project extension of the PIMS 5488;
9. Multi Year Work Plan 2020 – 2021 - PIMS 5488 Montenegro - Growing Green Business;
10. Procurement Plan (PIMS 5488 Montenegro - Growing Green Business);
11. Project Extension Request Form - PIMS 5488 Montenegro - Growing Green Business Project;
12. GGB Social and Environmental Screening Template;
13. GGB Project Financial Status Table ;
14. GGB Project Expenditures by ATLAS Code ;
15. GGB Project Co-Financing data ;
16. Report on the IDF promotion campaign on green credit line;
17. Eco Fund Support Programme for green business development - Photovoltaic panels for economy and agriculture;
18. Eco Fund Report and PPPs on communication campaign and social media promotion outreach;
19. EBC Mentoring Programme description with the curriculum;
20. EBC Cetinje Mentoring Programme Beneficiaries’ List – August 2020;
21. Report on EBC Cetinje Support to Female Entrepreneurship;
22. EBC Cetinje Report for 2020.

APPENDIX E - COMPLETED TRACKING TOOL

Figure E-1: Screenshot of Page 1 of GGB Project Tracking Tool


 Tracking Tool for Climate Change Mitigation Projects (For Terminal Evaluation)		
Special Notes: reporting on lifetime emissions avoided Lifetime direct GHG emissions avoided: Lifetime direct GHG emissions avoided are the emissions reductions attributable to the investments made during the project's supervised implementation period, totaled over the respective lifetime of the investments. Lifetime direct post-project emissions avoided: Lifetime direct post-project emissions avoided are the emissions reductions attributable to the investments made outside the project's supervised implementation period, but supported by financial facilities put in place by the GEF project, totaled over the respective lifetime of the investments. These financial facilities will still be operational after the project ends, such as partial credit guarantee facilities, risk mitigation facilities, or revolving funds. Lifetime indirect GHG emissions avoided (top-down and bottom-up): indirect emissions reductions are those attributable to the long-term outcomes of the GEF activities that remove barriers, such as capacity building, innovation, catalytic action for replication. Please refer to the Manual for Calculating GHG Benefits of GEF Projects. Manual for Energy Efficiency and Renewable Energy Projects Manual for Transportation Projects For LULUCF projects, the definitions of "lifetime direct and indirect" apply. Lifetime length is defined to be 20 years, unless a different number of years is deemed appropriate. For emission or removal factors (tonnes of CO ₂ eq per hectare per year), use IPCC defaults or country specific factors.		
General Data	Results at Terminal Evaluation	Notes
Project Title	Growing Green Business in Montenegro (GGB Project)	
GEF ID	9950	
Agency Project ID	5488	
Country	Montenegro	
Region	ECA	
GEF Agency	UNDP	
Date of Council/CEO Approval	November 8, 2018	Month DD, YYYY (e.g., May 12, 2010)
GEF Grant (US\$)	771,690	
Date of submission of the tracking tool	October 13, 2021	Month DD, YYYY (e.g., May 12, 2010)
Is the project consistent with the priorities identified in National Communications, Technology Needs Assessment, or other Enabling Activities under the UNFCCC?	1	Yes = 1, No = 0
Is the project linked to carbon finance?	0	Yes = 1, No = 0
Cumulative cofinancing realized (US\$)	114,491,000	
Cumulative additional resources mobilized (US\$)	109,892,510	additional resources means beyond the cofinancing committed at CEO endorsement

Figure E-2: Screenshot of Page 2 of GGB Project Tracking Tool

Objective 2: Energy Efficiency		
Please specify if the project targets any of the following areas		
Lighting	1	Yes = 1, No = 0
Appliances (white goods)	0	Yes = 1, No = 0
Equipment	1	Yes = 1, No = 0
Cook stoves	0	Yes = 1, No = 0
Existing building	1	Yes = 1, No = 0
New building	0	Yes = 1, No = 0
Industrial processes	0	Yes = 1, No = 0
Synergy with phase-out of ozone depleting substances	0	Yes = 1, No = 0
Other (please specify)		
Policy and regulatory framework	5	0: not an objective/component 1: no policy/regulation/strategy in place 2: policy/regulation/strategy discussed and proposed 3: policy/regulation/strategy proposed but not adopted 4: policy/regulation/strategy adopted but not enforced 5: policy/regulation/strategy enforced
Establishment of financial facilities (e.g., credit lines, risk guarantees, revolving funds)	5	0: not an objective/component 1: no facility in place 2: facilities discussed and proposed 3: facilities proposed but not operationalized/funded 4: facilities operationalized/funded but have no demand 5: facilities operationalized/funded and have sufficient demand
Capacity building	4	0: not an objective/component 1: no capacity built 2: information disseminated/awareness raised 3: training delivered 4: institutional/human capacity strengthened 5: institutional/human capacity utilized and sustained
Lifetime energy saved	-	MJ (Million Joule, IEA unit converter: http://www.iea.org/stats/unit.asp) Fuel savings should be converted to energy savings by using the net calorific value of the specific fuel. End-use electricity savings should be
Lifetime direct GHG emissions avoided	-	tonnes CO ₂ eq
Lifetime direct post-project GHG emissions avoided	-	tonnes CO ₂ eq
Lifetime indirect GHG emissions avoided (bottom-up)	-	tonnes CO ₂ eq
Lifetime indirect GHG emissions avoided (top-down)	-	tonnes CO ₂ eq

Figure E-3: Screenshot of Page 3 of GGB Project Tracking Tool

Objective 3: Renewable Energy		
Please specify if the project includes any of the following areas		
Heat/thermal energy production	0	Yes = 1, No = 0
On-grid electricity production	1	Yes = 1, No = 0 Eco Fund approved 5 projects, Solar+ projects
Off-grid electricity production	1	Yes = 1, No = 0 25 OFF GRID SOLAR PV CETINJE
Policy and regulatory framework	5	0: not an objective/component 1: no policy/regulation/strategy in place 2: policy/regulation/strategy discussed and proposed 3: policy/regulation/strategy proposed but not adopted 4: policy/regulation/strategy adopted but not enforced 5: policy/regulation/strategy enforced
Establishment of financial facilities (e.g., credit lines, risk guarantees, revolving funds)	5	0: not an objective/component 1: no facility in place 2: facilities discussed and proposed 3: facilities proposed but not operationalized/funded 4: facilities operationalized/funded but have no demand 5: facilities operationalized/funded and have sufficient demand
Capacity building	5	0: not an objective/component 1: no capacity built 2: information disseminated/awareness raised 3: training delivered 4: institutional/human capacity strengthened 5: institutional/human capacity utilized and sustained
Installed capacity per technology directly resulting from the project		
Wind	-	MW
Biomass	-	MW el (for electricity production)
Biomass	-	MW th (for thermal energy production)
Geothermal	-	MW el (for electricity production)
Geothermal	-	MW th (for thermal energy production)
Hydro	-	MW
Photovoltaic (solar lighting included)	-	MW Eco Fund approved 5 projects
Solar thermal heat (heating, water, cooling, process)	-	MW th (for thermal energy production, 1m² = 0.7kW)
Solar thermal power	-	MW el (for electricity production)
Marine power (wave, tidal, marine current, osmotic, ocean thermal)	-	MW
Lifetime energy production per technology directly resulting from the project (IEA unit converter: http://www.iea.org/stats/unit.asp)		
Wind	-	MWh
Biomass	-	MWh el (for electricity production)
Biomass	-	MWh th (for thermal energy production)
Geothermal	-	MWh el (for electricity production)
Geothermal	-	MWh th (for thermal energy production)
Hydro	-	MWh
Photovoltaic (solar lighting included)	-	MWh
Solar thermal heat (heating, water, cooling, process)	-	MWh th (for thermal energy production)
Solar thermal power	-	MWh el (for electricity production)
Marine energy (wave, tidal, marine current, osmotic, ocean thermal)	-	MWh
Lifetime direct GHG emissions avoided	-	tonnes CO2eq (see Special Notes above)
Lifetime direct post-project GHG emissions avoided	-	tonnes CO2eq (see Special Notes above)
Lifetime indirect GHG emissions avoided (bottom-up)	-	tonnes CO2eq (see Special Notes above)
Lifetime indirect GHG emissions avoided (top-down)	-	tonnes CO2eq (see Special Notes above)

Figure E-4: Screenshot of Page 4 of GGB Project Tracking Tool

Objective 4: Transport and Urban Systems		
Please specify if the project targets any of the following areas		
Bus rapid transit		Yes = 1, No = 0
Other mass transit (e.g., light rail, heavy rail, water or other mass transit; excluding regular bus or minibus)		Yes = 1, No = 0
Logistics management		Yes = 1, No = 0
Transport efficiency (e.g., vehicle, fuel, network efficiency)	1	Yes = 1, No = 0 (EV charging network, E and Hibryd V)
Non-motorized transport (NMT)		Yes = 1, No = 0
Travel demand management		Yes = 1, No = 0
Comprehensive transport initiatives (Involving the coordination of multiple strategies from different transportation sub-sectors)		Yes = 1, No = 0
Sustainable urban initiatives		Yes = 1, No = 0
Policy and regulatory framework (e-mobility study and installation of EV charging stations)	5	0: not an objective/component 1: no policy/regulation/strategy in place 2: policy/regulation/strategy discussed and proposed 3: policy/regulation/strategy proposed but not adopted 4: policy/regulation/strategy adopted but not enforced 5: policy/regulation/strategy enforced
Establishment of financial facilities (e.g., credit lines, risk guarantees, revolving funds) - Eco Fund subsidies for electric and hybrid Evs	5	0: not an objective/component 1: no facility in place 2: facilities discussed and proposed 3: facilities proposed but not operationalized/funded 4: facilities operationalized/funded but have no demand 5: facilities operationalized/funded and have sufficient demand
Capacity building (e-mobility study and instalation)	5	0: not an objective/component 1: no capacity built 2: information disseminated/awareness raised 3: training delivered 4: institutional/human capacity strengthened 5: institutional/human capacity utilized and sustained
Length of public rapid transit (PRT)		km
Length of non-motorized transport (NMT)		km
Number of lower GHG emission vehicles	30	
Number of people benefiting from the improved transport and urban systems		
Lifetime direct GHG emissions avoided	141	tonnes CO2eq
Lifetime direct post-project GHG emissions avoided		tonnes CO2eq
Lifetime indirect GHG emissions avoided (bottom-up)		tonnes CO2eq
Lifetime indirect GHG emissions avoided (top-down)		tonnes CO2eq

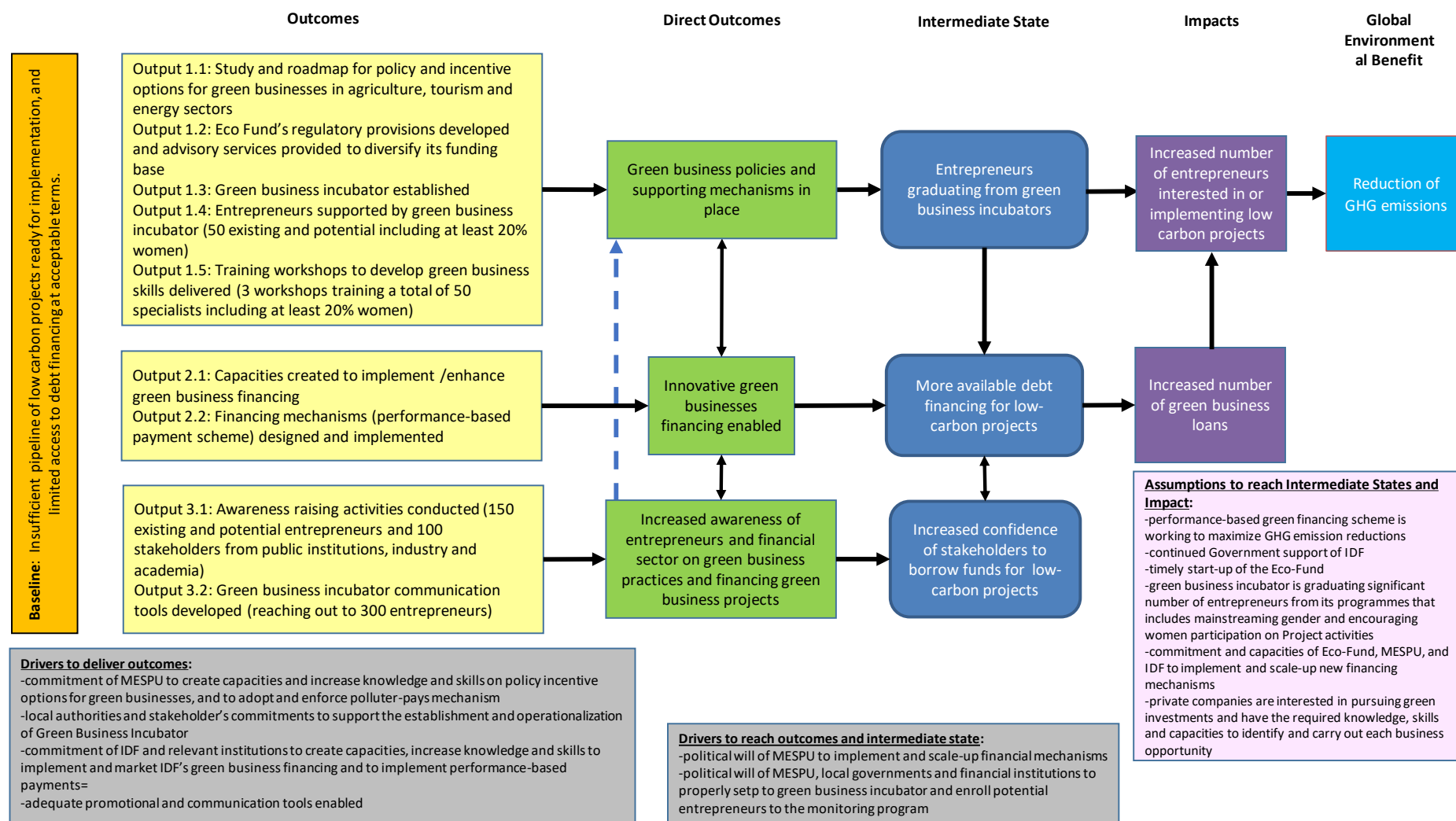
APPENDIX F - PROJECT RESULTS FRAMEWORK FOR GGB PROJECT

<p>This project will contribute to the following Sustainable Development Goal (s):</p> <p>SDG 7: Affordable and clean energy - Ensure access to affordable, reliable, sustainable and modern energy for all</p> <p>SDG 13: Climate action - Take urgent action to combat climate change and its impacts</p>
<p>This project will contribute to the following country outcome included in the UNDAF/Country Programme Document:</p> <p>By 2021, people of Montenegro benefit from sustainable management of natural resources, combating climate change and disaster risk reduction.</p> <p>By 2021, people of Montenegro benefit from an enabling institutional and regulatory framework for sustainable and inclusive economic growth based on innovation, entrepreneurship and competitiveness</p>
<p>This project will be linked to the following output of the UNDP Strategic Plan:</p> <p>Outcome 1: Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for poor and excluded people.</p>

Strategy	Objective and Outcome Indicators	Baseline	Mid-term Target	End of Project Target	Data Collection Methods and Risks/Assumptions
Project Objective: <i>To promote private sector investment in low-carbon and green businesses in Montenegro</i>	tCO2eq direct emissions reductions (attributable to the project-facilitated green investments made during the project's supervised implementation period, totaled over the respective lifetime of the investments)	0	15% of final target	20,400 tCO2eq	GHG inventory Risks: <i>Investment climate in Montenegro deteriorates/does not improve due to weak policy and regulatory framework and their insufficient enforcement</i> Assumptions: <i>Estimation over green business investments lifetime (20 years)</i> <i>Green financing enabled</i> <i>Continued support of IDF</i> <i>Timely startup of Eco-Fund</i>
	Number of project beneficiaries, including % of women	N/a	40% of final target	3,000 (including 30% - women)	IDF and Chamber of Commerce annual report to Government of Montenegro Workshops reports, grant agreements Risks: <i>Lack of private sector interest to invest in green/low-carbon businesses</i> Assumptions: <i>Mainstreaming gender and encouraging women participation in project activities and as beneficiaries of project outputs.</i>
	Volume of additional public and private investment mobilized for low GHG development	N/a	30% of final target	Public: US\$20,000,000 Private: US\$4,000,000	Ministry of Economy Annual Reports Risks: <i>Lack of private sector interest to invest in green/low-carbon businesses</i> Assumptions: <i>Public: Commitment and capacities at Eco-Fund, Ministry of Tourism and Sustainable Development, and IDF to implement and scale-up new financing mechanisms.</i> <i>Private: Private companies are interested in pursuing green investments and have the required knowledge, skills and capacities to identify and carry out such business opportunities</i>
Component 1: Policy development and business support services for green start-ups and SMEs	Number of decision makers in the Ministry of Tourism and Sustainable Development that understand and recognize policy and incentive options for green businesses in agricultural, tourism and energy sectors	0	50% of final target	10 (4 women)	Project reports, workshop reports Risks: <i>High turnover of Ministry staff</i> <i>Lack of interest for training participation</i> Assumptions:

Strategy	Objective and Outcome Indicators	Baseline	Mid-term Target	End of Project Target	Data Collection Methods and Risks/Assumptions
					<i>Commitment at Ministry of Tourism and Sustainable Development to create capacities, increase knowledge and skills on policy incentive options for green businesses</i>
	Level of capitalization of the Eco-Fund	0	500.000 Euro	3,000,000 Euro	MSDT reports to Government of Montenegro Risks: <i>Investment climate in Montenegro deteriorates/does not improve due to weak policy and regulatory framework and their insufficient enforcement</i> Eco-Fund not established by project initiation Assumptions: <i>Commitment and capacities at Eco-Fund and Ministry of Tourism and Sustainable Development to adopt and to enforce polluter-pays mechanisms</i>
	Number of existing and potential entrepreneurs trained and assisted through the Green Business Incubator (green business services delivered)	0	50% of final target	100 (including 30% - women)	Green Business Incubator annual reports Risks: <i>Lack of private sector interest to invest in green/low-carbon businesses</i> Assumptions: <i>Learning opportunities offered by Green Business Incubator lead to green business growth</i> <i>Local authorities' and stakeholder's commitment to support the establishment and operationalization of Green Business Incubator</i>
Component 2: Green business financing	Number of IDF staff, and other relevant institutions, trained to implement and market IDF's green business financing	0	10 (including 30% women)	10 (including 30% women)	IDR annuals reports Risks: <i>Staff turnover</i> Assumptions: <i>Commitment at IDF and relevant institutions to create capacities, increase knowledge and skills to implement and market IDF's green business financing</i>
	Number of green business investments supported via performance-based payment	0	0	20 (including 30% women-led SMEs)	Projects, IDF and Chamber of Commerce annual report to Government of Montenegro Risks: <i>Lack of private sector interest to invest in green/low-carbon businesses</i> Assumptions: <i>Commitment and capacities at IDF to implement performance-based payments</i>
Component 3: Raising awareness of green business practices and financing opportunities	Number of direct green business stakeholders (existing and potential entrepreneurs and technical specialist) reached out to by awareness raising activities	0	50% of final target	300 (including 30% - women)	Projects, IDF and Chamber of Commerce annual report to Government of Montenegro Risks: <i>Investment climate in Montenegro deteriorates/does not improve due to weak policy and regulatory framework and their insufficient enforcement</i> Assumptions: <i>Adequate promotional and communication tools enabled.</i>

APPENDIX G – THEORY OF CHANGE



APPENDIX H – RESPONSES TO COMMENTS RECEIVED ON DRAFT TE REPORT

To the comments received on the 28 September 2021 and 16 October 2021 for the Terminal Evaluation of the GGB Project

The following comments were provided in track changes to the draft Terminal Evaluation report; they are referenced by institution (“Author” column) and track change comment number (“#” column):

Author	#	Para #/ Comment location	Comment/Feedback on draft TE report	TE response and actions taken												
Bahtiyar Kurt	1	Executive Summary	<div>Please check the below template for this section:</div> <table><tr><td>1.</td><td>Executive Summary (3-4 pages)</td></tr><tr><td></td><td>Project Information Table</td></tr><tr><td></td><td>Project Description (brief)</td></tr><tr><td></td><td>Evaluation Ratings Table</td></tr><tr><td></td><td>Concise summary of findings, conclusions and lessons learned</td></tr><tr><td></td><td>Recommendations summary table</td></tr></table>	1.	Executive Summary (3-4 pages)		Project Information Table		Project Description (brief)		Evaluation Ratings Table		Concise summary of findings, conclusions and lessons learned		Recommendations summary table	Edits have been performed to conform to the structure of the TE Guidelines.
1.	Executive Summary (3-4 pages)															
	Project Information Table															
	Project Description (brief)															
	Evaluation Ratings Table															
	Concise summary of findings, conclusions and lessons learned															
	Recommendations summary table															
Borko Vulikic	2	Executive Summary, Table A, Actual Outcome 2	I would add Eco Fund as well. While in scale IDF is far more important as a funding source at this time, Eco Fund will gain importance and resources (especially in the context of ETS) and in short period of time EcoFund implemented 2 subsidise green financing schemes).	Edits done to conform to the comment												
Borko Vulikic	3	Executive Summary, Summary of Conclusions, Recommendations and Lessons	I think it would be useful to mention that the approach to implementation was strongly conditioned by the context and situation in the country (political and financial) and relied on finding new niches for interventions (taking into account that together with initial project co-financing it can be considered a smaller project) and approach to launching activities that have not been a priority so far and have significant development potential (e mobility, solar as two prominent examples). in essence, creating a domino effect through targeted interventions or capacity building activities.	The comment has been incorporated into the Conclusions												
Aleksandra Kikovic	4	Executive Summary, Recommendations	Most of these have already been implemented	Recommendations have been re-written												

Author	#	Para #/ Comment location	Comment/Feedback on draft TE report	TE response and actions taken
Aleksandra Kikovic	5	Executive Summary, Lessons Learned	<i>I believe few more lessons could be drawn, and for this particular one, I'd like to consider rephrasing</i>	<i>Lessons learned has been re-written</i>
Aleksandra Kikovic	6	Para 43, 2 nd bullet	<i>Protocol on Cooperation between IDF and Eco Fund signed with the purpose of achieving synergy of the Eco Fund's subsidy programme and the IDF's green credit line for solar PVs</i>	<i>Additional information useful and added to the edits</i>
Aleksandra Kikovic	7	Para 43, 4 th bullet	<i>Other examples of adaptive management could be discussed</i>	<i>Should be discussed.</i>
Aleksandra Kikovic	8	Para 53	<i>Project activity reports – providing detailed information</i>	<i>Additional information useful and added to the edits</i>
Aleksandra Kikovic	9	Para 60	<p>287 (41% women)</p> <p>Solar 3000+ and 500+ implemented by the State owned (Electric Power Company) targeting 3,000 households and 500 companies to install solar PVs – prosumers</p> <p>Eco fund Support Programme – 5 companies recipients of funds – 50 employees in total, 5 companies designing technical documentation – 50 employees in total, 5 companies procuring and installing equipment – 50 employees in total, 5 companies supervising installation – 50 employees in total</p> <p>IDF support programme – green credit line - companies recipients of loan, companies designing technical documentation, companies procuring and installing equipment, companies supervising installation</p> <p>Cetinje – off-grid solar power panels for 25 rural households – 100 persons</p> <p>Coronathon - 15 teams (in total 32 male team members and 21 female)</p> <p>Climathon – 10 teams, app 40 people (35% women)</p> <p>30 beneficiaries of EV subsidy programme (20 hybrid cars and 10 electric cars)</p>	<i>Adding up the beneficiaries you listed comes out to 343+ instead of 287+. This number has been put into the report.</i>
Bahtiyar Kurt/ Borko Vulikic	10	Table 6, tCO _{2eq} direct emissions reductions indicator	<p>Bahtiyar: In case we cannot define GHG results before the end of TE, we may define a Recommendation to this. This is a key target that GEF and UNDP will check</p> <p>Borko: The GGB project, however, has produced a "Feasibility study on the concept of 'prosumers' in Montenegro ". The Study has contributed to the changes in the legislation of Montenegro, particularly regarding the installation and use of the solar panels within the Energy Efficiency Law, resulting in EUR 30 million of</p>	<i>Recommendation was made for GHG results, and "prosumers" information has been added to the status of target achieved.</i>

Author	#	Para #/ Comment location	Comment/Feedback on draft TE report	TE response and actions taken
			<p>financial support offered by the Electric Power Industry of Montenegro (project Solar) aimed at 500 businesses and 3,000 households to convert to solar energy. The expected annual yield is estimated to be 44 GWh. The EIB project carbon footprint methodologies suggest that it will save 0.83 kg of CO₂ per MWh for Montenegro through renewable energy sources. Formula for calculating CO₂ avoidance: Generated electricity in kWh x factor for CO₂ avoidance in kg/kWh = avoided CO₂ in kg, gives that it is an avoided amount at an annual level of about 36,520 t. For a period of 20 years, it should reach 730,400 tons.</p> <p>+</p> <p>5 solar projects form Eco Fund call</p>	
Bahtiyar Kurt	11	Table 6, number of project beneficiaries indicator	Is this possible. I think CO should work on this. One approach might be having an estimate on “how many people will eco-fund supported projects will support”. 287 is just too low and not realistic.	Information from Comment 9 has been inserted into the report.
Borko Vulikic	12	Table 6, level of capitalization of Eco-Fund indicator	Please note that the Fund started work in June/July 2020.	Edits made.
Aleksandra Kikovic	13	Table 6, number of green business investments indicator	<p>3 business plans (a total of € 600,000 was requested and all 3 loans were approved),</p> <p>12 business plans with the Employment Service of Montenegro for grants for self-employment (total € 90,000.00 was requested and approved),</p> <p>2 business plans for the Public Call for submission of project proposals for women's entrepreneurship.</p>	What is not clear is the “green business investments supported via performance-based payment”. That would mean the Eco-Fund. So only 5 green business investments were supported by performance-based payments?
Aleksandra Kikovic	14	Para 75	<p>IDF published the GREEN CREDIT LINE with the interest rate of 3% and one-year grace period – entrepreneurs of the GBI were trained to apply for credits at IDF not for the subsidy programme published by Eco Fund</p> <p>E-vehicles are not subject of this support programme – it is a separate activity of Eco Fund deriving from the E-mobility Study conducted by the Tourism Project in 2019 – Eco Fund allocated 100,000 euro for subsidizing procurement:</p> <ul style="list-style-type: none"> - E-vehicles – subsidy 5,000 euro - Hybrid vehicle – 2,500 euro 	Additional information useful and added to the edits

Author	#	Para #/ Comment location	Comment/Feedback on draft TE report	TE response and actions taken
			<i>All the money has been distributed to end beneficiaries – private companies and physical persons</i>	
Aleksandra Kikovic	15	Para 76	<i>Eco Fund has already been trained – 5 of 7 staff members were women</i>	<i>Additional information useful and added to the edits</i>
Aleksandra Kikovic	16	Para 77, 6 th bullet	<i>Project provided assistance to local municipal administrations to develop local Decisions that enable these kind of investments – 19 of 24 municipalities adopted these Decisions on the erection, construction and removal of local facilities of general interest</i>	<i>Additional information useful and added to the edits</i>
Aleksandra Kikovic	17	Para 78	<i>this activity was implemented by the UNDP CO</i>	<i>Additional information useful and added to the edits</i>
Aleksandra Kikovic	18	Para 80	<i>interest rate is 3% all the conditions at: https://www.irfcg.me/me/2015-01-13-12-25-48/program-podrske-razvoju-zelenih-poslova-u-crnoj-gori-fotonaponski-paneli-za-privrednu-i-poljoprivrednu.html</i>	<i>Additional information useful and added to the edits</i>
Aleksandra Kikovic	19	Para 87	<i>All the activities under the project had the objective to contribute to raising awareness and increasing knowledge on the green economy concept – starting from the studies that caused the amendments of the Las, to mentoring services provided through the Cetinje Business Incubator, International Green Days Conference, then IDF and Eco Fund support program.</i>	<i>Were there any NGOs or CSOs involved in promoting green business? And how many people have been affected by awareness raising program?</i>
Aleksandra Kikovic	20	Para 106	<i>Saska provide documents and statements</i>	<i>Additional information useful and added to the edits</i>
Bahtiyar Kurt	21	Section 4.2	<i>I think the conclusions section should be improved with more insight provided for each item. Here comes the definition of Conclusion : Conclusions should highlight the strengths, weaknesses and results of the project, respond to key evaluation questions and provide insights into the identification of and/or solutions to important problems or issues pertinent to project beneficiaries, UNDP and the GEF, including issues in relation to gender equality and women's empowerment.</i>	<i>Conclusions have been re-written</i>
Bahtiyar Kurt	22	Section 4.3	<i>Please consider a Recommendation on “measurement of Project GHG results”. This is in case we do not have the GHG results from mini-projects of Eco-fund at the end of TE work. Then CO should come up with calculations</i>	<i>Edits made according to comment. In addition, all recommendations have been re-written.</i>

Author	#	Para #/ Comment location	Comment/Feedback on draft TE report	TE response and actions taken
Aleksandra Kikovic	23	Para 107	<p><i>I still don't see the funding for the incubator as the critical feature of the financial sustainability. My opinion is that here the operations and financial sustainability and stability of the Eco <fund is crucial, as well as the transition of the IDF towards green credit lines which has been initiated with the support of the Project.</i></p> <p><i>This is also a bit tricky – what does it mean in practice – if you look at the campaign and promotion of the SOLAR+ Project – you can notice a massive break through in all the societal spheres – both media, political, social platforms are recognizing this as an important change of the economic development pathway in the country</i></p> <p><i>Also, the Government's recovery programme is based on the principles of green economy development – showing that the green development has been embraced by the major decision and policy makers in the country, reflecting the impact of awareness raising</i></p>	<p><i>Agreed but the Eco-Fund and IDF's Green Credit Line seem to be well funded. On the other hand, I don't know where the funding for mentoring services and raising awareness comes from. If it comes from IDF and the Eco-Fund, we can say it is confirmed funding. Otherwise, there is no confirmed sources of funding for mentoring services and raising awareness. Can you confirm the source of funding for mentoring services and raising awareness for me?</i></p>
Aleksandra Kikovic	24	Para 114	<p><i>Suggested revision: This subsidy program currently targets both physical persons and companies, and subsidize procurement of new vehicles. Due to price range and still low affordability, the focus should be given to vehicle owners who frequently use their vehicles (annual mileage over 13,000 km) and would therefore be more willing to convert. In addition, the program should offer subsidies for procurement and installation of EV chargers.</i></p>	<p><i>Suggested revision placed into Recommendation 4 (Para 124) along with a focus on corporate vehicle owners</i></p>

APPENDIX I - EVALUATION CONSULTANT AGREEMENT FORM

Evaluators:

1. Must present information that is complete and fair in its assessment of strengths and weaknesses so that decisions or actions taken are well founded.
2. Must disclose the full set of evaluation findings along with information on their limitations and have this accessible to all affected by the evaluation with expressed legal rights to receive results.
3. Should protect the anonymity and confidentiality of individual informants. They should provide maximum notice, minimize demands on time, and respect people's right not to engage. Evaluators must respect people's right to provide information in confidence, and must ensure that sensitive information cannot be traced to its source. Evaluators are not expected to evaluate individuals, and must balance an evaluation of management functions with this general principle.
4. Sometimes uncover evidence of wrongdoing while conducting evaluations. Such cases must be reported discreetly to the appropriate investigative body. Evaluators should consult with other relevant oversight entities when there is any doubt about if and how issues should be reported.
5. Should be sensitive to beliefs, manners and customs and act with integrity and honesty in their relations with all stakeholders. In line with the UN Universal Declaration of Human Rights, evaluators must be sensitive to and address issues of discrimination and gender equality. They should avoid offending the dignity and self-respect of those persons with whom they come in contact in the course of the evaluation. Knowing that evaluation might negatively affect the interests of some stakeholders, evaluators should conduct the evaluation and communicate its purpose and results in a way that clearly respects the stakeholders' dignity and self-worth.
6. Are responsible for their performance and their product(s). They are responsible for the clear, accurate and fair written and/or oral presentation of study imitations, findings and recommendations.
7. Should reflect sound accounting procedures and be prudent in using the resources of the evaluation.

Evaluation Consultant Agreement Form³⁷

Agreement to abide by the Code of Conduct for Evaluation in the UN System

Name of Consultant: Roland Wong

Name of Consultancy Organization (where relevant): _____

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at Surrey, BC, Canada on November 8, 2021



³⁷www.unevaluation.org/unegcodeofconduct

Evaluators:

1. Must present information that is complete and fair in its assessment of strengths and weaknesses so that decisions or actions taken are well founded.
2. Must disclose the full set of evaluation findings along with information on their limitations and have this accessible to all affected by the evaluation with expressed legal rights to receive results.
3. Should protect the anonymity and confidentiality of individual informants. They should provide maximum notice, minimize demands on time, and respect people's right not to engage. Evaluators must respect people's right to provide information in confidence, and must ensure that sensitive information cannot be traced to its source. Evaluators are not expected to evaluate individuals, and must balance an evaluation of management functions with this general principle.
4. Sometimes uncover evidence of wrongdoing while conducting evaluations. Such cases must be reported discreetly to the appropriate investigative body. Evaluators should consult with other relevant oversight entities when there is any doubt about if and how issues should be reported.
5. Should be sensitive to beliefs, manners and customs and act with integrity and honesty in their relations with all stakeholders. In line with the UN Universal Declaration of Human Rights, evaluators must be sensitive to and address issues of discrimination and gender equality. They should avoid offending the dignity and self-respect of those persons with whom they come in contact in the course of the evaluation. Knowing that evaluation might negatively affect the interests of some stakeholders, evaluators should conduct the evaluation and communicate its purpose and results in a way that clearly respects the stakeholders' dignity and self-worth.
6. Are responsible for their performance and their product(s). They are responsible for the clear, accurate and fair written and/or oral presentation of study imitations, findings and recommendations.
7. Should reflect sound accounting procedures and be prudent in using the resources of the evaluation.

Evaluation Consultant Agreement Form³⁸**Agreement to abide by the Code of Conduct for Evaluation in the UN System**

Name of Consultant: Ana Simonovic

Name of Consultancy Organization (where relevant): _____

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at *Podgorica, Montenegro* on *November 8, 2021*



³⁸www.unevaluation.org/unegcodeofconduct