

AMENDMENT TO PROJECT CRO/00/G31/A/1G/99

Name of the Project:	PIMS 715: REMOVING BARRIERS TO IMPROVING ENERGY EFFICIENCY OF RESIDENTAL AND SERVICE SECTORS IN CROATIA
Project Site:	Republic of Croatia
ACC/UNDP Sector:	0500 Energy
ACC/ UNDP Sub-Sector:	Energy Efficiency
GEF Focal Area:	Climate Change
GEF Operational Program:	OP#5 -"Removal of Barriers to Energy Efficiency and Energy Conservation"
Government Ex.Agency:	Ministry of Economy, Labour and Entrepreneurship
Duration:	4,5 years
Date of first disbursement:	1 August 2005
Original closing date:	17 December 2008
Revised closing date:	31 December 2009
Funding:	
Contribution of GEF:	4,390,000 USD
Co-financing:	
Private and public sector:	7,990,000 (equity, credits and loans)
Gov. of Croatia:	670,000 (in-kind) USD
+ Additional:	
	1,500,000 USD (Public campaign)
	64,000 USD (EE Master Plan)
	250,000 USD (E Strategy)
TOTAL:	14,864,000 USD

Brief Description: The objective of the Amendment is to enhance project effectiveness in reaching project goal and objectives in several ways: (1) alter the logical framework to introduce more measurable tracking of the progress made by the project towards actual energy or emission savings; (2) change the allocation of funds to reflect less of an emphasis on the Partial Financial Guarantees Fund and more on the financial and/or other mechanisms to support investments in the energy efficiency of buildings by their owners . These changes to the project are the result of the key findings, conclusions and recommendations of the Mid-Term Evaluation carried out in the summer of 2007, as well as research and consultation with all major stakeholders in this project.

Brief description of project:

In December 2004, the Government of Croatia and the United Nations Development Programme (UNDP) signed a project aimed to develop an active and sustainable market for energy efficiency products and services. The objective of the project is to remove the key barriers to the implementation of economically feasible energy efficiency technologies and measures in the residential and service sectors, thereby reducing their energy consumption and associated greenhouse gas emissions. The development objective of the project is to reduce the CO₂ emissions of Croatia, to be achieved by overcoming the general institutional barriers to the promotion of energy efficiency, the barriers in the residential sector and those in the service sector.

The project manager took office in July 2005, starting with the drafting of an inception report. Actual implementation of the project's activities started in October 2005. Now the project is in the middle of its implementation, being operational for a little more than 2 years, and will be operational for two more years.

Context and purpose of the Mid-term evaluation

The mid-term evaluation of the Project took place from May to August 2007.

In order to safeguard the independence and the impartiality of the evaluation function, UNDP had commissioned the evaluation to external service providers in a form of a group of consultants consisting of international team leader and a team of national consultants.

A mid-term evaluation is intended to assess the relevance, performance and success of the project, focusing on the ongoing implementation. It has been looking at early signs of potential impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. It is also intended to document lessons learnt and to make recommendations that might improve the design and implementation of other UNDP/GEF projects. Furthermore, the evaluation is to rate the project performance for a given number of aspects.

The evaluation included the following steps: the initial desk review of the project documentation, including the project document and some progress reports, interviews with project officers and representatives of major stakeholders involved in the project, the analysis of the collected information, and the assessment of the projects relevance, performance, success and potential impact. Collected data have been analyzed and structured according to the evaluation indicators. Ratings have been assigned based on this information. Together with the overview and contextual information, this formed the basis for the mid-term evaluation report.

A draft mid-term evaluation report has, via the UNDP country office, been circulated with the project team and the main stakeholders of the project. Comments and additions have been included in the final version of the report.

Main findings, conclusion and recommendations of the Mid-term evaluation:

The **main findings and conclusions** of the evaluation were very positive:

- Inception report that was re-assessing the situation in the country and strategies to address identified barriers, suggested a more thorough approach of targeting all buildings, introduces some operational changes and introduces a timeline for the application of instruments which put the project back on track to addressing the actual needs of the country, following an investment development model. It was decided not to pursue a separate CFL component in the project, but to merge efforts and budgets with other consumer awareness raising activities.
- Strong national ownership under the execution of the Ministry of Economy, Labour and Entrepreneurship on behalf of the Government of Croatia, implementation by the UNDP project team under leadership of the Assistant Minister for Energy and Mining (project director) and a project steering committee that meets regularly to discuss project progress and implementation issues, involvement of national institutions in the project, collaboration and additional co-financing of activities, provides guidance and advice to the project management and reviews and approves annual work plans and budget revisions.
- Project implementation that is characterized by good, adaptive management, a clear commitment towards the objectives of the project and close collaboration with a wide range of stakeholders. The project has initiated a number of instruments, all working towards the goal of initiating investments in energy efficiency in the residential and service sectors.
- Regional and national authorities' involvement in the project has outpaced expectations, and the development of a national energy efficiency strategy well underway.

- The project has been highly successful at stimulating investment in EE projects as well as in increasing public awareness about EE. It has also been very successful in engaging stakeholders within the government as well as in the private sector.

However **several recommendations** were made with the aim to enhance project effectiveness in reaching the project goal and objectives, the main being:

- A reconstruction of targets, baseline values and indicators as part of a revision of the logical framework (LogFrame);
- A revision of the investment-support mechanisms used in this project and the relative amount of inputs for each;
- A fixed, secured budget for the partial credit guarantee, kept available for at least a year for HBOR;
- A revised multi-annual budget planning, including commitments and disbursements per component and revised in yearly or half-yearly intervals in combination with project progress reviews;
- Yearly repetition of additional data collection work as done for the MTE;
- Consideration if special sessions of the steering committee are needed to address long-term strategic issues;

Management response to Mid-term evaluation:

On October 15 2007, the Project Steering committee was presented with the main findings and recommendations from the Mid-term evaluation. The key issues including revision of the logical framework with accompanying activities, financial instruments, time frame and targets were discussed, agreed and approved by all members of the Steering committee. As a result of the Project Steering committee decision and in order to support timely and effective use of evaluation UNDP has developed a management response to this Mid-term evaluation consisting of three parts:

1. the Management response table (Annex 1 to this Amendment) with key issues and recommendations raised in the evaluation, a set of concrete measures and actions as a response to this recommendations and time frame for their implementation.
2. the revised Logical framework with included new indicators, baselines and targets (Annex 2 to this Amendment)
3. the revised Project budget (Annex 3 to this Amendment)

Recognizing project achievements up to date and in order to enhance project impact in reaching the main project goal and objectives – to remove barriers for implementation of energy efficiency measures in residential and service sectors in Croatia, UNDP CO Croatia and the Government of Croatia here by agree on revisions made to the strategic project documents.

Signed in Zagreb on **27 December 2007**, in two originals.

For the United Nations Development
Programme in the Republic of Croatia

For the Ministry of Economy,
Labor and Entrepreneurship
of the Republic of Croatia

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