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# **United Nations Development Programme**

## **Government of Montenegro**

### **Mid-Term Review of UNDP/GEF Project: Towards Carbon Neutral Tourism**

(GEF Project ID: 5098; UNDP PIMS ID: 5149)

## **Final Report**

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**July 2017**

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## SYNOPSIS

**Title of UNDP supported GEF financed project:** Towards Carbon Neutral Tourism in Montenegro

**UNDP Project ID:** PIMS 5149

**GEF Project ID:** 5098

**Evaluation time frame:** September 2014 to June 2017

**CEO endorsement date:** July 11, 2014

**Project implementation start date:** August 4, 2014

**Project end date:** August 31, 2019

**Date of evaluation report:** July 16, 2017

**Region and Countries included in the project:** Montenegro

**GEF Focal Area Objective:** Climate Change Focal Area Objective #4 (for GEF-5): Promote Energy Efficient, Low-Carbon Transport and Urban Systems

**Implementing partner and other strategic partners:** Implementing partner: Ministry of Sustainable Development and Tourism (MoSDT)

**Mid-Term Review team members:** Mr. Roland Wong, International Consultant  
Ms. Aleksandra Gligorovic, National Consultant

### **Acknowledgements:**

The Mid-Term Reviewers wish to acknowledge with gratitude the time and effort expended by all Project participants and stakeholders during the course of the TCNT Mid-Term Review. In particular, we wish to thank the UNDP Montenegro, the Ministry of Sustainable Development and Tourism as well as other Project personnel for making the efforts to recall details of their time while on the project. In particular, we wish to thank all the persons met during our mission in Podgorica and Cetinje for their time to provide their passionate opinions on the impact of this Project, and for your hospitality and insights. We sincerely hope that this report contributes towards a greener and lower carbon future for Montenegro’s tourism industry.

## EXECUTIVE SUMMARY

This report summarizes the findings of the Midterm Review Mission conducted during the June 12-16, 2017 period for the UNDP-GEF Project entitled: “Towards Low Carbon Tourism” (hereby referred to as the TCNT Project or the Project), that received a US\$ 3.06 million grant from the Global Environmental Facility (GEF) in April 2014.

### Project Information Table

| Project Title:           | <i>Towards Carbon Neutral Tourism (TCNT Project)</i>  |                           |  |                                       |
|--------------------------|---|---------------------------|--|---------------------------------------|
| GEF Project ID:          | 5098  |                           | <i>at endorsement<br/>(Million US\$)</i> | <i>at mid-term<br/>(Million US\$)</i> |
| UNDP Project ID:         | 5149  | GEF financing:            | 3.090                                    | 1.190                                 |
| Country:                 | Montenegro  | IA/EA own:                | 1.658                                    | 1.500                                 |
| Region:                  | Europe and CIS  | Government:               | 117.929                                  | 0.150                                 |
| Focal Area:              | Climate Change  | Other:                    | 2.321                                    | 0.250                                 |
| FA Objectives, (OP/SP):  | FA Objective #4 for GEF 5: Promoting energy efficient low carbon, transport and urban systems | Total co-financing:       | 121.908                                  | 1.900                                 |
| Executing Agency:        | Ministry of Sustainable Development and Tourism (MoSDT)                                       | Total Project Cost:       | 124.998                                  | 25.180                                |
| Other Partners involved: | ProDoc Signature (date project began):  |                           | August 4, 2014                           |                                       |
|                          | (Operational) Closing Date:   | Proposed: August 31, 2019 | Actual: August 31, 2019                  |                                       |

### Project Description

Tourism is a significant economic sector for Montenegro, a small country off the shores of the Adriatic Sea with a population of 626,000 as of 2016. The tourism sector in Montenegro is also experiencing significant growth; in 2016, the tourism sector in Montenegro supported employment for over 27,000 persons or 14.6% of all employed persons in Montenegro. However, the tourism sector in Montenegro is also a primary source of GHG emissions. These emissions are generated from transport activities and energy consumption related to tourism infrastructure such as hotel accommodations, restaurants, commercial areas for tourists, street lighting and public buildings. With two-fold increases in the number of tourists, the country expects that tourist accommodation capacity as well as traffic volumes on roads will also dramatically increase. Moreover, the tourism industry is known to generate disproportionately more waste than residential or other sectors.

The main objective of the TCNT Project is to reduce GHG emissions from Montenegro’s tourism sector and maintain overall tourism sector-related GHG emissions at the 2013 level or lower despite the rapidly growing number of visitors. It will do so working towards 4 outcomes:

- **Outcome 1:** Legal and regulatory framework supporting low carbon tourism and low carbon spatial development, including increased certification of both existing and new tourist accommodation facilities and related services by internationally recognized environmental certification scheme(s);
- **Outcome 2:** Improved low carbon and carbon neutral transport infrastructure to support tourism sector related public and non-motorized transport;
- **Outcome 3:** Pilot investments to support low carbon tourism development implemented, followed up by establishment of a sustainable financing mechanism to support climate change mitigation and adaptation actions in the tourism sector;
- **Outcome 4:** GHG emission monitoring system and increased public awareness about the carbon footprint of the tourism sector, its GHG reduction potential and measures.

## Project Progress Summary

The TCNT Project is on target to meet its targets for direct GHG emission reductions of 77 ktons CO<sub>2eq</sub> (over the 20-year default lifetime of the investments) on the condition that 27 low carbon investments (that are to be supported by the Project) and 12 audited tourist accommodations for low carbon measures are implemented and generating GHG emission reductions before the EOP in August 2019. The total investment from the 27 low carbon investments is in the order of €8.8 million.

Progress on the establishment of a sustainable financing mechanism is at the stage where the design of an “Eco-fund” is currently in progress with an expectation to complete the design by late 2017. As such, there is still some uncertainty if the Eco-fund will be capitalized prior to the EOP. In addition, progress on eco-certification of tourist accommodations has not been on pace to meet the targets.

Another target that is behind schedule is “33% of all accommodation facilities and at least 100 private tourist accommodation facilities in 6 different coastal cities certified by EU eco-label or equivalent”. With only 20 accommodation facilities to date interested in eco-certification, the Project is not in a position to reach this target.

The TCNT Project currently has US\$858,726 of uncommitted funds remaining in its budget to be utilized over the next 2 years to complete the project by its planned terminal date of August 31, 2019.

## MTR Ratings and Achievement Summary

| Measure   | MTR Rating <sup>1</sup>         | Achievement Description   |
|---|---------------------------------|---|
| <b>Project Strategy</b>                                 | N/A                             | Project strategy is sound and is reflective of and relevant to the Government of Montenegro’s needs to promote low carbon tourism.  |
| <b>Progress Towards Results</b>                         | Objective Achievement Rating: 5 | There is a pipeline of pilot low carbon investments to receive Project support with potential to generate more than 77 ktonnes of direct CO <sub>2</sub> emission reductions. While the Government of Montenegro has committed to establishing a sustainable climate financing mechanism for the tourism sector as an “Eco-Fund”, design of the fund is currently under discussion with key stakeholders, placing a higher risk of meeting a target of keeping tourism related GHG emission reductions at 2013 levels.  |
|   | Outcome 1 Achievement Rating: 5 | Amendments to the Law on Tourism, Law on Spatial Planning and other related legislation have been prepared for adoption, and a polycentric SUMP has been adopted by 4 coastal municipalities. However, despite engaging energy auditors to eco-certify tourist accommodation facilities, the eco-certification process currently only involves only 20 facilities against the target of well over 200 facilities.   |
|   | Outcome 2 Achievement Rating: 4 | Progress on improving carbon neutral transport infrastructure has been hampered by lack of municipal financing and a strong likelihood of delays to the tendering and construction of the Kotor-Cetinje cable car project.  |
|   | Outcome 3 Achievement Rating: 4 | Call for proposals for pilot low carbon investments has resulted in a pipeline investment of €8.8, potentially exceeding the target of direct GHG reductions of 81 ktonnes of CO <sub>2</sub> reductions provided the Project can overcome the lack of capacity and skills within municipalities. The sustainable financing mechanism to support tourism related climate change mitigation projects after the EOP is still being designed within a national working group.  |
|   | Outcome 4 Achievement Rating: 5 | Project established regular annual GHG monitoring system from tourism sector, based on one-off developed methodology, and internationally verified. Accounting was completed for baseline 2013, as well as 2014 and 2015.<br><br>An MRV system is in place to verify and report GHG emissions from pilot and subsequent low carbon projects. While surveys indicate modest increases in low carbon tourism services and increased awareness of low carbon tourism services, there is still little to no visibility on tourism related websites, notably on the NTO website to promote low carbon tourism in Montenegro. |
| <b>Project Implementation &amp; Adaptive Management</b> | Achievement Rating: 5           | Project is being adaptively managed and implemented in a manner that is cost-effective. In addition, project management has made extensive efforts to liaise frequently with all key stakeholders, mainly MoSDT, municipal administrative personnel and private tourism industry. Project has undertaken design of the multi-sectoral “Eco-fund” over and above the original target of a tourism climate fund.  |
| <b>Sustainability</b>                                   | Sustainability Rating: 2        | The “moderately unlikely” risk is related to the financial risks of not capitalizing the Eco-fund by the EOP, and the governance risks related to the lack of capacities and skills mainly within the municipalities to prepare and implement innovative low carbon tourism projects (see Paras 63-69).   |

<sup>1</sup> Evaluation rating indices (except sustainability – see Footnote 2, and relevance – see Footnote 3): 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;

## Conclusions

Despite not being able to meet all targets set in the Project Results Framework, TCNT Project efforts have been satisfactory towards achieving intended outcomes, most importantly setting up pilot low carbon projects with the potential to generate direct GHG emission reductions and meet the Project target of 77 ktonnes of CO<sub>2</sub> over the 20-year lifetime of the investments. However, the TCNT Project has just over 2 years and US\$858,726 to complete all activities towards meeting intended targets and outcomes. Moreover, much of the remaining TCNT work pertains to the oversight, monitoring and management of the 27 low carbon investment from the 1<sup>st</sup> and 2<sup>nd</sup> calls for proposals to ensure that these investments are implemented to generate the designed level of GHG emission reductions.

The TCNT Project has produced a number of visibility products and tools, including a specific website for its Project activities to promote low carbon tourism in Montenegro as well as a “reduce your carbon footprint” website for calculating carbon footprints and handling donations for low carbon initiatives undertaken by the Project (such as bike paths, solar benches at smart bus stops and solar boats). While the content on these websites are informative and useful in understanding low carbon tourism, further improvements can be made during the remainder of the Project including strengthening linkages of these websites with mainstream and national tourism websites such as the Montenegro National Tourism Organization website ([www.montenegro.travel](http://www.montenegro.travel)). These efforts should target foreign tourists who would naturally migrate to the NTO website as their main portal on tourism in Montenegro and on which low carbon tourism should be promoted.

There have also been shortfalls in the uptake of low carbon investments for the tourism sector, where the uptake of these investments has not been up to the level envisaged in the ProDoc:

- Low carbon transport initiatives, especially those with high capital costs, will experience higher risks of not being implemented during the TCNT Project. This would include the Kotor-Cetinje cable car project (Output 2.2), a €47 million project that will be subject to several delays;
- Low carbon transport initiatives by municipal level administrations who are currently in need of personnel to prepare such proposals, and in need of municipal level financing;
- Persuading over 200 hotel operators in Montenegro or roughly 33% of all hotel operators in Montenegro to become eco-certified due to their unwillingness to undertake the efforts to pay for eco-certification or the lack of belief of these hotels that eco-certification provides a sales advantage.

The ongoing work to establish the Eco-fund is currently at a critical stage of development, namely the design of an expanded scope of an Eco-fund and identification of sources of revenue for the fund. Despite the improved probabilities of being able to establish an operational fund, there is still a substantial level of risk of not meeting the intended targets of an “NTCF established by the end of the 2nd year, mechanisms for its capitalization in place by at least €2 million annually”. As such, critical decisions to be agreed upon amongst the members of the working group over the next month on the Eco-fund includes:

- design and purpose of the Eco-fund;
- operational rules for allocation of tourism sector funds amongst other sectors covered by Eco-fund;
- identification of Eco-fund revenue sources including appropriate allocation of funds from these sources to the tourism sector;
- GoM commitment for initial capitalization of the Eco-fund to ensure its initial operational capacity.

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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.



## Recommendations

To improve implementation (and meet GHG emission reduction targets), the Project as a **first priority** should use its remaining resources to focus on monitoring and ensuring proper implementation of the 27 pilot low carbon investments. Further details are provide in Para 76.

To improve implementation (and increase the visibility of the Project’s efforts to promote low carbon tourism in Montenegro), the Project as a **second priority** should:

- increase its efforts to eco-certify hotels in addition to the 20 currently involved with the Project including an expansion of the eco-certification of hotels throughout Montenegro (see Para 78);
- increase its collaboration with the National Tourism Organization (NTO) to disseminate information on websites and other media on eco-certified low carbon tourist accommodations in Montenegro to raise awareness of low carbon tourism facilities and services in Montenegro. More specifically, NTO should make an additional effort to help portray green, low carbon facilities and services to foreign tourists by designating a separate page of their website on these green topics;
- NTO’s website can also be linked to the Chamber of Economy and MoSDT websites regarding low carbon investments as a means to increase public awareness of Montenegro’s effort to lower the carbon footprint of its tourism sector (see Para 77);
- assist NTO in further outreach to numerous global websites dedicated to sourcing eco-certified hotels globally such as the Green Traveler Guide (<http://greentravelerguides.com/tips/green-certifiers/>) where Montenegro could be included on a list of European countries that have eco-certified accommodations.

To correct Project design, there are 4 Project targets that can be adjusted as detailed in Para 78.

To improve the monitoring and evaluation of the Project, TCNT Project staff should strengthen its efforts as a **high priority** to monitor implementation of the 27 pilot low carbon investments and eco-certified hotels to improve tracking the progress towards reaching or exceeding the direct GHG emission reductions target of 77 ktonnes CO<sub>2</sub> (20-year lifetime). Para 79 provides further details.

Recommendations and proposals for future directions underlining main objectives provided here are **high priority** and additional to the recommendation in Para 76 regarding support to the NWG on the Eco-Fund. This recommendation pertains to the additional efforts by the Project to support the NWG in sourcing capitalization for the Eco-Fund that involve:

- ensuring efficient implementation of low carbon proposals from the 1<sup>st</sup> and 2<sup>nd</sup> calls to demonstrate Eco-Fund manager readiness to efficiently manage “pilot” activities of the Eco-Fund. This would involve strong oversight of the implementation of these proposals or prompt adaptive management of these projects (to ensure timely delivery of these GHG reduction generation projects);
- using the network of the Project and UNDP Montenegro, ensure that positive information on the implementation of the low carbon proposals is disseminated to foreign donors with climate funds who may be interested in capitalizing the Eco-Fund.

Recommendations and proposals for future directions underlining main objectives are provided as a lower priority, and should be implemented according to available Project time and resources. These recommendations are intended to place importance on current TCNT Project efforts and integrating them with other GHG emission reduction projects that focus on a greener economy and green growth:

- Encourage ESCO opportunities for municipalities wherever appropriate to overcome barriers for municipalities without funds to finance low carbon projects. This can also include private sector tourist accommodations or large facilities where an ESCO model is financially viable;
- Continue technical assistance to both municipal and private sector personnel in the preparation and analysis of technical proposals for tourism-related low carbon measures;
- Promote municipality interest in intercity sustainable transport links and networking of low carbon opportunities for tourism facilities;
- Support efforts by MoTMA in the strategic planning of nautical transport and ferries to improve mobility along coastal destinations in Montenegro, with an aim to offset inefficient use of fossil-fueled cars and reduce traffic congestion along the coastline highway.

Through the involvement of the TCNT Project personnel in these efforts, TCNT activities would dovetail into further green economy activities after the EOP and towards the priority development of Montenegro’s green economy. These efforts may also trigger other donors to provide resources to accelerate and scale up Montenegro’s efforts not only in low carbon tourism, but other economic sectors as well. Para 80 provides further details.

## ABBREVIATIONS

| Acronym         | Meaning   |
|-----------------|---|
| APR-PIR         | Annual Project Report - Project Implementation Review |
| BAU             | Business as usual                                     |
| CAGR            | Compound annual growth rate                           |
| CDM             | Clean Development Mechanism                           |
| CO              | UNDP Country Office                                   |
| CO <sub>2</sub> | Carbon Dioxide  |
| CoE             | Montenegro Chamber of Economy                         |
| CP              | Country Programme                                     |
| CPAP            | Country Programme Action Plan                         |
| CSO             | Civil service organization                            |
| DEX             | Direct execution modality                             |
| EBRD            | European Bank for Reconstruction and Development      |
| EC              | Energy Conservation                                   |
| EE              | Energy Efficiency                                     |
| EECP            | Energy Efficiency and Conservation Programme          |
| EMS             | Energy Management System                              |
| EOP             | End of project  |
| ESCO            | Energy Service Company                                |
| EU              | European Union  |
| FY              | Fiscal Year   |
| GDP             | Gross Domestic Product                                |
| GEF             | Global Environment Facility                           |
| GHG             | Green House gas                                       |
| GoM             | Government of Montenegro                              |
| IPA             | Instrument for Pre-Accession Assistance               |
| kWh             | kilowatt hour   |
| LED             | Light-Emitting Diode                                  |
| MoE             | Ministry of Economy                                   |
| MoF             | Ministry of Finance                                   |
| MoTMA           | Ministry of Transport and Maritime Affairs            |
| MoSDT           | Ministry of Sustainable Development and Tourism       |
| MRV             | Monitoring, reporting, and verification               |
| MSSP            | Montenegro Strategy for Sustainable Development       |
| MTR             | Midterm review  |
| NGO             | Non-governmental organization                         |
| NPC             | National Project Coordinator                          |
| NPD             | National Project Director                             |
| NTCF            | National Tourism Climate Fund                         |
| NTO             | National Tourism Organization                         |
| NWG             | National Working Group                                |
| PC              | Project coordinator                                   |
| PIMS            | UNDP/GEF Project Information Management System        |
| PIR             | Project implementation report                         |
| PM              | Project manager                                       |
| PMU             | Project Management Unit                               |
| PPG             | Project Preparatory Grant (GEF)                       |
| PRF             | Project Results Framework                             |

| <b>Acronym</b> | <b>Meaning</b>   |
|----------------|--|
| PSC            | Project Steering Committee                             |
| PV             | Photovoltaic   |
| SMART          | Specific, Measurable, Attainable, Relevant, Time-bound |
| SUMP           | Sustainable urban mobility plan                        |
| TCNT           | Towards Carbon Neutral Tourism Project                 |
| tCO2           | Tonne of Carbon Dioxide                                |
| TE             | Terminal Evaluation                                    |
| TOR            | Terms of Reference                                     |
| UN             | United Nations   |
| UNDAF          | UN Development Assistance Framework                    |
| UNDP           | United Nations Development Programme                   |
| UNFCCC         | UN Framework Convention on Climate Change              |
| WTTC           | World Travel & Tourism Council                         |

## 1. INTRODUCTION

1. This report summarizes the findings of the Mid-term Review Mission conducted during the June 12-16, 2017 period for the UNDP-supported GEF-financed Project entitled: “**Towards Carbon Neutral Tourism**” (hereby referred to as the TCNT Project or the Project), that received a USD 3.09 million grant from the Global Environmental Facility (GEF). The Project goal was to “reduce GHG emissions from Montenegro’s tourism sector and maintain the overall tourism sector related GHG emissions at the 2013 level or lower despite the rapidly growing number of visitors”.

### 1.1 Purpose of the Mid-Term Review

2. 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 Midterm Review (MTR) upon completion of implementation of a project to provide a comprehensive and systematic account of the performance of an ongoing project by reviewing its design, process of implementation and achievements vis-à-vis GEF project objectives and any agreed changes during project implementation. As such, the MTR for this Project serves to:
  - assess early signs of project success or failure with the goal of identifying the necessary changes to be made to set the Project on-track to achieve its intended results;
  - strengthen the adaptive management and monitoring functions of the Project;
  - enhance the likelihood of achievement of Project and GEF objectives through analyzing Project strengths and weaknesses and suggesting measures for improvement;
  - enable informed decision-making;
  - create the basis for replication of successful Project outcomes achieved to date;
  - identify and validate proposed changes to the ProDoc to ensure achievement of all Project objectives; and
  - assess whether it is possible to achieve the objectives in the given timeframe, taking into consideration the pace at which the Project is proceeding.
3. This MTR was prepared to:
  - be undertaken independent of Project management to ensure independent quality assurance;
  - apply UNDP-GEF norms and standards for midterm reviews;
  - assess achievements of outputs and outcomes, likelihood of the sustainability of outcomes, and if the Project met the minimum M&E requirements;
  - provide recommendations to increase the likelihood of the Project delivering all of its intended outputs and achieving intended outcomes.

### 1.2 Scope and Methodology

4. The scope of the MTR covers the entire UNDP-GEF-MoSDT supported TCNT Project and its components as well as the co-financed components of the Project. This MTR assesses 33 months of Project progress, achievements and implementation taking into account the status of Project activities, outputs and the resource disbursements made up to May 31, 2017. The MTR also reports on the progress against objective, each outcome, output, activity (including sub-activities) and impact indicators listed in the latest Project Results Framework (PRF) as provided on Appendix F as

to how these outcomes and outputs will be achieved within the Project duration (up to August 31, 2019) or with a Project extension. The MTR report concludes with recommendations, as appropriate, for the key stakeholders of the Project. The MTR will be approached through the criteria of *relevance, effectiveness, efficiency, sustainability, and impact*, as defined and explained in the UNDP Guidance for Conducting Midterm Reviews of UNDP-supported, GEF-financed Projects, and the GEF M&E policy.

5. The methodology adopted for this MTR includes:

- Review of Project documentation (i.e. APR/PIRs, meeting minutes of Project Steering Committee) and pertinent background information;
- Interviews with key Project personnel including the current Project Manager, Project Coordinators, technical advisors, and Project developers;
- Interviews with relevant stakeholders including other government agencies and institutes and private sector entities; and
- Field visits to selected Project sites and interviews with beneficiaries.

A detailed itinerary of the Mission is shown in Appendix B. A full list of people interviewed and documents reviewed are given in Appendix C and Appendix D respectively. The MTR Team for the UNDP-GEF project was comprised of one international expert, and one national expert.

6. The Project was reviewed in the context of:

- *Project strategy*: This includes an analysis of the TCNT Project design (and Project Results Framework) as outlined in the ProDoc to identify if the strategy is effective in achieving the desired outcomes;
- *Progress towards results*: This is to include information provided from, amongst others, Project work plans, Project implementation reports (PIRs), relevant Project reports and information provided from various Project stakeholders;
- *Project implementation and adaptive management*: This would be an assessment on the quality of support to the Project from UNDP as well as the Implementing Partner of the Project, the Ministry of Sustainable Development and Tourism (MoSDT). Assessment parameters would include management arrangements, work planning, finance and co-finance, Project level monitoring and evaluation systems, stakeholder engagement, reporting and communications; and
- *Sustainability*: The likely ability of an intervention to continue to deliver benefits for an extended period of time after the end-of-Project (EOP). The MTR sustainability assessment essentially sets up the stage for the Terminal Evaluation during which sustainability will be rated under the for GEF categories of sustainability, namely financial, socioeconomic, institutional framework and governance, and environmental.

7. All possible efforts have been made to minimize the limitations of this independent midterm review. Notwithstanding that a total of 5 days were spent in Podgorica and Cetinje by the MTR team to collect and triangulate as much information as possible, follow-up interviews and Skype conversations by the MTR team were also made after the June missions.

### 1.3 Structure of the MTR Report

8. This MTR report is presented as follows:

- An overview of Project activities from commencement of operations in September 2014 to the present activities of the TCNT Project;
- An assessment of Project strategy;
- An assessment of Project progress towards results;
- An assessment of Project implementation and adaptive management;
- Assessment of sustainability of Project outcomes; and
- Conclusions and recommendations.

9. This MTR report is designed to meet UNDP-GEF’s “Project-level Monitoring: Guidelines for Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects” of 2014:

[http://web.undp.org/evaluation/documents/guidance/GEF/midterm/Guidance\\_Midterm%20Review%20EN\\_2014.pdf](http://web.undp.org/evaluation/documents/guidance/GEF/midterm/Guidance_Midterm%20Review%20EN_2014.pdf)

## 2. PROJECT DESCRIPTION AND DEVELOPMENT CONTEXT

### 2.1 Development Context

10. Tourism is a significant economic sector for Montenegro, a small country off the shores of the Adriatic Sea with a population of 626,000 as of 2016<sup>2</sup>. The tourism sector in Montenegro is experiencing significant growth; in 2012, the tourism sector comprised of 19.5% of national GDP (€663.8 million) rising to 20.0% in 2014 (€733 million) and 22.1% in 2016 (€ 846.4 million) according to the World Travel & Tourism Council (WTTC)<sup>3</sup>. In 2016, the tourism sector in Montenegro supported employment for over 27,000 persons or 14.6% of all employed persons in Montenegro. Moreover, the country is poised for further growth in the sector.
11. The tourism sector in Montenegro is also a primary source of GHG emissions. These emissions are generated from transport activities and energy consumption related to tourism infrastructure such as hotel accommodations, restaurants, commercial areas for tourists, street lighting and public buildings:
  - two-fold increase in the tourist accommodation capacity from the current 70,000 rooms up to 140,000 rooms would lead to additional power demand of about 125 GWh/year or 42 ktCO<sub>2</sub>;
  - tourism industry is known to generate disproportionately more waste than residential or other sectors due to the nature of final consumption: tourism-related waste accounted for 10% of the total waste volume in 2011 and its share would double by 2020;
  - two-fold increase in the number of tourists would bring to Montenegrin roads about half a million additional cars during the summer season (compared to the total of 200,000 vehicles currently registered in Montenegro) as well as an additional 1-2 million tourists flying in with correspondingly high carbon footprint;
  - cruise shipping has grown more than 10% per annum over the past decade and this growth is likely to continue resulting in additional GHG emissions.
12. With the expected rise of the number of tourists visiting Montenegro in future, GHG emissions from the aforementioned tourism activities would rise above the 2013 estimate of 77,000 tCO<sub>2</sub>/year to over 170,000 tCO<sub>2</sub>/year in 2023 in a business-as-usual (BAU) scenario. The Government of Montenegro (GoM) through its National Communications<sup>4</sup> and its Strategy for Sustainable Development (MSSD), has stated its intention that development of a low carbon tourism sector is a national priority.

### 2.2 Problems that TCNT Project Seeks to Address

13. For Montenegro to shift its country’s development towards a stated aim of becoming an “ecological state” and promote carbon neutral tourism development through fostering sustainability and encouraging innovation in business, a number of issues related to in-country capacity and awareness need to be resolved:

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<sup>2</sup> [www.worldometers.info](http://www.worldometers.info)

<sup>3</sup> <https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2017/montenegro2017.pdf>

<sup>4</sup> Montenegro’s Second National Communication was released on May 28, 2015.



- Improve institutional capacities of both central government and local municipal administrations to implement national strategies towards the development of low carbon tourism. This would include the specific roles and responsibilities between these levels of governments, notably the National Tourist Organization (NTO), and improving national capacity to provide credible GHG emission reduction estimates;
- Full integration of climate change considerations into tourism sector planning;
- Improve general public awareness of GHG emission impacts of the tourism sector including the carbon footprint of tourist accommodations, restaurants and tourism transport-related activities;
- The need to increase demand for low carbon tourism infrastructure and services as well as various technical options to mitigate these emissions to the extent of motivating private sector investment;
- Improve awareness amongst visiting tourists of low carbon tourism infrastructure and services; and
- Ensure access to public funds and financing mechanisms that could contribute to the scale up and sustainable development of low carbon infrastructure and services.

These are issues that the TCNT Project seeks to address.

### 2.3 TCNT Project Description and Strategy

14. The main objective of the TCNT Project is to reduce GHG emissions from Montenegro’s tourism sector and maintain overall tourism sector-related GHG emissions at the 2013 level or lower despite the rapidly growing number of visitors. It will do so by:
  - revision and development of new legislation and strategic documents, which will support different, more environmentally and climate friendly tourism offer of the country;
  - developing a GHG emissions monitoring system for tourism sector, being one of the few global frontrunners on piloting climate mitigation requirements in the service sector;
  - Introduction of the ecological certification schemes for accommodation capacities that should provide marketing advantages, reduce operational costs and increase the environmental performance;
  - Mobilize additional financial resources for climate mitigation activities in the tourism sector and support the introduction of carbon offset schemes for tourists, hotels and the car rental industry;
  - Promoting development of low carbon spatial planning and development of sustainable transport solutions;
  - Helping the tourism sector identify and implement cost-effective mitigation options, notably in the accommodation sector;
  - Raising general awareness on the importance and benefits of developing carbon neutral and green tourism to help transform Montenegro into the next carbon neutral green-friendly hot spot; and
  - Promoting the country’s transition towards carbon neutral travel & tourism thus enhancing Montenegro’s green reputation on the global market.

## 2.4 TCNT Project Implementation Arrangements

15. The TCNT Project is implemented under a direct execution modality (DEX) by UNDP Montenegro. UNDP Montenegro executes planned Project activities on behalf of the chief beneficiary of the TCNT Project, the Ministry of Sustainable Development and Tourism (MoSDT). Key Project decisions are made by the Project Board, co-chaired by UNDP Montenegro and MoSDT with Board members consisting of representatives from all sectors in the MoSDT (spatial planning, environment, tourism standards and destination management, sustainable development), representatives from pilot municipal administrations, National Tourism Organization and Chamber of Economy.

## 2.5 TCNT Project Timing and Milestones

16. The TCNT Project that commenced on September 1, 2014 was designed as a 5-year project, ending August 31, 2019. Milestones for the first 30 months of the Project include:
  - An updated review of available international eco-certification schemes and other international best practices for promotion of low-carbon tourism with related recommendations on most feasible options for promotion in Montenegro (Output 1.1) completed by end of 2015;
  - Inclusion of low carbon tourism development principles and measures in strategic and legal documents, namely the National Strategy for Sustainable Development by 2030, National Climate Change Strategy by 2030, Law on Environment and Law on Tourism, that can effectively promote low carbon tourism development in Montenegro (Output 1.2) by end of 2015;
  - Independently validated GHG emissions inventory and monitoring system for tourism sector and its sub-sectors (such as accommodation, travel, waste) and regular annual reporting of tourism sector related energy consumption and GHG emissions by type of activities (Output 4.3) completed in early 2016;
  - Guidelines for developing and setting up monitoring, reporting and verification (MRV) protocols and systems for investment projects co-financed by TCNT (Output 4.4, in relation with Output 3.1) completed by early 2016;
  - Program of carbon compensation and offset scheme and online carbon footprint calculator (Output 3.5) established and promoted with 35 partners (hotels, tourism organizations, national parks, airports) by the end of 2016;
  - Completion of the 1<sup>st</sup> call for pilot low carbon proposals (Output 3.1) for completion by the end of 2015;
  - Establishment of a National Tourism Climate Fund (NTCF) for completion by the end of 2016;
  - Completion of a public relations strategy and action plan to promote low carbon tourism in Montenegro for tourists and other key stakeholders (Output 4.1) for completion by the end of 2015;
  - Establishment of a working group to develop methodologies and procedures to account for GHG emissions and baseline data for the tourism sector (Output 4.2) for completion by the end of 2015;
  - Completion of a 2<sup>nd</sup> call for pilot low carbon proposals (Output 3.1) in February 2017 necessitated by poor response from the 1<sup>st</sup> call for proposals; and
  - Completion of 2 studies out of a target of 3 on the use of low carbon tourist services in Montenegro that includes tourist preferences for low carbon services and monitoring the impact of TCNT Project activities (Output 4.10) for completion by early 2017.

## 2.6 Main Stakeholders

17. The main stakeholder of the TCNT Project are the Ministry of Sustainable Development and Tourism (MoSDT). To achieve the specific TCNT Project objective of “reducing GHG emissions from Montenegro’s tourism sector and maintaining the overall tourism sector related GHG emissions at the 2013 level or lower despite the rapidly growing number of visitors”, the TCNT Project needed to engage a wider range of stakeholders:

- The Ministry of Transport and Maritime Affairs (MoTMA) on the setting of land and water transport policies, strategies and action plans;
- The Ministry of Economy (MoE) on all energy and environmental related policies of the GoM;
- The Ministry of Finance (MoF) on issues related to taxation and budgetary issues including the establishment of a NTCF and identification and adoption of suitable financial and fiscal mechanisms for its capitalization;
- The National Tourism Organization of Montenegro (NTO)<sup>5</sup> with the main objective of promoting Montenegro as a travel and holiday destination;
- Municipal administration of various pilot cities of the TCNT Project including the municipalities of Cetinje, Herceg Novi, Tivat and Kotor;
- The Montenegro Chamber of Economy (CoE) with the main objective to enable and motivate private sector to invest in low carbon tourism projects;
- The Montenegro Tourism Association (*Crnogorsko Turisticko Udruzenje*)<sup>6</sup> representing the private tourism sector industry including hotel sector, and promoting environmental protection as a basis for sustainable development of tourism; and
- Private sector entities involved with tourist development strategies in Montenegro.

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<sup>5</sup> <http://www.montenegro.travel/en>

<sup>6</sup> <http://www.ctu-montenegro.org>

## 3. FINDINGS

### 3.1 Project Strategy

18. Design of the TCNT Project was intended to remove barriers to achieving minimization of Montenegro’s carbon footprint from its tourism sector. The design incorporates a comprehensive approach to incorporate international experiences and best practices in the preparation and adoption of low carbon policies and strategies of the tourism sector, and to building the capacities of the public and private sectors on designing and implementing these strategies. Most importantly, the strategies would include the development and promotion of low carbon travel and accommodations as well as energy efficiency of public buildings and spaces frequented by tourists. To sustain a transition towards low carbon tourism, the TCNT Project was designed to introduce innovative financial schemes to ensure continual investments into low carbon tourist facilities and transport.

#### 3.1.1 Project Design

19. The approach of the TCNT Project, as with most GEF projects, seeks to augment ongoing baseline activities in the tourism sector in Montenegro, and accelerate their progress towards the intended project outcomes of the TCNT Project. Some of the baseline activities that are prominent to the MTR team include:

- The National Tourism Organization (NTO) that operates a “Bed and Bike” scheme to encourage cycling holidays in Montenegro;
- “TUR.GRATE 2”, an environmental certification programme for Montenegrin tourist accommodation facilities on the coast and funded under a €2.5 million EU project funded under the Instrument for Pre-Accession Assistance (IPA) Adriatic Cross Border Cooperation Programme;
- The Ministry of Economy’s Energy Efficiency Sector programme that has established a pipeline of energy efficiency activities<sup>7</sup>. With the Ministry of Economy chairing a national working group, there are a number of activities under this program including ESCO projects within Montenegro (of which the tourism sector is expected to contribute a number of projects), as well as an EBRD-supported project for the formulation of an ESCO enabling legal framework to facilitate energy efficiency investments targeting public buildings and spaces;
- UNDP has been implementing a “Beautiful Cetinje” project that commenced in 2011 to provide economic revitalization of the Old Royal Capital through urban reconstruction of several buildings within the city with energy efficiency considerations that will contribute to the greening of Montenegro’s old capital city;
- An updated feasibility study for the construction of a cable car from Kotor to Cetinje finalized in June 2013 with support of the EBRD. This cable car project would increase visitor volumes from the coast and, in particular, transfer cruise boat visitors normally staying in Kotor to Lovcen National Park and Cetinje, normally accessible in 1-1.5 hours by car or bus. The new cable car would cut the travel time to approximately 45 minutes, while also offering a complementary tourist attraction by itself;
- Government of Italy support for the development of tourism and travel master plans and pilot projects in a number of important touristic municipalities with annual grant financing of

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<sup>7</sup> <http://www.energetska-efikasnost.me/index.php?!=en>

- €800,000. Past examples of this co-operation are the Perast sustainable transport initiative, in which the municipality of Perast, with support of the Italian Government, transformed its main street to an “eco-tourist zone” restricted to traffic in the summer months. There is parking space outside the city center, where tourists can leave their vehicles and go sightseeing around Perast on foot or using bikes, “segways” and electric cars specifically introduced for this purpose; and
- A feasibility study for the “Establishment of Sustainable Maritime Public Transport in Boka Kotorska by Solar Powered Catamarans” was finalized with support of the EBRD in 2013, but has not proceeded further since then. The study was done for a complete marine public transportation scheme of Kotor Bay consisting of 2 longer fast lines (with diesel boats) and 5 - 6 solar power assisted shorter ones with a total fleet of 18 boats and estimated investment of €5.3 million.
20. More importantly, these baseline activities have been incorporated into the Project strategy that was developed in close consultation with the implementing partner, MoSDT. As such, the information collected from MoSDT as well as partner municipalities and selected private sector tourism operators provided a decent representation of baseline initiatives for TCNT Project support. Moreover, MoSDT prepared a tourism strategy including many of these baseline projects to lower carbon footprints of the sector. Activities of the TCNT Project appear to be aligned with and represent the best path towards promoting low carbon tourism in Montenegro.
  21. Senior personnel of the Government of Montenegro (with several national policies related to promotion of tourism development in Montenegro) have demonstrated strong ownership of the activities of the TCNT Project. However, the primary barrier to the GoM meeting the objectives of the TCNT Project appears to be related to overambitious Project targets followed by numerous TCNT activities. Moreover, many of the UNDP-MoSDT activities on the TCNT Project needed to be responsive to the “Law on Environment and Strategy with Action Plan for Transposition, Enforcement and Implementation of EU acqui in Chapter 27 – Environment and Climate Change”, very important from the perspective of the Montenegrin negotiation process for EU membership. As well, some of the targets set in the ProDoc required considerable effort to complete within a 5-year time frame, increasing the risks of not being able achieve the target.
  22. Underlying assumptions of each baseline activity towards their contribution to achieving the overall Project results was covered in the PRF including assumptions such as the adoption of a supportive regulatory framework and financial mechanisms, required political support for the planned actions, and agreements and mechanisms in place to monitor and access data on energy savings and GHG emission reductions. One assumption that was not made for several of the baseline projects has been the timely completion of action plans recommended by the various feasibility studies; this would include baseline projects such as the cable car from Kotor to Cetinje, and the adoption and implementation of transport master plans for a number of the pilot municipalities that have high tourist volumes. These rather capital-intensive projects are usually associated with higher risks of implementation delays due to delays in obtaining approved financing from public partners such as the municipalities and the state. As such, these public sector projects have higher risks that they may not be completed during the duration of the TCNT Project.
  23. Similarly, the assumption of an NTCF being operational by the end of the TCNT Project is questionable considering there were no baseline initiatives such as a feasibility study of an NTCF; as such, the TCNT Project would be relied upon to provide this study for decision-makers within the Government of Montenegro. Furthermore, while ongoing TCNT Project activities support the

establishment of some kind of tourism climate fund, the feasibility of a standalone tourism climate fund was uncertain due to the lack of a study of the size of the fund, and the risk that if the fund was small, the high cost of administering a small fund would render the NTCF to be not feasible. The current outcomes from the efforts to put together an NTCF have realized this aforementioned risk, and as such, the Project is supporting (as an adaptive management measure) the establishment of a broader environmental fund to support climate related tourism initiatives amongst other economic sectors in Montenegro.

24. A review of the TCNT ProDoc reveals that no gender issues were considered on this Project. Moreover, none of the outcomes or outputs are related to relevance to gender. To a large extent, however, gender issues in Montenegro do not appear to be as important as other developing countries. An indicator of this opinion is the even split in gender of the number of government persons met during the MTR mission. This includes senior government managers representing the Government of Montenegro. As such, while gender does not appear to be an issue on this Project, the Project has made efforts to include gender dimensions on its surveys on tourism in Outcome 4 as well as gender mainstreaming at the Country Office level.

### 3.1.2 Analysis of Project Results Framework

25. The Project Results Framework (PRF) of the TCNT Project generally meets most of the “SMART” criteria<sup>8</sup>. The MTR team, however, have some specific comments regarding some of the indicators in the PRF as follows:
- Objective-level indicators: An estimation of indirect GHG emission reductions of 173.7 ktonnes of CO<sub>2eq</sub> by the end of 2023 will be conducted towards the EOP. However, this should not be included as a target on the PRF since its estimation is made from guidance from GEF that includes a causality factor that is determined by the Terminal Evaluator;
  - Outcome 2 indicators:
    - target of certifying the main airport and marine entry points to Montenegro as low carbon facilities is unlikely given the financial situation of Montenegro. Meeting this target would also require a substantial and long term investment of these facilities, beyond the 5-year time-frame of the TCNT Project. In consideration of the actual TCNT budget and the high costs associated with such investments, the TCNT Project cannot realistically expect to achieve or attain this target;
    - the target of a completed Kotor-Cetinje cable car has a higher risk of not being attainable given the baseline of a feasibility study being completed for this project, and difficulties of obtaining public financing of more than 70% of the €47 million capital cost, and notwithstanding the consideration of an EBRD loan of €15 million;
  - Outcome 3 indicators: The target of an NTCF established by the 2<sup>nd</sup> year of the Project does not appear to be practical or realistic considering the 2014 baseline scenario where no mechanisms actually existed or where there were no studies on the setup of such a fund (as mentioned in Para 23). As such, the Project would have had to assemble all stakeholders to discuss the fund, hold meetings on design of the fund, followed by the establishment of the fund, all within a period of 2 years. In addition, the target of capitalizing the fund for €2 million annually also does not seem realistic considering the size of such funds normally carry high administrative costs,

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<sup>8</sup> Specific, Measurable, Attainable, Relevant, Time-bound

thus blunting the interest of government or any other financial institutions to adopt and capitalize such a fund.

## 3.2 Progress towards Results

### 3.2.1 Progress towards Outcome Analysis

26. Progress towards results is provided on Table 1 against the EOP targets in the TCNT PRF. Comments on some of the ratings are provided in the following paragraphs.

*Project objective level targets:*

27. With regards to the Project objective of not exceeding the total 2013 GHG emissions in Montenegro from the tourism sector, achievement of this target may be very difficult considering that the latest report on tourism GHG emissions is in the order of 100 ktCO<sub>2</sub>, around 40 ktCO<sub>2</sub> more than the 2013 levels. This is due to Monstat, the official national statistics bureau of Montenegro, changing the methodology in calculating energy balances as of 2014, which had the impact of raising this number to 100 ktCO<sub>2</sub><sup>9</sup>. With less than 2 years remaining on the TCNT Project, reducing this 40 ktCO<sub>2</sub> gap may be difficult unless there are substantial improvements and scaling-up of low carbon initiatives of the Project. In addition, the pace of buy-in from various accommodation facilities for eco-label certification, and the slow pace of public sector investment in low carbon transport and other SUMP measures will add to the difficulties of achieving this target by the EOP.
28. With regards to direct GHG emission reduction impacts, the Project currently has 27 low carbon investments (from Outcome 3) and the energy audit of approximately 12 tourist accommodation facilities that, if effectively implemented, will lead to 81 ktonnes CO<sub>2eq</sub> over the lifetime of technologies applied, more than the target of 77 ktonnes CO<sub>2eq</sub>. Reaching this will be conditional on all investments being completed before the EOP of August 2019.
29. With regards to the extent to which climate finance is being accessed to support low carbon tourism, it is not realistic to expect during the Project that low carbon tourism would be largely financed through climate funds by the EOP. This is due to the slow pace of the establishment of an Eco-fund (encompassing financing support for several sectors, one of which is the tourism sector), and the current lack of identified sources for the capitalization of the fund. A more realistic expectation is low carbon tourism to be “very partially” supported by climate finance. There is simply insufficient time remaining on the TCNT Project to have a fully operational and capitalized Eco-fund.
30. With regards to the “extent that there is a system in place to deliver, monitor, report on and verify climate finance in the tourism sector”, MRV protocols are in place for a number of low carbon tourism initiatives. Meeting this target, however, will be dependent on scaled up interest in low carbon tourism and the establishment of a financing mechanism (such as through an established Eco-fund) to generate GHG emission reductions and verification reports on low carbon tourism. With low carbon investments in the pipeline from the 1<sup>st</sup> and 2<sup>nd</sup> calls for low carbon proposals, completion of the 27 investments will catalyse the use of the system of MRV protocols on a pilot basis that can be replicated for future low carbon investments in the tourism sector.

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<sup>9</sup> The new calculation methodology included a percentage of households electricity consumption being allocated to tourism services

**Table 1: Progress Towards Results Matrix (Achievement of outcomes against End-of-project Targets)**

| Project Strategy   | Indicator   | Baseline Level                 | Level in 2016 PIR  | Mid-Term target | End-of-Project Target   | Midterm Level and Assessment  | Achievement Rating | Justification for Rating |
|--|---|--------------------------------|--|-----------------|---|---|--------------------|--------------------------|
| <b>Project Objective:</b><br>Reduce GHG emissions from Montenegro’s tourism sector and maintain the overall tourism sector related GHG emissions at the 2013 level or lower despite the rapidly growing number of visitors | The tourism sector related GHG emissions compared to the estimated level in 2013  | 2013: 70-100 ktCO <sub>2</sub> | 60,904 ktCO <sub>2e</sub> , was verified in accordance with ISO 14064-3:2006 | None            | 2020: 70-100 ktCO <sub>2</sub><br><br>The tourism sector related total GHG emissions in Montenegro not exceeding the level in 2013  | Recent report indicates tourism-related GHG emissions in Montenegro is now in the order of 100 ktCO <sub>2</sub> .  |                    | See Para 27              |
|  | Amount of reduced CO <sub>2</sub> emissions by investments facilitated by the project   | 0                              | 11,241 ktCO <sub>2e</sub> for the 10-yr lifetime of projects                 | None            | Direct GHG emission reduction impact:<br>77 ktons CO <sub>2eq</sub> over the 20-years default lifetime of the investments made during project implementation with direct GEF support. | If all 27 low carbon investments (from Outcome 3) and 12 audited tourist accommodations are implemented, the Project can realize 81 ktons CO <sub>2eq</sub> of GHG lifetime reductions. |                    | See Para 28              |
|  |   | 0                              | Not reported   | None            | Indirect GHG emission reduction impact:<br>Cumulative indirect GHG reduction impact of 173.7 ktons of CO <sub>2eq</sub> by the end of 2023 or over 360 ktons by the end of 2028.      | MTR team suggests that reporting on this indicator be dropped since it is not measurable  | n/a                | See Para 25              |
|  | Extent to which climate finance is being accessed to support low-carbon tourism.  | Not adequately                 | Not adequately   | None            | Largely   | Not adequately.   |                    | See Para 29              |
|  | Extent to which there is a system in place to access, deliver, monitor, report on and verify climate finance in tourism sector. | Not adequately                 | Not adequately   | None            | Largely   | Not adequately  |                    | See Para 30              |



| Project Strategy   | Indicator  | Baseline Level   | Level in 2016 PIR  | Mid-Term target | End-of-Project Target   | Midterm Level and Assessment   | Achievement Rating | Justification for Rating |
|--|--|--|--|-----------------|---|--|--------------------|--------------------------|
| <b>Outcome 1:</b><br>Legal and regulatory framework supporting low carbon tourism and low carbon spatial development, including increased certification of both existing and new tourist accommodation facilities and related services by internationally recognized environmental certification scheme(s) | Status of suggested amendments to the Law on Tourism, Tourism Sector Development Strategy, Law on Spatial Planning and, as applicable, other related documents                     | Low carbon Tourism related Provisions not included in the Laws | Final draft being prepared for low carbon development principles and measures Inc. into the framework Law on Tourism | None            | Amendments into the Law on Tourism, Tourism Sector Development Strategy, Law on Spatial Planning and Construction and, as applicable, other related documents to promote low carbon tourism adopted.  | Amendments on relevant legislation have been prepared for adoption by GoM  |                    | See Para 31              |
|  | Share from all registered tourist accommodation facilities constructed and operated in accordance with the EU Ecolabel or similar internationally recognized certification scheme. | <1 % (4)   | Only 20 hotels and private accommodations have applied for eco-label certification                                   | None            | At least 33% of all officially registered collective tourist accommodation facilities and at least 100 private (non-collective) tourist accommodation facilities in at least 6 different coastal cities to be certified by EU Ecolabel or similar internationally recognized certification scheme, and of which 25% to operate on a fully carbon neutral basis. | <1%  |                    | See Para 32              |
|  | Number of municipalities covered by low carbon spatial plans   | 0  | Polycentric Sustainable Urban Mobility Plan developed for 4 municipalities (Kotor, Tivat, Herceg Novi and Cetinje).  | None            | At least one low carbon spatial plan developed in each of the 4 municipalities  | Polycentric SUMP lists a suite of low carbon sustainable transport project plans that can be adopted by the 4 municipalities. Remaining challenge for implementation is financing. |                    |                          |
| <b>Outcome 2:</b><br>Improved low carbon and carbon neutral  | Number and type of new low carbon or carbon  | N/A  | Initial assessment and overview of local, regional and EU  | None            | The main air and marine entry ports certified as low carbon facilities, including “climate  | Main airport and marine entry ports in Montenegro have not   |                    | See Para 33              |

| Project Strategy  | Indicator  | Baseline Level | Level in 2016 PIR  | Mid-Term target | End-of-Project Target   | Midterm Level and Assessment  | Achievement Rating | Justification for Rating |
|---|--|----------------|--|-----------------|---|---|--------------------|--------------------------|
| transport infrastructure to support tourism sector related public and non-motorized transport                                   | neutral intermodal transport hubs and corridors.                                   |                | requirements and practices concerning eco-certification of air and marine ports is conducted by the project legal expert and project coordinator |                 | friendly” shore power supply for visiting cruisers and yachts.  | yet been certified as low carbon facilities.  |                    |                          |
|   |  | N/A            | Currently, the study on potential for use of RES for the future cable car is being revised for incorporation into Tender Documentation.          | None            | The new Kotor-Cetinje cable car developed and constructed as a carbon free transport corridor.  | Cable car project tender is being prepared  |                    | See Para 34              |
|   |  |                | Bus station in Cetinje reconstructed as low carbon tourism welcome centre  | None            | Bus stations in at least 2 cities established as low carbon tourist welcome centers.  | Bus stations in Cetinje and Tivat have been established as low carbon tourism welcome centres and smart solar bus stops             |                    | See Para 35              |
|   |  |                | A EuroVelo8 route through Montenegro is proposed in the draft of the Government plan: Spatial Purpose Spatial Plan for the Coastal Area          | None            | At least 25 km of new non-motorized transport corridors approved for funding.   | Over 35 km of cycle trails have been designed and approved for financing with assistance from Project                               |                    | See Para 36              |
| <b>Outcome 3:</b><br>Pilot investments to support low carbon tourism development implemented, followed up by establishment of a | Status of implementation and resulting GHG emission reductions from pilot projects | 0              | Total investments are €2,880,309 for LED lighting project and biking trail   | None            | New tourism sector related GHG mitigation projects financed at the amount of at least €3.6 million resulting in direct GHG reduction of at least 77 ktonnes of CO <sub>2eq</sub> over their lifetime. | Total investments now €8.8 million with 27 pilot low carbon proposals with a potential for 81 ktonnes of CO <sub>2</sub> reductions |                    | See Para 37              |

| Project Strategy   | Indicator   | Baseline Level | Level in 2016 PIR  | Mid-Term target | End-of-Project Target   | Midterm Level and Assessment  | Achievement Rating | Justification for Rating |
|--|---|----------------|--|-----------------|---|---|--------------------|--------------------------|
| sustainable financing mechanism to support climate change mitigation and adaptation actions in the tourism sector  | Status of financing mechanisms and amount of financing leveraged for supporting climate change mitigation and adaptation actions in the tourism sector. | None           | Study to establish the National Tourism Climate Fund (NTCF) is being discussed in multi-stakeholder Working Group for Sustainable Financing Mechanism, in addition to operation of pilot carbon compensation scheme (for generation of additional revenue for financing climate mitigation and adaptation actions in tourism) consisting of voluntary donations of tourists and matching funding of hotel. | None            | National Tourist Climate Fund established by the end of the second year of project implementation and mechanism(s) for its capitalisation in place by at least €2 million annually. | Operational Team and the Steering Committee are meeting to consider Eco-fund models based on report from Croatian consultants.<br><br>CO <sub>2</sub> compensation programme with the establishment of a related online carbon footprint calculator with 35 partners that was actively promoted by the Project. |                    | See Paras 38-39          |
| <b>Outcome 4:</b><br>GHG emission monitoring system and increased public awareness about the carbon footprint of the tourism sector, its GHG reduction potential and measures. | Annually reported GHG emissions from tourism sector.  | None           | Methodology for GHG monitoring from tourism sector developed and verified by independent third party with reasonable level of assurance (verification is below 5%), in accordance with ISO 14064-3:2006. Baseline 2013 GHG monitoring report completed   | None            | Verified, annually reported GHG emissions of tourism sector by type of activity.  | Project has reported on GHG emissions from tourism sector for 2014 and 2015, reports for 2016, 2017 and 2018 will be available before the EOP   |                    | See Para 40              |
|  | Availability of new promotional low/no carbon   | None           | Numerous tourist products and services promoting low   | None            | New promotional low carbon products and services such as specific booking systems, low  | Numerous promotional activities undertaken including  |                    | See Paras 41 and 42      |

| Project Strategy | Indicator   | Baseline Level | Level in 2016 PIR   | Mid-Term target | End-of-Project Target   | Midterm Level and Assessment  | Achievement Rating | Justification for Rating |
|------------------|---|----------------|---|-----------------|---|---|--------------------|--------------------------|
|                  | tourist products and services   |                | carbon were made available including “Montenegro for a greener world” that has been broadcast on several television stations, anti-idling campaign with 5 municipalities, more than 300 meetings and workshops with personnel in the tourism industry to promote low carbon tourism, and green info corners set up for voluntary carbon offset fees |                 | carbon tourist welcome cards connected with voluntary carbon offset fees, green meetings and other innovative products and services integrated into the offers of official and commercial tourism related websites and other information and marketing materials (incl. international travel fairs), local tourism offices and international travel agencies. | cooperation with major International Music Festivals, Montenegrin sitcom "Dojc Caffè", pilot CO <sub>2</sub> compensation scheme associated with the presentation of a calculator for carbon footprint for schools and tourists, more than 500 media events, green music festivals, campaign for supporting eco-certification, and attendance at regional tourism fairs |                    |                          |
|                  | Market share of certified low carbon tourism services among all registered tourism services in each respective field (accommodation , transport etc.) | < 1 %          | Market share of certified low carbon tourism services in accommodation and transport increased by at least 10% compared to baseline   | None            | Certified low carbon tourism services gaining an annually increasing market share of the tourism sector turnover in Montenegro.   | Survey in 2015 indicates 68.7% of tourist business entities do not apply any environmental standardization scheme. Only 14.1% of these entities are planning actions to become greener.   |                    | See Para 43              |
|                  | Share of visiting tourist in Montenegro actively looking for and using low/no carbon tourist services   | < 1 %          | 10% increase in visitors awareness as compared to baseline  | None            | Awareness of and demand for low and no carbon tourism services, as measured by related visitor surveys, show an annually increasing trend   | Survey in 2015 indicates 70% of tourists willing to compensate their carbon footprint while 49% of tourists willing to pay more to finance low-carbon tourism projects.   |                    | See Para 44              |

Outcome 1 targets:

31. To complete targets on “amendments to applicable Law on Tourism and Tourism Sector Development Strategy”, the Project has been active in preparing provisions for encouraging and promoting carbon neutral tourism through various legal, strategic and planning documents consistent with government priorities on the Tourism Law and other applicable legislation. In addition, the Project has also contracted the Institute "Hrvoje Požar" to establish design and operation of the Eco-Fund through preparing a number of amendments of existing legislation as a precondition for setting it up.
32. Regarding the target to have “33% of all accommodation facilities and at least 100 private tourist accommodation facilities in 6 different coastal cities certified by EU eco-label or equivalent”, the Project to date has only been able to reach out to a total of 20 accommodation facilities interested in eco-certification. Assuming a total of 600 tourist accommodation facilities in Montenegro, the Project will need to target 200 accommodation facilities for eco-certification<sup>10</sup>, which according to the baseline study and comparative analyses of the region as well as TCNT staff and government counterparts will be difficult to accomplish within 2 years before the EOP<sup>11</sup>. As such, this target will not be reached by the EOP, and should be reset according to remaining Project resources available, especially if GHG reduction impact can be claimed and added to the direct GHG emission reduction target (as mentioned in Para 28).

Outcome 2 targets:

33. With regards to the target of “main airport and marine entry points certified as low carbon facilities”, there is a high probability that the Project will not meet this target. Primary reason for this is that the TCNT Project does not have sufficient resources to facilitate these prominent facilities to make decisions regarding the significant investments required to convert and certify these facilities as low carbon.
34. With regards to the target of a “new Kotor-Cetinje cable car developed and constructed as a carbon-free transport corridor”, the tender to source equipment and expertise for construction for the cable car route is now being prepared. As such, the completion of the cable car project by the EOP in 2019 is highly unlikely given the time required to award the tender to a suitable contractor, and for adequate time to construct the cable car route.
35. With regards to the target of “bus stations in at least 2 cities established as low carbon tourist welcome centres”, the Project has already made contributions to the bus stations at Cetinje and Tivat. In Tivat, a rack for storing electric bicycles for rent was set up near the bus station. For the Cetinje bus station, an information counter on greening initiatives by UNDP in Cetinje was set up in 2015. However, during the MTR mission, and inspection of the Cetinje bus station revealed a lack of signage UNDPs involvement on improving the insulation value of the bus station, and the lack of any visible green features from the investment.

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<sup>10</sup> The Project engaged experts for eco-certification under the EU Eco label from Montenegro and Travelife

<sup>11</sup> Difficulties include reluctance of owners of tourist accommodations to undertake the efforts and costs for eco-certification, and skepticism of these owners on the benefits of eco-certification to their occupancy rates.

36. With regards to the target of “25 km of new non-motorized transport corridors approved for funding”, TCNT personnel have made efforts towards the acceptance of a proposal to the European Bike Association in Brussels for the routing and subsequent development of a EuroVelo8 route passing through Montenegro. The proposal of EuroVelo8 route passing through Montenegro is defined in the draft of the Government’s Special Purpose Spatial Plan for the Coastal Area that includes the EuroVelo8 maps with its two of Montenegro’s national parks in Lovcen and Skadar Lake. In 2017, a proposal for implementing this plan has been prepared, including job descriptions for engagement of international experts for preparing action plans to implement the EuroVelo8 route through Montenegro in accordance with European standards. The time frame for implementation of the EuroVelo8 route (and financing commitment) cannot yet be finalized until the legislative and planning framework (the Law on Spatial Development and Construction of Structures, Special Purpose Spatial Plans for National Parks Skadar Lake and Lovcen, as well as the Special Purpose Spatial Plan for the Coastal Zone) are fully adopted.

Outcome 3 targets:

37. With regards to the target of “GHG mitigation projects financed at €3.6 million resulting in 77 ktonnes of CO<sub>2eq</sub> over their lifetime”, the investment target has been exceeded with over €7.9 million from the 1<sup>st</sup> and 2<sup>nd</sup> calls for low carbon proposals. As mentioned in Para 28, the Project is on target to generate direct GHG emission reductions of 81 ktonnes CO<sub>2</sub> (lifetime) if these investments are properly implemented<sup>12</sup>, and despite the fact that 73 ktonnes CO<sub>2</sub> come from the mooring buoys in Kotor for mega-cruise ships. In addition, the Project can also claim direct GHG emissions from the implementation of low carbon measures in the eco-certification of 12 tourist accommodations. The efficiency of progress to date on this target can be attributed to adaptive management measures taken by the Project to involve the Montenegro Chamber of Economy (CoE) to serve as an intermediary to prepare the 1<sup>st</sup> and 2<sup>nd</sup> calls for low carbon proposals, and to monitor their implementation. Without the involvement of the CoE, disbursements of GEF funds for Outcome 3 will become administratively complex, potentially delaying payments to low carbon investors and discouraging the spirit of this program. A listing of these GHG emission reduction measures are found on Tables 2 and 3.
38. With regards to the target of an “NTCF established by the 2<sup>nd</sup> year of project with mechanisms to capitalize the fund by €2 million annually”, the TCNT Project is currently behind schedule in achieving this target. Moreover, as previously mentioned in Para 25, achieving an established NTCF by Year 2 was not attainable. In late 2016, a standalone fund for low carbon tourism, the NTCF, was determined to be not feasible. As a result, there was consensus amongst PSC members to expand the NTCF into a multi-sectoral fund, renamed the Eco-fund that would be designed to support green measures for key economic sectors in Montenegro. One of the sectors was the tourism sector along with other key sectors such as agriculture, power generation and heavy industry.

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<sup>12</sup> Proper implementation means that mainly municipalities can overcome their lack of capacities and skills mainly to prepare and implement innovative low carbon tourism projects. Poor implementation of these projects may lead to less pilot investment projects being financed through the Project and in the future by the Eco Fund.

**Table 2: Summary of Potential GHG Reductions from Low Carbon Investments<sup>13</sup>**

|    | Pilot investment projects  | Annual CO2 Reduction (tCO2) | TCNT Investment (€) | Total investment (€) | Investment lifetime (years) | Lifetime CO2 reductions (tCO2) |
|----|--|-----------------------------|---------------------|----------------------|-----------------------------|--------------------------------|
| 1  | Procurement of electric vehicle and the greening the hotel complex   |                             | 14,475              | 62,549               |                             | 0                              |
| 2  | Installation of heating system on pellets  | 0.00                        | 1,193               | 4,771                |                             | 0                              |
| 3  | Installation of the heating pump air-water and solar collectors for hot water in hotel Aurel, Podgorica  | 39.11                       | 8,597               | 35,567               | 20                          | 782                            |
| 4  | Encouraging the development of low carbon tourism through greening park areas in municipality Pljevlja   |                             | 2,500               | 10,000               |                             | 0                              |
| 5  | LED tourism in municipality Pljevlja   | 2.81                        | 1,935               | 7,741                | 15                          | 42                             |
| 6  | Construction of bio septic tank and greening the hotel area- Casa del Mar Mediterraneo, Bijela   | 0.15                        | 30,000              | 331,744              |                             |                                |
| 7  | Public lighting - replacing existing lamps with LED lamps in the municipality of Zabljak   | 211.24                      | 49,605              | 198,421              | 15                          | 3,169                          |
| 8  | Procurement of hybrid car and greening hotel complex area -Casa del Mar, Herceg Novi   |                             | 1,729               | 33,417               |                             | 0                              |
| 9  | Improving the tourist transport in Cetinje   | 47.20                       | 43,000              | 188,350              | 10                          | 472                            |
| 10 | Let's promote healthy lifestyles - preserve the nature and it will protect us - Nature Park Piva   |                             | 5,538               | 22,155               |                             | 0                              |
| 11 | Reconstruction of the existing building - a small 4-star hotel - hotel Serdar in Mojkovac  | 32.82                       | 41,000              | 608,403              | 20                          | 656                            |
| 12 | Greening terrace of the City Cafe and equipping of children's playgrounds -Herceg Novi   |                             | 2,837               | 19,493               |                             | 0                              |
| 13 | Supply of eco electric vehicles in hotel Palazzo Venezia in Old Town Ulcinj  | 1.96                        | 9,810               | 39,359               | 10                          | 20                             |
| 14 | Introduction of solar water heating system in hotel Palazzo Venezia, Ulcinj  | 6.04                        | 2,172               | 8,689                | 20                          | 121                            |
| 15 | Cycling Tourism in Podgorica   |                             | 95,000              | 531,200              |                             | 0                              |
| 16 | Modernization of the irrigation system of the City Park in Tivat   |                             | 13,362              | 69,860               |                             | 0                              |
| 17 | Development of hiking trails on the peninsula Lustica - Tivat and Herceg Novi  |                             | 2,500               | 11,900               |                             | 0                              |
| 18 | Connection of Mega cruise ships mooring buoys - A.D. Port of Kotor   | 1,826.00                    | 150,000             | 1,000,000            | 40                          | 73,040                         |
| 19 | Garni hotel Fobra d.o.o-reconstruction, Podgorica  | 27.00                       | 40,397              | 586,430              | 20                          | 540                            |
| 20 | Revive and preserve the rural areas – municipality of Plužine  |                             | 12,213              | 48,853               |                             | 0                              |
| 21 | Zip line - new tourism brand in Plužine  | 1.17                        | 9,991               | 39,963               | 20                          | 23                             |
| 22 | Procurement and putting into operation of the train to transport tourists from Kraljevo kolo to Biogradsko Lake - National Parks of Montenegro | 10.13                       | 130,800             | 543,360              | 10                          | 101                            |
| 23 | Promotion of sports tourism through the construction of sports facilities  | 138.00                      | 150,000             | 3,127,473            | 15                          | 2,070                          |
| 24 | Maintenance and Greening the Adventure park Gorica in Podgorica  |                             | 7,35                | 117,320              |                             | 0                              |
| 25 | Replacement of part of existing spotlights at the swimming pool Jadran Škver with LED lighting   | 4.80                        | 15,000              | 18,359               | 15                          | 72                             |
| 26 | Let us Breathe Life into the Hinterland - Village Kameno   | 0.00                        | 15,000              | 36,066               |                             | 0                              |
| 27 | Solar retro sailing ship, a sail learning device and a green technologies prototype for a cleaner Adriatic Sea                                 |                             | 54,644              | 222,488              |                             | 0                              |
|    | <b>TOTAL</b>   | <b>2,348.43</b>             | <b>903,298</b>      | <b>7,923,931</b>     |                             | <b>81,109</b>                  |

<sup>13</sup> From 1<sup>st</sup> and 2<sup>nd</sup> call for low carbon proposals in 2015 and 2017 respectively

**Table 3: Summary of Potential GHG Reductions from Eco-Certified Accommodations**

| <b>Eco-Certified Hotels</b>   | <b>Annual CO2 Reduction (tCO2)</b> | <b>TCNT Investment (€)</b> | <b>Total investment (€)</b> | <b>Investment lifetime (years)</b> | <b>Lifetime CO2 reductions (tCO2)</b> |
|---|------------------------------------|----------------------------|-----------------------------|------------------------------------|---------------------------------------|
| Hotel Residence - Upgrade of photovoltaic system                              | 33.78                              |                            | 26,000                      | 15                                 | 507                                   |
| Hotel M Club - Upgrade of photovoltaic system                                 | 15.29                              |                            | 13,000                      | 15                                 | 229                                   |
| Hotel Lighthouse - Walls insulation and windows replacement                   | 65.86                              |                            | 147,500                     | 20                                 | 1,317                                 |
| Hotel Palata Venezia - heat insulation  | 2.51                               |                            | 7,125                       | 15                                 | 38                                    |
| Hotel Onogost - EE measures in reconstructions (walls, windows, room heating) | 84.20                              |                            | 135,000                     | 20                                 | 1,684                                 |
| Hotel Kruna - Solar water heating system                                      | 11.39                              |                            | 7,500                       | 15                                 | 171                                   |
| Hotel Kruna - Solar water heating system                                      | 15.29                              |                            | 13,000                      | 15                                 | 229                                   |
| Apartments Val Maslina - Roof insulation and solar water heating              | 7.84                               |                            | 9,300                       | 20                                 | 157                                   |
| Apartments Klinci - Installing of photovoltaic system                         | 37.54                              |                            | 26,000                      | 15                                 | 563                                   |
| Apartments Biljana - Installing of photovoltaic system                        | 15.29                              |                            | 13,000                      | 15                                 | 229                                   |
| Apartments Sea Point - Installing of photovoltaic system                      | 22.52                              |                            | 15,600                      | 15                                 | 338                                   |
| Apartments Sutomore - Solar water heating system                              | 6.00                               |                            | 6,000                       | 15                                 | 90                                    |
| <b>TOTAL</b>  | <b>317.51</b>                      |                            | <b>419,025</b>              |                                    | <b>5,552</b>                          |



39. The PSC as well as the Operational Team of the Eco-fund met in late June-early July 2017 to consider Eco-fund models based on options presented in the June 2017 report of the Energy Institute Hrvoje Požar, based in Croatia. Once there is agreement on the model for the Eco Fund, the teams will formulate bylaws and other relevant acts to increase readiness of fund to be capitalized. There is, however, still a substantial risk that these targets will not be met by the EOP due to circumstances beyond control of the Project, including lack of committed sources for capitalization of the Eco-fund

Outcome 4 targets:

40. With regards to the target of “verified annually reported GHG emissions of tourism sector by type of activity”, the Project has made substantial progress in developing the methodology for the GHG monitoring of the tourist sector that is verified by an independent third-party and in accordance with ISO 14064-3:2006. GHG emission estimates using the methodology were developed for the baseline of 2013, as well 2014 and 2015.
41. With regards to the target of “new promotional low carbon products and services”, the TCNT Project has produced or is generating a number of products and services that more than adequately meet this target. This is in large part due to a well-prepared public relations strategy for the TCNT Project, entitled “Communications and Advocacy Strategy of the TCNT Project in Montenegro - January 2015-August 2019”. A sample of the promotional low carbon products and services generated by the TCNT Project includes:
- Training of journalists of the most influential media in Montenegro to enable consistency in the reporting of low carbon development in tourism and supporting promotion and awareness activities of the TCNT Project;
  - Engagement of sports clubs and sportsmen as freewill ambassadors for green tourism including), his club *Jadran* water polo club (led by their aspiring water polo star, Stefan Vidovic) and *Jugole Grakalic* sailing club (with Milivoj Dukic as a representative);
  - Three types of carbon offset mechanisms:
    - Greening of Montenegrin summer music festivals including the City Groove Music Festival, the Lake Festival, Bedem Festival, and Southern Sol Festival;
    - Voluntary contributions added to music ticket purchases to offset their travel emissions to large music events held in Montenegro;
    - Surcharging 1% of the music ticket price towards reducing environmental impact of music concerts equivalent to carbon footprint of their fans. This is currently in negotiation with musicians;
  - Initial discussions with musicians, singers and bands and festival organizers to use their popularity to promote low carbon economies;
  - Outreach to foreign media, notably in Serbia and Germany, and on international websites<sup>14</sup> presenting the Project’s low carbon offer at international tourism fairs, as well as music and film festivals.
42. While all these products provide a certain degree of awareness raising to the public of the benefits of low carbon tourism, the effectiveness of these efforts could be improved. A tour of the NTO

<sup>14</sup> Some example websites includes: <http://www.southernsoulfestival.com/>, <http://www.vijesti.me/caffe/lake-fest-i-u-znaku-ekologije-sejo-sexon-zeleni-festival-to-se-slaze-sa-mojim-vjerskim-uvjerenjima-944648>, <http://volimpodgoricu.me/2017/05/30/podgorica-city-groove-spektakl-koji-se-ne-propusta/>

website ([www.montenegro.travel](http://www.montenegro.travel)) reveals poor visibility of low carbon tourism, which does not help in raising the profile of low carbon tourism being promoted by the TCNT Project. In line with the Project’s Public Relations Strategy, NTO needs to dedicate a separate page on their official website to green, low carbon tourism offered in Montenegro (including green accommodations, green festivals, and green attractions). TCNT Project personnel and NTO will need to further collaboration for the remainder of the TCNT Project to ensure this is implemented as a part of Output 4.6 (upgraded Montenegro tourism website), as well as measures to increase the effectiveness of its Project’s Public Relations strategy and action plan and providing the necessary outreach to incoming tourists on low carbon tourism opportunities in Montenegro.

43. With regards to the target of “certified low carbon tourism services gaining an annually increasing market share of the tourism sector in Montenegro”, a 2015 baseline survey by the Project indicated that 69% of tourist business entities do not apply any environmental standardization scheme while only 14% are planning green investments. Surveys in 2017 are currently being conducted to verify whether or not there is growth of certified low carbon tourism services in Montenegro. As such, the MTR team will need to closely monitor the findings of the 2017 follow-up survey and adaptively manage their activities if the survey indicates no further increases of low carbon tourism services; adaptive management may strengthen reasons to increase the visibility of websites accessible to foreign tourists, such as the NTO website. The TCNT Project team also have budget allocation for a similar survey at the EOP in 2019.
44. Similarly, with regards to the target of “an annually increasing trend of awareness and demand for low and no carbon tourism services”, the 2015 survey shows 70% of tourists willing to compensate their carbon footprint while 49% of tourists are willing to pay more for green low carbon services. However, the lack of visibility of low carbon tourism services on the NTO and other tourism related websites in Montenegro will not facilitate further increases in visitor’s awareness. As such, the TCNT Project team will need to improve the visibility of low carbon tourism to ensure that there is an increasing trend of awareness and demand for low carbon tourism in Montenegro. There is an ongoing 2017 survey to update the 2015 survey findings which should also be closely monitored by TCNT Project personnel for trends on awareness and demand for low carbon tourism services and adaptive management measures to sustain positive trends.

### **3.2.2 Remaining Barriers to Achieving Project Objective**

45. In tracking the TCNT Project’s progress towards its objective of “reducing GHG emissions from Montenegro’s tourism sector and maintain the overall tourism sector related GHG emissions at the 2013 level or lower despite the rapidly growing number of visitors”, there is a high risk that the level of low carbon investments, catalysed through support of the Project (through financing or technical assistance) cannot be sustained to keep targeted levels of tourism-related GHG emissions at 2013 levels. Barriers that currently remain in obstructing the Project from meeting this objective include:
  - slow pace in the development of low carbon sustainable transport projects in the public sector (partially due to frequent changing of personnel municipal administrations and counterpart ministries, and subsequent time required for new administrations to familiarize themselves with the TCNT Project);
  - lack of available funds and preparation of project and technical documentation for low carbon projects, notably public sector projects in sustainable transport;
  - lack of confirmed and identified sources for capitalization of the Eco-fund; and

- the need for increased visibility of low carbon tourism concepts of the TCNT Project, especially on the official NTO tourism website that targets foreign tourists coming to Montenegro.
46. Notwithstanding TCNT’s substantial efforts to date on stakeholder outreach, there is still a need to increase the visibility of TCNT Project efforts on promoting and implementing investments to reduce tourism-related GHG emissions. Given the limited time and resources remaining on the TCNT Project, the “low hanging fruit” opportunity would appear to be targeting hotels and other accommodation facilities for eco-certification throughout Montenegro as the best strategy moving forward. Once these entities are convinced of the reduced operational costs of their facilities from low carbon investments (such as LED lighting, energy efficient air conditioners and heaters, renewable energy installations such as solar panels) and implement low carbon investments, these entities should be able to assist in increasing the visibility of Project efforts to reduce GHG emissions within the remaining 2 years of the TCNT Project.

### 3.3 Project Implementation and Adaptive Management

#### 3.3.1 Management Arrangements

47. This Project is direct execution (DEX) by UNDP. The TCNT Project is managed by a Project Manager and assistant who manage 3 teams of consultants that support efforts within the MoSDT to promote the tourism sector and associated investments. The Project Steering Committee (PSC) reviews and approves annual work plans and budgets prepared by the Project manager. The PSC includes representatives from MoSDT, municipal governments, and UNDP Project personnel. The PSC is chaired by the MoSDT and the Project Manager serves as Secretary to the PSC. Within the TCNT Project, there are 4 Project Coordinators (PCs) who serve under the Project Manager<sup>15</sup>. The TCNT Project organization structure is provided in Figure 1.
48. To date, the TCNT project has held 8 PSC meetings, 3 meetings in 2015, 4 in 2016, one in 2017. The composition of the PB mainly consists of public sector personnel. In particular, 3 PSC meetings during 2016 were held within a 4-month period as an indicator of the intensification of TCNT activities. The PSC meeting minutes also indicate detailed and sincere discussions on all aspects of the project activities, resulting in proposed actions to support low carbon investments as well as measures to remove financial barriers to these investments. In general, the PSC meetings appear to be effective in the context of making key Project decisions. Moreover, these PSC meetings serve as a key forum for adaptive management of the TCNT Project.

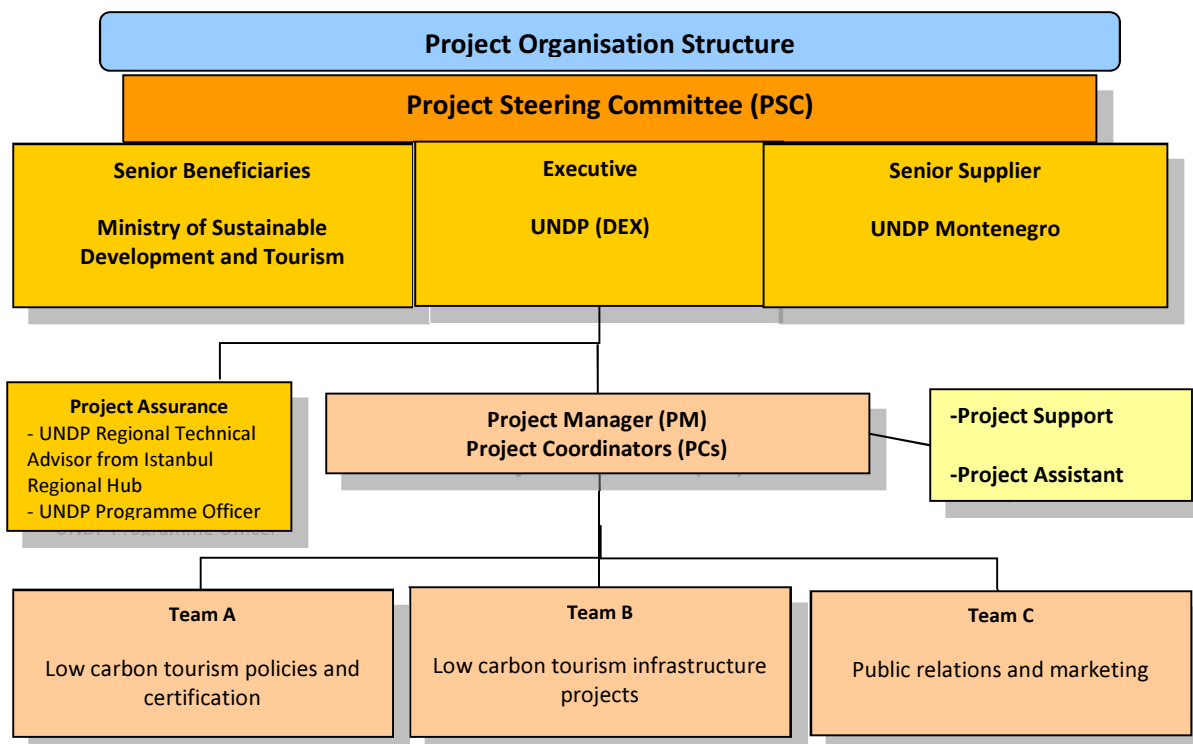
#### 3.3.2 Work Planning

49. The MTR team was provided a number of documents pertaining to the annual work plans (AWPs) prepared by the TCNT Project, as well as 8 PSC meeting minutes which provide evidence of results being discussed and proposals tabled on results-based action plans. Moreover, these PSC meeting minutes demonstrate adaptive management being undertaken by the PSC that is reflected in the AWPs.

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<sup>15</sup> There are 4 PCs for Legal framework and GHG Monitoring, Financial Instruments and Low Carbon Pilot Projects, Low Carbon Spatial Planning and Transport, and PR and Communications

**Figure 1: Management Arrangements for the UNDP-GEF Project “Towards Carbon Neutral Tourism” (TCNT) Project**



50. The TCNT Project’s progress reports (including a 2015 Inception Report, 2016 PIR and an interim 2017 PIR) also provide sufficiently detailed information on which the Project has been adaptively managed. This includes reporting progress against the indicators of the TCNT PRF. As such, with the style of progress reporting and communication with key stakeholders at PSC meetings as required, the TCNT Project is able to make wise adaptive management decisions regarding work planning and best use of remaining project resources towards meeting key Project objectives and outcomes.

### 3.3.3 Finance and Co-Finance

51. After 33 months of Project disbursements, more than 72% of the TCNT grant of US\$3.05 million has been expended or committed to the end of 2017. The expenditure of TCNT’s GEF budget up to 2017 can be characterized as follows:

- Considering the Project is scheduled to end on August 31, 2019, there is only US\$858,726 remaining for TCNT project activities in 2018 and 2019;
- Outcome expenditures do not appear to be out of line from the projections made in the ProDoc;
- Project management expenditures are currently about 7% over the estimates made in the ProDoc. While this is not considered serious, this overrun can be explained by the larger than anticipated efforts made by the TCNT Project team to meet with central and municipal government counterparts in an effort to familiarize new administrations with the TCNT Project after elections.

52. The Project has also demonstrated that appropriate financial controls are in place, notably through a number of project budget reports made available to the MTR team. Moreover, these reports provide evidence that proposed activities are approved through informed decisions made through the PSC (as evidenced by the PSC meeting minutes). One of the indications of cost-effectiveness is the cost of the pilot low carbon tourism investments in Outcome 3 versus the actual lifetime GHG emission reductions generated. The cost of these investments is €108.83 per tonne CO<sub>2</sub> reduced which is a bit on the high side. Notwithstanding this higher cost, there were other Project outputs that were deemed to be cost-effective including the poly-SUMP, analyses and studies for the NTCF and Eco-Fund, the GHG inventory for the tourism sector, and report on MRV systems for GHG emissions from the tourism sector. In conclusion, the cost effectiveness of the use of the TCNT Project budget to date has been **satisfactory**. Disbursement of the TCNT’s GEF resources are provided in Table 4.
53. Co-financing commitments for the TCNT Project are roughly US\$ 77 million, comprising less than 63% of the expected co-financing in the ProDoc of US\$121.908 million. The reduction comes primarily from a higher estimate of the Kotor-Cetinje cable car project valued at US\$112 million in the ProDoc compared with €47 million in a co-financing letter from Cetinje municipality. Co-financing provided to the TCNT project to date totals approximately US\$3 million. Co-financing details to date are summarized on Table 5. In conclusion, co-financing of the TCNT project to date has been **satisfactory**.

### 3.3.4 Project Level Monitoring and Evaluation Systems

54. The MTR team has had access to the 2016 PIR as well as a draft 2017 PIR and a 2015 annual report, all of which provide sufficient details of the progress of the TCNT report for the purposes of monitoring and evaluation of all Project outcomes and indicators. These reports provide information from the 6 members of the TCNT Project team, and report on progress from the various stakeholders of the project including municipal counterparts, central government counterparts, NGOs, and the private sector (including tourism operators, and hotel managers). Moreover, the 2016 PIR provides indications of how TCNT management is conscious of the need for allocating sufficient resources for monitoring and evaluation of the project. In conclusion, the M&E systems of the TCNT Project are **satisfactory**, and should be continued in the same manner for the remainder of the TCNT Project 2019.

### 3.3.5 Stakeholder Engagement

55. The Project has facilitated partnerships with the broad-spectrum of relevant stakeholders in 4 different categories, all related to the sustainable promotion of tourism in Montenegro:
- The public sector including relevant ministries from the GoM and participating municipalities, (notably those around Boka Bay);
  - CSOs related to tourism and the hospitality industry sector;
  - The private sector operating to provide services for tourism related businesses; and
  - Media outlets in Montenegro as well as those broadcasting outside of Montenegro.
56. Public sector stakeholders include those at the ministerial level and municipal level governments:
- MoSDT, the implementing partner of the TCNT Project;

**Table 4: GEF Project Budget and Expenditures for Montenegro TCNT Project (in USD as of May 31, 2017)**

| TCNT Outcomes   | Budget (from Inception Report) | 2014 <sup>28</sup> | 2015           | 2016           | 2017 <sup>29</sup> | Total Disbursed  | Total to be expended in 2017 <sup>30</sup> | Total Remaining |
|---|--------------------------------|--------------------|----------------|----------------|--------------------|------------------|--|-----------------|
| OUTCOME 1: Legal and regulatory framework supporting low carbon tourism and low carbon spatial development  | 528,000                        | 10,170             | 71,505         | 120,366        | 49,627             | 251,668          | 91,513                                     | 184,819         |
| OUTCOME 2: Improved low carbon and carbon neutral transport infrastructure to support tourism sector related public and non-motorized transport                     | 470,000                        | 5,526              | 166,510        | 126,229        | 18,983             | 317,247          | 81,017                                     | 71,735          |
| OUTCOME 3: Pilot investments to support low carbon tourism development implemented, followed up by establishment of a sustainable financing mechanism               | 1,300,000                      | 2,322              | 52,636         | 92,174         | 38,645             | 185,777          | 752,355                                    | 361,869         |
| OUTCOME 4: GHG emission monitoring system and increased public awareness about the carbon footprint of the tourism sector, its GHG reduction potential and measures | 645,000                        | -                  | 144,217        | 110,853        | 45,941             | 301,011          | 92,559                                     | 251,430         |
| Project Management  | 147,000                        | 22,141             | 48,188         | 44,058         | 19,766             | 134,152          | 23,974                                     | (11,127)        |
| <b>Total (Actual)</b>   | <b>3,090,000</b>               | <b>40,160</b>      | <b>483,055</b> | <b>493,679</b> | <b>172,962</b>     | <b>1,189,856</b> | <b>1,041,418</b>                           | <b>858,726</b>  |
| Total (Cumulative Actual)   |                                | 40,160             | 523,215        | 1,016,894      | 1,189,856          |                  |  |                 |
| Annual Planned Disbursement (from ProDoc) <sup>31</sup>   |                                | 113,780            | 449,007        | 739,973        | 827,540            |                  |  |                 |
| <b>% Expended of Planned Disbursement</b>   |                                | <b>35%</b>         | <b>108%</b>    | <b>67%</b>     | <b>21%</b>         |                  |  |                 |

<sup>28</sup> Commencing September 2014 - the Project Document signed by the Government of Montenegro on August 31, 2014

<sup>29</sup> Up to May 31, 2017

<sup>30</sup> Only from June to December 2017

<sup>31</sup> Year 1 is only September-December 2014 when the Project was being implemented

**Table 5: Actual Co-Financing for Montenegro TCNT Project (as of May 31, 2017)**

| Co-financing<br>(type/source) | UNDP own financing<br>(million USD) |                     | Government<br>(million USD) |                     | Partner Agency<br>(million USD) |                     | Private Sector<br>(million USD) |        | Total<br>(million USD) |        |
|-------------------------------|-------------------------------------|---------------------|-----------------------------|---------------------|---------------------------------|---------------------|---------------------------------|--------|------------------------|--------|
|                               | Planned                             | Actual              | Planned                     | Actual              | Planned                         | Actual              | Planned                         | Actual | Planned                | Actual |
| Grants <sup>32</sup>          | 1.658                               | 1.500 <sup>33</sup> | 117.617 <sup>34</sup>       |                     | 0.821                           |                     |                                 |        | 120.096                | 1.500  |
| Loans/Concessions             |                                     |                     |                             |                     |                                 |                     |                                 |        | 0.000                  | 0.000  |
| • In-kind support             |                                     |                     | 0.312                       | 0.150 <sup>35</sup> | 1.500                           | 0.250 <sup>36</sup> |                                 |        | 1.812                  | 0.400  |
| • Other                       |                                     |                     |                             |                     |                                 |                     |                                 |        | 0.000                  | 0.000  |
| <b>Totals</b>                 | 1.658                               | 1.500               | 117.929                     | 0.150               | 2.321                           | 0.250               | 0.000                           | 0.000  | 121.908 <sup>37</sup>  | 1.900  |

<sup>32</sup> Includes all cash contributions

<sup>33</sup> From the execution of UNDP’s “Beautiful Cetinje” project

<sup>34</sup> This includes €18 million from Tivat Municipality and US\$ 112 million for Kotor-Cetinje cable car project. However, co-financing letter from Cetinje only quotes €47 million for cable car project. See Footnote 37.

<sup>35</sup> Estimated in-kind support from MoSDT personnel

<sup>36</sup> Estimated in-kind support from NTO personnel

<sup>37</sup> Co-financing commitments for the TCNT Project are roughly US\$ 77 million, comprising less than 63% of the expected co-financing in the ProDoc of US\$121.908 million. The reduction comes primarily from a higher estimate of the Kotor-Cetinje cable car project valued at US\$112 million in the ProDoc compared with €47 million in a co-financing letter from Cetinje municipality.

- Ministry of Transport and Maritime Affairs (MoTMA), with oversight of transport development strategies including Road and Maritime connections;
- Ministry of Economy (MoE) with oversight over environmental policies, climate change programmes, energy efficiency projects and activities related to Chapter 27 on Montenegrin integration with the EU;
- Ministry of Finance (MoF) for guidance on financial mechanisms to sustain growth and financial support of the tourism sector in Montenegro;
- Municipal government administrations around Boka Bay including Herceg Novi, Tivat and Kotor, representing prime tourist destinations in Montenegro;
- Other municipal administrations representing municipalities inland including Cetinje and Podgorica.

TCNT Project management personnel have invested considerable time on outreach to these important stakeholders. Most importantly, their outreach and involvement of these stakeholders has increased awareness of municipalities of the importance of promoting low carbon tourism in Montenegro, and in making low carbon investments to their infrastructure within their jurisdictions. The presence of most of these stakeholders during PSC meetings has ensured that they play a significant role in the decision-making of the TCNT Project.

57. The TCNT Project has also involved 2 civil service organizations (CSOs) to facilitate increased involvement of the private sector as well as the public sector in investments into low carbon projects that benefit the tourism sector in Montenegro. This includes:
- the Chamber of Economy (CoE), an organization dedicated to the economic development of Montenegro through its members, and assisting business opportunities for its members in foreign countries, a significant portion of which is involved with the tourism sector. As detailed in Para 37, the CoE has also been involved with management of the low carbon investments supported by the TCNT Project in Outcome 3;
  - the Montenegrin Tourism Association, an organization which has the potential for influencing its members into low carbon investments of its facilities, and to the awareness of international tourists on the availability of low carbon terminations in Montenegro.
58. The TCNT Project has also made substantial efforts in the outreach towards private sector entities in raising their awareness of low carbon investments as a means of implementing environmentally sustainable business practices to benefit the Montenegrin tourism industry, its environment and biodiversity, and improving the living standard of those employed in the tourism sector towards an emerging global market of eco-educated tourists. As detailed in Para 41, they were provided visibility in numerous TV tourism programs and documentaries in the country and have supported their marketing activities. Many of the private sector entities have been in contact with the TCNT Project through its call for low carbon proposals and introducing eco-certification schemes to assist the tourism sector.
59. Lastly, the TCNT project has made substantial efforts with prominent sporting and pop-culture personalities in Montenegro at sporting events and music festivals for the purposes of increasing awareness of low carbon tourism in Montenegro. These efforts have contributed to increased awareness amongst tour operators, travel agencies, and hotels of ongoing efforts in the Montenegro tourism sector to reduce its carbon footprint. The Project has also attended a number of international tourism fairs, notably one in Belgrade, Serbia which provides exposure of a green



Montenegro to foreign tourists. In addition, the Project in collaboration with NTO have been making efforts to promote the “Montenegro - Wild Beauty” branding for low carbon tourism. However, as mentioned in Paras 41 to 43 and Para 45, the visibility of these promotional efforts with NTO can be improved to more effectively promote Montenegrin low carbon tourism to international tourists.

### 3.3.6 Reporting

60. TCNT progress reporting has been satisfactory in the context of providing TCNT Project personnel with sufficient information to adaptively manage the Project, and to provide adequate budget allocations. Paras 48 to 50 provide evidence for this statement. Moreover, there is evidence the Project has used progress reports as well as knowledge collected from one-on-one meetings with various stakeholders and PSC meetings to contribute to appropriate actions for adaptive management of the TCNT Project.

### 3.3.7 Communications

61. With regards to Project communications with the stakeholders, TCNT project personnel have spent considerable efforts to maintain communications with TCNT stakeholders:
- The Project has close collaboration with MoSDT in facilitating this outreach, notably with respect to the call for low carbon proposals related to Outcome 3 and the involvement of the Chamber of Economy;
  - The main forum of communications with public sector stakeholders are the PSC meetings, 8 of which have been held over a 33-month period (3 in 2015, 4 in 2016 and one in 2017). Based on PSC meeting minutes, PSC attendees appear to be strongly engaged in providing feedback to TCNT Project personnel on adaptively managing the TCNT Project activities;
  - one-on-one visits have been made by the TCNT Project personnel in addition to workshops to communicate with private sector tourism operators and hotel owners on raising awareness of low carbon benefits investments. Many of these visits have been also made to convince these private sector entities to invest in low carbon measures that will reduce their operational costs;
  - similarly, TCNT per project personnel have conducted one-on-one visits with municipal level governments on raising their awareness of low carbon benefits and investments to attracting higher volumes of tourists to Montenegro.
62. The TCNT Project has a specific website for its Project activities to promote low carbon tourism in Montenegro<sup>38</sup> as well as a “reduce your carbon footprint” website<sup>39</sup> for calculating carbon footprints and handling donations for low carbon initiatives undertaken by the project such as bike paths, solar benches at smart bus stops and solar boats. While the content on these websites are informative and useful in understanding low carbon tourism, further improvements can be made during the remainder of the project including strengthening linkages of these websites with mainstream and national tourism websites such as the NTO website. As detailed in Paras 42, 43 and 59, the NTO website does not contain any visible references to low carbon tourism which may be a result of the slow startup of the Project in the context of low carbon hotels and other projects in low carbon investments in Montenegro. It would appear that this is an area of improvement that should be realized during the remaining years of the TCNT Project to 2019. Moreover, these websites could be linked to the websites of Chamber of Economy and MoSDT regarding the 1<sup>st</sup> and 2<sup>nd</sup> calls of the low

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<sup>38</sup> [www.lowcarbonmne.me](http://www.lowcarbonmne.me)

<sup>39</sup> [www.calculateco2.me](http://www.calculateco2.me)

carbon proposals to increase awareness of the public of Montenegro’s effort to lower the carbon footprint of its tourism sector. This could include the benefits of these low carbon proposals to sustainable development benefits in Montenegro as well as GHG emission reduction benefits.

### 3.4 Sustainability

63. In assessing sustainability of the TCNT Project, the mid-term reviewers asked “how likely will the Project outcomes be sustained beyond Project termination?” Sustainability of these objectives 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.

64. Financial risks to sustainability: Current financial risks to the sustainability of the TCNT Project are related to the current lack of agreement amongst all stakeholders on the design of the new Eco-fund, and on the identification and commitment of revenue sources into the fund. The design of the Eco-fund was to be discussed amongst all key stakeholders in late June-early July 2017, only a few weeks after the June 2017 issuance of the report by the Energy Institute Hrvoje Požar, “*Proposed Model of the Eco Fund Operation*”. The agreed-upon design of the new Eco-fund will likely be closely linked to the identification of revenue sources for the fund. It is likely that the identification of these revenue sources will be evaluated upon the likelihood of receiving funds from these sources that include existing eco-fees, excise duty and other fees related to environmental protection collected by the State budget, and other new fees to be introduced that are related to environmental protection. Options do not appear to include carbon offset fees and paid for by incoming tourists which are by their voluntary nature, cannot be viewed as a secured source of revenue.

65. Possibly a higher risk to the sustainability of Eco-fund to finance low carbon tourism initiatives, is the risk of lessor allocations from the fund based on proportionality of revenues into the fund from various sectors (such as pollution fines from industrial or waste management enterprises). Since the Eco-fund is proposed to be drawn from eco-fees from several economic sectors in Montenegro, the distribution of the Eco-fund may be biased towards larger projects that are based in the industrial or waste sectors as an example. If this does indeed exist, Eco-fund allocations towards low carbon transport initiatives in the Poly SUMP may not receive appropriate allocations that would benefit the tourism sector. Notwithstanding that oversight of the Eco-fund will be the responsibility of all relevant ministries, there is a risk that funds from the Eco-fund may not be sufficient for the tourism sector unless there is specific governance of the sector specific allocations mandated by the Eco-fund Board. For the remaining period of the TCNT Project, the Project team will need to focus on Eco-fund design and confirm sources of revenue to the Eco-fund. For these reasons, the rating for the financial risks to sustainability is moderately unlikely (MU).

66. Socioeconomic risks to sustainability: The TCNT Project is continuing its engagement with the private sector to fully engage them on raising their awareness on low carbon tourism and facilitating low carbon investments. Unfortunately for the Project, and despite the Project’s best efforts to fully engage private sector tourism operations, namely to eco-certify tourist accommodations and invest in low carbon initiatives, private sector uptake of low carbon tourism is occurring at a pace slower than envisaged in the ProDoc. This is likely due to the inability of private entities to prepare technical and financial proposals for low carbon projects, again despite the best efforts of the Project to increase these capacities over the past 33 months of the project. Despite the interest of many private entities in low carbon investments, the socioeconomic risks to sustainability is rated as moderately likely (ML).
67. Institutional framework and governance risks: The Government of Montenegro has prioritized sustainable development of its tourism sector as a national social economic priority. As such, transforming Montenegro into an ecological state has been enshrined in its national Constitution creating demand for changes in key legal and regulatory legislation and the Law on Tourism and Law on Environmental Protection. This has also led to a strong commitment by GoM to set up a sustainable financing mechanism, the Eco-Fund, which has been discussed in detail in Para 38 and 39.
68. A higher risk of the Project from a governance perspective is the lack of capacity and skills within MoSDT, its various directorates and municipalities. Within municipalities, the lack of capacities and skills to prepare and implement innovative low carbon tourism projects is evident. While it appears each municipality does have a competent leader in conceiving and preparing such proposals, there also appears to be a shortage of such persons capable of preparing, managing and implementing several low carbon proposals simultaneously. A similar situation exists within MoSDT where there are simply insufficient critical number of personnel to manage and evaluate incoming low carbon tourism proposals for government support. This is exacerbated by MoSDT being responsible for a number of sectors such as environment, waste, spatial planning and development, tourism products, standards and destination management with crosscutting issues related to sustainable development that only add to the complexity of the Ministry’s workload. This lack of personnel within GoM departments will also transfer to administration of the Eco-fund, representing a challenge for the operation of this fund to meet the GoM’s objective of scaling up of low carbon tourism for Montenegro. All this suggests that continued support to build the capacity of municipal and ministerial level personnel is required to ensure sustainability of the TCNT Project efforts after 2019. As such, institutional framework and governance risks to sustainability is rated as moderately unlikely (MU).
69. Environmental risks to sustainability: The Project has identified that much of Montenegro’s tourism infrastructure along its coastal zone is exposed to higher climate risk. To mitigate this risk, the Project supported the preparation of the poly-SUMP around Kotor Bay that included spatial planning laws and upgrading of existing infrastructure and buildings climate proofing. With all other Project inputs are geared towards reducing GHG emissions with collateral benefits in improving local air quality and living conditions, environmental risks to sustainability of this Project are viewed to be insignificant, and resulting in a rating of environmental risks to sustainability as likely (L).

## 4. CONCLUSIONS AND RECOMMENDATIONS

### 4.1 Conclusions

70. TCNT Project has made satisfactory efforts towards achieving intended outcomes, most importantly, setting up pilot low carbon projects with the potential to generate direct GHG emission reductions to meet the Project target of 77 ktonnes of CO<sub>2</sub> over the 20-year lifetime of the investments. It has made earnest efforts in:
- raising awareness of low carbon tourism in Montenegro through training journalists and advocating with the media on how to report more on low carbon tourism and encouraging behavioral change towards green choices;
  - assisting MoSDT in the amendment of relevant legislation to promote low carbon tourism;
  - developing tailor made, externally verified GHG monitoring methodology for tourism sector;
  - introducing and setting up MRV systems for reporting tourism related GHG emissions reductions from low carbon investments;
  - providing technical support for eco-certification and energy audits of tourist accommodations;
  - facilitating interest and investment amongst tourism-related entities in the public and private sectors into low carbon measures; and
  - contributing to the concept and design of the Eco-fund as a sustainable financing mechanism for continued investment into low carbon tourism.
71. At the time of writing of this MTR, the TCNT Project has just over 2 years and a bit more than US\$858,000 to complete all activities towards meeting the intended targets and outcomes. Moreover, much of the remaining TCNT work pertains to the oversight, monitoring and management of the 27 low carbon investment from the 1<sup>st</sup> and 2<sup>nd</sup> calls for proposals to ensure that these investments are implemented to generate the designed level of GHG emission reductions.
72. However, despite the potential of the TCNT Project to meet its direct GHG emission reduction targets, the TCNT Project has not yet achieved a desired level of visibility in its efforts to promote low carbon tourism in Montenegro, especially to foreign tourists. If the National Tourism Organization of Montenegro represents the main portal to foreign tourists to promote low carbon tourism, there is an absence or visibility of low carbon information on such opportunities on the NTO website. An NTO website should include low carbon tourist accommodations and other low carbon tourism features to raise the profile of low carbon tourism being promoted by the TCNT Project. Without this type of information, the impact of the TCNT Project will be blunted in creating stronger demand for low carbon tourist services and facilities in the future (see Paras 42 and 43).
73. There have also been some shortfalls in the uptake of low carbon investments for the tourism sector (both public and private entities), where the uptake of these investments has not been up to the pace envisaged in the ProDoc:
- Low carbon transport initiatives, especially those with high capital costs, will experience higher risks of not being implemented during the TCNT Project. This would include the Kotor-Cetinje cable car project (Output 2.2), a €47 million project that will be subject to several delays, especially during the tendering phase as well as implementation;
  - Low carbon transport initiatives by municipal level administrations who are currently in need of

personnel to prepare such proposals, and in need of municipal level financing that appears to be generally in short supply throughout Montenegro;

- The 33 months of implementing the TCNT Project have been insufficient in persuading over 200 hotel operators in Montenegro (representing roughly 33% of an estimated 600 hotel operators in Montenegro) of the benefits of eco-certification of their facilities to attract increased number of international tourists. These difficulties are related to a number of hotels unwilling to undertake the efforts to pay for eco-certification or the lack of belief of these hotels that eco-certification provides a sales advantage (see Para 32).

74. The ongoing work amongst the sustainable financial mechanism working group is currently at a critical stage in the development of the fund, namely the design of an expanded scope of an Eco-fund and identification of sources of revenue for the fund. Despite the improved probabilities of being able to establish an operational fund, there is still a substantial level of risk of not meeting the intended targets of an “NTCF established by the end of the 2<sup>nd</sup> year, mechanisms for its capitalization in place by at least €2 million annually”. As such, critical decisions to be agreed upon amongst the members of the working group over the next month on the Eco-fund includes:

- design and purpose of the Eco-fund;
- operational rules for the allocation of funds to the tourism sector amongst other sectors covered by the Eco-fund;
- identification of Eco-fund revenue sources including appropriate allocation of funds from these sources to the tourism sector;
- GoM commitment for initial capitalization of the Eco-fund to ensure its initial operational capacity.

75. Table 6 provides a summary of the achievements and the MTR ratings for the TCNT Project.

## 4.2 Recommendations

76. To improve implementation (and meet GHG emission reduction targets), the Project as a **first priority** should use its remaining resources to focus on monitoring and ensuring proper implementation of the 27 pilot low carbon investments from the 1<sup>st</sup> and 2<sup>nd</sup> calls for low carbon proposals and if deemed necessary, publish a 3<sup>rd</sup> call for proposals (in case of unsuccessful implementation of some of 27 selected projects). If low carbon project proponents are willing to collaborate, Project resources can be used to:

- provide regular monitoring of these investments if required with the aim that these pilot projects can be approved by third-party verification MRV services for GHG emission reductions;
- provide technical assistance to project proponents in the event that delays are experienced due to disruptions in equipment supply or poor quality workmanship;
- involve MRV services prior to and after installation of low carbon equipment or measures to ensure full understanding of the project proponent and TCNT Project staff of how the low carbon investment can generate GHG emission reduction maximums (see recommendation on Para 79);
- if time and resources permit, request MRV services to file a verification report on the low carbon investment;
- continue technical support to the National Working Group (NWG) on the setup of the Eco-fund according to the pace of developments set up by the NWG (see Para 80).

**Table 6: MTR Ratings & Achievement Summary Table for “Towards Carbon Neutral Tourism” in Montenegro**

| Measure   | MTR Rating <sup>40</sup>        | Achievement Description   |
|---|---------------------------------|---|
| <b>Project Strategy</b>                                 | N/A                             | Project strategy is sound and is reflective of and relevant to the Government of Montenegro’s needs to promote low carbon tourism.  |
| <b>Progress Towards Results</b>                         | Objective Achievement Rating: 5 | There is a pipeline of pilot low carbon investments to receive Project support with potential to generate more than 77 ktonnes of direct CO <sub>2</sub> emission reductions. While the Government of Montenegro has committed to establishing a sustainable climate financing mechanism for the tourism sector as an “Eco-Fund”, design of the fund is currently under discussion with key stakeholders, placing a higher risk of meeting a target of keeping tourism related GHG emission reductions at 2013 levels.  |
|   | Outcome 1 Achievement Rating: 5 | Amendments to the Law on Tourism, Law on Spatial Planning and other related legislation have been prepared for adoption, and a polycentric SUMP has been adopted by 4 coastal municipalities. However, despite engaging energy auditors to eco-certify tourist accommodation facilities, the eco-certification process currently only involves only 20 facilities against the target of well over 200 facilities.   |
|   | Outcome 2 Achievement Rating: 4 | Progress on improving carbon neutral transport infrastructure has been hampered by lack of municipal financing and a strong likelihood of delays to the tendering and construction of the Kotor-Cetinje cable car project.  |
|   | Outcome 3 Achievement Rating: 4 | Call for proposals for pilot low carbon investments has resulted in a pipeline investment of €8.8, potentially exceeding the target of direct GHG reductions of 81 ktonnes of CO <sub>2</sub> reductions provided the Project can overcome the lack of capacity and skills within municipalities. The sustainable financing mechanism to support tourism related climate change mitigation projects after the EOP is still being designed within a national working group.  |
|   | Outcome 4 Achievement Rating: 5 | Project established regular annual GHG monitoring system from tourism sector, based on one-off developed methodology, and internationally verified. Accounting was completed for baseline 2013, as well as 2014 and 2015.<br><br>An MRV system is in place to verify and report GHG emissions from pilot and subsequent low carbon projects. While surveys indicate modest increases in low carbon tourism services and increased awareness of low carbon tourism services, there is still little to no visibility on tourism related websites, notably on the NTO website to promote low carbon tourism in Montenegro. |
| <b>Project Implementation &amp; Adaptive Management</b> | Achievement Rating: 5           | Project is being adaptively managed and implemented in a manner that is cost-effective. In addition, project management has made extensive efforts to liaise frequently with all key stakeholders, mainly MoSDT, municipal administrative personnel and private tourism industry. Project has undertaken design of the multi-sectoral “Eco-fund” over and above the original target of a tourism climate fund.  |
| <b>Sustainability</b>                                   | Sustainability Rating: 2        | The “moderately unlikely” risk is related to the financial risks of not capitalizing the Eco-fund by the EOP, and the governance risks related to the lack of capacities and skills mainly within the municipalities to prepare and implement innovative low carbon tourism projects (see Paras 63-69).   |

<sup>40</sup> Evaluation rating indices (except sustainability – see Footnote 2, and relevance – see Footnote 3): 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

77. To improve implementation (and increase the visibility of the Project’s efforts to promote low carbon tourism in Montenegro), the Project as a **second priority** should:

- increase its efforts to eco-certify hotels in addition to the 20 currently involved with the Project. This would include an expansion of the eco-certification of hotels throughout Montenegro, instead of the original target of 6 coastal cities. Para 78 provides recommendations for the targeted number of hotels to eco-certify;
- increase its collaboration with the National Tourism Organization (NTO) to disseminate information on websites and other media on eco-certified low carbon tourist accommodations in Montenegro. By doing so, the Project can raise awareness of low carbon tourism facilities and services in Montenegro. If successful, this could only help in increasing trends on the awareness of the availability of low carbon facilities in Montenegro for tourists (see Para 78, third bullet on Outcome 4 for further details). More specifically, NTO should make an additional effort to help portray green, low carbon facilities and services (such as hotels and tourist attractions) to foreign tourists by designating a separate page of their website on these green topics. This will have a much broader impact on raising awareness of Montenegro’s green tourism;
- further on collaboration with NTO’s websites as mentioned in Para 62, they could be linked to the websites of CoE and MoSDT regarding the 1<sup>st</sup> and 2<sup>nd</sup> calls of the low carbon proposals. This would also be a means of increasing public awareness of Montenegro’s effort to lower the carbon footprint of its tourism sector;
- assist NTO in further outreach to numerous global websites dedicated to sourcing eco-certified hotels globally. One example of a site that can assist tourists in sourcing eco-certified hotels is the Green Traveler Guide (<http://greentravelerguides.com/tips/green-certifiers/>) where Montenegro could be included on a list of European countries that have eco-certified accommodations.

78. To correct Project design, a number of suggestions are provided here to adjust TCNT Project targets including:

- *In Outcome 1, adjust the target of 33% of all officially registered tourist accommodation facilities in coastal cities to a more attainable percentage or number of facilities.* Currently, with an estimate of 600 tourist accommodation facilities on the coastal zones alone in Montenegro, eco-certifying more than 200 tourist accommodations within a period of 2 years does not appear reasonable. Moreover, the Project should expand its program for eco-certifications beyond coastal cities to inland cities such as Cetinje and Podgorica as well as hotel resorts in the northern part of the country. *TCNT Project personnel should determine a target for the number of tourist accommodation facilities to be eco-certified within the next 2 years depending on Project resources available;*
- *In Outcome 2, readjust the target for “certification of the country’s main airport and marine entry points as low carbon facilities” to a target that is more attainable based on remaining Project resources.* To meet the original target, the Project would have had to conducted discussions early in the Project with senior personnel within the main airport and marine entry points. In addition, the time required to scope measures required to convert these facilities into low carbon facilities would have been longer than the Project duration (extensive time required to do the energy

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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.

audit, decision by the facilities to invest in low carbon measures, implementing low carbon measures followed by certification of the facilities as low carbon). The Project, however, has conducted only minor discussions on these issues, and with the remaining time and resources of the TCNT Project, it is highly unlikely that attainment of this target is possible. As such, it is entirely possible that this target may have to be dropped entirely;

- *In Outcome 2, drop the target of a “new Kotor-Cetinje cable car developed and constructed as a carbon free transport corridor”, in light of recent news that the 2016 tender was cancelled for the €47 million project with a new tender commission to be established at a future but yet undetermined date;*
- *In Outcome 4, specifically Outputs 4.1 and 4.6, TCNT Project staff need to collaborate with the National Tourism Organization (as a high priority) to more effectively promote low carbon tourism in Montenegro for incoming tourists as well as other key stakeholders.* The current NTO website ([www.montenegro.travel](http://www.montenegro.travel)) contains no visible references or linkages to low carbon and positive environmental aspects that are available in Montenegro’s tourism industry. For example, if a tourist wanted to access to green or low carbon accommodation, the site does not appear to provide any information on these aspects. By providing such information on eco-certified accommodations, many of these entrepreneurs may realize economic benefits in return for the costs of eco-certification of their accommodations. In addition, and as mentioned in Para 77, the Project should seek to link with a global eco-certification website to list recently eco-certified hotels in Montenegro as a means to raise the profile of the country’s efforts on low carbon tourism.

79. To improve the monitoring and evaluation of the Project, TCNT Project staff should strengthen its efforts as a **high priority** to monitor implementation of the 27 pilot low carbon investments and eco-certified hotels to improve tracking the progress in reaching or exceeding the direct GHG emission reductions target of 77 ktonnes CO<sub>2</sub> (20-year lifetime). The MTR team did not have access to many GHG emission reduction calculations of the various low carbon proposals, and eco-certified hotels. As such, the following recommendations are being made to improve M&E of the GHG emission reductions:

- Since the Project has an indicator of “status of implementation and resulting GHG emission reductions from the pilot projects”, documentation of each pilot project and eco-certified hotel and their GHG emission reduction calculations should be prepared and made readily available to Project staff, UNDP advisors and the Terminal Evaluators. While it appears GHG calculations are being done initially in Croatia using assistance external to UNDP Montenegro in support of the 2<sup>nd</sup> call for low carbon proposals, this GHG reporting process needs formalization with reports made available to all Project staff. These reports will be useful in monitoring progress towards the Project’s GEB target of 77,000 ktonnes of direct CO<sub>2</sub> emission reductions from low carbon investments; and
- Project staff preparing GHG emission reduction reports should be mindful of the requirements for reporting energy savings and GHG emission reductions into the GEF tracking tool. These GHG reports should be set up and tabulated in a manner to allow for easy entry of energy savings and GHG emission reduction figures into the TCNT Project’s GEF tracking tool, which is provided in Appendix E<sup>41</sup>.

<sup>41</sup> For low carbon measures related to energy efficiency, the tracking tool requires lifetime energy saved in MJ and lifetime direct GHG emission reductions in tonnes CO<sub>2</sub>. For low carbon renewable energy, the tracking tool requires installed capacities of any



80. Recommendations and proposals for future directions underlining main objectives are provided here are **high priority** and additional to the recommendation in Para 76 regarding support to the NWG on the Eco-Fund. This recommendation pertains to the additional efforts by the Project to support the NWG in sourcing capitalization for the Eco-Fund that involve:

- ensuring efficient implementation of low carbon proposals from the 1<sup>st</sup> and 2<sup>nd</sup> calls. Essentially, TCNT support for these low carbon proposals serve as “pilot” activities of the Eco-Fund. As such, strong oversight of the implementation of these proposals or prompt adaptive management of these projects (to ensure timely delivery of these GHG reduction generation projects) will serve as excellent examples to potential financiers (wanting to capitalize the Eco-Fund) of the readiness of Eco-Fund managers to manage scaled-up funds for low carbon tourism;
- using the network of the Project and UNDP Montenegro, ensure that positive information on the implementation of the low carbon proposals is disseminated to foreign donors with climate funds who may be interested in capitalizing the Eco-Fund.

81. Recommendations and proposals for future directions underlining main objectives are provided here as lower priority, and should be implemented according to available Project time and resources. These recommendations are intended to place importance on current TCNT Project efforts and integrating them with other GHG emission reduction projects that focus on a greener economy and green growth:

- encourage ESCO opportunities for municipalities wherever appropriate. This contracting model is being supported by the Project for EE Street lighting in Zabljak (on the 2<sup>nd</sup> call for low carbon proposals), and is a means for municipalities without funds to finance low carbon projects based on energy savings. If resources are available, the Project should promote and provide assistance to implement ESCO opportunities with other municipalities and even private sector tourist accommodations or large facilities where an ESCO model is financially viable. The Project should also liaise frequently with the Energy Efficiency Program under the Ministry of Economy on other tourism-related entities that may be attractively implemented under an ESCO and their ongoing progress in developing ESCO related legislation;
- continuation of technical assistance to both municipal and private sector personnel in the preparation and analysis of technical proposals for tourism-related low carbon measures. This will also be done on the basis of resources available under the Project;
- promoting municipality interest in intercity sustainable transport links and networking of low carbon opportunities for tourism facilities. While Output 2.1 specifies this recommendation but only for coastal cities, the MTR team recommends that this intercity sustainable transport network should be extended to include the coastal cities as well as other major tourist centers inland such as Podgorica and Cetinje. For example, improvements can be made in the transport network to link all but also railways major tourist centers in Montenegro, mainly buses but also railway trains, to a common low carbon multimodal transport network. The city of Podgorica currently has plans to improve its public transport services, which the Project can assist in terms of improving the connectivity of Podgorica’s public transport system with other cities in

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RE technology in MW, the lifetime energy produced by each technology in MWh, and the lifetime GHG emission reductions in tonnes CO<sub>2</sub>. For low carbon transport measures, the tracking tool will require the length of NMV transport (cycle paths or sidewalks) in km, the number of lower GHG vehicles, the number of people benefitting from improved transport and urban systems, and lifetime direct GHG emission reductions in tonnes CO<sub>2</sub>.

Montenegro. The Project should be opportunistic in promotion of these intercity links as time and resources permit;

- support efforts by MoTMA in the strategic planning of nautical transport and ferries to improve mobility along coastal destinations in Montenegro, with an aim to offset inefficient use of fossil-fueled cars and reduce traffic congestion along the coastline highway. This effort should contribute to the development of Montenegro’s National Transport Strategy that has been recently initiated by MoTMA with funding assistance from the EU.

Through the involvement of the TCNT Project personnel in these efforts, TCNT activities would dovetail into further green economy activities after the EOP and towards the priority development of Montenegro’s green economy. These efforts may also trigger other donors to provide resources to accelerate and scale up Montenegro’s efforts not only in low carbon tourism, but other economic sectors as well.

## APPENDIX A – MISSION TERMS OF REFERENCE FOR TCNT PROJECT

### MTR

- A. Job title: Mid Term Evaluation Team Member – International Consultant/ Expert
- B. Type of position: local short-term expert
- C. Post reference: R-2017-01
- D. Type of contract: Individual Contract
- E. Duty Station: home based and Podgorica, Montenegro
- F. Duration of appointment: 8th May – 20 July 2017
- G. Deadline for submitting the financial proposal: 2nd May - CoB

#### 1. INTRODUCTION

This is the Terms of Reference (ToR) for the UNDP-GEF Midterm Review (MTR) of the *full* -sized project titled “*Towards Carbon Neutral Tourism in Montenegro*” (PIMS#5149) implemented through the Ministry of Sustainable Development and Tourism, which is to be undertaken in 2017. The project started on the 1st September 2014 and is in its third year of implementation. In line with the UNDP-GEF Guidance on MTRs, this MTR process was initiated before the submission of the second Project Implementation Report (PIR). This ToR sets out the expectations for this MTR. The MTR process must follow the guidance outlined in the document [‘Guidance For Conducting Midterm Reviews of UNDP-Supported, GEF- Financed Projects’](#).

#### 2. PROJECT BACKGROUND INFORMATION

As a main driver of Montenegro’s economic growth and investment, the tourism sector is responsible directly and indirectly for the large share of GHG emissions from the transport, accommodation and other tourism-related activities. According to Montenegro’s Second National Communication to UN Framework Climate Change Convention (2015), in the scenario without measures Montenegro’s GHG emissions will rise by app. 30% in 2020 above 1990 baseline. By contributing to over third of GDP and a half of capital investment in infrastructure, the tourism sector will inevitably be an important, if not the leading, factor in a projected GHG emissions increase. Apart from the direct GHG emissions, the indirect climate change impact of millions of holiday-makers is also substantial, first, because of their sheer numbers in proportion to small local population and, second, because of their more carbon intensive life-style and consumption patterns.

In the business-as-usual scenario, the carbon footprint of Montenegro tourism will continue to grow as a result of large-scale investment in tourist infrastructure and constantly growing number of travelers. The Government of Montenegro sees tourism as the main driver of economic growth and income generation, but also fully realizes the environmental challenges associated with its rapid development and is committed to address them as part of the National Sustainable Development Strategy and Tourism Development Master Plan. The Government is firmly committed to develop its tourism sector on a sustainable basis, it is putting in place the required policy and regulatory framework to attract large-scale investment in tourism infrastructure, but also to steer them in a more environmentally sustainable way. The Towards Carbon Neutral Tourism (TCNT) Project builds on these commitments and efforts by enhancing the focus of national efforts on minimizing the carbon footprint of tourism and promoting Montenegro as a place for climate conscious tourism and “carbon neutral” holiday destination.

Its ultimate objective is to reduce GHG emissions from Montenegro’s tourism sector by promoting country’s transition towards a carbon neutral travel & tourism, minimizing energy use and transport in

and around new green field development projects, helping tourism industry to identify and implement cost-effective mitigation options in travel and accommodation sectors, as well as introducing carbon offset scheme and other innovative financial mechanisms to compensate for the residual emissions and generate additional revenues for climate mitigation and adaptation actions in tourism. The project constitutes of four components, as follows: Component 1: Legal and regulatory framework supporting low carbon tourism and low carbon spatial development, including increased certification of both existing and new tourist accommodation facilities and related services by internationally recognized environmental certification scheme(s); Component 2: Improved low carbon and carbon neutral transport infrastructure to support tourism sector related public and non-motorized transport.; Component 3: Pilot investments to support low carbon tourism development implemented, followed up by the establishment of a sustainable financing mechanism to support climate change mitigation and adaptation actions in the tourism sector; Component 4: GHG emission monitoring system and increased public awareness about the carbon footprint of the tourism sector, its GHG reduction potential and measures.

### 3. OBJECTIVES OF THE MTR

The MTR will assess progress towards the achievement of the project objectives and outcomes as specified in the Project Document, and assess early signs of project success or failure with the goal of identifying the necessary changes to be made in order to set the project on-track to achieve its intended results. The MTR will also review the project’s strategy and its risks to sustainability.

### 4. MTR APPROACH & METHODOLOGY

The MTR must provide evidence based information that is credible, reliable and useful. The MTR team will review all relevant sources of information including documents prepared during the preparation phase (i.e. PIF, UNDP Initiation Plan, UNDP Environmental & Social Safeguard Policy, the Project Document, project reports including Annual Project Review/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 review). The MTR team will review the baseline GEF focal area Tracking Tool submitted to the GEF at CEO endorsement, and the midterm GEF focal area Tracking Tool that must be completed before the MTR field mission begins.

The MTR team is expected to follow a collaborative and participatory approach<sup>42</sup> ensuring close engagement with the Project Team, government counterparts (the GEF Operational Focal Point), the UNDP Country Office(s), UNDP-GEF Regional Technical Advisers, and other key stakeholders.

Engagement of stakeholders is vital to a successful MTR<sup>43</sup>. Stakeholder involvement should include interviews with stakeholders who have project responsibilities, executing agencies, senior officials and task team/ component leaders, key experts and consultants in the subject area, Project Board, project stakeholders, academia, local government and CSOs, etc. including but not limited to key representatives of:

- Ministry of Sustainable Development and Tourism
- Ministry of Economy
- Ministry of Transport and Maritime Affairs

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<sup>42</sup> For ideas on innovative and participatory Monitoring and Evaluation strategies and techniques, see [UNDP Discussion Paper: Innovations in Monitoring & Evaluating Results](#), 05 Nov 2013.

<sup>43</sup> For more stakeholder engagement in the M&E process, see the [UNDP Handbook on Planning, Monitoring and Evaluating for Development Results](#), Chapter 3, pg. 93.

- Chamber of Economy of Montenegro
- Montenegro Airlines – national airplane company
- Municipalities Podgorica, Tivat, Cetinje, Herceg Novi, Kotor
- Hotel Lighthouse, Apartments Utjeha
- Vijesti Daily, RTVCG

In addition, the MTR team is expected to conduct field missions to Montenegro including the following project sites: Podgorica, Herceg Novi, Tivat, Budva, Kotor, Cetinje, where the involvement of the local expert would be crucial.

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

## 5. DETAILED SCOPE OF THE MTR

The MTR team will assess the following four categories: project strategy, progress towards results, project implementation and adaptive management, and sustainability. The MTR team will also provide conclusions and recommendations, and ratings. See the *Guidance For Conducting Midterm Reviews of UNDP-Supported, GEF- Financed Projects* for extended descriptions.

### i. Project Strategy

#### Project design:

- Review the problem addressed by the project and the underlying assumptions. Review the effect of any incorrect assumptions or changes to the context to achieving the project results as outlined in the Project Document.
- Review the relevance of the project strategy and assess whether it provides the most effective route towards expected/intended results. Were lessons from other relevant projects properly incorporated into the project design?
- Review how the project addresses country priorities. Review country ownership. Was the project concept in line with the national sector development priorities and plans of the country (or of participating countries in the case of multi-country projects)?
- Review decision-making processes: were perspectives of those who would be affected by project decisions, those who could affect the outcomes, and those who could contribute information or other resources to the process, taken into account during project design processes?
- Review the extent to which relevant gender issues were raised in the project design. See Annex 9 of *Guidance For Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Project* for further guidelines.
- If there are major areas of concern, recommend areas for improvement.

#### Results Framework/Logframe:

- Undertake a critical analysis of the project’s logframe indicators and targets, assess how “SMART” the midterm and end-of-project targets are (Specific, Measurable, Attainable, Relevant, Time-bound), and suggest specific amendments/revisions to the targets and indicators as necessary.
- Are the project’s objectives and outcomes or components clear, practical, and feasible within its time frame?

- Examine if progress so far has led to, or could in the future catalyse beneficial development effects (i.e. income generation, gender equality and women’s empowerment, improved governance etc...) that should be included in the project results framework and monitored on an annual basis.
- Ensure broader development and gender aspects of the project are being monitored effectively. Develop and recommend SMART ‘development’ indicators, including sex-disaggregated indicators and indicators that capture development benefits.

## ii. Progress Towards Results

### Progress Towards Outcomes Analysis:

- Review the logframe indicators against progress made towards the end-of-project targets using the Progress Towards Results Matrix and following the *Guidance For Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects*; colour code progress in a “traffic light system” based on the level of progress achieved; assign a rating on progress for each outcome; make recommendations from the areas marked as “Not on target to be achieved” (red).

In addition to the progress towards outcomes analysis:

- Compare and analyse the GEF Tracking Tool at the Baseline with the one completed right before the Midterm Review.
- Identify remaining barriers to achieving the project objective in the remainder of the project.
- By reviewing the aspects of the project that have already been successful, identify ways in which the project can further expand these benefits.

**Table. Progress Towards Results Matrix (Achievement of outcomes against End-of-project Targets)**

| Project Strategy | Indicator <sup>44</sup>    | Baseline Level <sup>45</sup> | Level in 1st PIR (self-reported) | Midterm Target <sup>46</sup> | End-of-project Target | Midterm Level & Assessment <sup>47</sup> | Achievement Rating <sup>48</sup> | Justification for Rating |
|------------------|----------------------------|------------------------------|----------------------------------|------------------------------|-----------------------|--|----------------------------------|--------------------------|
| Objective:       | Indicator (if applicable): |                              |                                  |                              |                       |  |                                  |                          |
| Outcome 1:       | Indicator 1:               |                              |                                  |                              |                       |  |                                  |                          |
|                  | Indicator 2:               |                              |                                  |                              |                       |  |                                  |                          |
| Outcome 2:       | Indicator 3:               |                              |                                  |                              |                       |  |                                  |                          |
|                  | Indicator 4:               |                              |                                  |                              |                       |  |                                  |                          |
|                  | Etc.                       |                              |                                  |                              |                       |  |                                  |                          |
| Etc.             |                            |                              |                                  |                              |                       |  |                                  |                          |

### Indicator Assessment Key

**Green= Achieved**      **Yellow= On target to be achieved**      **Red= Not on target to be achieved**

<sup>44</sup> Populate with data from the Logframe and scorecards

<sup>45</sup> Populate with data from the Project Document

<sup>46</sup> If available

<sup>47</sup> Colour code this column only

<sup>48</sup> Use the 6 point Progress Towards Results Rating Scale: HS, S, MS, MU, U, HU

### iii. Project Implementation and Adaptive Management

#### **Management Arrangements:**

- Review overall effectiveness of project management as outlined in the Project Document. Have changes been made and are they effective? Are responsibilities and reporting lines clear? Is decision-making transparent and undertaken in a timely manner? Recommend areas for improvement.
- Review the quality of execution of the Executing Agency/Implementing Partner(s) and recommend areas for improvement.
- Review the quality of support provided by the GEF Partner Agency (UNDP) and recommend areas for improvement.

#### **Work Planning:**

- Review any delays in project start-up and implementation, identify the causes and examine if they have been resolved.
- Are work-planning processes results-based? If not, suggest ways to re-orientate work planning to focus on results?
- Examine the use of the project’s results framework/ logframe as a management tool and review any changes made to it since project start.

#### **Finance and co-finance:**

- Consider the financial management of the project, with specific reference to the cost-effectiveness of interventions.
- Review the changes to fund allocations as a result of budget revisions and assess the appropriateness and relevance of such revisions.
- Does the project have the appropriate financial controls, including reporting and planning, that allow management to make informed decisions regarding the budget and allow for timely flow of funds?
- Informed by the co-financing monitoring table to be filled out, provide commentary on co-financing: is co-financing being used strategically to help the objectives of the project? Is the Project Team meeting with all co-financing partners regularly in order to align financing priorities and annual work plans?

#### **Project-level Monitoring and Evaluation Systems:**

- Review the monitoring tools currently being used: Do they provide the necessary information? Do they involve key partners? Are they aligned or mainstreamed with national systems? Do they use existing information? Are they efficient? Are they cost-effective? Are additional tools required? How could they be made more participatory and inclusive?
- Examine the financial management of the project monitoring and evaluation budget. Are sufficient resources being allocated to monitoring and evaluation? Are these resources being allocated effectively?

#### **Stakeholder Engagement:**

- Project management: Has the project developed and leveraged the necessary and appropriate partnerships with direct and tangential stakeholders?
- Participation and country-driven processes: Do local and national government stakeholders support the objectives of the project? Do they continue to have an active role in project decision-making that supports efficient and effective project implementation?

- Participation and public awareness: To what extent has stakeholder involvement and public awareness contributed to the progress towards achievement of project objectives?

#### **Reporting:**

- Assess how adaptive management changes have been reported by the project management and shared with the Project Board.
- Assess how well the Project Team and partners undertake and fulfil GEF reporting requirements (i.e. how have they addressed poorly-rated PIRs, if applicable?)
- Assess how lessons derived from the adaptive management process have been documented, shared with key partners and internalized by partners.

#### **Communications:**

- Review internal project communication with stakeholders: Is communication regular and effective? Are there key stakeholders left out of communication? Are there feedback mechanisms when communication is received? Does this communication with stakeholders contribute to their awareness of project outcomes and activities and investment in the sustainability of project results?
- Review external project communication: Are proper means of communication established or being established to express the project progress and intended impact to the public (is there a web presence, for example? Or did the project implement appropriate outreach and public awareness campaigns?)
- For reporting purposes, write one half-page paragraph that summarizes the project’s progress towards results in terms of contribution to sustainable development benefits, as well as global environmental benefits.

#### **iv. Sustainability**

- Validate whether the risks identified in the Project Document, Annual Project Review/PIRs and the ATLAS Risk Management Module are the most important and whether the risk ratings applied are appropriate and up to date. If not, explain why.
- In addition, assess the following risks to sustainability:

##### Financial risks to sustainability:

- What is the likelihood of financial and economic resources not being available once the GEF assistance ends (consider potential resources can be from multiple sources, such as the public and private sectors, income generating activities, and other funding that will be adequate financial resources for sustaining project’s outcomes)?

##### Socio-economic risks to sustainability:

- Are there any social or political risks that may jeopardize sustainability of project outcomes? What is the risk that the level of stakeholder ownership (including ownership by governments and other key stakeholders) will be insufficient to allow for the project outcomes/benefits to be sustained? Do the various key stakeholders see that it is in their interest that the project benefits continue to flow? Is there sufficient public / stakeholder awareness in support of the long term objectives of the project? Are lessons learned being documented by the Project Team on a continual basis and shared/ transferred to appropriate parties who could learn from the project and potentially replicate and/or scale it in the future?



Institutional Framework and Governance risks to sustainability:

- Do the legal frameworks, policies, governance structures and processes pose risks that may jeopardize sustenance of project benefits? While assessing this parameter, also consider if the required systems/ mechanisms for accountability, transparency, and technical knowledge transfer are in place.

Environmental risks to sustainability:

- Are there any environmental risks that may jeopardize sustenance of project outcomes?

**5. Conclusions & Recommendations**

The MTR team will include a section of the report setting out the MTR’s evidence-based conclusions, in light of the findings<sup>49</sup>.

Recommendations should be succinct suggestions for critical intervention that are specific, measurable, achievable, and relevant. A recommendation table should be put in the report’s executive summary. See the *Guidance For Conducting Midterm Reviews of UNDP-Supported, GEF-Financed Projects* for guidance on a recommendation table.

The MTR team should make no more than 15 recommendations total.

**6. Ratings**

The MTR team will include its ratings of the project’s results and brief descriptions of the associated achievements in a *MTR Ratings & Achievement Summary Table* in the Executive Summary of the MTR report. See Annex E for ratings scales. No rating on Project Strategy and no overall project rating are required.

**7. Table. MTR Ratings & Achievement Summary Table for Towards Carbon Neutral Tourism in Montenegro**

| Measure                                      | MTR Rating                                       | Achievement Description |
|--|--|-------------------------|
| Project Strategy                             | N/A  |                         |
| Progress Towards Results                     | Objective Achievement Rating: (rate 6 pt. scale) |                         |
|  | Outcome 1 Achievement Rating: (rate 6 pt. scale) |                         |
|  | Outcome 2 Achievement Rating: (rate 6 pt. scale) |                         |
|  | Outcome 3 Achievement Rating: (rate 6 pt. scale) |                         |
|  | Etc.   |                         |
| Project Implementation & Adaptive Management | (rate 6 pt. scale)                               |                         |
| Sustainability                               | (rate 4 pt. scale)                               |                         |

<sup>49</sup> Alternatively, MTR conclusions may be integrated into the body of the report

## 6. TIMEFRAME

The total duration of the MTR will be approximately 25 working days over a time period of 11 weeks starting (8h May), and shall not exceed five months from when the consultant(s) are hired. The tentative MTR timeframe is as follows:

| TIMEFRAME                        | ACTIVITY  |
|----------------------------------|---|
| (28 April 2017)                  | Application closes / selection from UNDP Roster   |
| (8th May 2017)                   | Select MTR Team   |
| (8th May 2017)                   | Prepare the MTR Team (handover of Project Documents)  |
| (8th May – 21st May 2017) 5 days | Document review and preparing MTR Inception Report  |
| (26 May - 2 June 2017) 2 days    | Finalization and Validation of MTR Inception Report- latest start of MTR mission  |
| (12 - 16 June 2017) 6 days       | MTR International Expert mission (accompanied with local expert): stakeholder meetings, interviews, field visits  |
| (16 June)                        | Mission wrap-up meeting & presentation of initial findings- earliest end of MTR mission   |
| (17-30 June 2017) 10 days        | Preparing draft report  |
| (10 – 17 July 2017) 2 days       | Incorporating audit trail from feedback on draft report/Finalization of MTR report (note: accommodate time delay in dates for circulation and review of the draft report) |
| 10 July 2017                     | Preparation & Issue of Management Response  |
| n/a                              | (optional) Concluding Stakeholder Workshop (not mandatory for MTR team)   |
| 17 July 2017                     | Expected date of MTR completion   |

Options for site visits should be provided in the Inception Report.

## 7. MIDTERM REVIEW DELIVERABLES

| # | Deliverable                | Description  | Timing  | Responsibilities  |
|---|----------------------------|--|---|---|
| 1 | MTR Inception Report       | MTR team clarifies objectives and methods of Midterm Review  | No later than 2 weeks before the MTR mission: (2 June 2017)     | MTR team submits to the Commissioning Unit and project management                   |
| 2 | Presentation               | Initial Findings   | End of MTR mission: (16 June 2017)                              | MTR Team presents to project management and the Commissioning Unit                  |
| 3 | Draft Final Report         | Full report (using guidelines on content outlined in Annex B) with annexes   | Within 3 weeks of the MTR mission: (30 June 2017)               | Sent to the Commissioning Unit, reviewed by RTA, Project Coordinating Unit, GEF OFP |
|   | Final Report <sup>50</sup> | Revised report with audit trail detailing how all received comments have (and have not) been addressed in the final MTR report | Within 1 week of receiving UNDP comments on draft: 17 July 2017 | Sent to the Commissioning Unit  |

<sup>50</sup> The final MTR 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.

## 8. MTR ARRANGEMENTS

The principal responsibility for managing this MTR resides with the Commissioning Unit. The Commissioning Unit for this project’s MTR is UNDP Montenegro.

The commissioning unit will contract the consultants and ensure the timely provision of per diems and travel arrangements within the country for the MTR team. The Project Team will be responsible for liaising with the MTR team to provide all relevant documents, set up stakeholder interviews, and arrange field visits.

## 9. TEAM COMPOSITION

A team of two independent consultants will conduct the MTR - one team leader / international expert (with experience and exposure to projects and evaluations in other regions globally) and one local expert familiar with local/national context. The consultants cannot have participated in the project preparation, formulation, and/or implementation (including the writing of the Project Document) and should not have a conflict of interest with project’s related activities.

Team leader will take the lead on drafting the MTR Inception, Draft and Final MTR Report, review all relevant sources of information, such as the project document, project reports – including Inception Report, PIR, project budget revisions, midterm review, progress reports, GEF focal area tracking tools, project files, national strategic and legal documents, and any other materials that the evaluator considers useful for this evidence-based assessment. The Team Leader will conduct interviews with selected key stakeholders during the field mission to Montenegro.

The selection criteria for the Team Leader are as follows:

- Recent experience with result-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 working with the GEF or GEF-evaluations;
- Experience working in Montenegro, Western Balkans, CIS countries;
- Work experience in relevant technical areas for at least 7 years;
- Demonstrated understanding of issues related to gender and climate change/environment experience in gender sensitive evaluation and analysis.
- Excellent communication skills;
- Demonstrable analytical skills;
- Project evaluation/review experiences within United Nations system;

A University degree in technical sciences (civil engineering, mechanical engineering, technical engineering) and/or natural sciences (biology, environment, sustainable development...) or other closely related field. Master’s degree will be considered as an asset.

## APPENDIX B – MISSION ITINERARY (FOR JUNE 2017)

| #                                | Activity  | Stakeholder involved                     | Place                       |
|----------------------------------|---|--|-----------------------------|
| <b>June 11, 2017 (Sunday)</b>    |   |  |                             |
|                                  | Arrival of Roland Wong in Podgorica   |  |                             |
| <b>June 12, 2017 (Monday)</b>    |   |  |                             |
| 1                                | Evaluation debriefing meeting with TCNT Project Team  | UNDP                                     | Podgorica                   |
| 2                                | Meeting with the Directorate for Environment Protection with Ms. Biljana Kilibarda  | MoSDT                                    | Podgorica                   |
| 3                                | Meeting with Directorate for International Cooperation and EU Integration with Mr. Andrej Lakic and Ms. Lena Radusinovic        | MoSDT                                    | Podgorica                   |
| 4                                | Meeting with Directorate for Climate Change with Mr. Srdjan Mugosa  | MoSDT                                    | Podgorica                   |
| 5                                | Meeting with UNDP consultant on Industrial Emissions, Mr. Nebojsa Pokimica  | UNDP                                     | Podgorica                   |
| 6                                | Meeting with Ms. Aleksandra Kikovic, UNDP Project Manager   | UNDP                                     | Podgorica                   |
| <b>June 13, 2017 (Tuesday)</b>   |   |  |                             |
| 7                                | Meeting with Directorate for Tourism Destination Management with Mr. Nikola Ražnatović, Ms. Sandra Bojanić                      | MoSDT                                    | Podgorica                   |
| 8                                | Meeting with Ministry of Transport and Maritime Affairs with Mr. Dalibor Milosevic, Mr. Demir Djesevic, and Mr. Vladan Radonjić | MoTMA                                    | Podgorica                   |
| 9                                | Meeting with Ministry of Economy with Mr. Bozidar Pavlovic  | MoE                                      | Podgorica                   |
| 10                               | Meeting with Podgorica City Administration with Mr. Dragutin Djekovic   | Podgorica City Administration            | Podgorica                   |
| 11                               | Meeting and site visit with Explorer Tourist Agency with Mr. Luka Bulatovic and Mr. Igor Begović                                | Explorer Tourist Agency (private sector) | Adventure Park in Podgorica |
| 12                               | Skype call with UNDP Croatia with Mr. Goran Cacic   | UNDP Croatia                             | Podgorica                   |
| <b>June 14, 2017 (Wednesday)</b> |   |  |                             |
| 13                               | Meeting with UNDP Montenegro with Ms. Aleksandra Kikovic, UNDP Project Manager  | UNDP                                     | Podgorica                   |
| 14                               | Meeting with UNDP Montenegro with Ms. Fiona McCluney  | UNDP                                     | Podgorica                   |

| #                               | Activity   | Stakeholder involved          | Place     |
|---------------------------------|--|-------------------------------|-----------|
| 15                              | Meeting with Mr. Radana Damjanovic and Ms. Pavle Radovanovic           | Chamber of Economy            | Podgorica |
| 16                              | Meeting with Ms. Biljana Bozovic and Ms. Maja Lijesevic                | National Tourism Organization | Podgorica |
| 17                              | Meeting with Ms. Ratka Stijepović, Project Legal Expert                | UNDP                          | Podgorica |
| <b>June 15, 2017 (Thursday)</b> |  |                               |           |
| 18                              | Meeting and site visit with Mr. Miloš Ivanišević, Cetinje Municipality | Cetinje Municipality          | Cetinje   |
| <b>June 16, 2017 (Friday)</b>   |  |                               |           |
| 19                              | Evaluation debriefing meeting at UNDP offices                          | UNDP                          | Podgorica |
| <b>June 17, 2017 (Saturday)</b> |  |                               |           |
|                                 | Departure of Roland Wong from Podgorica                                |                               |           |
| <b>June 27, 2017 (Monday)</b>   |  |                               |           |
| 20                              | Skype discussion with Mr. Tomica Paovic and Ms. Aleksandra Kikovic     | UNDP                          |           |
| <b>July 4, 2017 (Tuesday)</b>   |  |                               |           |
| 21                              | Skype discussion with Ms. Aleksandra Kikovic and Mr. Goran Cacic       | UNDP                          |           |

Total number of meetings conducted: 21

## APPENDIX C – LIST OF PERSONS INTERVIEWED

This is a listing of persons contacted in Podgoica and Centinje (unless otherwise noted) during the Mid-Term Review Period only. The Evaluation Team regrets any omissions to this list.

1. Ms. Fiona McCluney, UNDP Resident Representative, UNDP Montenegro;
2. Mr. Tomica Paovic, Democratic Governance and Economy & Environment Team Leader, UNDP Montenegro;
3. Ms. Aleksandra Kikovic, TCNT Programme Manager, UNDP Montenegro;
4. Mr. Viktor Subotic, TCNT Project Coordinator, UNDP Montenegro;
5. Ms. Radica Zekovic, TCNT Project Coordinator, UNDP Montenegro;
6. Ms. Sladjana Lazarevic, TCNT Project Coordinator, UNDP Montenegro;
7. Ms. Irena Lakovic, TCNT Project Coordinator, UNDP Montenegro;
8. Ms. Ana Pajevic, TCNT Project Coordinator, UNDP Montenegro;
9. Mr. Goran Cacic, Project Technical Advisor, UNDP Croatia;
10. Mr. Andrej Lakic, Advisor, Directorate for International Cooperation and EU Integration, MoSDT;
11. Ms. Lena Radusinovic, Advisor, Directorate for International Cooperation and EU Integration, MoSDT;
12. Ms. Biljana Kilibarda, Directorate for Environment Protection, MoSDT;
13. Mr. Srdjan Mugosa, General Director, Directorate for Climate Change, MoSDT;
14. Mr. Nikola Ražnatović, Directorate for Tourism Destination Management, MoSDT;
15. Mr. Sandra Bojanić, Directorate for Tourism Destination Management, MoSDT;
16. Mr. Nebojsa Pokimica, UNDP consultant on Industrial Emissions;
17. Mr. Dalibor Milosevic, Deputy Minister at Ministry of Transport and Maritime Affairs;
18. Mr. Demir Djesevic, Ministry of Transport and Maritime Affairs;
19. Mr. Vladan Radonjić, General Director of the Maritime Traffic Directorate, Ministry of Transport and Maritime Affairs;
20. Ms. Maja Lijesevic, Deputy Director, National Tourism Organization;

21. Ms. Biljana Bozovic, Assistant, National Tourism Organization;
22. Mr. Bozidar Pavlovic, Advisor, Directorate for Energy Efficiency, Ministry of Economy;
23. Mr. Dragutin Djekovic, Capital City Manager, Podgorica City Administration;
24. Mr. Miloš Ivanišević, Head for Cetinje EU Cooperation, Cetinje City;
25. Mr. Pavle Radovanovic, General Secretary, Chamber of Economy;
26. Ms. Radana Damjanovic, Advisor, Chamber of Economy;
27. Ms. Ratka Stijepović, Project Legal Expert for UNDP;
28. Mr. Luka Bulatovic, General Manager, Explorer Travel Agency.
29. Mr. Igor Begović, Chief of adventure park, Explorer Travel Agency.

## APPENDIX D – LIST OF DOCUMENTS REVIEWED

1. UNDP Project Document for TCNT Project;
2. TCNT Project Inception Report, 2015
3. Project Annual Report for 2015 and 2016;
4. Annual Work Plans for TCNT Project for 2016 and 2017;
5. Budgets Revisions for AWP for 2014 to 2017;
6. LPAC documents from 2014;
7. 2016 PIR for TCNT Project;
8. TCNT Project Steering Committee Meeting Notes from 2015, 2016 and 2017;
9. Montenegro Tourism Strategy 2020;
10. Development of National Climate Change Strategy by 2030, European Commission, September 2015;
11. An MRV System for GHG Emissions from Tourism Sector in Montenegro, UNDP Montenegro, December 2015;
12. Methodology for Tourism Sector GHG Emissions Accounting in Montenegro, UNDP Montenegro, December 2015;
13. Eco-Certification for Tourism Accommodation, UNDP Montenegro, 2016;
14. Baseline Emissions from Tourism in Montenegro, UNDP Montenegro, December 2015;
15. BTOR report from meeting with European Mobility Week in Belgium, March 2017;
16. EMW Award 2016 Application Form for Tivat;
17. Study on establishment of the National Tourism Climate Fund in Montenegro, UNDP Montenegro, November 2015;
18. Establishing and NTCF in Montenegro Policy Brief, UNDP Montenegro, 2016;
19. Report on the effects of implementation of the Pilot program Carbon Offset Scheme and the campaign "Reduce Your Carbon Footprint", UNDP Montenegro, 2016;
20. Proposed Model of the Eco Fund Operation– Summary, Energy Institute Hrvoje Požar for UNDP Montenegro, June 2017;
21. Communications and Advocacy Strategy of the TCNT Project in Montenegro (January 2015 to August



2019), UNDP Montenegro;

22. Social Media Strategy for TCNT Project, Robin Hamman for UNDP Montenegro, October 2016;

23. The TCNT Project action plans for implementing awareness raising activities.

## APPENDIX E – COMPLETED TRACKING TOOL



### Tracking Tool for Climate Change Mitigation Projects (For Mid-term 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 until the mid-term evaluation, totaled over the respective lifetime of the investments.

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 definition of "lifetime direct" applies. 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<sub>2</sub>eq per hectare per year), use IPCC defaults or country specific factors.

| General Data   | Results<br>at Mid-term Evaluation            | Notes  |
|--|--|--|
| <b>Project Title</b>   | Towards Carbon Neutral Tourism in Montenegro |  |
| GEF ID   | 5098   |  |
| Agency Project ID  | 5149   |  |
| Country  | Montenegro                                   |  |
| Region   | ECA  |  |
| GEF Agency   | UNDP   |  |
| Date of Council/CEO Approval   | March 1, 2013                                | Month DD, YYYY (e.g., May 12, 2010)  |
| GEF Grant (US\$)   | 3,090,000                                    |  |
| Date of submission of the tracking tool  | July 8, 2017                                 | 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\$)   | \$8,342,956                                  |  |
| Cumulative additional resources mobilized (US\$)   |  | additional resources means beyond the cofinancing committed at CEO endorsement |

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

| Objective 3: Renewable Energy  |   |  |
|--|---|--|
| Please specify if the project includes any of the following areas  |   |  |
| Heat/thermal energy production   | 1 | Yes = 1, No = 0  |
| On-grid electricity production   | 1 | Yes = 1, No = 0  |
| Off-grid electricity production  | 0 | Yes = 1, No = 0  |
| Policy and regulatory framework  | 2 | 0: not an objective/component<br>1: no policy/regulation/strategy in place<br>2: policy/regulation/strategy discussed and proposed<br>3: policy/regulation/strategy proposed but not adopted<br>4: policy/regulation/strategy adopted but not enforced<br>5: policy/regulation/strategy enforced |
| Establishment of financial facilities (e.g., credit lines, risk guarantees, revolving funds)   | 2 | 0: not an objective/component<br>1: no facility in place<br>2: facilities discussed and proposed<br>3: facilities proposed but not operationalized/funded<br>4: facilities operationalized/funded but have no demand<br>5: facilities operationalized/funded and have sufficient demand          |
| Capacity building  | 3 | 0: not an objective/component<br>1: no capacity built<br>2: information disseminated/awareness raised<br>3: training delivered<br>4: institutional/human capacity strengthened<br>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   |
| Solar thermal heat (heating, water, cooling, process)  | - | MW th (for thermal energy production, 1m <sup>2</sup> = 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: <a href="http://www.iea.org/stats/unit.asp">http://www.iea.org/stats/unit.asp</a> ) |   |  |
| 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 CO <sub>2</sub> e <sub>q</sub> (see Special Notes above)  |

| Objective 4: Transport and Urban Systems  |   |  |
|---|---|--|
| Please specify if the project targets any of the following areas  |   |  |
| Bus rapid transit   | 0 | Yes = 1, No = 0  |
| Other mass transit (e.g., light rail, heavy rail, water or other mass transit; excluding regular bus or minibus)                  | 0 | Yes = 1, No = 0  |
| Logistics management  | 0 | Yes = 1, No = 0  |
| Transport efficiency (e.g., vehicle, fuel, network efficiency)  | 1 | Yes = 1, No = 0  |
| Non-motorized transport (NMT)   | 1 | Yes = 1, No = 0  |
| Travel demand management  | 0 | Yes = 1, No = 0  |
| Comprehensive transport initiatives (Involving the coordination of multiple strategies from different transportation sub-sectors) | 1 | Yes = 1, No = 0  |
| Sustainable urban initiatives   | 1 | Yes = 1, No = 0  |
|   |   |  |
| Policy and regulatory framework   | 2 | 0: not an objective/component<br>1: no policy/regulation/strategy in place<br>2: policy/regulation/strategy discussed and proposed<br>3: policy/regulation/strategy proposed but not adopted<br>4: policy/regulation/strategy adopted but not enforced<br>5: policy/regulation/strategy enforced |
| Establishment of financial facilities (e.g., credit lines, risk guarantees, revolving funds)                                      | 2 | 0: not an objective/component<br>1: no facility in place<br>2: facilities discussed and proposed<br>3: facilities proposed but not operationalized/funded<br>4: facilities operationalized/funded but have no demand<br>5: facilities operationalized/funded and have sufficient demand          |
| Capacity building   | 2 | 0: not an objective/component<br>1: no capacity built<br>2: information disseminated/awareness raised<br>3: training delivered<br>4: institutional/human capacity strengthened<br>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   | - |  |
| Number of people benefiting from the improved transport and urban systems   | - |  |
|   |   |  |
| Lifetime direct GHG emissions avoided   | - | tonnes CO <sub>2</sub> e <sub>q</sub> (see Special Notes above)  |

## APPENDIX F – PROJECT RESULTS FRAMEWORK FOR TCNT PROJECT (FROM AUGUST 2014)

|   |
|---|
| This project will contribute to achieving the following Country Programme Output as defined in CPAP:<br>Output 15 “Innovative CC mitigation measures implemented to reduce GHG emissions, create new jobs, and increase revenues for the local/national budget”   |
| Country Programme Outcome Indicators: Level of Greenhouse Gas Emissions   |
| Primary applicable Key Environment and Sustainable Development Key Result Area (same as that on the cover page, circle one):<br>1. Mainstreaming environment and energy OR<br>2. Catalyzing environmental finance OR<br>3. Promote climate change adaptation OR<br>4. Expanding access to environmental and energy services for the poor. |
| Applicable GEF Focal Area Objective: GEF-5 FA Objective # 4 (CCM-4): “Promote Energy Efficient, Low-Carbon Transport and Urban Systems”   |

|  | Indicator   | Baseline   | Targets – End of Project  | Sources of Verification  | Risks and Assumptions  |
|--|---|--|---|--|--|
| <b>Project Objective:</b><br>Reduce GHG emissions from Montenegro’s tourism sector and maintain the overall tourism sector related GHG emissions at the 2013 level or lower despite the rapidly growing number of visitors | The tourism sector related GHG emissions compared to the estimated level in 2013          | 2013:<br>70-100 ktCO <sub>2</sub><br><br>2020: 170 ktCO <sub>2</sub> | 2020: 70-100 ktCO <sub>2</sub><br><br>The tourism sector related total GHG emissions in Montenegro not exceeding the level in 2013  | Project monitoring reports and final evaluation  | Adoption of a supportive regulatory framework, related financial mechanisms and/or financial/fiscal incentives |
|  | Amount of reduced CO <sub>2</sub> emissions by the investments facilitated by the project | 0<br><br>0   | Direct GHG emission reduction impact:<br>77 ktons CO <sub>2eq</sub> over the 20-years default lifetime of the investments made during project implementation with direct GEF support.<br><br>Indirect GHG emission reduction impact:<br>Cumulative indirect GHG reduction impact of 173.7 ktons of CO <sub>2eq</sub> by the end of 2023 or over 360 ktons by the end of 2028. | GHG accounting and climate finance system for the tourism sector to be established during project and, as applicable, post project market monitoring and evaluations |  |
|  | Extent to which climate finance is being accessed   | Not adequately   | Largely   |  |  |

|  | Indicator  | Baseline  | Targets – End of Project  | Sources of Verification  | Risks and Assumptions |
|--|--|---|---|--|-----------------------|
|  | to support low-carbon tourism:<br>a. Not adequately<br>b. Very partially<br>c. Partially<br>d. Largely   |   |   |  |                       |
|  | Extent to which there is a system in place to access, deliver, monitor, report on and verify climate finance in tourism sector:<br>a. Not adequately<br>b. Very partially<br>c. Partially<br>d. Largely  | Not adequately  | Largely   |  |                       |
| <b>Outcome 1:</b><br>Legal and regulatory framework supporting low carbon tourism and low carbon spatial development, including increased certification of both existing and new tourist accommodation facilities and related services by internationally recognized environmental certification scheme(s) | Status of suggested amendments to the Law on Tourism, Tourism Sector Development Strategy, Law on Spatial Planning and, as applicable, other related documents<br><br>Share from all registered tourist accommodation facilities constructed and operated in accordance with the EU Ecolabel or similar internationally recognized certification scheme.<br><br>Number of low carbon spatial plans developed | Low carbon Tourism related Provisions not included in the Laws<br><br><1 % (4)<br><br>0 | Amendments into the Law on Tourism, Tourism Sector Development Strategy, Law on Spatial Planning and Construction and, as applicable, other related documents to promote low carbon tourism adopted.<br><br>At least 33% of all officially registered collective tourist accommodation facilities and at least 100 private (non-collective) tourist accommodation facilities in at least 6 different coastal cities to be certified by EU Ecolabel or similar internationally recognized certification scheme, and of which 25% to operate on a fully carbon neutral basis. | Project’s intermediate and final results reports on low carbon policies<br><br>Project’s mid-term and final evaluation.<br><br>Public registries about all registered hotels vis-à-vis those listing the hotels being ecocertified |                       |

|   | Indicator  | Baseline | Targets – End of Project  | Sources of Verification  | Risks and Assumptions   |
|---|--|----------|---|--|---|
|   |  |          | At least one low carbon spatial plan developed in each of the 4 municipalities  |  |   |
| <b>Outcome 2:</b><br>Improved low carbon and carbon neutral transport infrastructure to support tourism sector related public and non-motorized transport   | Number and type of new low carbon or carbon neutral intermodal transport hubs and corridors.   | N/A      | <p>The main air and marine entry ports certified as low carbon facilities, including “climate friendly” shore power supply for visiting cruisers and yachts.</p> <p>The new Kotor-Cetinje cable car developed and constructed as a carbon free transport corridor.</p> <p>Bus stations in at least 2 cities established as low carbon tourist welcome centers.</p> <p>At least 25 km of new non-motorized transport corridors approved for funding.</p> | <p>Project’s intermediate and final results reports on low carbon transport</p> <p>Project’s mid-term and final evaluation</p> | Required political support for the planned actions                                  |
| <b>Outcome 3:</b><br>Pilot investments to support low carbon tourism development implemented, followed up by establishment of a sustainable financing mechanism to support climate change mitigation and adaptation actions in the tourism sector | <p>Status of implementation and resulting GHG emission reductions from pilot projects</p> <p>Status of financing mechanisms and amount of financing leveraged for supporting climate change mitigation and adaptation actions in the tourism sector.</p> | 0        | <p>New tourism sector related GHG mitigation projects financed at the amount of at least EUR 3.6 million resulting in direct GHG reduction of at least 77 ktons of CO<sub>2</sub>eq over their lifetime.</p> <p>National Tourist Climate Fund established by the end of the second year of project implementation and mechanism(s) for its capitalisation in place by at least € 2 million annually.</p>  | <p>Project’s financial reports</p> <p>Status report of the Fund</p>  | Available baseline financing and required political support for the planned actions |



|  | Indicator  | Baseline | Targets – End of Project  | Sources of Verification   | Risks and Assumptions  |
|--|--|----------|---|---|--|
| Outcome 4: GHG emission monitoring system and increased public awareness about the carbon footprint of the tourism sector, its GHG reduction potential and measures. | Annually reported GHG emissions from tourism sector.   | None     | Verified, annually reported GHG emissions of tourism sector by type of activity.  | Annual GHG monitoring reports   | Agreements and mechanisms in place to monitor and regularly obtain the required data |
|  | Availability of new promotional low/no carbon tourist products and services  | None     | New promotional low carbon products and services such as specific booking systems, low carbon tourist welcome cards connected with voluntary carbon offset fees, green meetings and other innovative products and services integrated into the offers of official and commercial tourism related websites and other information and marketing materials (incl. international travel fairs), local tourism offices and international travel agencies | Project’s intermediate and final results reports on PR and marketing related activities |  |
|  | Market share of certified low carbon tourism services among all registered tourism services in each respective field (accommodation, transport etc.) | < 1 %    | Certified low carbon tourism services gaining an annually increasing market share of the tourism sector turnover in Montenegro.   | Tourism sector economic and statistical surveys   |  |
|  | Share of visiting tourist in Montenegro actively looking for and using low/no carbon tourist services  |          | Awareness of and demand for low and no carbon tourism services, as measured by related visitor surveys, show an annually increasing trend   | Structured sample surveys (interviews) of the visiting tourists                         |  |

## APPENDIX G: EVALUATION CRITERIA QUESTIONS

| Evaluative questions   | Indicators   | Sources  | Methodology  |
|--|--|--|--|
| <b>Project Strategy: To what extent is the project strategy relevant to country priorities, country ownership, and the best route towards expected results?</b>  |  |  |  |
| Is the Law on Tourism and other associated legislation sufficiently comprehensive to drive towards a low carbon tourism sector?                                  | GHG emission reduction targets of legislation  | Translations of legislation into English   | Document review  |
| Has the legislation catalysed low carbon investment targets of the project?  | Number of low carbon investments with involvement on the project   | Low carbon investors<br>PIRs<br>Project documents on low carbon investments  | Stakeholder interviews<br>Document reviews                     |
| Has the project provided adequate support to implementing low carbon pilot projects?   | Number of awareness raising products<br><br>Number of trained governments officers and low carbon professionals                              | PIRs<br>Training materials<br>Awareness raising products   | Document reviews<br>Web page reviews<br>Stakeholder interviews |
| Has the project provided any products that would improve the credibility of low carbon investments and initiatives?  | Validated GHG accounting protocol  | GHG validation reports   | Document review<br>Stakeholder interviews                      |
| Will there be sufficient funds available to replicate pilot low carbon projects?   | Estimate of finance required for various low carbon projects<br><br>NCTF charter   | Feasibility study of low carbon investments in Montenegro tourism sector<br><br>NCTF report  | Document review<br>Stakeholder interviews                      |
| <b>Progress Towards Results: To what extent have the expected outcomes and objectives of Project been achieved thus far?</b>                                     |  |  |  |
| Have low carbon investments to date and supported by the Project been successful to the extent that other municipalities and tourism entities wish to replicate? | Number of profitable low carbon investments by municipalities<br><br>Number of profitable low carbon investments by private tourism entities | Project investment reports<br>Municipal personnel responsible for low carbon investments<br><br>Private sector entity personnel responsible for low carbon investments | Document review<br>Stakeholder interviews                      |
| What GHG emission reductions have been achieved to date, and what GHG emission reductions are expected towards the end of the project?                           | Number of tonnes of CO <sub>2</sub> reduced from pilot low carbon projects   | Low carbon survey reports from project from 2015 and 2017<br><br>Municipality personnel involved in low carbon investments   | Document review<br>Stakeholder interviews                      |

| Evaluative questions   | Indicators  | Sources  | Methodology                               |
|--|---|--|---|
|  | Number of tonnes of CO <sub>2</sub> estimated from proposed pilot low carbon projects and from trends in the growth of CO <sub>2</sub> emission reductions from 2014 to 2017 in the Montenegro tourism sector | Montenegro Chamber of Commerce   |   |
| <b>Project Implementation and Adaptive Management: Has the project been implemented efficiently, cost-effectively, and able to adapt to any changing conditions thus far? To what extent are project-level monitoring and evaluation systems, reporting, and project communications supporting the project's implementation?</b> |   |  |   |
| To what extent has the project made satisfactory achievements in delivering project outputs vis-à-vis the targets and related delivery of inputs and activities?   | All targets and indicators in PRF   | PIRs and other progress reports  | Document review<br>Stakeholder interviews |
| Does the project have a risk log to adequately identify risks that would obstruct achievement of intended outcomes and outputs, and has the project identified adaptive management measures to mitigate these risks?   | Number of risks listed in the risk log<br><br>Management responses to risks   | PIRs and risk log  | Document review<br>Stakeholder interviews |
| Are adaptive management changes reported regularly?  | Number of management responses to risks   | PIRs   | Document review<br>Stakeholder interviews |
| <b>Sustainability: To what extent are there financial, institutional, socio-economic, and/or environmental risks to sustaining long-term project results?</b>  |   |  |   |
| Do tourism low in Montenegro carbon investments, both public and private, have payback periods to attract further investments in low carbon tourism?   | Payback period for low carbon investments for Montenegro tourism  | Investment reports<br><br>Personnel involved with all carbon investments (both public and private)                                     | Document review<br>Stakeholder interviews |
| Have the financial barriers to low carbon investments in both public and private sectors been sufficiently identified? If so, have adequate mechanisms been identified to catalyse more investment in low carbon tourism?  | Costs of low carbon investments and payback periods<br><br>Available funds for supporting low carbon investment programs  | Investment reports<br><br>Personnel involved with all carbon investments (both public and private)<br><br>Personnel involved with NCTF | Document review<br>Stakeholder interviews |

| Evaluative questions   | Indicators  | Sources   | Methodology                               |
|--|---|---|---|
| Is GHG emission reduction accounting sufficiently robust to improve the credibility of GHG reductions resulting from Project supported low carbon investments for tourism in Montenegro? | GHG emission reductions from project supported low carbon investments | GHG verification reports from third-party sources<br><br>Personnel from third-party verification entities | Document review<br>Stakeholder interviews |

## APPENDIX H - RESPONSES TO COMMENTS RECEIVED ON DRAFT MTR REPORT

To the comments received on July 17, 2017 from the Mid-Term Review of “Towards Carbon Neutral Tourism in Montenegro” (UNDP PIMS 5149), responses are provided in the following table by institution (“Author” column) and track change comment number (“#” column):

| <b>Author</b>        | <b>#</b> | <b>Para #/ Comment location</b>  | <b>Comment/Feedback on draft TE report</b>  | <b>TE response and actions taken</b>   |
|----------------------|----------|--|---|--|
| Viktor Subotic, UNDP | 1        | Executive Summary, MTR Ratings and Achievement Summary Table, Outcome 1                                      | There were no experts trained, but engaged (for EU Eco label from Montenegro, for Travelife, the company-Travelife Ltd, contracted their auditor, as showed as positive practice, due to the slow interest of tourism industry)   | The evaluation team agrees with this comment and has made the required edits in the Table.   |
| Radica Zekovic, UNDP | 2        | Executive Summary, MTR Ratings and Achievement Summary Table, Outcome 4                                      | NTO should make an additional effort to help portray the green, low carbon offer to foreign tourists by designated a separate page of their web site to hotels, attractions and the like offering these services. This will have a much broader impact.   | The evaluation team appreciates this comment and has made edits on the Table and in other relevant sections of the report including the recommendations on Para 77.  |
| Andrej Lakic, MoSDT  | 3        | Executive Summary, MTR Ratings and Achievement Summary Table, Project Implementation and Adaptive Management | The Eco-fund is planned to be established in August 2018 and it is an obligation by the Law on Environment. In my opinion the rating is set too low. The project emphasised the creation of a NTCF and it was created in a way with the Montenegro Chamber of Commerce. Through couple of pilot activities we tested it and it works properly for now. By supporting the establishment of the Eco-fund we are not only upgrading the initially anticipated climate fund project but are supporting a much greater cause. Therefore I believe that this should be rated as a very positive thing. Also, having in mind that Montenegro HAS to make the Eco-fund work in my opinion there is modest chance of failure here. | The evaluation team appreciates this comment. It is pointed out correctly that the Project is operating a pilot NTCF through the Chamber of Commerce. Although the commenter points out that Montenegro has to make the eco-fund work, the evaluation team stands by the sustainability rating considering at this time, there is no certainty to the capitalization of the fund. No changes have been made in the document. |
| Andrej Lakic, MoSDT  | 4        | Para 2, last 2 bullets   | This is the most important issue for us and this will make the difference in the future implementation of activities. Identification of things to change in the project and in what manner is the essence of this MTR   | The evaluation team notes the importance of these issues to MoSDT and have made edits throughout Section 4 to emphasize these points.  |

| <b>Author</b>           | <b>#</b> | <b>Para #/ Comment location</b> | <b>Comment/Feedback on draft TE report</b>   | <b>TE response and actions taken</b>   |
|-------------------------|----------|---------------------------------|--|--|
| Radica Zekovic, UNDP    | 5        | Para 16, 7 <sup>th</sup> bullet | <p>Training of journalists of the most influential media in MNE in order to enable them to easily report on the low carbon development in tourism and thus support our promotion and awareness rising activities as our medium to convey messages.</p> <p>Reaching out to other media in the region like Serbia and Germany – which is where a significant number of tourists comes from in order to send message to those markets what’s new in MNE tourism offer.</p> <p>We have begun <b>promoting the project through Sports</b>. Sport presents broad opportunities to promote environmental awareness. We have engaged two sports clubs and sportsmen to be our free will ambassadors – our aspiring water polo star Stefan Vidovic and his club <i>Jadran</i> and our sailor Milivoj Dukic and his club <i>Jugole Grakalic</i>.</p> | The evaluation team appreciates this information and has integrated this into Para 41.   |
| Andrej Lacic, MoSDT     | 6        | Para 21                         | This is very important to stress. If possible, it should be further elaborated just to get the essence how difficult it is to coordinate/manage the project by MSDT and UNDP in trying to reach these ambitious goals.   | The evaluation team has provided additional text to Para 21 on compliance with “Law on Environment and Strategy with Action Plan for Transposition, Enforcement and Implementation of EU aqua in Chapter 27”, important for Montenegro for EU accession and to emphasize the additional complexities of coordinating and managing the TCNT Project |
| Lena Radusinovic, MoSDT | 7        | Para 23                         | It should be emphasized that this is as well obligation stipulated in the most important law regulations in Environment Field currently in Montenegro – Law on Environment and Strategy with Action Plan for Transposition, Enforcement and Implementation of EU aqua in Chapter 27 –  | The evaluation team appreciates this comment that has been addressed in Comment #6.  |

| <b>Author</b>            | <b>#</b> | <b>Para #/ Comment location</b>  | <b>Comment/Feedback on draft TE report</b>  | <b>TE response and actions taken</b>  |
|--------------------------|----------|--|---|---|
|                          |          |  | Environment and Climate Change. Thus, this is very important from perspective of Montenegrin negotiation process for membership in EU.  |   |
| Aleksandra Kikovic, UNDP | 8        | Para 24  | Just to add that each survey, study or other project output has a gender dimension and gender mainstreaming is embraced on the level of CO – something like that  | The evaluation team agrees with this comment and has added additional but relevant information in Para 24.  |
| Aleksandra Kikovic, UNDP | 9        | Para 25, 2 <sup>nd</sup> bullet  | Would it be possible to add something about unfavourable financial situation in the country and the fact that this target requires serious and long term investments  | The evaluation team agrees with this comment and has added relevant text in Para 25 to reflect this point.  |
| Andrej Lacic, MoSDT      | 10       | Para 25, 2 <sup>nd</sup> bullet  | There is still hope that this project will get underway. I think that it is important to mention here that if it does succeed it will be a very positive impact on our project, even after EOP  | The evaluation team notes the comment and shares the commenter’s views of the cable car project. No edits were made in the report to this comment.                    |
| Andrej Lacic, MoSDT      | 11       | Para 25, 3 <sup>rd</sup> bullet  | My comment about the Eco-fund above is again relevant here. In addition we have excellent experts working here and maybe you should consider communicating with them just to hear their point of view.  | The evaluation team notes this comment but stands by their comment that the targets and timeline for the establishment of the Eco-fund were not realistic in the PRF. |
| Aleksandra Kikovic, UNDP | 12       | Table 1, Midterm Level and Assessment for indicator “tourism sector related GHG emissions compared to the estimated level in 2013”   | There should be a note that Monstat, as official national statistics bureau, changed the methodology in energy balances as of 2014, so % of households electricity spending was just allocated to services (tourism). Total electricity consumption in the state remained the same. | The evaluation team made edits in Para 27 to provide this additional information.   |
| Aleksandra Kikovic, UNDP | 13       | Table 1, Midterm Level and Assessment for indicator “Status of suggested amendments to the Law on Tourism, Tourism Sector Development Strategy, Law on Spatial Planning and, as applicable, other related documents” | Since several documents have been already adopted by the GoM, I believe this deserves a green light   | The evaluation team agrees with this comment and adjusted the rating to green.  |

| <b>Author</b>            | <b>#</b> | <b>Para #/ Comment location</b>   | <b>Comment/Feedback on draft TE report</b>   | <b>TE response and actions taken</b>  |
|--------------------------|----------|---|--|---|
| Lena Radusinovic, MoSDT  | 14       | Table 1, Midterm Level and Assessment for indicator “Share from all registered tourist accommodation facilities constructed and operated in accordance with the EU Ecolabel or similar internationally recognized certification scheme” | Propose for drop off this objective to the more reachable size   | The evaluation team agrees with this comment and recommends revisions to the target in Para 78.   |
| Aleksandra Kikovic, UNDP | 15       | Table 1, Midterm Level and Assessment for indicator “Annually reported GHG emissions from tourism sector”   | I believe we talk about reporting on annual GHG emissions from tourism sector (not MRVs from project interventions) for which the job is completed as stated in 2016 PIR, and could go green?  | The evaluation team agrees that the Project has reported on annual GHG emission from tourism in 2016. The progress rating, however, will remain yellow since there is still one more survey to be completed before the EOP. |
| Radica Zekovic, UNDP     | 16       | Para 42   | <p>Continue the sentence with more engagement of the NTO in increasing visibility of these products and services which could be done by dedicating a separate page on their official website to green, low carbon tourism offer in the country featuring green accommodation, green attractions etc.</p> <p>The role of the NTO is widely reflected in the PR Strategy on a number of pages indicating that low carbon tourism should be part of a joint efforts their destination promotion efforts</p>   | The evaluation team agrees and has incorporated this comment within Para 42, and further enhanced the description of awareness raising of the Project in both Paras 41 and 42 as well as recommendations in Para 77.        |
| Aleksandra Kikovic, UNDP | 17       | Para 44   | This is not interpreted as correctly as could be as we have had numerous activities presenting our low carbon offer at international tourism fairs, in German media and on numerous domestic music, film festivals visited by foreign tourists. E.g. check <a href="http://www.southernsoulfestival.com/">http://www.southernsoulfestival.com/</a><br><a href="http://www.vijesti.me/caffe/lake-fest-i-u-znaku-ekologije-sejo-sexon-zeleni-festival-to-se-slaze-sa-mojim-vjerskim-uvjerenjima-944648">http://www.vijesti.me/caffe/lake-fest-i-u-znaku-ekologije-sejo-sexon-zeleni-festival-to-se-slaze-sa-mojim-vjerskim-uvjerenjima-944648</a><br><a href="http://volimpodgoricu.me/2017/05/30/podgorica-city-groove-spektakl-koji-se-ne-propusta/">http://volimpodgoricu.me/2017/05/30/podgorica-city-groove-spektakl-koji-se-ne-propusta/</a> | The evaluation team notes this comment and has made appropriate edits in Para 44 according to the comment.  |



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|--------------------------|----------|---|---|---|
| Aleksandra Kikovic, UNDP | 18       | Figure 1  | We have Project Coordinators for Legal framework and GHG Monitoring Financial Instruments and Low carbon pilot projects, Low carbon spatial planning and Transport, PR and Communications and a Project Assistant   | The evaluation team incorporates this comment in Footnote 14.   |
| Aleksandra Kikovic, UNDP | 19       | Table 5, “Total actual private sector” co-financing | Is this the right place to add expected private investments through the projects supported through the Call?  | The evaluation team notes that this is the correct place for these investments. For the MTR, this number will remain as 0 until the investments are actually implemented.   |
| Lena Radusinovic, MoSDT  | 20       | Para 61 1 <sup>st</sup> bullet                      | I am not sure what is meant under this sentence.  | The evaluation team has provided edits to this bullet for clarification.  |
| Aleksandra Kikovic, UNDP | 21       | Para 62   | This is a bit incorrect, <a href="http://www.lowcarbonmne.me">www.lowcarbonmne.me</a> <a href="http://www.calculateco2.me">www.calculateco2.me</a> are two web platforms developed by the project and many more tourism related website feature our logo and a link to these two. I’d rather say that further utilization of these two webportals should be conducted.<br><br>The official websites of the MoSDT and the Chamber of Economy have contained all the information about the project and the Call for Proposals | The evaluation team have made substantial edits to Para 62 to reflect the new information in the comments.  |
| Lena Radusinovic, MoSDT  | 22       | Para 65   | General impression is that concept of establishing Eco fund is not understood properly. Namely, this fund is supposed to be fund for all the environment activities, and thus, as we explained, as well as to support low carbon development, since almost all areas are related to tourism industry in Montenegro. Thus far, establishment of this kind of funds is law obligation that needs to be realized in order to achieve compliance with EU climate and environment aquie.   | The evaluation team agrees with the comments; however, no edits were made in this para since the discussion is about the risk of not capitalizing of the Eco-fund, which with no confirmed sources of capitalization at the time of writing of this report, is still a moderate risk. |
| Aleksandra Kikovic, UNDP | 23       | Para 65   | This is a bit unclear as the oversight of the Eco-Fund will be done by all relevant ministries  | The evaluation team made edits in Para 65 to this sentence to clarify the governance issues.  |

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|--------------------------|----------|---------------------------------|--|--|
| Aleksandra Kikovic, UNDP | 24       | Para 68                         | My opinion is that the risk is related to the fact that the MoSDT is responsible for a number of sectors, such as environment, waste, spatial planning and development, tourism products, standards and destination management with crosscutting sustainable development, showing the complexity | The evaluation team made edits in Para 68 to include this additional information.  |
| Andrej Lacic, MoSDT      | 25       | Para 76, 1 <sup>st</sup> bullet | What about the idea of publishing a third call?  | The evaluation team believes this would be a good idea if implementation of proposals from the 1 <sup>st</sup> and 2 <sup>nd</sup> calls are not properly implemented. As such, the evaluation team has made edits in Para 76 to reflect this point. |

## APPENDIX I - EVALUATION CONSULTANT AGREEMENT FORM

### Evaluator 1:

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 Form<sup>51</sup>

#### 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.

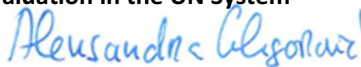
Signed at Surrey, BC, Canada on July 18, 2017



<sup>51</sup> [www.unevaluation.org/unegcodeofconduct](http://www.unevaluation.org/unegcodeofconduct)

**Evaluator 2:**

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.
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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 Form<sup>52</sup>****Agreement to abide by the Code of Conduct for Evaluation in the UN System**Name of Consultant: Aleksandra Gligorovic

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 July 18, 2017<sup>52</sup> [www.unevaluation.org/unegcodeofconduct](http://www.unevaluation.org/unegcodeofconduct)