

Terminal Evaluation of UNDP/GEF Project: Towards Carbon Neutral Tourism

Management response as of 20th April 2020

A. Derived from Cross-Cutting Results/ Lessons / Insights

Recommendation 1 (A1): Leverage low carbon tourism theme with adjustments to maximize climate benefits: Continue to build on the excellent awareness and pilot work associated with *TCNTM*'s "low carbon tourism theme," but recognize the low share of domestic "pure" tourism in Montenegro's total GHG emissions ($\approx 3.9\%$). Thus, focus on using this theme to promote broader/ cross-sector efforts, such as in transportation and street lighting, to ensure GHG ERs are maximized. In this way, promote Montenegro as a low carbon tourist destination and the ecological country that, by its constitution, it is declared to be. (This strategy, a key lesson of *TCNTM*, may be incorporated into Eco-Fund plans for low-carbon tourism and MSDT plans to promote Montenegro more generally.)

This share is based on 2014 estimates of total GHG emissions for the country and tourism sector emissions domestically. While official 2018 estimates of total GHG emissions for the country are not yet available, project work suggest tourism sector emissions have been growing at just half the rate of tourism sector revenues. Thus, it's possible that despite the tourism sector's faster growth than the economy as a whole, the share of domestic tourism sector emissions in the nation's total has not risen.

Responsibility: GOM, especially MSDT, Eco-Fund team, MTMA

Timeline: May – August, 2020, for incorporation into Eco-Fund strategy. Ongoing for MSDT and MTMA.

Justification/ motivation: *TCNTM* experience suggests it is more difficult to achieve a high level of GHG ERs from "pure tourism initiatives" than from cross-cutting initiatives, such as low carbon boat public transport and municipal LED street lighting. Further, as Montenegro is a small country, targeting a broader share of emissions than is represented by the tourism sector's $\approx 3.9\%$ is a preferred strategy for achieving cost effective results from donor and domestic CCM targeted funds.

MANAGEMENT RESPONSE: Facilitate further GHG emission reduction measures through design and implementation of Eco Fund's incentive programs through initiating the signing of cooperation agreement with the Eco Fund in order to create the baseline for more focused promotion of the broader cross sector efforts

B. Derived from Outcome 3 (Pilot Projects and Eco-Fund) Results/ Lessons/ Insights

Recommendation 2 (B1): Apply enhanced strategy to future sets of pilot projects and Eco-Fund work to maximize main environmental/ energy impacts targeted and co-financing stimulated: In future sets of pilot projects (such as included in future UNDP projects) or in fund-based efforts (such as Eco-Fund's), ensure that the main criteria (whether it be GHG ERs, waste management, area of forest sustainably managed, etc.) is strategically and quantitatively incorporated into project selection and project development approaches. Sub-recommendations include:

(a) Select types of projects that deliver a relatively high level of the main criteria per unit funding (e.g. GHG ER per Euro), based on clear quantitative analysis. Project concepts may be adjusted to ensure such benefits are maximized. For GHG ERs, for example, an electric vehicle driven 200 km per day will deliver

much higher benefit than the same vehicle driven 30 km per day. (UNDP may incorporate this strategy into future GEF projects where a pilot project approach is adopted. The Eco-Fund should incorporate this quantitative approach into its guidelines for project selection or development in each of its key areas, including climate change/transport, waste management, etc.).

(b) For types of projects that are expected to have very good economic returns and strong contributions to the main aim (e.g. GHG ERs), consider providing funds for feasibility studies and detailed technical designs to stimulate other investment to implement projects. (UNDP can consider this approach for future projects. Eco-Fund should be sure to include project development support for economically attractive projects among its priorities for funding.)

(c) Consider measures to ensure cooperation between cities to facilitate larger, higher impact projects. This, in turn, may require TA support for developing regional institutions and policies. (UNDP may look for opportunities to provide needed TA support to facilitate regional cooperation and the establishment of regional institutions. Eco-Fund may consider the support of inter-city projects, through which Montenegro will gain experience in regional cooperation.)

(d) When possible, provide support for sourcing and identifying quality products for the best price, ensuring that attractive suppliers bid on opportunities. Such support may be especially worthwhile when more than one project of the same type (e.g. LED street lighting, EV tourist trams, PV or SWH systems for accommodations) is supported.

Responsibility: UNDP CO (for future projects), GOM, especially Eco-Fund

Timeline: May – August, 2020, for incorporation into Eco-Fund strategy and procedures and then ongoing for Eco-Fund. As needed for future UNDP future UNDP projects. May – October, 2020 for UNDP to explore potential design and funding for a project promoting environmental governance, including regional cooperation and regional institutions for environmental projects.

Justification/ motivation: For (a), experience with TCNTM pilot projects suggest more strategic approach to maximizing GHG ER benefits per Euro invested may be needed. Road vehicles supported in the pilots raise awareness through good visibility, but GHG ERs per Euro invested may be less than for vehicles driven more continuously. Further, cross-sector projects, as noted in Recommendation 1, may have more potential to be cost effective in delivery of GHG ERs. For (b), municipalities and other entities may lack funds for feasibility studies and detailed technical design, but have budget (or be able to attract funds) to implement projects once good economic returns are shown. Thus, project development funds for feasibility studies and technical designs can be a good investment. For (c), given the small size of many municipalities in Montenegro; the need to do regional projects (e.g. in transport or waste management) to achieve economies of scale; and the lack of inter-municipal/ regional cooperation to date: strong efforts are needed to stimulate inter-municipal/ regional projects. For (d), sourcing can raise cost effectiveness and thus attractiveness of investment projects. For example, for PVs and SWHs, accommodations may be willing to invest if payback periods can be improved.

MANAGEMENT RESPONSE: Initiate the discussion with the Eco Fund on the technical support planned to be provided to the Eco Fund. TA will enable design and implementation of incentive programs for private and public sector based on clear and transparent criteria, where one mandatory will be reduction of GHG emissions. The financial support will be provided on the basis of performance-based

contracts thus enabling effective and efficient use of allocated funds. In this regard, the procedures will be defined in a way to stimulate inter-municipal cooperation, cost-benefit and other relevant analyses as well as development of various types of supporting documentation.

Recommendation 3 (B2): Ensure continued TA support for Eco-Fund and emphasize approaches to ensure Eco-Fund's success and impact. Sub-recommendations (some overlapping with aspects of the two recommendations above) include:

(a) UNDP CO should find a means to continue TA support for Eco-Fund (e.g. through a new project) to ensure that the new institutional structure is developed, capitalization is realized, procedures developed, high impact projects developed/ pursued, and visibility achieved, such as through initial low budget-projects and promotion during period when capitalization is still low.

Priorities for potential high-impact areas noted through experience and learnings of TCNTM that future TA for Eco-Fund may support include: public transport (within Podgorica, between different cities, and between the urban and rural areas of municipalities); possible SWH and PV program for accommodations or buildings more broadly; support for feasibility and/or detailed designs for relevant municipal projects; regional waste management projects (requiring cooperation among municipalities); and further exploration of the development and implementation of circular economy principles in tourism sector, in particular when it comes to the food waste, via cooperation with Chamber of Economy and other relevant stakeholders.

Already, *TCNTM* has initiated cooperation with the Croatian Eco-Fund and the Slovenian Eco-Fund, with a study tour initially planned for end of March 2020. Due to the COVID-19 pandemic, this study tour has been rescheduled for autumn 2020.

(b) Eco-Fund and UNDP CO may wish to ensure that there is cooperation between Montenegrin Eco-Fund and Croatian Eco-Fund, Slovenian Eco-Fund, and other eco-funds in the region and EU.⁴⁴ In particular, Croatian Eco-Fund has funds from emissions trading system (ETS) that are to be used in 3rd countries on CCM projects. While the amount of funding may not be that large, such projects in Montenegro could be a chance for the two funds to cooperate and for Montenegro's fund to "learn the ropes" from Croatia's.

(c) Eco-Fund should consider the following going forward:

i. Please see Recommendation 2 (B1)'s (a), (b), (c), and (d).

ii. Put strong emphasis on full compliance with procurement procedures (as defined in guidebook provided by *TCNTM*'s documentation for establishment of the Eco Fund) with zero tolerance for deviation to ensure transparency and good reputation that will attract donor funds as well. (For donors to be attracted to have their funds managed by Eco-Fund, there should be good value-add for the management fees charged. Governance that surpasses other options in quality will be an important consideration.)

iii. For Eco-Funds low-carbon tourism portfolio, as in Recommendation 1 (A1), consider cross-sector projects that both substantially enhance tourism and maximize GHG ERs per Euro.

iv. Consider starting deployment of funds as soon as possible to generate visibility and get the Eco-Fund known. If funding is low, a start with small projects, such as promotion of e-vehicles via partial purchase subsidies for EVs or promotion of PV systems and SWHs for accommodations via such subsidies, could be pursued.

Responsibility: UNDP CO, UNDP RTA, GOM especially Eco-Fund and Eco-Fund Board, Croatia Eco-Fund, Slovenia Eco-Fund, and other eco-funds/ similar funds in the region and EU

Timeline: (a) May – August 2020 for identifying avenues for ongoing TA support of Eco-Fund (UNDP CO and UNDP RTA), (b) May – August 2020 for initial liaison with Croatia Eco-Fund, Slovenian Eco-Fund, and other relevant funds in region and EU (UNDP Co, Eco-Fund, Eco-Fund Board, Croatian Eco-Fund, Slovenian Eco-Fund, and other relevant funds in region and EU), (c) (i) – (iv) May-August to incorporate into Eco-Fund strategy and procedures and ongoing for implementation (Eco-Fund)

Motivation/ Justification: For (a), despite good progress in establishment of Eco-Fund, critical help is needed to ensure full launch. Eco-Fund achievement is very important in terms of the long term benefits it can achieve. Thus, all steps possible should be taken to ensure it is successful. For (b), while it is true some other Eco-Funds in the region have taken a long time to become fully operational, this does not have to be the case with Montenegro's Eco-Fund. While each country's Eco-Fund will have its own characteristics, Montenegro's has the potential to benefit from the experience of these nearby funds such as Croatia's, where a similar language is used. Thus, it doesn't need to reinvent the wheel. The opportunity to cooperate on projects with Croatia's Eco-Fund could further enhance the potential of learning from a fund in the region. There could also be similar benefits from cooperation with Slovenia's Eco-Fund and possibly other eco-funds or other similar funds in the region and EU. For (c-i), see Recommendation 2 (B1). For (c-ii), one of the greatest risks and reasons for scepticism about the Eco-Fund might be concerns about corruption. Experience with other funds in the region suggest that if procedures and guidelines are fully followed, corruption will not be a problem. It is when there is not full compliance with the detailed guidelines that there have been instances of corruption problems. For (c-iii), see Recommendation 1 (A1). For (c-iv), because the Eco-Fund may in its first few years have a low amount funding, there is a risk that the Eco-Fund will not be very visible and thus lose the strong support it now has at the highest levels of government. By carrying out small budget but high visibility projects in its early years (if indeed funding is low for the first few years), Eco-Fund can ensure that it gets the attention both of high levels of government and of the wider stakeholder pool in the country. Broad awareness of Eco-Fund across the country will, in turn, enhance the potential in the future to attract a wide range of candidate projects and thus enhance the quality level of selected projects.

MANAGEMENT RESPONSE:

Through the technical assistance to Eco Fund, envisage following:

- creation of transparent procedures and capacity building for support programs for citizens, businesses and institutions;
- establishing and strengthening strategic partnerships with similar funds in the region, Europe and globally;
- establishing and strengthening strategic partnerships with financial institutions with the aim of securing financing under favorable conditions;
- creating the necessary infrastructure for performing business processes;

- creating the visual identity of the institution and presenting it to different audience.

C. Derived from Outcome 3 (Transport) Results/ Lessons/ Insights

Recommendation 4 (C1): Consider, for transport project and/ or transport initiatives going forward, opportunities and learnings from *TCNTM*: Consider rolling the several transport-related opportunities identified and lessons learned in *TCNTM* (as below) into in-progress design of major low-carbon transport project for Montenegro. For initiatives that can't be rolled into this major project, consider other potential opportunities to pursue them.

(a) Consider including, for investment initiatives, the following: (i) priority (as already under discussion) - Podgorica low carbon bus system, low carbon inter-city transport and/or urban-rural transport, and more low carbon boat public transport; (ii) for discussion - low carbon cable car, marina in which docked boats are powered by RE45, low carbon airport, and low carbon cargo port.

Initial feedback indicates this has not been achieved elsewhere in world; and space limitations at marinas in Montenegro make it especially challenging.

(b) Design of investment initiatives may include "definite" priorities with public funding or public-private partnership (as in (a)(i)) and "aims" that either have mainly private sector funding or are otherwise especially challenging and that project will work towards but cannot guarantee (as in (a)(ii)). Inclusion of private sector will enable higher level of leverage of grant funds, which could make project more attractive to donors.

(c) Include private sector via public-private partnership in investment initiatives if funder requires funds be disbursed to public entity only. For low-carbon boat public transport, this may include public sector development of stations or provision of subsidies to local riders of boats. For cable car project, this may include direct investment via joint venture or investment in featured nearby grid-scale PV station. For marina powering, it may include state investment in RE system. If municipal buses or inter-city buses are to remain privately operated, it may include a scheme of public investment and leasing of buses to private sector. An alternative might be a joint venture between the public and private sectors for bus operations.

(d) Regarding the low-carbon boat public transport efforts by Bella Boka in Boka Bay, seriously consider every kind of GOM and relevant institutional support possible for implementation and scaling up. Address the challenge of lack of clear institutional and administrative responsibilities vis-à-vis this initiative and the serious burden and pressure thereby placed on the investor. Given that the service provided is year-round public transport (and not just tourist seasonal transport), it is especially important for GOM to seriously consider what it can do to make the public transport effort successful for the long-run.

(e) Ensure implementation, via investment initiatives, of more of the measures of polycentric SUMP developed by *TCNTM*. This may involve adoption of the SUMP as action plan by the involved cities and also incorporation at the national level into the relevant action plan.

(f) Include TA initiatives to build on work of *TCNTM* including: (i) TA support of Eco-Fund (to get it capitalized and operating). (ii) Development of the *National E-Mobility Strategy* that will focus on:

nation-wide EV charging infrastructure deployment, grid adjustment, e-mobility tariff system and incentive programs for transition to EVs in private (citizens and businesses) and public sector. (ii) Policies to support low carbon transport, such as VAT reduction or elimination for EVs. (iv) Initiatives to reduce CO2 emissions associated with international travel to Montenegro (thus addressing 86% of GHG emissions for Montenegro tourism). This may include work to ensure the lowest emissions possible of airlines flying to Montenegro (which might alternatively be a part of the *Airport Project*) and/or promotion/ assistance to alternative modes of international transport to Montenegro, such trains (instead of cars and planes), etc.

(g) Include cost and sourcing analysis, to ensure best deals for quality equipment are obtained for investment initiatives. As part of this work, reach out to quality best price bidders to ensure they participate in RFPs.

Responsibility: GCF design team, UNDP CO, UNDP RTA, GOM partners for transport project and transport initiatives (MTMA, City of Podgorica, Cities of Cetinje, Kotor, Tivat, and HN, other cities, Bella Boka, Public Enterprise for Coastal Zone Management, Port of Bar, airport authority, electricity generation and distribution company, Eco-fund, taxation authority, rail authority), marina operators, investors in large RE systems, potential investors in cable car, bus companies

Timeline: May – August 2020 for revision of sustainable transport project design work. Ongoing for inclusion of such activities in other projects, as relevant.

Justification/ motivation: For (a), consultations indicate that poor public transport in Podgorica is a major barrier to sustainable transport in the city that results (along with low cost of taxis) in high use of taxis when public transport might otherwise be used. It is also probably represents the greatest potential for impact among opportunities for public transport improvements in Montenegro. Quality inter-urban transport might also cut down on GHG emissions and traffic in high tourist season. Quality urban-rural transport is an unmet need in some locations that may not yet be addressed in the project design being considered. Findings indicate support of low carbon boat public transport can enhance its sustainability and enable it to expand. Other items are related to activities identified in *TCNTM* design, but not achieved. For (b), having a set of “certain” activities and a separate set of “reach” activities enables the project to pursue “long-shots” or less developed ideas, that would not otherwise be pursued due to avoidance of the of not meeting difficult-to-attain targets. For (c), a challenge of donor funding is that it is often designated to be used by the public sector only. Yet, the private sector has shown it can be a critical partner for public transport via the case of Bella Boka and low carbon boat public transport. Also, there are challenges in leveraging donor funds with additional investment when the government is the only partner. The private sector may enable a higher ratio of leveraging of donor funds as an alternative to increasing government debt levels. In the case of Bella Boka and *TCNTM* pilot project funding, for example, Bella Boka’s first round investment of USD 1 M is over 6 times that provided by *TCNTM*. Now, continuing investment in the pilot project, the company is investing in a second set of two boats without *TCNTM* support. For (d), Bella Boka is aiming to provide an important public transport service for the long-run that addresses serious road congestion problems, but the current institutional environment is making this very difficult, jeopardizing the long-term sustainability of the initiative. GOM support in providing a more amenable institutional environment will be win-win for the nation and the company, ensuring that the road congestion problems are addressed. For (e), *TCNTM* invested USD 98,310 in the polycentric SUMP, which is found to be of high quality. While some

recommended initiatives (namely, low carbon boat public transport in Boka Bay and some bike and hiking trails, with initial EuroVelo work also in the pipeline) have been carried out, the majority remains unaddressed. For (f), as noted with regard to justification of Recommendation 3a (B1), ensuring the success of Eco-Fund should be among the highest priorities going forward. TA support is the best way to ensure the strong progress achieved in Eco-Fund establishment during *TCNTM* continues. As for policy work, policies have been shown to be a critical means of stimulating investments in sustainable transport in other countries, such as the case of EV subsidies in China shows. As for international transport, while challenging, given the high share of international transport in all GHG emissions connected to tourism in Montenegro, it is worthwhile to see if any useful initiatives can be developed in this area. For (g), viability of projects and mobilization of outside financing can be strongly enhanced by efforts to ensure that the best possible price for quality equipment is obtained.

MANAGEMENT RESPONSE: (1) The clear recommendations and guidelines deriving from this TE Report will be presented to the GCF design team with the aim to be integrated and reflect the actual needs for restructuring the concept and future project proposal. (2) Through the ongoing work with the Eco Fund, CO will continue facilitating discussion among all relevant stakeholders in relation to creating favourable conditions for further support to development of sustainable transport solutions - MTMA, City of Podgorica, Cities of Cetinje, Kotor, Tivat, and HN, other cities, Bella Boka, Public Enterprise for Coastal Zone Management, Port of Bar, airport authorities, electricity generation and distribution company, Eco-fund, taxation authority, rail authority), marina operators, investors in large RE systems, potential investors in cable car, bus companies and other concerned private sector representatives.

Recommendation 5 (C2): Pursue cooperation with large companies and stimulation of large investments: While both cooperation with large companies and stimulation of large investments are challenging to achieve, develop methods to create possibilities of success in these areas, while at the same time not putting “all the eggs” of project design into such initiatives. As for large companies, UNDP around the world has developed some successful partnerships that could be looked to as models. Large companies find the UNDP brand attractive and appreciate the environmental and social expertise. As for large investments, UNDP/ UNDP projects and their teams can play a facilitator/ deal maker role to stimulate the realization of large investments. Yet, it should be ensured that project M&E design does not measure success based on the achievement of specific “long-shot” targets, but instead includes indicators and targets that can be achieved by multiple paths, including sets of small or medium-sized initiatives.

Responsibility: UNDP CO (future projects, general)

Timeline: May – August 2020 (for consideration in projects currently under design), ongoing (for other projects)

Motivation/ justification: From the *TCNTM* experience, it is seen that when a very challenging target, such as achievement of the cable car investment, is included in the project results framework, this presents an excessively high hurdle for the project to be considered a success. Risk aversion to such targets may result in projects not having “reach” goals – initiatives that are worth pursuing but should not be required to be achieved in order for the project to be considered a success. At the same time, the strengths of UNDP and its project teams in promotion and liaison mean that they could be well positioned to bring large companies and significant investments to the table to address or at least be involved in initiatives addressing important environmental, social, and economic needs.

MANAGEMENT RESPONSE: Explore the possibility to recognize the incentives for green investments though the ongoing work on Roadmap for green incentives in key economic sectors.

D. Derived from Outcome 1 (Policy and Accommodations) Results/ Lessons/ Insights

Recommendation 6 (D1): Building on lessons learned, assess benefits of addressing GHG emissions/ EE of accommodations in Montenegro and consider developing new strategy to do so: Recognize that eco-certification is not the best vehicle for addressing GHG emissions/ EE of accommodations, both because GHG ERs/ EE may not be improved much by eco-certification and because it is difficult to impact a large proportion of accommodations through eco-certification. Recognize also that because of seasonality of many accommodations and their already fairly good EE levels, it is difficult to get good payback from many classic EE measures for them. Recognize that accommodations very significantly make up 33.4% (2018) of tourism sector GHG emissions domestically, though only perhaps around 1.3% of national GHG emissions.⁴⁶ Assess benefit of supporting accommodations in reducing GHG emissions, with comparison to rest of building sector, and preferred methods of achieving GHG ERs (cost-benefit analysis, including consideration of prevalence of EE and RE equipment already installed in accommodations sector). Depending on results of cost-benefit analysis, consider follow up initiative to connect accommodations with funding sources (Eco-Fund, Investment and Development Fund, other donor projects) for low interest loans for SWHs and PV systems, which appear to be the highest potential GHG ER area for accommodations as a whole.

Because a figure for total national GHG emissions for 2018 is not yet available, we have applied the proportion share of tourism sector GHG emissions in total emissions for 2014 – that proportion is 3.9%. As noted earlier, tourism sector GHG emissions have grown at only half the pace of sector revenues, so this extrapolation seems reasonable.

Responsibility: GOM – Eco-Fund, Ministry of Economy EE Directorate

Timeline: May 2020 – April 2021 to assess benefits and, if assessed to be worthwhile, develop possible program to support accommodations in purchase/ installation of PV systems and/or SWH systems.

Justification/ motivation: Findings from *TCNTM* energy audits of 12 accommodations suggest that traditional EE measures would not be cost effective for many of the accommodations but that PV systems and SWHs might. Findings from international comparison and the experience of *TCNTM* suggest it is not realistic to expect that a large share of accommodations in Montenegro will achieve eco-certification. Findings further show that most accommodations that have pursued and achieved eco-certification in Montenegro did not substantially reduce GHG emissions in the process.

MANAGEMENT RESPONSE: In order to facilitate further GHG emission reduction measures, when creating annual incentive program of Eco Fund, the options to develop incentive specific incentives to support accommodations in purchase/ installation of PV systems and/or SWH systems will be discussed in details with the Eco Fund and the Ministry of Economy, as this is already seen as a high priority of both institutions.

Recommendation 7 (D2): Continue spatial planning related efforts to preserve green areas and, potentially, to promote low carbon cities: While spatial planning continues to be a difficult area for a

donors to work in, it presents an urgent and important need due to conversion of green areas for hotel development. UNDP may wish to consider creating further opportunities to support the preservation of green areas in places like Budva in the face of this continued, rapid building development. Ideally, UNDP may find an opportunity in the future to support incorporation of low-carbon and green area friendly development into spatial planning policy to promote low carbon cities in Montenegro. In the meantime, incremental steps for green area preservation may be taken.

Responsibility: UNDP CO, Budva and other municipalities, MSDT, urban planners, the general public

Timeline: May 2020 – October 2020 (consultations to determine opportunities to support preservation of green spaces and, potentially, promotion of low carbon cities); ongoing (potential support/ initiatives)

Justification/ motivation: Spatial planning is a sensitive area. Yet, the loss of green spaces that is occurring both reduces quality of life and makes Montenegro less attractive as a tourist destination. Further, Montenegro's aim to be an ecological nation and a nation that attracts visitors via low carbon tourism should include efforts to transform its municipalities to low carbon cities.

MANAGEMENT RESPONSE:

In the design of GEF & project related to Mainstreaming the biodiversity in key sectors in Montenegro, tap into the area of mainstreaming the spatial planning. Namely, one of the objectives of the initiative - PIF "Biodiversity Mainstreaming into Sectoral Policies and Practices and Strengthened Protection of Biodiversity Hot-Spots in in Montenegro" is to provide inputs to the new Spatial Plan of Montenegro and provide it with a BD mainstreaming dimension. Through spatial planning instruments, the project should promote concrete solutions for valuable and threatened biodiversity conservation outside protected areas and further assist respective stakeholders with the elaboration and testing of management options for biodiversity conservation outside protected areas.

Recommendation 8 (D3): Build on lessons of *TCNTM* to address high potential policy areas: (a) Learning from the good example of *TCNTM*, make policy work of future projects responsive to GOM needs. As such, project design should be flexible, not requiring support of specific policies, and instead focus on achievement of policies related to certain aims (e.g. policies that result in GHG ERs). (b) For CCM projects, focus on policies that may have the most climate benefits, such as transport sector policies. (c) To facilitate development of large-scale/ regional projects and to support Eco-Fund efforts to do so, consider supporting development of regional institutions and regional environmental protection projects, perhaps via environmental governance project. (As in Recommendation 2, inter-municipal cooperation is something that should be considered for all future initiatives, including various Eco-Fund projects and various UNDP projects. Here, in Recommendation 8, we are further suggesting that a specific UNDP project may be developed to pursue both establishment of the needed regional institutions that don't yet exist and regional environmental projects. The latter is an area in which inter-municipal cooperation is particularly important, because areas such as waste management are in great need of economies of scale that cannot be offered by single municipality projects.)

Responsibility: UNDP CO

Timeline: For (c), May – December, 2020 for UNDP to explore potential design and funding for a project promoting environmental governance, including regional cooperation and regional institutions for environmental projects. Ongoing for (a) and (b).

Motivation/ justification: Regarding (a and b), project design and project indicators sometimes include very specific policy targets, indicating the name of the policy that the project should aim to draft and promote adoption of. Yet, the government may have other priorities. Further, the case of *TCNTM* illustrates that some of the policies targeted (tourism related) had less potential to achieve the project aim (reduce GHG ERs) than those policies finally influenced. Regarding (c), addressing this policy related need would allow projects that achieve economies of scale that are needed in the environmental area, but currently inhibited due to lack of regional institutions and governance.

MANAGEMENT RESPONSE:

Present the experiences and lessons learnt of LCT during the Green Days talks 2020, and through the panel on Low carbon tourism, with other regionally present organisations, start the discussions on the potential of scaling up the low carbon development initiatives in the priority sectors of the countries of the WB.

E. Derived from Outcome 4 (Awareness and Tourism Sector GHG Inventory) Results/ Lessons/ Insights

Recommendation 9 (E1): Learn from tourism sector inventory findings and adopt appropriate strategy to incorporate “low carbon tourism” into NDCs: Drop effort to get tourism sector GHG emissions included in national inventory annually. Yet, leverage work done in this area and *TCNTM* lessons to achieve effective inclusion of “low carbon tourism” theme in NDCs. Aim for inclusion in NDCs of projects that support low carbon tourism, but (per Recommendation 1 (A1) and Recommendation 2a (B1(a))) may be broader than tourism alone and thus bring the highest possible GHG ERs. In particular, consider including replication of LED street lighting projects and pursuit of transport projects (including improved public transport and EV uptake).

Responsibility: UNDP CO, especially UNDP GHG inventory officer, MSDT Climate Change Directorate, EPA

Timeline: May 2020 – Oct. 2020 for proposal of tourism-related ideas/ content (that may be cross-cutting sector-wise) for NDCs

Justification/ motivation: The share of domestic tourism sector GHG emissions in overall national emissions is small (e.g. just 3.9% in 2014 and probably similar today), but projects that cut across sectors will allow the nation to continue to emphasize its important theme of low carbon tourism, while achieving the greatest GHG ERs possible.

MANAGEMENT RESPONSE: Provide the inputs in the final draft of the Third National Communication report which entails referring to and using recent data from the Tourism GHG Inventories.

Recommendation 10 (E2): Learn from experience of *TCNTM*'s awareness work, including both the benefits of having an awareness officer and the challenges of designing awareness indicators and surveys: (1) For other projects that have a challenging message to convey and/or strong need for

ongoing awareness work, consider full time awareness officer to both design and implement awareness strategy, instead of intermittent awareness consultancies. (2) Develop more effective indicator design for awareness outcomes in future projects. Indicators should measure the kind of impact the awareness is targeting. Typically, this may include reaching large numbers of people via various methods and ensuring that the campaign or other awareness effort has a real impact on peoples' thinking and/ or results in real learning by them. (3) If surveys are to be conducted to measure awareness results, emphasis should be put at baseline on a good survey design that can truly detect impact of the project's awareness work. The same survey questions should be asked at baseline and EOP. The group of persons surveyed should have similar compositions at baseline and EOP.

Responsibility: UNDP CO, future project designers, future projects that have surveys

Timeline: Ongoing for other projects or for design of other projects as relevant.

Motivation/ justification: TCNTM's awareness raising work was extremely successful. This is in large part due to having a talented and experienced full-time awareness officer. The PRF's indicators and indicator targets for awareness work are not very effective in measuring the impact of that work and similarly did not contribute strongly to guiding that work. Other solutions are needed for awareness indicators for future projects. The kind of questions covered in TCNTM's three commissioned surveys with aggregate expenditures of around USD 56k don't seem to reflect or capture the true impact of the awareness work. And, as noted in the 2019 survey, they are not intercomparable and thus cannot really be used to assess progress, anyway.

MANAGEMENT RESPONSE:

(1) Present the key achievements of the Towards Carbon Neutral Tourism Project during the Green Days 2020 in an innovative manner though conveying a MESSAGE FOR LOW CARBON DEVELOPMENT FUTURE OF MONTENEGRO. It will serve as a headline for future awareness activities of CO Projects in the environment, energy, climate change portfolio. (2) (3) In the future design of projects, where appropriate, envisage the survey at the beginning and at the end of project, in order to capture the progress over the project life time

F. Implementation

Recommendation 12 (F1): Learn from TCNTM's strengths in implementation: (1) For future projects (around the world), consider having, as members of project team, a strong coordinator for each outcome. This coordinator will actually take part in implementation of many of the outcome's activities, thus reducing the need for contracts with outside consultants and companies and providing greater continuity and connection between activities. (2) For studies and reports prepared, ensure these are living documents by involving key stakeholders in the launch of the assignment, in follow up with the draft and its finalization, and in actual use of the product to stimulate action on the ideas contained.

Responsibility: Other UNDP country offices, other UNDP projects

Timeline: Ongoing.

Motivation/ justification: TCNTM's approach of having a component coordinator for each outcome that is actively involved in implementation of specific activities, rather than just coordinating contracts for such implementation, has proven to be effective. TCNTM's approach of active engagement of stakeholders throughout the process of consultancies preparing guidebooks, policy recommendations, studies, etc. has also proven to be effective and appreciated by government

MANAGEMENT RESPONSE:

1) In design of the new projects, apply the HR strategies able to reflect the competencies / skills required to fulfil the expert related tasks.

(2) Continue involving the stakeholders, through the Projects steering committees, in preparation, launch and follow up of studies and reports