Management response

**UNDP management response**

**Final Evaluation for the Green Economic Development Project – II Phase**

Prepared by: Arnesa Borčak, Project Manager

Green Economic Development Project – II Phase

UNDP Country Office Bosnia and Herzegovina

Cleared by: Raduška Cupać

Position: Sector Leader

Energy and Environment Sector

UNDP Country Office Bosnia and Herzegovina

Input into and update in ERC: Amra Zorlak

Monitoring and Evaluation Analyst

UNDP Bosnia and Herzegovina

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| **Evaluation recommendation 1.**  The project’s foremost attention at this stage (before commencing the GED III phase) should be on completing by the end of 2021 the outstanding activities outlined in section 3.3.2 of this report.As a first step, the project team should establish more specifically and firmly through their work plan which of the remaining activities are feasible to be completed under the current phase until the end of 2021 and which activities could be carried over into the new phase. This information should be based on a sound analysis of the various factors around these activities, including clear timelines and goalposts, presented clearly in a document. The project team should also seek to obtain clear commitments from the respective government counterparts on pending key decisions – such as the approval of the rulebooks, by-laws, etc. A clearer sense of when these decisions are expected to be made will be useful at this stage and should be reflected in the planning documents. |
| **Management response: Accepted** |
| **Key action(s)** | **Completion date** | **Responsible unit(s)** | **Tracking\*** |
| **Comments** | **Status****(initiated, completed or no due date)** |
| 1.1 Conduct detailed analysis of remaining project activities and identify possible challenges during implementation;Definition of feasible and optimal action plan, including deadlines; | December 2022 | UNDP Project Team | Analysis of project activities undertaken;  | Initiated  |
| 1.2 Secure active participation from the respective government counterparts in the process of development and finalization of the activities. | December 2022 | UNDP Project Team | Continuous communication with stakeholders maintained; | Initiated |

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| **Evaluation recommendation 2.** Looking forward to GED III, the UNDP CO should maintain and further strengthen coordination with all relevant stakeholders operating in the EE area.The GED project is already well-coordinated with the other UNDP projects and with the WB’s BEEPS programme. However, stronger cooperation should be forged under GED III with other players in this area, especially with the upcoming KfW and EBRD activities.Under GED III, UNDP and the Swedish embassy should join efforts in strengthening the coordination platform with all development partners in this area. The idea of the “*Revolving Fund*” that is under discussion between the Ministry of Spatial Planning in the Federation and the KfW should be discussed more widely, especially in the context of the GED project’s efforts to support the establishment of the revolving funds under the two environmental funds. The KFW-supported concept only concerns the public building sector, whereas the “revolving fund” concept under the environmental funds pursued for years under the GED project is more comprehensive in nature and inclusive of the public buildings. UNDP CO and the Swedish Embassy, jointly with the respective counterparts, should forge a harmonized approach on the revolving fund issue. Also, UNDP and the Swedish Embassy should advocate for a more systematic approach to the establishment/operationalization of the revolving fund in the Federation and Republika Srpska. In both entities, the GED platform and the existing infrastructure of environmental funds represents a solid foundation on which to ground activities on the establishment of revolving funds. |
| Management response: Accepted |
| **Key action(s)** | **Completion date** | **Responsible unit(s)** | **Tracking** |
| **Comments** | **Status (initiated, completed or no due date)** |
| 2.1 Apply the lessons learned from the cooperation with the World Bank Bosnia Energy Efficiency Projects (BEEP) by communicating and coordinating the activities with EBRD and KfW, in order to maximize the accomplishments; | December 2021 | UNDP Project Team | Regular communication with World Bank and EBRD is maintained through joint work on implementing energy efficiency measures in public buildings; | Initiated |
| 2.2 Organize meeting with Environmental protection Funds Managers and relevant ministries from both entities, Ambassador of Sweden and UNDP Resident Representative, with the purpose of advocating the re-opening and launching of the Revolving Fund; | December 2021 | UNDP Project Team | No progress yet | Initiated |

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| **Evaluation recommendation 3.** Under GED III, the project should aim for greater sustainability by ensuring the establishment of a durable and well-functioning loan mechanism for EE investments in buildings that enables building owners to remove the budgetary restrictions that often constrain their options. When it comes to the SME sector (which will be a key target of the project’s third phase), a market-based based approach to energy efficiency investments will be crucial. Also, the de-risking subsidy of interest rates for commercials loans in the SME sector foreseen under GEF III should be pursued towards greater involvement of the commercial banking sector into the financing of EE investments. Greater involvement of commercial banks in energy efficiency investments under GED III will be key for the sustainability of achievements in the EE area. |
| **Management response**:  |
| **Key action(s)** | **Completion date** | **Responsible unit(s)** | **Tracking** |
| **Comments** | **Status (initiated, completed or no due date)** |
| 3.1 Green Finance Incentive Scheme will be used for interest rate subvention/return, serving as a financial de-risking instrument;  | December 2022 | UNDP Project Team through the Project’s 3rd phase  |  | Not initiated |
| 3.2 Analyse potential cooperation with IFIs providing loans through commercial banks. | December 2022 | UNDP Project Team through the Project’s 3rd phase |  | Not initiated |
| **Evaluation recommendation 4.** UNDP should consider more strategically the role of social norms as a crucial determinant of perceptions and decisions about energy efficiency. UNDP interventions should be more focused on what actually works in practice and should be cognizant of the norms that prevail in the communities. This requires a more analytical and data-driven approach to awareness-raising and publicity activities, which so far seem to have been more generic in nature. In GED III, the issue of social norms and mentality could be approached more strategically by using more effectively the latest findings from experimental psychology and behavioural economics (i.e. Framing and Psychological Cues, Status Quo Bias/Inertia, Discounting the Future, etc.), rather than taking broader information-sharing approaches using large-scale marketing campaigns |
| **Management response**:  |
| **Key action(s)** | **Completion date** | **Responsible unit(s)** | **Tracking** |
| **Comments** | **Status (initiated, completed or no due date)** |
| 4.1 Formal evaluations conducted by independent evaluators and communications experts, as well as by engaging marketing agency to conduct research targeting citizens;  | December 2022 | UNDP through GED 3rd phase  | Focus groups organized with key stakeholders to understand their perspective and knowledge on energy efficiency management. Public research on energy efficiency which will serve as an input for design of media campaigns to increase knowledge on energy efficiency.  | Initiated  |