

Strengthening Nationally Determined Contribution (NDC) and Adaptation Activities Transparency Framework

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10021

Countries

Montenegro

Project Name

Strengthening Nationally Determined Contribution (NDC) and Adaptation Activities Transparency Framework

Agencies

UNDP

Date received by PM

5/14/2019

Review completed by PM

4/19/2021

Program Manager

Satoshi Yoshida

Focal Area

Climate Change

Project Type

MSP

PIF
CEO Endorsement

Project Design and Financing

1. If there are any changes from that presented in the PIF, have justifications been provided?

Secretariat comment at CEO Endorsement Request
AT, 05/24/19:

[Project Description]

The baseline scenario: It was updated to reflect the recently completed Second Biennial Update Report and progress made since the formulation and approval of the PIF on drafting preliminary gender-dis-aggregated indicators for climate change.

The proposed alternative scenario: Whereas the PIF has advanced a recommended institutional mechanism to be created (Climate Action Task Force based on consultations and expectations during the PIF formulation phase, during the project formulation phase, stakeholders agreed to let the project during its early implementation make a final determination on the nature of the strengthened institutional mechanism for improved MRV transparency. As a result, Output was revised to be less prescriptive, allowing the project's SWOT and Gap analysis and subsequent consultations and negotiations with key stakeholders to take place first.

For the purposes of organization and clarity, but without any substantive changes, the PIF outcomes and outputs have been reworded slightly. The outputs were re-numbered to make it easier to identify them. For example, Component 1 had one output, whereas Component 2 has three outputs: Outputs 2, 3, and 4. Output 4 was expanded to include

the formulation of a resource mobilization strategy to complement the technical roadmap to implement the Low Carbon Development Strategy that will be prepared by a parallel project.

Incremental/additional cost reasoning: The total co-financing was increased from US\$ 275,000 to US\$ 290,000. Previously identified co-financing by the Hungarian project was not included as it is now more accurately part of the baseline of parallel co-financing, which is not measured for the purposes of incremental financing. UNDP is providing an important cash contribution of US\$ 40,000 to supplement the limited funds available for project management, recognizing the importance of having clear distinction between the GEF allocation for technical and management components.

[Comment]

Please adjust the numbers of Project Component, Project Outcomes and Project Outputs in the following way. (The current Project Outcome 2, 3, and 4 should belong to the same outcome (Outcome 2)). Also please modify these numbers in other relevant documents accordingly (i.e., project document).

Project Component 1: Strengthening Active Stakeholder Engagement and Embedding MRV

Project Outcome 1.1: A strengthened institutional mechanism for increased transparency

Project Output 1.1.1: Strengthened governance, procedures, and technical capacities in order to respond to emerging transparency requirements under the Paris Agreement

Project Output 1.1.2: Transparency Methodologies, Procedures and Guidelines (MPGs) for tracking NDCs

Project Output 1.1.3: Transparency Methodologies, Procedures and Guidelines (MPGs) for tracking adaptation activities

Project Output 1.1.4: Transparency Methodologies, Procedures and Guidelines (MPGs) for tracking climate finance

Project Component 2: Strengthening Capacities to Implement an Enhanced Transparency Framework

Project Outcome 2.1: Strengthened national institutions are to implement enhanced transparency

Project Output 2.1.1: Improved GHG inventory and projections

Project Output 2.1.2: Selected public authorities and scientific institutions capacities are built for applying MPGs in the first reporting period on national adaptation actions under article 15 of the MMR

Project Output 2.1.3: Relevant national institutions are enabled to mainstream gender into the enhanced transparency framework

Project Outcome 2.2: Strengthened Coordination and Information Exchange is institutionalized with an Enhanced Transparency Framework

Project Output 2.2.1: The transparency portal is strengthened and made fully operative
Project Output 2.2.2: Trainings on the use of portal information to support decision-making

Project Output 2.2.3: Feedback on the project implementation, results and lessons learned are shared through the Global Coordination Platform

Project Outcome 2.3: A Technical Roadmap on Low Carbon Development Strategy is Developed and Adopted

Project Output 2.3.1: A technical roadmap for a National LCDS is drafted in line with the enhanced transparency framework

AT, 06/28/19: Comment cleared.

Response to Secretariat comments

UNDP, 06/20/19:

The project outcomes were reformatted as requested by the GEF Sec. Project outcomes were collapsed throughout the project document as well as in the Request for CEO Endorsement.

2. Is the project structure/design appropriate to achieve the expected outcomes and outputs?

Secretariat comment at CEO Endorsement Request AT, 05/24/19: Yes.

Response to Secretariat comments

3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?

Secretariat comment at CEO Endorsement Request AT, 05/24/19: Yes.

Response to Secretariat comments

4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)

Secretariat comment at CEO Endorsement Request

AT, 05/24/19: Yes.

SY, Dec 7, 2020: Please include COVID-19 risks and measures to address them as well.

SY, April 10, 2021: Thank you. Comment cleared.

Response to Secretariat comments

UNDP response 15 Dec 2020:

The Covid 19 related risk and the measures to address it is included into the Risk Log (CEO Endorsement Request, page 11, UNDP project document page 35).

5. Is co-financing confirmed and evidence provided?

Secretariat comment at CEO Endorsement Request

AT, 05/24/19:

The government of Montenegro confirmed in-kind co-financing amounting to \$250,000.

The UNDP confirmed \$40,000 grant co-financing.

[Comment]

The confirmation letter sent by UNDP states that "US\$10,000 of UNDP's contribution will be allocated to the project management component." Please clarify if this amount is included in the total co-financing amount granted by UNDP (\$40,000).

AT, 06/28/19: Comment cleared.

SY, Dec 7, 2020: Please confirm that the co-financing contributions are still valid as of now.

SY, April 10, 2021: Thank you for your confirmation.

Response to Secretariat comments

UNDP, 06/20/19:

UNDP's cash co-financing is US\$ 10,000 per year. The UNDP co-financing letter was revised to reflect this.

UNDP response 15 Dec 2020:

The co-financing is still valid. UNDP will contribute with the cash contribution as planned, while in-kind contribution from the Government is related to the results of the projects which are currently on going, whose results will contribute to the overall project outcomes and outputs.

6. Are relevant tracking tools completed?

Secretariat comment at CEO Endorsement Request

AT, 05/24/19: Yes.

Response to Secretariat comments

7. Only for Non-Grant Instrument: Has a reflow calendar been presented?

Secretariat comment at CEO Endorsement Request N/A

Response to Secretariat comments

8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?

Secretariat comment at CEO Endorsement Request

AT, 05/24/19: Yes.

The project will benefit from the experience of other projects and initiatives in the country, such as the enabling activities projects under execution to prepare NC and BUR, and from the institutional arrangements and cooperative environment to prepare the subsequent NDC, taking stock of the most transparent information provided in that official communications to the international community. The proposed CBIT project is closely aligned and coordinated with a few on-going initiatives. With regard to other GEF initiatives, the GEF/CBIT project will most likely start after the end of the GEF-SBUR project and will coordinate with the TNC and the third BUR. (for example, TNC is implementing GHG inventory activities.)

Further, there are other on-going initiatives related to transparency as a whole or through components directed towards MRV. The Department of Climate Change in the Ministry of Sustainable Development and Tourism and the Working Group on Mitigation and

Adaptation will ensure that efficient use of resources across initiatives is ensured, alignment in activities and outputs guaranteed, and that potential future initiatives will fit neatly with the ongoing initiatives, thereby ensuring synergies and avoiding duplication. Additionally, since the MSDT is participating in all the projects as coordinator, there will be a constant check of the activities and the synergies that can be created among initiatives.

Montenegro was recently involved in a relevant project funded by the Hungarian government. This project will work with Klimapolitika (DPO-Hungary) on the preparation of a framework for the establishment of a national system for policy and projection policies that will apply to the energy and industrial sectors with the application of the Integrated MARKAL-EFOM System (TIMES) model, including electricity, heating in households, and industry; but it will not cover other sectors, such as waste, agriculture, transport, and forestry.

Response to Secretariat comments

9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

Secretariat comment at CEO Endorsement Request

SY, April 10, 2021: Thank you for the revision. Cleared.

SY, October 5, 2020: NIM audit is included in M&E while it is not clear if this is a part of M&E as audit is included in PMCs in the budget table. Please modify this.

AT, 05/24/19: Yes.

Response to Secretariat comments

UNDP, 19 Nov 2020

The proposal was modified to reflect the audit under one budget line, within the PMC costs (GEF). The UNDP funds are re-allocated accordingly to national consultants.

The timelines were revised, the start and end date of the project are changed to Dec 2020 ? Dec 2024.

10. Does the project have descriptions of a knowledge management plan?

Secretariat comment at CEO Endorsement Request

AT, 05/24/19: Yes.

Montenegro will engage key stakeholders in a two-fold way: through the (i) Working Group on Mitigation and Adaptation (WGMA) and (ii) the transparency portal.

(i) All relevant actors within the WGMA will convene regularly as part of the cross-sectoral working group, in order to share expertise, experiences, the MRV implementation advancements, challenges, etc. These exchanges between sectors have historically been missing in Montenegro and, thereby, the WGMA group will close a significant gap.

(ii) The transparency portal will play a key role in making available knowledge associated with data generation and analysis. The easy-to-use digital library of methodologies and models will be designed based on the notion of general access and accessibility, meaning that the knowledge will not only be available but also be useful to a broad audience. It can be envisioned that the transparency portal will be made accessible to the international audience as part of GEF/CBIT's global activities.

Montenegro aspires to share its MRV framework and transparency, and specifically the GEF/CBIT project lessons, widely with the international community to foster the global knowledge base and facilitate cross-fertilization.

Response to Secretariat comments

Agency Responses

11. Has the Agency adequately responded to comments at the PIF stage from:

GEFSEC

Secretariat comment at CEO Endorsement Request

AT, 05/24/19: Yes

Response to Secretariat comments

STAP

Secretariat comment at CEO Endorsement Request

Response to Secretariat comments

GEF Council

Secretariat comment at CEO Endorsement Request

Response to Secretariat comments

Convention Secretariat

Secretariat comment at CEO Endorsement Request

Response to Secretariat comments

Recommendation

12. Is CEO endorsement recommended?

Secretariat comment at CEO Endorsement Request

AT, 05/24/19: Not at this time. Please address all comments stated above (Box 1, 5).

AT, 07/16/19: According to the GEF's Guidelines on the Project and Program Cycle Policy (paragraphs 7 to 9 pages 37 and 38), the GEF Fee Policy explicitly precludes the merging or crossing over the implementing functions of the GEF Agencies and the execution functions undertaken by a project executing entities (EAs). If there is an exceptional situations? where there are no other viable options for the execution of the project. the conditions for this exception to be considered by the GEF secretariat. The GEF SEC reviewed the Project Document (including the paragraph below) and found UNDP is carrying out some executing functions for the project without any official request from the Government. (highlighted those quotes pertaining to the issue below). Please clarify this issue.

G. Governance and management Arrangement

The project will be implemented according to the Direct Implementation (DIM) modality, with UNDP Montenegro as the Implementing Partner. The Implementing Partner is responsible and accountable for managing this project, including the monitoring and evaluation of project interventions, achieving project outcomes, and for the effective use of UNDP resources.

The **Project Board** will be responsible for making management decisions by consensus when guidance is required by the Project Manager, including recommendations for UNDP/Implementing Partner approval of project plans and revisions. In order to ensure UNDP's ultimate accountability, decisions will be made in accordance with standards that will ensure management for development results, best value for money, fairness, integrity, transparency and effective international competition. In the event that a consensus can not be reached within the Board, the final decision will rest with the UNDP Programme Manager. Project Board meetings will be organized at least twice per year, and if necessary on more frequent basis. The membership of the Project Board will be determined at the time of project implementation on the basis of their official nomination from the participating government bodies.

The composition of the **Project Board** must include the following roles:

Executive: The Executive is an individual who represents ownership of the project who will chair the Project Board. This role can be held by a representative from the Government Cooperating Agency or UNDP. The Executive is: UNDP.

The Executive is ultimately responsible for the project, supported by the Senior Beneficiary and Senior Supplier. The Executive's role is to ensure that the project is focused throughout its life cycle on achieving its objectives and delivering outputs that will contribute to higher level outcomes. The executive has to ensure that the project gives value for money, ensuring cost-conscious approach to the project, balancing the demands of beneficiary and supplier.

Specific Responsibilities: (as part of the above responsibilities for the Project Board)

- Ensure that there is a coherent project organisation structure and logical set of plans;
- Set tolerances in the AWP and other plans as required for the Project Manager;
- Monitor and control the progress of the project at a strategic level;
- Ensure that risks are being tracked and mitigated as effectively as possible;
- Brief relevant stakeholders about project progress;
- Organise and chair Project Board meetings.

Senior Supplier: The Senior Supplier is an individual or group representing the interests of the parties concerned which provide funding and/or technical expertise to the project (designing, developing, facilitating, procuring, implementing). The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project. The Senior Supplier role must have the authority to commit or acquire supplier resources required. If necessary, more than one person may be required for this role. Typically, the implementing partner, UNDP and/or donor(s) would be represented under this role. **The Senior Supplier is: UNDP**

Specific Responsibilities (as part of the above responsibilities for the Project Board)

- Make sure that progress towards the outputs remains consistent from the supplier perspective;
 - Promote and maintain focus on the expected project output(s) from the point of view of supplier management;
 - Ensure that the supplier resources required for the project are made available;
 - Contribute supplier opinions on Project Board decisions on whether to implement recommendations on proposed changes;
- Arbitrate on, and ensure resolution of, any supplier priority or resource conflicts.

The Project Team will consist of Project Manager and Project Assistant, UNDP CO Montenegro, Centre for Sustainable Development, Programme jointly implemented by the Government of Montenegro and UNDP as the model of close partnership. The administrative support (HR, procurement) will be provided by UNDP CO Operations Unit. The same team will also work on implementation of the project on development of the Third National Communication.

UNDP Direct Project Services: The GEF Council has adopted rules and issued guidance on when and how Direct Project Costs may be recovered for projects financed by the GEF Trust Fund. In concert with these guidelines, **the UNDP Country Office will provide a range of support services for the implementation of this project, and recover the actual direct and indirect costs (per the Universal Price List) incurred by the Country Office in delivering such services. Direct Project Services are over and above the project cycle management services.** These services include, but are not limited to the following:

- **Payments, disbursements and other financial transactions**
- **Recruitment of staff, project personnel, and consultants**
- **Procurement of services and equipment, including disposals**
- **Organization of training activities, conferences, and workshops, including fellowships**
- **Travel authorization, Government clearances ticketing, and travel arrangements**

As is determined by the GEF Council requirements, these service costs are assigned as Project Management Cost, identified in the project budget as Direct Project Costs. Eligible Direct Project Costs should not be charged as a flat percentage. They should be calculated on the basis of estimated actual or transaction based costs and should be

charged to the direct project costs account codes: ?64397- Services to projects - CO staff? and ?74596-Services to projects - GOE for CO?.

AT, 08/20/19: Please address the following comments;

(Comment 1) Stakeholder engagement: Please add information regarding the following questions in the stakeholder section of the portal, "**In addition, provide a summary on how information will be disseminated, and an explanation of any resource requirements throughout the project/program cycle to ensure proper and meaningful stakeholder engagement.**"

This requirement was in two places of the 1996 Policy on Public Involvement. As follows;

Para 8: To be effective, public involvement activities should be broad-based and sustainable. GEF Partner Agencies will include in project budgets, as needed, the necessary financial and technical assistance to recipient governments and project executing agencies to ensure effective public involvement.

Para 11. GEF Partner Agencies are committed to promoting effective public involvement within their own institutional environment. In accordance with internal policies and procedures, and consistent with the principles outlined in Part III above, GEF Partner Agencies should develop guidelines for public involvement in their own GEF-financed projects, which may include the following:

a) Modalities for incorporating public involvement in projects, and addressing social issues, starting at the earliest stages of the project cycle, and recognizing the difficulties and long-term nature of cultivating local participation; and

b) Financing options during project preparation, and within project budgets, to facilitate design and implementation of public involvement activities, as appropriate, including allocation of project funding to encourage participation of CSOs, local groups, and the private sector.

(Comment 2) On section A6: A letter of OFP to request for provision of project support services has been received. In terms of institutional arrangements and coordination, it shows that UNDP will perform some executing functions. While there is a letter signed by the GEF OFP, there is no justification for UNDP to perform such functions. (the exception to the Policy on the preclusion to merge implementing and executing function was introduced in the Guidelines *with the clear intent* of allowing ?on special circumstances only? an avenue for GEF Agencies to overcome situations of extreme capacity challenges in countries). Additionally at PIF stage there is no mention at all to

the possibility for UNDP to perform such activities. In this regard, please remove any mention to executing functions.

AT, 11/11/19: Comment 1 has been cleared.

As for Comment 2, we received the OFP letter dated October 17, 2019 entitled "Implementation modality of the project proposal 6225 CBIT" which reconfirms to request UNDP to perform executing services to the project through Direct Implementation Modality. The GEF SEC reviewed the letter from the context of justification for UNDP to perform executing functions under the GEF's Guidelines on the Project and Program Cycle Policy (paragraphs 7 to 9 pages 37 and 38). The GEF SEC considers that there is not an "exceptional situations" where there are no other viable options for the execution of the project with multiple reasons (for example, the purpose of the CBIT is to actually build government capacity.) In this regard, please remove any description relevant to Agency's executing functions from the documents.

SY, October 5, 2020: Thanks for removing the executing functions by UNDP. However, it is not clear how the audit under PMCs charged to GEF funding and the audit charged to UNDP's co-financing are related. Please clarify the difference and demarcation between them. Also, timelines are not revised although the project start date has been postponed. Please revise any timelines which include 2019 timelines as we are now in 2020.

SY, Dec 7, 2020: Thank you for the revisions. Please address the comments on co-financing and risks. Please also address the below points.

There are discrepancies on the budget table where M&E has no financial resources on the portal while it has budget amounted \$8,000.

According to the M&E plan, UNDP's co-financing for M&E is \$21,000 (TE \$20,000 and KM \$1,000). It seems international consultant's cost is \$20,000 on the budget table. Also the co-financing letter of UNDP says \$10,000 would be allocated to PMCs which may be outdated.

SY: April 10, 2021: Previous comments cleared and the checklist was provided. Please include project title and ID on the top of the checklist to enable it identified.

SY, June 6, 2021: Please revise the portal and ProDoc to reflect the latest institutional names as discussed.

SY, June 7, 2021: The documents have been updated and is recommended for clearance.

Response to Secretariat comments

UNDP :19 April, 2021:

Project title and ID are added on top of the GEF checklist (added to the documents).

UNDP 29 September 2020:

DIM modality has been changed to NIM. The project will be implemented by the Ministry for Sustainable Development and Tourism, where PMU will be placed. They will hire project Manager and project Assistant, and all the changes have been reflected throughout the document.

UNDP, 06/20/19:

Box 1: Project outcomes were collapsed throughout the project document and Request for CEO Endorsement. See attached.

Box 5: UNDP co-financing letter was revised. See attached.

UNDP, 08/02/19:

As stated in Country Programme Document for Montenegro (2017-2021), it is stated that "Projects supported by vertical funds such as the Global Environment Facility and Green Climate Fund will use the DIM, as will previously approved projects" on page 8, end of the page. CPD for Montenegro is also attached in the Portal for your easy reference.

The executing functions of UNDP in this project and Direct Project Costs for CO support services which is identified in the project budget is confirmed as per the letter of OFP for GEF review.

UNDP, 18/10/19:

Comment 1: Additional explanation has been provided in section A/3/ Stakeholders in CEO ER and section C.5. ? Stakeholders Engagement in Project Document, as well as in Annex F.

Comment 2: Justification Letter regarding Direct Implementation Modality, signed by the Minister for Sustainable Development and Tourism, provided

UNDP response 15 Dec:

The comments on co-financing and risks are answered above in the section on co-financing

The response to the comment on M&E:

M&E is now shown separately in the Project description summary in the CEO Endorsement Request (Table B) and in the prodoc (Total Budget and Workplan, page 60), as well as in the GEF budget table.

Review Dates

| | Secretariat comment at CEO Endorsement Request | Response to Secretariat comments |
|---|---|---|
| First Review | 5/24/2019 | 6/20/2019 |
| Additional Review (as necessary) | 6/28/2019 | 8/2/2019 |
| Additional Review (as necessary) | 7/16/2019 | 10/18/2019 |
| Additional Review (as necessary) | 8/5/2019 | 9/29/2020 |
| Additional Review (as necessary) | 11/11/2019 | 4/15/2021 |

CEO Recommendation

Brief Reasoning for CEO Recommendations