



GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS* THE GEF/LDCF/SCCF TRUST FUNDS

GEF ID:	5098		
Country/Region:	Montenegro		
Project Title:	Towards Carbon Neutral Tourism		
GEF Agency:	UNDP	GEF Agency Project ID:	5149 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Climate Change
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	CCM-4; CCM-4; Project Mana;		
Anticipated Financing PPG:	\$0	Project Grant:	\$3,090,000
Co-financing:	\$70,700,000	Total Project Cost:	\$73,790,000
PIF Approval:		Council Approval/Expected:	April 01, 2013
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Hiroaki Takiguchi	Agency Contact Person:	Marina Olshanskaya

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	HT, September 5, 2012: Yes.	
	2. Has the operational focal point endorsed the project?	HT, September 5, 2012: Yes. The endorsement letter was signed by Andro Drecun, in the amount of \$3,509,000.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	HT, September 5, 2012: Please explain the term and results of the two UNDP projects: (i) Spatial Planning Support project and (ii) Sustainable Tourism project. HT, September 18, 2012: Explanation has been provided. Comment cleared.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	HT, September 5, 2012: There is no non-grant instrument.	
	5. Does the project fit into the Agency's program and staff capacity in the country?	HT, September 5, 2012: Yes.	

Resource Availability	Agency fee) within the resources available from (mark all that apply):		
	<ul style="list-style-type: none"> the STAR allocation? 	HT, September 5, 2012: Yes. Montenegro's remaining allocation is \$ 3.95 million.	
	<ul style="list-style-type: none"> the focal area allocation? 	HT, September 5, 2012: Yes. Montenegro has used the flexibility in its STAR allocation and allocated its BD and LD allocation to CCM.	
	<ul style="list-style-type: none"> the LDCF under the principle of equitable access 	N/A	
	<ul style="list-style-type: none"> the SCCF (Adaptation or Technology Transfer)? 	N/A	
	<ul style="list-style-type: none"> Nagoya Protocol Investment Fund 	N/A	
	<ul style="list-style-type: none"> focal area set-aside? 	N/A	
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	<p>HT, September 5, 2012: Not clear. The project objective in the PIF is quite general. Please describe the objective more specifically to align with the actual project concept.</p> <p>HT, September 18, 2012: The project objective has been clarified. Comment cleared.</p>	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	<p>HT, September 5, 2012: Not clear. The PIF mentions "number of cities adopting sustainable transport and urban policies and regulations" as one of the expected outputs. How many cities will adopt such policies and regulations? Please describe it in the project framework.</p> <p>HT, September 18, 2012: The revised PIF explains at least six</p>	

		Comment cleared.	
	9. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, or NAP?	HT, September 5, 2012: Please give the submission date of the National Communication. HT, September 18, 2012: The date has been added. Comment cleared.	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	HT, September 5, 2012: Yes. If the law and regulations are realized as the result of the project, they will contribute to the sustainability of project outcomes.	
Project Design	11. Is (are) the baseline project(s), including problem (s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?	HT, September 5, 2012: Not clear. Please address the following comments. a) In B.1, the PIF mentions that the five on-going projects will constitute the baseline. Please explain which project corresponds with which project component. b) Please describe the scenario without GEF-funding? Will the proposed baseline projects be implemented as planned? c) What form of transportation (e.g. car, bus, airplane) brings tourists to Montenegro from foreign countries? Please explain. Component 1: d) Regarding the preparation of Special Purpose Spatial Plans, is the area of new resort facilities "1,000 ha" or "10,000 ha"? Please correct the number in the PIF. e) Please be more specific about the new greenfield tourism development project. What kind of infrastructure will be	

		<p>project be completed in the proposed term (60 months)?</p> <p>Component 2: f) Is KfW credit line (\$11 million in total) limited to existing tourist facilities? Please explain.</p> <p>Component 3: g) Which entity will develop the transport infrastructure? Please explain.</p> <p>Component 4: h) Please explain what activities will be covered by co-financing.</p> <p>Component 5: i) Please explain what activities will be covered by co-financing.</p> <p>HT, September 18, 2012: a) b) c) Explanation has been provided. Comment cleared. d) The number has been corrected. Comment cleared. e) Explanation has been provided. Comment cleared. f) KfW co-financing has been removed from the PIF. g) h) i) Explanation has been provided. Comment cleared.</p>	
	<p>12. Has the cost-effectiveness been sufficiently demonstrated, including the cost-effectiveness of the project design approach as compared to alternative approaches to achieve similar benefits?</p>		
	<p>13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/</p>	<p>HT, September 5, 2012: This will be examined after other comments are addressed.</p>	

		<p>HT, September 18, 2012: Yes.</p>	
	<p>14. Is the project framework sound and sufficiently clear?</p>	<p>HT, September 5, 2012: Not clear. Please address the following comments:</p> <p>a) In the Table B (Project Framework), please describe the outputs brought by investment activities in a more quantitative way (e.g. number of cities adopting sustainable urban policies, kW capacity, avoided CO2 tons).</p> <p>b) In targeting the tourism sector, please describe how to ensure GEF's visibility (e.g. GEF logo labeling on boats and other consumer materials).</p> <p>c) Please consider making the proposal more robust by focusing on a few targeted activities and financing them intensively. The current proposal seems unfocused and, therefore, each component seems a little underfunded. It might be improved by focusing on energy efficiency in hotels or sustainable road transport for the tourism.</p> <p>Component 1:</p> <p>d) While the component includes training staff in the executing agency, GEF financing should not be used for such purpose. Is the activity covered by co-financing? Please clarify.</p> <p>e) How will the GEF financing have impact on the new greenfield tourism development project without actual contribution? Further, please document the schedule for implementation of the</p>	

existing planned developments. What proportion of the planned 10,000 hectare green-field development will already be built before the GEF supported mandatory requirements are in place? Please explain.

Component 2:

f) The PIF explains there are no hotels yet which comply with the established requirements for eco-label. Given the fact, how will the proposed activities overcome the difficulty? Will the mandatory quality certification scheme be accepted by the tourist facilities? Please justify.

g) Please be more specific about investment activities financed by GEF.

Component 3:

h) Which entity will operate the ferry and water taxi service? Please explain.

i) Can the Agency show good performance results of solar-powered ferry and boat taxi? Please explain.

HT, September 18, 2012:

a) Thanks for describing the outputs in a quantitative way. In the expected outcomes and outputs in Component 2, please highlight incremental benefits brought by GEF funding.

b) The GEF Communication and Visibility policy has been confirmed. Comment cleared.

c) The proposal has been reshaped and targeted activities have been focused. Comment cleared.

d) The PIF has been revised. Comment cleared.

		<p>the PIF is cleared, GEF activities should be designed in detail in harmonization with the planned development at a project preparation stage. Comment cleared.</p> <p>f) h) Explanation has been provided. Comment cleared.</p> <p>i) Explanation has been provided. If the PIF is cleared, the demonstration component such as solar-powered ferry and boat taxi should be elaborated so that it will lead to replication. Comment cleared.</p> <p>HT, September 19, 2012: a) Global environmental benefits brought by the project have been added. If the PIF is cleared, the incremental benefits should be elaborated at a project preparation stage. Comment cleared.</p>	
	<p>15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?</p>	<p>HT, September 5, 2012: No. There is no estimate of GHG emissions reduction brought by GEF financing. Methodology and assumptions are not explained either. Please include estimation of GHG emissions reduction with applied assumptions and methodologies in B.2.</p> <p>HT, September 18, 2012: Thanks for providing the estimate. Please add CO2 emission factor of electricity (CO2 kg/kWh) used for the estimation.</p> <p>HT, September 19, 2012: The emission factor has been added. Comment cleared.</p>	

	16. Is there a clear description of: a) the socio-economic benefits, including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/ additional benefits?	HT, September 5, 2012: Yes.	
	17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?	HT, September 5, 2012: Yes.	
	18. Does the project take into account potential major risks, including the consequences of climate change and provides sufficient risk mitigation measures? (i.e., climate resilience)	HT, September 5, 2012: Yes.	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	HT, September 5, 2012: Please address the comment in box 3. HT, September 18, 2012: The comment in box 3 has been addressed. Comment cleared.	
	20. Is the project implementation/ execution arrangement adequate?	HT, September 5, 2012: Not clear. Please address the following comments. a) Please clarify a coordination and decision-making mechanism among multiple stakeholders. b) Please explain how to ensure the involvement of the tourism industry stakeholders. HT, September 18, 2012: a) b) Explanation has been provided. Comment cleared.	
	21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		

	22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		
Project Financing	23. Is funding level for project management cost appropriate?	<p>HT, September 5, 2012: Project Management Cost covered by GEF is less than 5 % of the sub-total. However, we are skeptical of the \$50,000,000 in project management cost in co-financing. Please explain what is included in this total and justify how this is an appropriate part of the GEF project.</p> <p>HT, September 18, 2012: Project management cost in co-financing has been reduced and explanation on project management cost has been provided. Comment cleared.</p>	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	<p>HT, September 5, 2012:</p> <p>a) The amount of co-financing is huge. While the Agency's effort to mobilize other funding is appreciated, is the co-financing essential for achieving the GEF objectives? In other words, have co-financers committed their resources as part of the GEF project? Please justify.</p> <p>b) The sources of co-financing need to be matched up with each component. For example, what are the sources of \$7,000,000 co-financing for component 2 and \$10,000,000 for component 3? Please match all sources to each component.</p> <p>HT, September 18, 2012:</p> <p>a) Co-financing has been reduced so as to match redesigned components. Comment cleared.</p>	

		sources has been provided. Comment cleared. c) The GEF amount in Component 2 (\$800,000) is incorrect. Please correct it. HT, September 19, 2012: c) The GEF amount has been corrected. Comment cleared.	
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	HT, September 5, 2012: Please address the comment in box 24. HT, September 18, 2012: Comment cleared.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	HT, September 5, 2012: UNDP is providing \$250,000, which is 0.09% of the total co-financing. This amount does not reflect its role in the project. Please explore the possibility to increase the co-financing by UNDP. HT, September 18, 2012: Explanation has been provided. Comment cleared.	
Project Monitoring and Evaluation	27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		
	28. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		
Agency Responses	29. Has the Agency responded adequately to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• Council comments?		
	• Other GEF Agencies?		

Secretariat Recommendation

Recommendation at PIF Stage	recommended?	<p>Not at this stage. Please address the above comments.</p> <p>HT, September 18, 2012: Please address the comments in box 14 a), 15 and 24 c).</p> <p>HT, September 19, 2012: The PIF has been technically cleared and may be included in an upcoming Work Program.</p>	
	31. Items to consider at CEO endorsement/approval.	<p>HT, September 19, 2012: Please address the following items at the CEO Endorsement stage:</p> <p>a) Detailed descriptions of GEF activities and their incremental benefits; b) Concrete plan of the investment component financed by the GEF (e.g. low-carbon tourism infrastructure and pilot sustainable transport project); and c) A sound and appropriate description of GHG emissions reduction and cost-effectiveness.</p>	
Recommendation at CEO Endorsement/ Approval	32. At endorsement/approval, did Agency include the progress of PPG with clear information of commitment status of the PPG?		
	33. Is CEO endorsement/approval being recommended?		
Review Date (s)	First review*	September 05, 2012	
	Additional review (as necessary)	September 18, 2012	
	Additional review (as necessary)	September 19, 2012	
	Additional review (as necessary)		
	Additional review (as necessary)		

* **This is the first time the Program Manager provides full comments for the project. Subsequent follow-up reviews should be recorded. For specific comments for each section, please insert a date after comments. Greyed areas in each section do not need comments.**

REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	
	2. Is itemized budget justified?	
Secretariat Recommendation	3. Is PPG approval being recommended?	
	4. Other comments	
Review Date (s)	First review*	
	Additional review (as necessary)	

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