



[Name of Fund or Joint Programme]

GENERIC ANNUAL PROGRAMME¹ NARRATIVE PROGRESS REPORT

REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2011

<p>Programme Title & Project Number</p> <ul style="list-style-type: none"> • Programme Title: Improving the business environment through green jobs and institution building • Programme Number (if applicable) • MPTF Office Project Reference Number:³ 75509 	<p>Country, Locality(s), Thematic/Priority Area(s)²</p> <p>(if applicable) Country/Region Montenegro, UNIDO: Montenegro UNESCO: Montenegro, North region: Durmitor UNEP: Montenegro</p> <hr/> <p>Thematic/Priority</p>
<p>Participating Organization(s)</p> <ul style="list-style-type: none"> • Organizations that have received direct funding from the MPTF Office under this programme UNIDO UNESCO UNEP UNDP (in 2010, reported in last year's report) FAO (in 2010, reported in last year's report) 	<p>Implementing Partners</p> <ul style="list-style-type: none"> • National counterparts (government, private, NGOs & others) and other International Organizations,
<p>Programme/Project Cost (US\$)</p> <p>MPTF/JP Contribution:</p> <ul style="list-style-type: none"> • by Agency (if applicable) UNIDO \$60,480 UNESCO \$15,000 UNEP \$15,000 <p>Agency Contribution</p> <ul style="list-style-type: none"> • by Agency (if applicable) UNESCO \$95,000 <p>Government Contribution Government Montenegro (through UNDP) \$559,645.40</p> <p>Other Contributions (donors) (if applicable)</p>	<p>Programme Duration</p> <p>Overall Duration (months)¹⁵ months</p> <p>Start Date⁴ (dd.mm.yyyy) October2011</p> <p>End Date (or Revised End Date)⁵ December 2012</p> <p>Operational Closure Date⁶</p>

¹ The term “programme” is used for programmes, joint programmes and projects.

² Strategic Results, as formulated in the Performance Management Plan (PMP) for the PBF; Sector for the UNDG ITF.

³ The MPTF Office Project Reference Number is the same number as the one on the Notification message. It is also referred to “Project ID” on the [MPTF Office GATEWAY](#)

⁴ The start date is the date of the first transfer of the funds from the MPTF Office as Administrative Agent. Transfer date is available on the [MPTF Office GATEWAY](#)

⁵ As per approval by the relevant decision-making body/Steering Committee.

⁶ All activities for which a Participating Organization is responsible under an approved MPTF programme have been completed. Agencies to advise the MPTF Office.

TOTAL:

Expected Financial Closure Date

Programme Assessment/Review/Mid-Term Eval.

Assessment/Review - if applicable *please attach*

Yes No Date: *dd.mm.yyyy*

Mid-Term Evaluation Report – *if applicable please attach*

Yes No Date: *dd.mm.yyyy*

Report Submitted By

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The outputs of the joint UN programme contribute to the overall achievement of Outcome 3.3 of the Integrated UN Programme 2010-2015 “Established system for strengthening entrepreneurial capacity building and facilitating private sector partnerships for ‘green jobs,’ rural livelihoods and development of Medium, Small and Micro Enterprises (MSME) in order to improve economic choices and achieve balanced regional growth as well as address gender specific concerns and interests”.

NARRATIVE REPORT FORMAT

I. Purpose

In 2009, five UN agencies developed a joint project with a focus on mitigating the impacts of the economic crisis in Montenegro by focusing on the creation of ‘green jobs’ in the most under-developed northern region of the country -targeting 5 municipalities around Durmitor National Park – UNESCO world heritage site (phase I).

The awareness raising, research and capacity building activities carried out within the framework of this project have contributed to the following results:

- Cluster development was included as an integral component in the recently published Regional Development Strategy of Montenegro;
- The Ministry of Finance circulated a communiqué to all other relevant Ministries highlighting the importance to jointly work towards a strategy for fostering the creation of sustainable business clusters throughout the entire country – the Ministry of Economy has taken the lead in elaborating such strategy and has requested the support of the UN.

Based on this, the UN team working on the green jobs project led by UNIDO and UNDP developed a project proposal based on the Government’s needs, leveraged the Expanded UN Window funding to obtain additional €417,000 for developing a policy paper on business clusters. The purpose of the project is to strengthen the competitiveness and market access of selected clusters and networks in the Northern region of Montenegro. In this context it will foster a more equitable integration of small and medium scale businesses in that region into domestic and international value/supply chains through enhanced dynamism, collective efficiency, productivity and viable business partnerships with private sector investors.

- **Explain how the Programme relates to the applicable Strategic (UN) Planning Framework guiding the operations of the Fund/JP²**

This program is the 2nd phase of the joint program on green jobs. It is pursued by UNEP, UNIDO, UNESCO and UNDP. The JP, "Improving the business environment through green jobs and institution building", is also supported by the Veneto Region, Italy, via a project entitled “Strengthening Sustainable Development Governance in the Tara River Basin Biosphere Reserve and in the Durmitor World Heritage Site in Montenegro (acronym: DURMITOR)” as well as Government of Montenegro, Ministry of Economy through Project ” Strategy for Sustainable Economic Growth in Montenegro through Introduction of Clusters by the end of 2016”, implemented by UNDP. Implementation of this programme will continue in 2012 and the SEDEP Pillar is hoping to mobilize new funds for the JP. Moreover, the Pillar Working Group is planning to create and implement a new joint programme which would involve all regionally-based organizations.

II. Resources

Financial Resources:

UNDP mobilized 416,800 EUR from the Government of Montenegro in order prepare “Strategy for Sustainable Economic Growth in Montenegro through Introduction of Clusters by the end of 2016”. UNESCO mobilized additional resources mainly from the voluntary Italian Contribution to UNESCO Office in Venice, the UNESCO World Heritage Center and the UNESCO Regular Programme for a total of usd 95,000. Additional funds for a total of USD 100,000 were made available to the JP from the Veneto Region co-funded project “*Sustainable Development Governance in the Durmitor Area in Montenegro (DURMITOR)*”

Human Resources:

National Staff: Provide details on the number and type (operation/programme).

UNDP hired a project manager to manage the project. UNIDO hired a technical adviser to provide backstopping for the work on cluster diagnostics. UNESCO hired a National Professional Officer.

International Staff: Provide details on the number and type (operation/programme)

The Indian Foundation for MSME Clusters was contracted to provide training for local experts in managing development of business clusters.

III. Implementation and Monitoring Arrangements

The schedule of project review meetings are developed by the project management team, in consultation with the key project partner- the Ministry of Economy. Day-to-day monitoring of implementation progress is the responsibility of the UNDP project manager based on the project's Annual Work Plan and its indicators. In accordance with the project document, the reporting is conducted at end of each tasks in a following order:

Task 1: Preparatory activities and launching of the project, mapping of clusters in all municipalities/regions in Montenegro (except municipalities of Šavnik, Mojkovac, Pljevlja, Žabljak and Plužine) and drafting of 8 diagnostic studies - report submitted to the Government

Task 2: Organizing workshops at local and national level to verify, in a consultative process with all parties, findings of mapping and 8 diagnostic studies and perform ranking and prioritizing of identified clusters and assess capacities and drafting of additional 7 diagnostic studies - report submitted to the Government

Task 3: Implementing assessment of demand for key products in clusters in the northern, as less developed region, and at the level of Montenegro with a key focus on tourism industry - report submitted to the Government

The entire process towards developing the Strategy involved a series of consultation meetings with local and national stakeholders and also focuses on building their capacity at the same time. In order to facilitate an exchange of best practices and to allow local institutions to learn from countries that already developed policy related interventions, collaboration with selected trainers from the Indian MSME Foundation (South-South Cooperation) as well as a senior expert from Slovenia was sought. Reports are regularly send it to the Ministry (4 reports has been produced up to February 28th, 2012).

IV. Results

Following tasks was completed:

- After a first round of meetings with the local stakeholders in September 2011, a second round of meetings and interviews have been conducted in November 2011 in order to have overviews of opinions and interests of Municipality of Pljevlja and Zabljak representatives, as well as of Durmitor NP representatives and business sector. The following issues have been raised: UN programme for the Durmitor area; stakeholders' plans and activities for the area; management issues within the protected area; and meaning of the WH designation for their activities.

- Preparatory activities and launching of the project, mapping of clusters in all municipalities/regions in Montenegro (except municipalities of Šavnik, Mojkovac, Pljevlja, Žabljak and Plužine).
- Local experts received training on Monitoring of cluster development initiatives, which includes the selection of appropriate indicators, the application of the general cluster causal chain to a particular target cluster, collecting a baseline and tracking progress. For the pilot clusters to be developed, the diagnostic study reports will provide information for the baseline, against which any development/improvements will be checked over time in each cluster.
- Situation analysis (overview of business clusters in Montenegro, analysis of business environment and competitiveness disaggregated by region)
- Mapping of all business clusters in Montenegro with criteria for selection of priority clusters (development of a cluster map for all three regions) – study has been produced.
- Detailed analysis of major challenges and problems in the identified clusters in the Northern region, as well as the other two regions, based on the mapping and diagnostics studies were produced.
- Organizing workshops at local and national level to verify, in a consultative process with all parties, findings of mapping and 8 diagnostic studies and perform ranking and prioritizing of identified clusters and assess capacities and drafting of additional 7 diagnostic studies.
- Organization of round table on January 20th, 2012:”Development of business clusters aimed at strengthening competitiveness and balanced regional development.
- Organization of “Ranking workshop”, on February 23rd, 2012. The purpose of the workshop is to present cluster approach & the roadmap for the development of the Strategy as well as Overview of ranking criteria for clusters.
- 16 diagnostic studies has been produced.
- Test intervention in 3 pilot clusters which have been identified through diagnostic studies in order to define approach to further work and monitoring and evaluation plan at the level of clusters
- Following the late fund transfer the activities planned have been postponed till the March 2012” Workshop on: Innovative Approaches for Stakeholders Involvement in the Governance of Local Sustainable Development in the Durmitor Area, was planned but postponed for the weather conditions
- Translation of the 5year Durmitor Management plan from Montenegrin into English was conducted in order to be able to work on it during the consultation processes and revision.
- Consultation Company “Dunira strategy” is contracted in order to give the technical support to the organization of a training course for national and local stakeholder platform and for CDAs (Cluster Development Agents) and staff of relevant business support institutions on education on world heritage branding and management. Scheduled for March 26-28th.
- Following on this Dunira Strategy will facilitate the process further in order to coach stakeholders in implementation of their individual and joint action plans, built as a result of the previous training course, connected to marketing related aspects, with specific focus on branding the World Heritage Status of clusters operating in this area. Moreover, these activities are focus toward development of the product catalogues for sample clusters in the Durmitor region and strengthening the capacity of relevant chambers of commerce and associations on mentioned marketing and branding issues (UNESCO/UNDP). Coaching session is scheduled for week 23 of April.
- Education and Knowledge Sharing through exchanges of experts and meetings dedicated to planning and territorial management of sustainable tourism, involving mainly Italian, Austrian and Montenegrin experts and stakeholders, is undertaken trough study tour planned for March 11-17, in UNESCO sites in Italy, nd Austria.
- As a long term goal, activities toward establishment of better mechanisms for management and more efficient governance structure to coordinate sustainable development and protection issues, has been undertaken. In that respect UNESCO has been working on establishment of the local and national

platform, which is having a tendency to successfully grow from initial informal destination management body into the formal one. The commitment, trust and support for the public participation processes in management and planning in Durmitor region is practiced with the structures such as Ministry of Sustainable Development and Tourism, Public Enterprise for national parks as key partners; and with local structures consisted of public sector such as Municipalities, Local Tourist Organizations, National Park, private and NGO sector in the territory of Durmitor. In that sense interviews have been conducted, trainings, and workshops done, coaching session planned, all with the high participation level. Moreover, Management plan for NP Durmitor has been translated as to involve wider platform: international, national and local stakeholders in revising it and critically supporting.

- The capacity of local support institutions and government to initiate and implement cluster development initiatives with a special consideration of the particularities of World Heritage sites has been supported by UN agencies (UNIDO, UNDP, UNESCO), and as for UNESCO enhanced by organizing Study tour to UNESCO designated sites in Italy and Austria where local stakeholders have been introduced with joint planning, actions and development initiatives on the ground. Also, a capacity building training and coaching session on the topic of WH and Tourism, for the national and local stakeholders is developed aiming at the development of concrete action plans for improvement of the socio economic and environmental conditions in the Durmitor area.

Future Work Plan (if applicable)

- The Policy Retreat will take place at the end of March where all stakeholders will review the work conducted thus far including various diagnostic studies and their analysis, proposed steps forward including the Action Plan- and provide final comments on the Strategy.
- The adoption of the Strategy by the Government is expected in April 2012.

VI. INDICATOR BASED PERFORMANCE ASSESSMENT

	Performance Indicators	Indicator Baselines	Planned Indicator Targets	Achieved Indicator Targets	Reasons for Variance (if any)	Source of Verification	Comments (if any)
Outcome 3.3 Established system for strengthening entrepreneurial capacity building and facilitating private sector partnerships for ‘green jobs,’ rural livelihoods and development of Medium, Small and Micro Enterprises (MSME) in order to improve economic choices and achieve balanced regional growth as well as address gender specific concerns and interests ⁷							
Output 1.1 Assistance is provided to 2 selected pilot clusters/networks in the Northern region of Montenegro for the diagnostics, formulation, implementation and monitoring of action plans and the creation of market linkages	Indicator 1.1.1	# of visits of the Cluster Development Agents (CDA), national trainers and international experts to pilot clusters	5	5		CDA reports	
	Indicator 1.1.2	Training hours delivered to cluster members (gender disaggregated)	0 in 2011 because only analysis				Training delivered in 2012 only
Output 1.2	Indicator 1.2.1						
	Indicator 1.2.2						

⁷ For PBF: Either country relevant or PMP specific.

<p>Outcome 2 Local public and private support institutions and experts will deliver services in the fields of cluster and network development to local businesses on a sustainable basis.</p>							
<p>Output 2.1 The capacity local support institutions and government to initiate and implement cluster development initiatives with a special consideration of the particularities of world heritage sites built - experts trained and qualified</p>	Indicator 2.1.1	# of experts from relevant support institutions trained and capacitated	15	20	High interest and several occasions to receive trainings and coaching offered	Project reports and lists of participants	
	Indicator 2.1.2	# of service portfolios of support institutions expanded / adapted throughout the project	0	0		Expected to happen in 2012	
<p>Output 2.2 A mapping of all industry clusters and networks in Montenegro, and sample diagnostic studies carried out and policy recommendations formulated</p>	Indicator 2.2.1	- # of firm clusters and networks identified	50	62	More were discovered than originally expected	Cluster mapping document	
	Indicator 2.2.2	- # of diagnostic studies elaborated (including gender related data)	15	15		Diagnostic study reports	
