CATALYSING THE GREEN TRANSITION IN BOSNIA AND HERZEGOVINA

Portfolio Document

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PORTFOLIO DOCUMENT

Bosnia and Herzegovina

Portfolio Title: **Catalyzing the Green Transition in Bosnia and Herzegovina**

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Summary Description
"Catalysing the Green Transition in Bosnia and Herzegovina" is a 5-year programmatic framework, developed by UNDP in Bosnia and Herzegovina, in cooperation with governmental counterparts, partnering UN agencies and international development partners. It leverages new development thinking and aims to **catalyse and anchor a broader and just transformation towards a green and zero-carbon Bosnia and Herzegovina**. Since the green transition in Bosnia and Herzegovina has proven to be a **complex development challenge,** tackling a range of social, economic, and environmental systems, this programmatic framework is being developed based on a portfolio approach, in order to optimise impact and effectiveness. This framework recognises that individual, log-framed projects, presented as single-point "solutions", are limited in terms of responding to system-level development priorities, ever-emerging challenges, and evolving contexts at scale. Instead, the portfolio is designed in a way that allows for faster **adaptation to changing ecosystems and continuous learning around integrated solutions** that cut across different sectors and address multiple dimensions of development simultaneously. The **strategic intent** of this framework **is to contribute to accelerated decarbonisation and reduction of the CO_2 footprint and green transition in Bosnia and Herzegovina**, with the following **change hypothesis**: By empowering and inspiring people – policymakers, communities, businesses and entrepreneurs, scientists, innovators – and coming together to implement new integrated solutions and policies that enable switching from fossil fuels to clean energy production and consumption, reduce waste and pollution, minimize environmental crimes, introduce circular business models, protect and replenish natural resources or nurture sustainable lifestyles in society, UNDP and partners will catalyse a new momentum for a viable green transition in Bosnia and Herzegovina. Leveraging a portfolio approach facilitates collaboration and partnership-building with the UN family, governments, civil society organizations, the private sector, and citizens, by pooling resources, efforts and expertise. A large network of partners, organized around the Green Transition Partnership Engagement Platform and other portfolio management and steering bodies**,** aims to connect all system stakeholders and integrate the system-level efforts for impact.

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1. Contribution to Change

The portfolio aims to contribute to a just green transition in Bosnia and Herzegovina by empowering policymakers, businesses, communities, entrepreneurs, and scientists to devise and implement policies and solutions that will, combined, lead to an acceleration in decarbonization and CO_2 emission reduction. Key focus areas include transitioning from fossil fuels to clean energy (aiming for the most vulnerable to escape energy poverty), reducing waste and pollution, combating environmental harms through improved environmental management, applying circular and climate-neutral business models in the country, and protecting natural resources. The portfolio supports the broader sustainable development agenda through policy dialogue, regulatory improvements, capacity building, and incentives in energy sustainability, waste management, sustainable business models, green chemistry, and environmental protection, driving system-level changes for Bosnia and Herzegovina's green transition.

1.1 Development Challenge

Over 50 years of the global economy's environmental overshoot has triggered record-breaking temperatures, fires, droughts and floods, pollution and biodiversity loss. This poly-crisis requires rapid, far-reaching changes in all aspects of society. Governments, including in Bosnia and Herzegovina, increasingly struggle to tackle these compounding and unpredictable crises. Now is the time for a concerted "push" towards the SDGs, to help people adapt to these crises and reverse or mitigate their impacts before they become permanent. **Bosnia and Herzegovina's economy is particularly linear and extractive**, *de facto* relying on natural resources utilization and **waste generation**, and leaving a high carbon footprint. **Economy and society are highly dependent on fossil fuels**: electricity generation is 67% based on fossil fuels; and Bosnia and Herzegovina emits five times as much carbon dioxide per unit of GDP produced as the EU average. Coal for electricity and heat comes from 14 major coal mines which, together with coal-based power plants, employ more than 17,000 people in communities highly dependent on the coal economy. 99.6% of the population of Bosnia and Herzegovina is exposed to PM2.5 **air pollution** and about 3,300 people die prematurely every year because of exposure to ambient air pollution, making it the country with the highest mortality rate from air pollution in Europe. There is no integrated nor sustainable waste management approach including hazardous waste, resulting in more than 1,400 illegal landfills throughout the country. Environmental crimes are poorly defined and almost not processed at all.

Consumers and businesses are not yet participating in recycling and take-back initiatives, and the awareness of innovative **circular economies and sustainable lifestyles** is low. The **degradation of water, air, forest and agricultural land** and the pace of **biodiversity loss** have accelerated. The country **is ill-prepared to anticipate and prevent disasters**, including increasingly frequent floods and fires. These overlapping shocks have already strained the country's ability to address hunger, poverty, and inequality, build resilience and invest in a sustainable future for all.

1.2 Description of Change

Bosnia and Herzegovina stands at a critical juncture, facing environmental challenges that demand a comprehensive and transformative approach. To address these challenges and pave the way for a sustainable future, this portfolio logic seeks to offer **a plausible pathway for a green and just transition in Bosnia and Herzegovina, at scale and at pace**.

In the longer term, it is expected that Bosnia and Herzegovina will evolve through several change cycles until 2050, by when it will have a regenerative, low-carbon economy and society (as targeted in BiH National Determined Contribution to the Paris Agreement and the Western Balkans Green Agenda). However, the present programmatic framework relates to the first change cycle envisioned by 2029. The main underlying **shifts** that the socio-economic systems in Bosnia and Herzegovina need to operate for a green transition are:

- A shift from a sectoral approach to policy design, financing and delivery towards **outcome-driven governance**, which collaborates across mandates and with system stakeholders and applies a wholistic, just,

gender-sensitive and sustainable approaches in legislative, policy and financing frameworks that catalyse the green and just transition in Bosnia and Herzegovina.

- A shift from extractive and linear economic models and fossil-fuel dependency of the economy towards **reduced pollution and greenhouse gas emissions**, as well as **circular and climate-neutral business models** that protect natural resources and biodiversity while ensuring economic growth decoupled from natural resources.
- A shift from communities with limited awareness and responsibility towards the environment and prevailing consumption behaviours towards building a society that embraces **sustainable lifestyles** and is actively engaged in the green transition process.

While these ambitious shifts cannot be tackled individually, as they involve interlinkages that span across various sectors of the economy and society, this proposal involves several **areas of interest** and the associated **leverage points** that can instigate positive effects across the broader system.

Guided by the desired shifts, by the end of 2029, the priority interventions across the four areas of interest, that correspond to the pillars of the Western Balkans Green Agenda - **Decarbonisation and Climate, Circular Economy, Depollution, and Biodiversity and Nature** - will target leverage points that will collectively bring changes in governance, society and economy to drive the green transition agenda.

The change hypothesis **departs from single-point-solution logic** and adopts **a new, system-level intent for converging contributions**. The portfolio is designed as an **open partnership where willing partners find a space to co-design activities in an iterative manner**. With this approach, the system stakeholders will collectively steer the green transition and make better individual decisions that enable a sustainable and low-carbon economy and society.

By creating the conditions for coming together to test or scale solutions and policies and **convening wide partnerships for development change**, encouraging resources invested in green transition to converge towards the same focus areas the portfolio will create **a stronger shared awareness, commitment and ownership by all stakeholders** and **catalyse concerted effort** towards green and inclusive transition in the country

By **curating relevant global knowledge** and **policy experiences**, **capacitating and empowering people** – policymakers, communities (including women and marginalised groups), businesses, scientists, and innovators, and by putting forward pilot activities, the portfolio will catalyse new initiatives and encourage more investments in new solutions.

By setting in motion a **cross-institutional green transition governance mechanism–** steered by the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina and bringing together relevant state and entity institutions for policy efforts beyond mere coordination, the portfolio will create a stimulative environment for **accelerated pace and traction of reforms**. Further, by reinforcing such policy deliberation and design with **renewed, evidence-based and future-ready technical capabilities** of a critical mass of public officers in the institutions leading the green transition in the country, the portfolio will contribute to more coherent, just and outcome-driven policies and financing instruments that advance domestic priorities, which are aligned with EU agenda.

In summary, the main elements of the portfolio approach, in support of required systemic change are:

- **A stakeholder platform** maintained for open partnership;
- An actively curated **learning network**;
- **Pilot activities**, where needed, to incentivise investments and deeper learning;
- **Policy and capacity development** to help re-focus and accelerate the necessary reforms.

1.3 The Portfolio horizontal principles

Human rights and governance must be at the center of a green transition as the social implications of transitioning to a green economy are profound[1]. If not managed well, the green transition can undermine progress in social justice and human rights, potentially disrupting a society's social contract. Therefore, this portfolio is built around the principle that a fair and just green transition must integrate human rights at its core, ensuring that no one is left behind. Interventions are and will be designed with an awareness of their social impact. The portfolio governance framework is designed to actively manage the risks of social inequality and disruption while capitalizing on the opportunities to advance human rights, social equity, and sustainable development. The portfolio's other horizontal principles further reinforce this commitment to human rights - prioritizing the needs of the poor and marginalized, advancing gender equality, promoting climate neutrality and resilience, embracing digital innovation, and fostering continuous learning, adaptivity, and comfort with uncertainty. These principles collectively guide the portfolio in catalyzing a green transition that is both fair and transformative for all segments of society:

Vulnerable groups' perspective and leaving no one behind: The portfolio and its interventions are guided by an entirely human-centred approach and will apply vulnerable groups' perspective across all actions, policymaking, investments, and decisions, ensuring no one is left behind, and the transformation is just and inclusive, creating equal opportunities for all, especially the vulnerable groups. The prioritization of the portfolio actions is grounded on vulnerability assessments and seeks to eliminate poverty (particularly energy poverty, poverty resulting from climate change, or unequal employment, financing, and skill development opportunities along the green transition process) or prevent potential negative shocks and effects that may occur in the green transition process. The portfolio has identified the most vulnerable population groups who are disproportionally affected by climate change and environmental degradation and particular attention has been placed to ensure the activities are particularly taking into account the needs of these women, men and children.

***Human rights*:** another horizontal lens applied in the portfolio design relates to the respect for all human rights in the efforts to shift towards a low-carbon and green economy and society. Of particular importance is to ensure the right to a clean, healthy and sustainable environment for all, as well as ensuring portfolio activities will ensure a just and non-discriminatory environment so that all people reap the benefits from the green transition or take part in decision-making, policies and investments that affect their life and wellbeing. As per UNDP corporate requirements, the social and environmental sustainability protocol has been used to ensure that the portfolio maximises social and environmental opportunities and benefits and ensures that adverse and environmental risks and impacts are avoided, minimised, mitigated and managed.

***Gender equality*:** UNDP's intersectional analysis[2] reveals that the socio-economic rights of women in Bosnia and Herzegovina are at significant risk[3] due to the compounded effects of the pandemic and rising inflation, potentially reversing decades of progress in gender equality and development. Data confirms[4] high levels of occupational segregation, the gender pay gap, and the *glass ceiling*. Women have fewer employment opportunities, especially in the formal economy and well-paid occupations. They face substantial barriers to accessing financial resources and leadership roles, which hinder their ability to fully participate in and benefit from the green transition. These gender-specific challenges intersect with other structural inequalities and factors such as age, geographic location, education, and income. To ensure a gender-responsive green transition, it is crucial to adopt an approach that addresses these intersecting inequalities comprehensively. The country's dependence on fossil fuels, with coal-based industries employing many men, means that decarbonization efforts could lead to job losses primarily affecting men. This economic shift will impact the power dynamics and increase financial pressures on households, potentially exacerbating existing gender inequalities and pushing women to take on additional unpaid care work. On the other hand, depollution efforts are vital, given the high levels of air pollution that disproportionately affect children and women, as

confirmed in a recent UNDP study. Women, often being primary caregivers as confirmed in the UNDP Gender Barometer, bear the health and economic burdens of pollution-related illnesses, making them critical stakeholders in these interventions. The portfolio's gender-sensitive design will, therefore, address these disparities by promoting policies and enabling an environment that supports the transition of men and women into green jobs and alleviates the additional care burdens placed on women.

The portfolio learning process will be intentionally focused on the gendered impacts of the green transition through targeted interventions of UN Women and other participating agencies. Research findings will inform corrective actions of the portfolio, not only to mitigate negative gendered impacts but also to leverage opportunities to advance gender equality. By adopting a holistic and gender-responsive approach, the portfolio will contribute to a just green transition that benefits everyone in Bosnia and Herzegovina.

Portfolio considers gender data and gender analysis as critical, particularly in understanding the differentiated impacts of green transition on men, women, boys, and girls:

- For women, green transition presents both challenges and opportunities. Women are often underrepresented in the renewable energy sector. While decarbonization and circular efforts can create new job opportunities in green industries, women must have access to training and employment in these fields to avoid perpetuating existing inequalities. Additionally, reduced air pollution will lead to significant health benefits for women, particularly in communities where they are primarily responsible for household health, such as cooking and caring for children. Moreover, women in rural areas of Bosnia and Herzegovina spend considerable time collecting wood or biomass for energy. Improved access to clean energy through decarbonization will relieve this burden and enhance their quality of life.

- Men, on the other hand, will experience a shift in employment opportunities. Traditional energy sectors, in Bosnia and Herzegovina predominantly employ men. As these sectors decline due to decarbonization, men workers will face job losses and need support transitioning to new sectors. Furthermore, men in Bosnia and Herzegovina hold more leadership positions in the energy sector. For this reason, the portfolio plans to encourage greater participation of women in green transition governance, allowing for better representation of their voices in decision-making processes regarding resource management and community planning. Recognizing and enhancing women's roles in managing natural resources will lead to more sustainable practices and policies. Women's influence will be critical in shaping policies and practices during the transition to renewable energy.

- Boys and girls will benefit from green transition in various ways. Increased educational opportunities in STEM fields related to renewable energy and circular economy will promote gender equality by encouraging more girls to pursue careers in these areas. Additionally, reduced pollution will lead to improved health outcomes for both boys and girls, facilitating better educational attainment and overall quality of life.

The portfolio's interventions have been designed based on the existing analysis of the gender-sensitive system. This allows for integrating women's and men's needs, constraints, and prospects. The results framework includes sex-disaggregated data and gender-sensitive qualitative and learning questions to help ensure a gender equality lens in its work and gender-responsive transformational change in the long term.

1 The Governance of Fair Green Transitions: Managing Complexity While Building Consensus, (UNDP Global Policy Centre for Governance, Oslo, June 2023)
2 UNDP, An Intersectional Analysis of the Differential Impact of the COVID-19 Crisis and Inflation on Women in Bosnia and Herzegovina | United Nations Development Programme (undp.org)

3 Research shows the pandemic and inflation have significantly impacted women, especially those from vulnerable groups. About 55.5% of women experienced worsened financial situations compared to 44.9% of men. Additionally, 13.5% of women reported reduced remittances, versus 8% of men. Rural women were particularly affected, with 79% reporting a worse financial situation. A quarter of women with incomes below 900 BAM borrowed money for basic needs, rising to 39% for poor women and 35% for single mothers. Furthermore, 24% of women reduced food intake compared to 15% of men, with this figure increasing to 55% for poor women, 40% for women with disabilities, 38% for single mothers, and 38% for internally displaced women.

4 UNDP, AIRE/Sustineri think-tank, unmasking_workplace_inequality_in_bosnia_and_herzegovina_a_comparative_analysis_of_gender_pay_gap_reporting_mechanisms_0.pdf (undp.org)

Portfolio actions focus on equal opportunities and benefits for women and men in the green transition and prevent potential gender-related risks in the green transition process. The portfolio will ensure gender-responsive policies, strategies, and financing instruments to steer the green transition. This approach will include:

- The development and implementation of gender-responsive policy and regulatory frameworks.
- Ensuring gender parity in all decision-making and policy formulation bodies.
- Targeted capacity building to enhance the skills and knowledge of women.
- Affirmative actions to support women leaders in the green transition.
- Advocacy initiatives specifically aimed at empowering women.

A gender analysis and an action plan for the portfolio will be developed during the first six months of portfolio implementation.

***Climate-neutrality and resilience*:** While advancing capabilities, policies and mindsets to drive the green transition, the portfolio prioritises seeks to strengthen the resilience of communities, businesses or institutions affected negatively by crises, shocks, disasters or emergency situations. The actions within the biodiversity pillar seek to enhance capabilities for sustainable management, conservation and rehabilitation of natural habitats for future generations. The entire set of portfolio interventions seeks to catalyse system-level change and accelerate a sustainable and green future for all.

Digital-by-default: digital technology is a fundamental force for change for people and the planet and offers opportunities to accelerate challenging transitions, including the green transition. As a key enabler for sustainable development, digitalization helps to reach the most vulnerable, automate and modernize business processes, generate data and evidence to inform complex policy design and help monitor change. Digital technology will be leveraged to support the advancement, modernization, and consolidation of information and data systems to ensure accessible, faster, transparent, and accountable governance, decision-making, and overall progress toward sustainable futures. In these efforts, the portfolio will also ensure that there is no digital divide that prevents all citizens from accessing information, opportunities, financing, or services.

Adaptability and comfort with uncertainty: The portfolio is dealing with complex issues – climate change, decarbonisation, shift towards a circular economy, which are unpredictable and have cascading and interdependent effects across the environment, economy, and society. Addressing such issues requires embracing uncertainty and engaging in continuous adaptation and discovery, which stands in contrast to the standard project approach. Therefore, the strategic partners engaged in this portfolio will agree with the horizontal logic of adapting to changing circumstances and accepting a higher degree of uncertainty and being ready to tolerate higher risk levels.

***Ownership*:** The portfolio is co-owned by the country stakeholders, led by authorities - and will ensure that capacity, knowledge and solutions are vested within the ecosystem and help mature its ability to steer the green transition process independently in the long-term.

Continuous learning: The portfolio will be steered and implemented based on active learning that informs strategy, change and decision-making within the portfolio and ultimately – enables continual evolution of capacity and knowledge of all system stakeholders. Learning by doing enables action, as experience, exploration and probes across multiple, connected interventions generate new proofs of opportunities, solutions and models that hold the potential to start instigating change at scale.

Conflict-sensitivity: Bosnia and Herzegovina has a legacy of structural and political challenges rooted in the 1992-1995 war, which hinder sustainable and inclusive development. According to the Common Country Analysis conducted in 2022, political competition incentivizing zero-sum outcomes inhibits institutional reforms, diverts budgets from the public good and fosters a sense of perpetual political crisis, endemic corruption and the lack of transparent decision-making. This reality has been taken into consideration during the portfolio design and helped identify context-specific risks arising from the conflict setting (e.g., high politicization that delays structural reforms

and therefore – an overall slower pace of change and green transition), as well as identify specific opportunities that may infuse positive energy, momentum and hope among communities and society as a whole (e.g. demonstrations of success; turning future-looking ideas into results that inspire many; catalysing common collaboration across the administrative and ethnic borders towards a (non-political) goal, etc.).

In addition to political instability/ influence other potential risks are: insufficient commitment of policymakers to policy reforms; capacities of policymakers and other stakeholders; reluctance to behavioural change at all levels, natural hazards and disease outbreaks, and lack of co-financing and parallel financing from entity/local level and private sector.

1.4 Portfolio contribution of the UN

The portfolio is a vehicle to contribute to the implementation of country development priorities defined in the **Sustainable Development Goals (SDGs) Framework in Bosnia and Herzegovina** and, more specifically – its *pathway that contributes to smart growth*.

It will make a strategic contribution to the following SDGs:



as well as to a number key strategic documents, such as the updated Nationally Determined Contributions, committing to reduce almost 34% of greenhouse gas (GHG) emissions by 2030 and 66% of GHG emissions by 2050, the National Adaptation Plan for Bosnia and Herzegovina, the Climate Change Adaptation and Low-Emission Development Strategy for Bosnia and Herzegovina 2020-2030 and the Environmental Strategy, the Action Plan of Bosnia and Herzegovina 2030+, the draft Circular Economy Roadmap, Economic Reform Programme of Bosnia and Herzegovina 2023–2025, the Public Administration Reform Strategic Framework and its Action Plans; the Gender Equality Action Plan 2023 – 2027, as well as relevant sectoral strategies (industry, energy, circular economy, SMEs development, employment, social protection, etc) at entity government levels and the draft SDG Financing Framework. All these frameworks aim to advance sustainable and inclusive growth and prosperity for all people while accelerating the pace of accession to the European Union (EU).

Portfolio interventions are aligned with the **three Rio Conventions — on Biodiversity (CBD), Climate Change (UNFCCC) and Desertification (UNCCD).** It contributes to a) UNFCCC goal to tackle the challenge posed by climate change via stabilization of greenhouse-gas concentrations in the atmosphere, within a time frame sufficient to allow ecosystems to adapt naturally to climate change and to enable economic development to proceed in a sustainable manner; b) CBD goal to conserve biological diversity and ensure the sustainable use of its components; and c) UNCCD land degradation component to protect, maintain, restore and enhance the land resource base and the ecosystem services that flow from them.

The portfolio priorities are in line with the strategic recommendations provided by the EU 2023 Report on Bosnia and Herzegovina, particularly those related to policy actions needed to advance the green transition, as well as the recommendations of the 2023 Voluntary National Report of Bosnia and Herzegovina. The portfolio results framework uses some of the indicators from these country strategic frameworks as its metrics to be able to relate the results of the portfolio with system-level change. The portfolio also aligns with the reforms outlined under the EU Growth Plan, emphasizing strengthening energy security, decarbonization, and energy-efficiency investments in the housing sector, just transition, and enhancing the green and circular economy through sustainable business practices.

In order to offer a more strategic, less scattered and outcome-level development support that contributes to achieving comprehensively the country development priorities defined within the United Nations Sustainable Development Cooperation Framework for Bosnia and Herzegovina 2021 – 2025, co-signed between the United Nations and the authorities of Bosnia and Herzegovina, this programmatic framework is envisaged as a reference point for coherent and systemic cooperation between the stakeholders in the area of the green transition.

The portfolio stakeholders have identified **leverage points** as entry points for intervening across the areas of interest and helping generate pathways for accelerated green transformation.

Guided by the desired shifts and strong results achieved by the organization so far across all four areas of interest— **Decarbonization and Climate**, **Depollution**, **Biodiversity and Nature,** and **Circular Economy** —UNDP will contribute to the portfolio with a set of priority interventions designed to target these leverage points jointly and in combination to achieve the intended change in the system.

I. Under the **DECARBONISATION AND CLIMATE RESILIENCE PILLAR**, the participating agencies'contribution will consist of **implementing interconnected interventions** focused on:

a) understanding and enabling policy and regulatory work to advance the energy poverty challenge,

b) advancing energy efficiency and renewable energy investments,

c) accelerating e-mobility,

d) minimizing the Carbon Border Adjustment Mechanism (CBAM) impact in Bosnia and Herzegovina, and

e) increasing resilience to climate-induced natural disasters[5]

Energy efficiency and renewable energy are strongly connected and influential for other system elements, such as the circular economy, nature protection, and a resilient society. In this regard, the legal framework is partially in place, and there is a strong evidence base and scalable models and experiences in the areas of energy efficiency in the public sector, which is being expanded to private and residential sectors. The draft SDG Financing Framework and proposed financing instruments to stimulate sustainable development in Bosnia and Herzegovina have prioritized energy and decarbonization as the investment sector with the highest catalytic financing potential.

Energy poverty is an emerging challenge that needs to be addressed from the outset as the country plans for a just energy transition. Efforts in this area will positively affect communities, especially the most vulnerable population groups.

Challenge / learning question	**Portfolio's unique contribution to the challenge**
How can we start addressing affordable, reliable, and sustainable energy access for all citizens and businesses?	To explore and understand the evolving challenges of energy poverty in Bosnia and Herzegovina, a series of experimental activities and iterative learning processes will be implemented, including: conducting comprehensive research and analysis to establish a nationally recognized gender-sensitive definition of energy poverty aligned with EU standards, reviewing and updating existing legal frameworks and strategic policies to include the new terminology, collecting and analyzing data on energy poverty prevalence, particularly among vulnerable populations, to understand its scope and nature, providing training and capacity-building for stakeholders such as policymakers, energy service providers, and community leaders, energy efficiency initiatives to help reduce energy poverty.
Partnership	This activity will be implemented jointly by UN Women and UNDP in close cooperation with the Ministry of Foreign Trade and Economic Relations and its Energy Department, under the guidelines of the EU Delegation in BiH and the Energy Community. Other partners will include the entity ministries of energy and social protection, which will ensure the proper involvement of energy providers and vulnerable categories.

By the end of 2029, the range of **financing instruments** to support energy efficiency and the use of renewable energy sources will be expanded, benefiting residential units and MSMEs across the country. The portfolio will help set the pre-conditions for enforcing **carbon financing instruments** to support carbon reduction in the private sector.

Challenge / learning question	**Portfolio's unique contribution to the challenge**
How can entities/ local governments in Bosnia and Herzegovina effectively and	A series of interconnected activities will address the challenge of sustainable energy financing and implementation, emphasizing a systemic change through stakeholders' engagement, capacity building, and legal and financial support. Activities include implementing infrastructure energy efficiency measures tailored to the needs of un- and underdeveloped local communities in line with the National

[5] In line with the EU Green Agenda for Western Balkans, climate change adaptation is part of Pillar 1: Decarbonization

sustainably finance energy efficiency in the public, residential and MSMEs sectors, especially in un- and underdeveloped communities?	Investment Framework; the development of entity-level financial mechanisms that will facilitate the decarbonization of the residential sector, promoting broader adoption of energy-efficient practices; growth of the Energy Services (ESCO) market by enhancing legal frameworks and building technical capacities necessary to sustain the ESCO model; dialogue platform for MSMEs to foster understanding of the energy landscape, drive discussions on energy concerns and exploration of sustainable solutions including the design and rollout of Green Incentive Schemes motivating MSMEs to adopt sustainable practices through financial incentives.
Partnership	Ensuring sustainable financing involves a large number of partners, starting with state and entity-level ministries of energy and finance, financial institutions such as environmental funds, IFIs, development and commercial banks, chambers of commerce, business associations, as well as associations of cities and municipalities. These collaborations aim to ensure the wide dissemination of successful examples and lessons learned.

Transportation contributes to 22% of global greenhouse gas (GHG) emissions. **E-mobility presents a significant opportunity** when thinking about a widespread, long-term adoption. In Bosnia and Herzegovina, the adoption of e-mobility—including policies, regulations, and infrastructure—is in its early stages. Its benefits, such as reducing air and noise pollution, cutting greenhouse gas emissions, and enhancing the overall quality of life, demonstrate its transformative impact on the system pillars. The shift towards electric vehicles would fundamentally change the transportation sector, particularly within Bosnia and Herzegovina's energy-intensive landscape, and offer substantial economic development benefits.

Challenge / learning question	**Portfolio's unique contribution to the challenge**
How can Bosnia and Herzegovina accelerate the adoption of e-mobility to mitigate environmental impact and modernize its transportation sector?	The portfolio addresses the challenge through a newly designed *E-Mobility Acceleration Program*, which will iteratively refine its approach based on continuous feedback and real-time insights through a collaborative approach to the development of policy and regulatory framework, approvals, and implementation processes specific to the governmental structure of Bosnia and Herzegovina, ensuring efficient policy enactment. The Program will also develop *sustainable urban mobility plans* for three municipalities, creating a blueprint methodology for local governments in the country. To support the necessary infrastructure for e-mobility, the Program will develop criteria for charging station locations and ensure the pilot development of such infrastructure in collaboration with local authorities and academia. The Program will initiate the development of financial incentive programs aimed at individuals, public enterprises, and businesses to promote electric vehicle adoption and infrastructure development. The proposed intervention will continually facilitate dialogue among government representatives, businesses, and civil society through e-mobility assemblies, conferences, and workshops, nurturing a collaborative environment for e-mobility advancement.
Partnership	This activity led by UNDP will bring together the Ministry of Foreign Trade and Economic Relations and the Ministry of Communications and Transport to collaborate on the introduction of e-mobility in BiH. It will be closely coordinated with GIZ pilot interventions in this field.

The EU has established a **carbon border adjustment mechanism (CBAM),** which implies that goods imported into the EU should be covered by an equivalent carbon pricing to that applicable to the production of the same goods within the EU under the **Emissions Trading System (ETS)**. Analysis shows that the CBAM will significantly impact several industries in Bosnia and Herzegovina - steel, iron, cement, fertilizers, aluminium, and power industries,

and will likely increase the unsustainability of coal dependency. It is anticipated that CBAM will cause a 22% drop in exports in the metal sector alone and will lead to unemployment of nearly 2,500 workers. In addition, carbon pricing will contribute to decarbonization, reduce pollution and waste generation, and introduce the culture and frameworks for the “polluter pays" principle, influencing multiple domains of green transition efforts. Introducing carbon pricing is expected to stimulate new economic models, especially in carbon-intensive industries. Early efforts are necessary to raise awareness and prepare businesses for this shift, including through adequate financing incentives and risk guarantees.

Challenge / learning question	**Portfolio's unique contribution to the challenge**
How can Bosnia and Herzegovina effectively adapt policy and regulatory framework and prepare and support key industries to meet the EU's Carbon Border Adjustment Mechanism (CBAM) requirements?	A set of exploratory and strategic activities will be conducted, to identify priority actions that will facilitate the accelerated preparation of the regulatory framework and business adaptations necessary for compliance with ETS and CBAM. Extensive consultations on the topic include organizing roundtable discussions and working groups comprising government officials, industry representatives, environmental NGOs, and community leaders. These forums will be designed to discuss the CBAM implications and enable stakeholders to collaboratively develop strategies to address challenges and seize opportunities presented by the new regulatory environment. The Portfolio will provide further support in monitoring, reporting, verification of emissions and the accreditation of verifiers (MRVA) in ETS. It will focus on the design and delivery of industry-specific capacity development to prepare businesses for ETS or CBAM introduction.
Partnership	UNDP’s main partners will be the Ministry of Foreign Trade and Economic Relations and its Energy Department, along with the EU Delegation in BiH, with whom the Portfolio will join forces to establish sustainable carbon pricing in BiH.

In spite of mitigation efforts, climate change will continue to be a source of significant systemic stress in BiH. Strengthening efforts **to improve climate proofing, resilience building prevention and preparedness** is therefore crucial. Climate change in BiH has been observed through continuous rise of the mean annual temperature and significant seasonal and spatial changes in precipitation, that have become more pronounced over the last two decades. As a result of these changes in climate, years with damaging natural hazards have become very common: floods in 2001, 2004, 2005, 2010, 2014, 2019, 2020, 2021, 2023 and 2024, drought and heat waves in 2009, 2012 and 2024, wildfires in 2020, 2021, 2022 etc. In order to adapt to the intensifying climate-induced disasters, especially floods as the most damaging ones, BiH needs to move towards a more proactive integrated approach to natural hazards, that prioritizes risk reduction, risk prevention and preparedness through the development of disaster risk reduction (DRR) platforms, enhanced use of climate information, the establishment of a national forecasting and early warning system and enhancement of adaptive capacity and resilience of at-risk communities.

Challenge / learning question	**Portfolio's unique contribution to the challenge**
How can Bosnia and Herzegovina increase its resilience to climate-induced natural disasters?	The Portfolio will address the increasing vulnerability of BiH communities and livelihoods to intensified climate-induced flood-related disasters. It will establish an integrated and innovative gender-responsive climate-resilient flood risk management (FRM) approach, including a combination of structural and non-structural measures and ecosystem-based approaches. The project will strengthen the use of climate information, flood forecasting, early warning, and emergency response systems to enhance the adaptive capacity and resilience of at-risk communities. The establishment of a fully integrated impact-based Flood Forecasting and Early Warning System will enable timely preparation and response to the protection of people and livelihoods from climate-induced flood risk.

	At the same time, the Portfolio will strengthen the capacities of relevant institutions (Ministry of Security, Ministry of Foreign Trade and Economic Relations, entity ministries of water management, civil protection units, water agencies and hydro-meteorological institutes) in order to be able to mitigate the climate-induced risk and reduce subsequent damage.
Partnership	This activity will bring together UN agencies, institutions involved in water management (Ministry of Foreign Trade and Economic Relations, entity ministries for water management, water agencies, and hydro-meteorological institutes) and the Ministry of Security and civil protection units to improve country-wide flood risk management. It will contribute to the EU Delegation's efforts on early warning systems, UNESCO activities on under-ground waters in Herzegovina and align with EIB and WB investments in flood risk reduction measures across the country.

II. Under the **DEPOLLUTION PILLAR**, the UN's contribution will consist of **implementing interconnected interventions** focused on:

a) enhancing regulatory framework and institutional capacitation for management of hazardous waste and chemicals, focused on Persistent Organic Pollutants (POP's)

b) supporting environmental management of stocks and disposal of hazardous chemicals and waste

c) promoting the application of green chemistry in the industry, and

d) strengthening environmental Rule of Law in Bosnia and Herzegovina

Waste management is a critical element influencing environmental and human health and industrial practices. Given the structural challenges that persist in the present in Bosnia and Herzegovina (including incomplete policy and regulatory frameworks, inadequate waste management system model and insufficient infrastructure, improper disposal and mismanagement of waste, especially hazardous waste, etc.), a particular focus on waste is necessary for the green transition. A relevant starting point that will influence the broader system relates to the advancement and harmonisation of the relevant legislative framework on waste with the EU standards, as well as exploring new ways to manage and minimize hazardous waste, which will affect waste treatment, and induce a shift towards circular production processes.

Under this area of work, UN participating agencies and with their partners intends to significantly contribute to the environmental management of stock and disposal of hazardous chemicals and waste, including remediation of contaminated sites and the promotion of scientific advances in this regard to inform policy design, as well as to enhance the regulatory framework and institutional capacities in the management of hazardous waste and chemicals, mainly Persistent Organic Pollutants (POPs).

Challenge / learning question	**Portfolio's unique contribution to the challenge**
How can Bosnia and Herzegovina effectively manage hazardous waste and chemicals, particularly Persistent Organic Pollutants (POPs), to ensure	The portfolio aims to enhance the management of hazardous waste and chemicals by providing technical and legal expertise to prepare necessary legal amendments and bylaws for all governance levels, to ensure a greater level of harmonization with the EU acquis and international standards. It also includes delivering targeted training programs for institutional partners and customs officers to build capacity in managing and handling hazardous substances, provided in partnership with the Swedish Agency of Chemicals and UNODC. Standard Operating Procedures (SOPs) for handling hazardous chemicals and waste will be developed, alongside creating a *Green Customs*[6] textbook, to build capacities and improve and standardize customs

[6] The Green Customs initiative is a forum of UN and international bodies aiming to enhance the capacity of customs and border control officers to enforce and foster compliance to trade-related conventions, MEAs, and corresponding national legislation, focusing on ozone-depleting substances, toxic chemicals, hazardous wastes, endangered species, and living-modified organisms.

environmental safety and compliance with EU standards?	practices of the Indirect Taxation Authority. The portfolio will support the participation of BiH authorities in Green Customs Initiative meetings and provide technical support to enhance the laboratory capacity of the Customs sector, further solidifying the comprehensive approach to improving hazardous waste management and compliance with EU acquis.
How can industrial contaminated sites and hazardous waste in Bosnia and Herzegovina be managed and remediated to protect public health and the environment?	The portfolio intends to address this challenge by identifying eligible sites and designing remediation plans for industrial contaminated sites and exploring and designing funding options with environmental stakeholders. Knowledge sharing and technology transfer from UNEP and the Stockholm Convention Regional Center are envisioned, including capacity building on remediation and recultivation design for professionals, as well as quality assurance of remediation designs and monitoring of remediation works for environment ministries and inspectorates. The portfolio will support the establishment and work of a multisectoral working group to ensure comprehensive oversight and collaboration on hazardous chemicals, pesticides, and waste management in accordance with Basel, Rotterdam, and Stockholm Conventions. In addition, the waste management information system will be upgraded to support digital mapping, information exchange, and the dissemination of international best practices and decisions concerning hazardous waste and chemicals.
How can capacities be built and academic and scientific research leveraged to develop effective policies for managing hazardous waste and remediation efforts?	To support sustainability and innovation in managing hazardous waste and remediation efforts, the portfolio intends to engage academia in Bosnia and Herzegovina to conduct comprehensive research and map contaminated sites. It includes the full cycle of activities on these sites, from selecting the remediation approach to application and monitoring. The portfolio will support research and publication of academic papers on hazardous waste and remediation management, providing valuable insights for policymakers. Portfolio envisions facilitating stronger collaboration between the academic sector and policymakers to discuss research findings and recommendations, thereby informing and enhancing policy design in Bosnia and Herzegovina.
Partnership	In addition to institutional and NGO partners, the complex issue of hazardous waste will be addressed jointly with UNODC and UNEP. UNEP's expertise and proven technologies will be utilized to improve the design and monitoring of contaminated site remediation. UNODC, as a member of the Green Customs Initiative, will provide specialized training on the illegal trade and transfer of hazardous waste to a wide range of stakeholders. A strategic partnership with the Swedish Agency for Chemicals (KEMI) will be leveraged, as they have a long-standing and recognized track record in establishing integrated management systems for chemicals and have a leading position in enforcing the EU directives.

Green chemistry reduces ecosystem pollution and contributes to the shift towards a circular economy. It aligns with waste reduction goals and includes significant human health benefits. Green chemistry emphasizes the efficient use of resources, including raw materials and energy. Green chemistry offers the potential to explore new manufacturing processes that efficiently prevent and reduce waste and pollution in general. The evidence base for the effectiveness of green chemistry is growing, with examples of successful applications in various industries in Bosnia and Herzegovina.

UNDP will contribute to this leverage point by increasing collaboration with partner industries and relevant national counterparts on applying green chemistry principles, seeking further funding opportunities, and enhancing industry symbiosis to reduce industrial waste.

Challenge / learning question	Portfolio's unique contribution to the challenge
How can we foster the adoption of green chemistry practices in Bosnia and Herzegovina's industry to reduce environmental impact and enhance business sustainability?	A series of strategic activities will engage key stakeholders, including commerce chambers at the BiH and entity level[7], to foster collaboration and discover the way forward. Learning seminars will educate and share best practices of the selected cohort of partner industries, followed by environmental audits conducted to establish green chemistry implementation plans. The portfolio aims to establish a collaboration platform for industrial symbiosis in the textile and wood industry sectors. In addition, the portfolio will identify financially intensive measures in partner industries and will work with financial institutions and environmental funds toward providing sustainable co-financing for green chemistry investments.
Partnership	This activity will be implemented in partnership with the chambers of commerce and business associations to engage as many industries and businesses as possible.

Definition and implementation of environmental laws is a precondition for successful combat against air pollution, nature degradation, extensive and non-sustainable use of natural resources, inadequate waste management and severe discharging of untreated waters, loss of species, illegal logging, illegal mining, and waste trafficking and illegal pollution.

UN participating agencies will contribute to strengthening environmental laws and minimizing environmental crimes via enhancing the legal base and local capacities to ensure improved alignment with the EU acquis.

Challenge / learning question	Portfolio's unique contribution to the challenge
How can Bosnia and Herzegovina effectively respond to environmental crimes?	The portfolio aims to enhance further harmonization of environmental legislation and criminal codes with EU acquis, identify and meet training needs of relevant institutions (law enforcement agencies, governing structures, inspectorates), establish continuous cooperation between academia, government, environmental NGOs and citizens, including cooperation with formal in-service training agencies such as the Agency for Civil Service of BiH as well as the Entity Judicial and Prosecutorial Training Centres to work on relevant expert learning content for civil servants, inspectors, judges and prosecutors, with a special focus on law students.
Partnership	This Portfolio activity will be complementary to the efforts of and closely liaise with the Resource Environment Center (REC) to add value to this rather new initiative in BiH.

III. Under the **NATURE AND BIODIVERSITY PILLAR**, the UN's contribution will consist of **implementing interconnected interventions** focused on:

a) establishing the strategic frameworks for tracking the status of biodiversity in the country,

b) strengthening operational frameworks for managing protected areas with a strong focus on climate change impacts, and,

c) developing capacities of protected areas' managers and local communities to promote tourism, enhancing the visibility of improved infrastructure of protected areas.

Biodiversity is a foundational element of the green system with far-reaching influence on all other elements, i.e., nature protection, climate change adaptation, and sustainable economic models. Preserving biodiversity ensures ecosystem resilience and contributes to human well-being. Maintaining biodiversity in Bosnia and Herzegovina

[7] Building on previous engagements such as MoUs between academic community and industry: https://www.undp.org/bosnia-herzegovina/news/cooperation-agreement-field-green-business-signed-between-foreign-trade-chamber-bih-and-five-faculties-bih

can contribute to climate change adaptation by enhancing the ability of ecosystems to withstand and recover from disturbances, such as extreme weather events. Diverse ecosystems contribute to carbon sequestration and storage. The country's extensive forests significantly mitigate climate change by absorbing and storing carbon dioxide.

UNDP and FAO will contribute to this intervention area by improving nature's climate change resilience and promoting overall biodiversity conservation efforts. It will also improve the strategic framework for sustainable financing and build the capacities of protected area managers and local communities to promote the natural values and climate mitigation potential of national protected areas.

Challenge / learning question	**Portfolio's unique contribution to the challenge**
How can the authorities effectively assess and track biodiversity expenditures and ensure sustainable financing?	The portfolio will initiate an innovative and transformative process for biodiversity finance involving all relevant stakeholders, including the private and finance sectors. Technical assistance will be provided to Bosnia and Herzegovina in drafting a biodiversity finance plan that includes expenditure and needs assessment and offers financing solutions and more innovative mechanisms such as disclosure frameworks, crowdfunding and nature performance bonds. This plan will serve as a financial mechanism for the implementation of the BiH Strategy and Action Plan for Biodiversity and will be drafted in close cooperation with UNEP, which is supporting the BiH government in developing its renewed biodiversity strategy.
How can Bosnia and Herzegovina strengthen the management of protected areas to effectively integrate climate change considerations and improve response capacities to forest fires?	The portfolio aims to support the development of management plans for protected areas in Bosnia and Herzegovina with climate change considerations comprehensively integrated into these plans. The portfolio will support the building capacities of relevant institutions, civil protection units, public forestry companies, and local governments for forest fire prevention, preparedness, and response, as well as collaborative development of forest fire action plans for pilot national parks, enhancing their readiness and response capabilities but also serving as a blueprint for nation-wide adoption. The portfolio will contribute to developing new laws on nature protection that incorporate climate change as a critical aspect of future approaches to the management of protected areas. UNDP and FAO will continue working not only on the management of protected areas, but also on key biodiversity areas, other effective area-based conservation measures (OECMs) and the intervening land degradation hot spots that support agriculture, forestry, animal-husbandry and other economic activities. This will be done by implementing ecosystem and nature-based solutions that generate global environmental benefits and livelihoods as part of integrated natural resources management.
How can protected areas in Bosnia and Herzegovina realize their full tourism and biodiversity potential?	Improving protected areas' infrastructure, visibility, and collaboration would lead to the realization of their economic potential and contribute to their sustainability. The portfolio aims to pilot small infrastructure measures to enhance accessibility and connectivity between key protected areas and support women in rural areas with entrepreneurial skills to profit from natural resources sustainably. Small grants will be provided to pilot ventures focused on biodiversity protection, nature conservation, sustainable resource use, and cultural and historical heritage preservation.
Partnership	UNDP and FAO will support activities aimed at protecting natural habitats and living areas, addressing issues such as climate change, biodiversity, and land degradation, in line with the implementation of all three Rio Conventions—on Biodiversity, Climate Change, and Desertification. Additionally, UNDP and FAO will complement

	and build upon UNEP's support to the government in developing the National Biodiversity Strategy and Action Plan.

IV. Under the **CIRCULAR ECONOMY PILLAR**, the UN's contribution will consist of **implementing interconnected interventions** focused on:

a) developing and implementing policy frameworks and financial instruments to support the transition to a circular economy,

b) providing technical assistance and capacity-building for SMEs to adopt circular business models, including advancing workforce skills development for green and circular economy jobs, and,

c) foster sustainable consumption behaviours and circular practices among consumers and communities.

As the circular economy regulatory and strategic frameworks are underdeveloped in Bosnia and Herzegovina, public policies and stimulus play a pivotal role in shaping the direction of the green transition and, specifically – the shift towards a circular economy. Setting the proper policy foundation for the shift toward circularity requires a holistic approach, considering the impact on industries, technology development, investments, consumer behaviors, the introduction of environmental standards, etc.

Challenge / learning question	**Portfolio's unique contribution to the challenge**
How can Bosnia and Herzegovina create an enabling business environment that supports the private sector's transition to a circular economy? How can we achieve synergy and cooperation among government and private sector representatives?	As a result of the portfolio efforts under this intervention area, capacities, coordination, and cooperation among government and business representatives across all levels will improve. The goal of these interventions is to create an enabling policy environment for the private sector. The measures include establishing the Circular Economy Academy to build the capacity of public sector representatives on circular economy principles, as well as targeted training programs and study visits. The portfolio will support the relevant policy and regulatory assessment to inform necessary changes in existing and development of new policy and regulatory framework to enable and facilitate circular transition in Bosnia and Herzegovina. Policy work will include revising and adopting the nationwide Circular Economy Roadmap 2024-2030, developing priority measures to support the private sector transition, and incorporating circular economy principles into the strategic frameworks in Bosnia and Herzegovina. The portfolio will also focus on developing financial instruments to incentivize SMEs to adopt circular practices, ensuring a supportive economic environment. These efforts will be conducted through a highly participatory process, cooperation among authorities, promoting sustainable practices, and accelerating the circular economy transition in Bosnia and Herzegovina.
Partnerships	Encouraging proactive collaboration among relevant ministries, the private sector, and various partners is essential to enhancing the business environment for a circular economy transformation. Through a unified effort, UNDP, ILO and UNECE will jointly support policymakers in facilitating necessary business environment changes to advance Bosnia and Herzegovina's transition towards a circular economy.

As a result of the portfolio efforts under this intervention area, authorities will advance and adopt **circular economy policy and strategic frameworks** that will markedly accelerate the transition towards circularity in priority industries, provide access to new skills, and confidently design public support measures that incentivize SMEs in priority industries to support access to green financing and better conditions for new green jobs – including from the viewpoint of ensuring equal opportunities for vulnerable population groups.

The portfolio identifies the transition towards a circular economy as a way to move to higher value economic activities and create skills and higher quality jobs, alongside the potential to optimize resource use and enable

business-relevant cost reduction. To reinforce efforts undertaken under the carbon pricing entry point, the portfolio intends to prioritize export-oriented sectors and equip companies with the new skills, knowledge, industry-specific circular models, and green investment pipeline that can help the transition towards circularity and unlock access to green financing. This intervention is guided by the understanding that transitioning to a circular economy is not only essential for mitigating environmental challenges but also presents significant economic opportunities for businesses to thrive in a sustainable manner. By undergoing a circular transition, the private sector will be able to unlock new market opportunities, expand its operations, minimize costs and maximize productivity and competitiveness.

Circular economy principles require exploring new production, consumption, and waste management methods. Successful case studies demonstrate how circular principles can reduce waste generation and enhance resource efficiency in businesses in Bosnia and Herzegovina. The country's educational and professional vocational training systems do not offer opportunities for future-looking skill sets and the development of professions and capacities to feed into the green economy of the future. From this perspective, it is important to ensure a twin-track and initiate efforts to start early preparation of system stakeholders to offer professional training, education[8] and re-qualification for various target population groups (women and girls, unemployed, low-skill employed, etc.) to support a smooth transition to renewed skillset in the priority industries as the economy transitions towards circularity.

Challenge / learning question	**Portfolio's unique contribution to the challenge**
What incentives and support measures are needed for the private sector in BiH to start a transition towards a circular economy? How does creating green jobs and developing a skilled workforce affect increased circular business practices?	The portfolio will address this challenge and probe the system by providing comprehensive support to SMEs through multiple capacity-building and skills-development initiatives. This includes scaling up the *Circular Accelerator Programme* to offer tailored support and technical assistance in developing circular products and business models; fostering green job creation through *circular entrepreneurship activity* supporting aspiring entrepreneurs, start-ups, and existing businesses to identify opportunities for green job creation and circular innovation; and developing educational programs to retrain workers from carbon-intensive industries for employment in green sectors. In addition, study visits to successful European circular economy ecosystems will provide SMEs with first-hand exposure to cutting-edge technologies and strategies for circular innovation. The portfolio also aims to catalyze a holistic transformation of the business development support ecosystem and educational landscape by organizing Trainer of Trainers programs for business development support organizations (BDSOs) and collaborating with universities to introduce circular economy into their curriculum. This collaboration involves co-designing capacity development programmes that meet industry needs (comprehensively covering topics from circular economy principles, sustainable business models, eco-design, resource efficiency, etc., to access to green financing). Collaboration with universities will create new academic courses and programs aligned with emerging circular economy trends, integrate practical learning experiences into curricula, and offer career counselling and job placement services for graduates. These efforts are expected to strengthen the private sector's readiness and capacity to adopt circular practices and drive innovation. All activities will be implemented jointly by UNDP, UNECE, and ILO.
Partnerships	The development of targeted financial instruments for green investments is imperative for advancing sustainable economic growth. This initiative will be propelled by the collaborative efforts of key ministries, including the Federal Ministry of Development, Entrepreneurship and Crafts (FMRPO), the Federal Ministry of

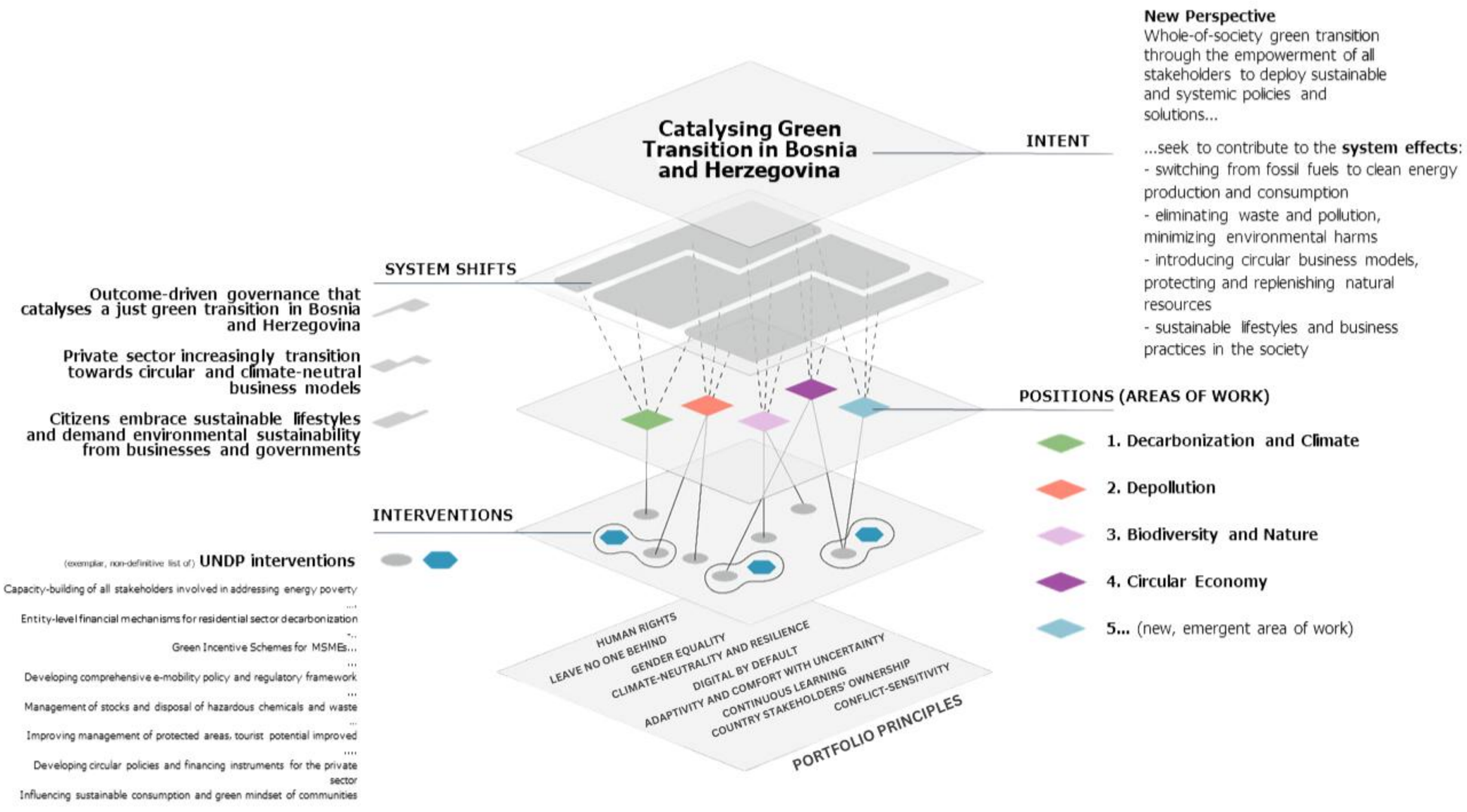
[8] University of Sarajevo Business School: Circular Economy Summer School 2023.

	Energy, Mining and Industry (FMERI), and the RS Ministry of Economy and Entrepreneurship (RSMEE), alongside commercial, financial institutions and the private sector. These partnerships will be instrumental in designing and implementing effective financial solutions that champion green initiatives. Furthermore, the intervention will bolster the business support ecosystem by adopting a systemic approach to enhance reskilling and upskilling capacities, preparing the workforce for the demands of future jobs and ensuring broad-based economic resilience.

Consumers have a very low awareness and culture related to sustainable consumption. Communities generate high volumes of waste – including food waste – and have limited readiness to engage in the green transition as responsible users. To achieve set objectives, the green transition portfolio aims to actively engage society and communities to shift behaviors towards sustainable consumption and lifestyles. This will contribute to the shift towards the circular economy, reduce environmental impact, and influence a wide range of social and economic models. No efforts are taken at the system level to raise awareness and nudge behavioral change in citizens and communities. There are emerging good practices to capitalize on and grow; however, there are plenty of opportunities for innovative approaches and home-grown models to sensitize the public and stimulate more responsible consumption behavior. Changing consumer preferences and awareness of environmental issues is a pre-condition that will drive demand for sustainable products and services. In addition, the Portfolio will work on raising awareness and overall capacities of the wider stakeholder ecosystem, which includes work with the business development support organisations and universities to ensure collaboration among diverse stakeholders.

Challenge / learning question	**Portfolio's unique contribution to the challenge**
How do we foster a significant behavioral shift towards greener lifestyles and sustainable business practices?	The portfolio will address this challenge and probe the system by implementing multiple awareness-raising and education campaigns and local community engagement initiatives through existing platforms to promote adopting environmentally friendly habits and behaviors among the general population. This will include comprehensive communication strategies, creative campaigns using diverse media channels, partnerships with influencers, and innovative incentivized activities to engage and inspire the local communities. Awareness-raising and learning events will be organized to convene a multi-stakeholder engagement platform for knowledge sharing and policy dialogues and to inspire collective action towards sustainability. The portfolio will cooperate with institutional partners and academia to apply *behavioral science* in creating “nudges” as alternatives to using standard government interventions to influence people's choices in their everyday lives.
Partnership	Both UNDP and UNECE will facilitate learning from behavioral analysis and drive the intended changes. Successful behavioral shifts hinge on robust partnerships between key institutional players, research entities, the private sector, and consumers. These collaborations are crucial for enabling and sustaining the desired changes in behavior. Moreover, effective partnerships will amplify the impact of behavioral shifts, significantly raising awareness of the green transition and its broader implications. Through joint efforts, these partnerships have the potential to influence both individual actions and collective understanding, driving progress toward sustainability.

1.5 Logic of the Portfolio of System Interventions



1.6 Integration of Pillars

The following table provides illustrative examples of how specific interventions contribute to system shifts through multiple positions in the system (areas of work, also referred to as pillars). It is important to note that this table is not exhaustive and that exemplar interventions demonstrate the interconnected nature of the portfolio. The portfolio adopted the cross-pillar approach, being fully aware that every individual action/intervention can generate broader impacts that align with and reinforce multiple pillars. This cross-pillar approach enhances the effectiveness of each intervention and ensures that the overall portfolio contributes to a cohesive and comprehensive green transition in the country. The **exemplars** are provided bellow:

Intervention	Linked positions in the system (areas of work)	System shifts contribution
Developing and implementing Green Incentive Schemes for MSMEs	1. Decarbonization and Climate 2. Depollution 3. Circular Economy	Financial incentives motivate **private sector transition** by enabling the adoption of green technologies and circular business models, enhancing their sustainability and economic resilience, and positively impacting the environment.
Developing comprehensive e-mobility policy and regulatory framework (E-Mobility Acceleration Program)	1. Decarbonization and Climate 2. Depollution	Policies, regulations, and infrastructure development promoting e-mobility uptake motivate **sustainable lifestyles and practices** of citizens and **private sector transition.** Reducing fossil fuel dependency and decreasing air pollution contributes to both decarbonization and depollution.
Implementing energy efficiency measures	1. Decarbonization and Climate 2. Depollution	Energy efficiency measures contribute not only to reducing energy costs but, more importantly, to reducing GHG, which is the main cause of climate change and pollution.
Supporting ETS/CBAM obligations	1. Decarbonization and Climate 2. Depollution 3. Circular Economy	The introduction of ETS and the creation of an enabling environment to address CBAM challenges for BiH's public and private sectors are of extreme importance for setting a carbon pricing mechanism and meeting a country's international obligations.
Promoting the application of green chemistry in the industry	1. Depollution 2. Circular Economy	Adoption of green chemistry and its sustainable production practices will, in the new industries, better equip the private and public sectors for the EU market and, at the same time, significantly reduce waste and pollution levels.
Implementation of nature-based solution	1. Decarbonization and Climate 2. Depollution 3. Circular Economy	Nature-based solutions will be defined and implemented to protect, sustainably manage, and/or restore natural ecosystems, increase resilience to climate change, decrease depollution, and adaptively simultaneously provide human well-being and biodiversity benefits.

2. Portfolio Results Framework

This section defines the portfolio's expected results and how they help achieve the system outcomes. It operates at a higher level, looking for total results generated by all interventions in a portfolio. The results framework is built around three categories (bottom-up): *portfolio learnings* help build *portfolio momentum*, which then helps unlock the *system change*.

PORTFOLIO RESULTS FRAMEWORK

Portfolio Name:	**Catalysing the Green Transition in Bosnia and Herzegovina**	**Quantum Portfolio No. : 01003496**

Portfolio Intent	**Portfolio Contribution to CPD**
The portfolio aims to contribute to significant decarbonization and reduction of the CO_2 footprint in Bosnia and Herzegovina by empowering, inspiring, and supporting people - policymakers, businesses, communities, entrepreneurs, and scientists to devise, test, and deploy policies and solutions in multiple areas, simultaneously: switching from fossil fuels to clean energy production and consumption, eliminating waste and pollution, minimizing environmental harms, introducing circular business models, protecting and replenishing natural resources, and nurturing sustainable lifestyles in society; so that the system-level effects that advance the green transition of Bosnia and Herzegovina's society and economy are achieved.	Contributing UNSDCF/CPD for Bosnia and Herzegovina 2021-2025 Outcome: By 2025, people will benefit from resilient, inclusive, and sustainable growth ensured by the convergence of economic development and management of environment and cultural resources.

Portfolio Results	**Are we seeing progress, where and how?**	**Indicator**	**Baseline**		**End Target**		**Means of Verification**
			Value	**Year**	**Value**	**Year**	
System Change: By 2029, Bosnia and Herzegovina will transition to a holistic, outcome-driven governance model, with enhanced institutional capacity and adopted policies and regulations fostering a supportive environment for the green transition. The country's private sector, supported by tailored technical assistance, financial incentives, and capacity-building initiatives, will significantly reduce pollution and greenhouse gas emissions, transitioning to circular and climate-neutral business practices. Citizens will be empowered to make environmentally conscious consumption choices and create a demand for greater environmental responsibility from businesses and governments.	**1. Shift (Output):** From sectoral approach to policy design, financing, and delivery towards outcome-driven governments in Bosnia and Herzegovina, which collaborate across mandates and with system stakeholders and apply holistic, just, gender-sensitive and sustainable approaches in legislative, policy and financing frameworks that catalyse the green transition in Bosnia and Herzegovina.	1.1. Availability of a functional whole-of-government mechanism chaired by the Ministry of Foreign Trade and Economic Relations to steer green transition efforts as per national priorities in continuous dialogue with all stakeholders (measured by the 5-point Semantic Differential Scale)[9].	**1 – not in place** 2– in place and functioning with limited effects/exchange of information and sporadically 3 – in place and adding moderate value to the green transition process 4- In place and functional as per the described desirable change **5**-in place and significantly accelerates the green transition	**2024**	1– not in place 2 – in place and functioning with limited effects/exchange of information and sporadically **3 –** in place and adding moderate value to the green transition process **4 - In place and functional as per the described desirable change** 5-in place and significantly accelerates the green transition	**2029**	Official documentation and record of the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina: Annual Progress Reports; Annual Financial Reports; Sectoral Annual Activity Plans; strategies, laws, bylaws and other regulations. Reports on Public Consultations; Official Gazette of Bosnia and Herzegovina SIGMA Country Report for Bosnia and Herzegovina, policy development and coordination principle (annual) EU Progress Reports (annual) VNR of Bosnia and Herzegovina Portfolio regular monitoring and analysis of the work of the mechanism Feedback and data from the meetings of the Green Transition Engagement Platform
		1.2. Level of alignment of the national and subnational legislation with the EU acquis related to the green agenda in areas of renewable energy, circular economy, climate	1 – not commenced **2 – very limited** alignment	**2024**	1 – not commenced 2 – very limited alignment 3 – partially aligned **4 – fully aligned**	**2029**	Economic Reform Programme of Bosnia and Herzegovina (annually) EU Progress Report for Bosnia and Herzegovina (annually) Official Gazette of Bosnia and Herzegovina

[9] Description of a 1-5 Scale for measurement of the availability and functionality of the "whole-of-government mechanism":
1- Not in place: The mechanism does not exist, with no formal structure or process established.
2- In place and functioning with limited effects/exchange of information and sporadically: The mechanism exists but is mostly ineffective. Information exchange occurs sporadically, with minimal coordination and limited impact on green transition efforts.
3- In place and adding moderate value to the green transition process: The mechanism is operational and facilitating some coordination and information exchange, though its impact on green transition processes remains moderate.
4- In place and functional as per the described desirable change: The mechanism is well-established and functions effectively. It ensures regular coordination, supports green transition efforts, and aligns with national priorities.
5- In place and significantly accelerates the green transition processes: The mechanism is fully established and operational, exceeding its initial mandate by fostering deep and sustained collaboration across all sectors. It evidently drives innovation, accelerates policy implementation, and generates significant, measurable change in green transition. The mechanism's efforts result in higher levels of stakeholder engagement, and tangible improvements in green practices that meet and surpass the original objectives.

		resilience, and environmental protection (measured by the 5-point Semantic Differential scale).[10]	3 – partially aligned 4 – fully aligned 5-exeeding compliance alignment		5- exeeding compliance alignment		Legislation Review and Analysis Report-portfolio Internal monitoring activity
		1.3. The extent of public participation in consultations related to green agenda policies (measured by the 5-point Semantic Differential scale)[11]	1 – non existent **2 – very limited participation** 3– moderate participation 4– substantial participation 5-transformative participation	**2024**	1 – non existent 2 – very limited participation 3 – moderate participation **4 – substantive participation** 5. transformative participation	**2029**	Public consultation systems Green Engagement Platform digital space Stakeholders Perception Survey
	2. Shift (Output): From linear economic models and high fossil-fuel dependency of the economy towards significantly reduced pollution and greenhouse gas emissions from the private sector, as well as circular and climate-neutral business models that protect natural resources and biodiversity.	1.4 The extent to which policy dialogues at all levels of governance in Bosnia and Herzegovina advance the green transition by facilitating the development, adoption, and implementation of policies and regulations that support environmental sustainability, foster green business practices, and drive systemic change across sectors. [12]	**1-Not adequately** 2- Very partially 3- Partially 4-Adequately 5-Transformationally	**2024**	1-Not adequately 2- Very partially 3- Partially **4-Adequately** 5-Transformationally	**2029**	Public consultations web platform Legislation Review and Analysis Report-Portfolio Internal monitoring Perception survey Publications of the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina
		2.1 SMEs in Green Economy Score (progress made in scaling up incentives and instruments for SME greening)	2,92	**2024**	3,2	**2029**	OECD SME Policy Index: Western Balkans and Turkey 2022
		2.2 Level of change in business mindset related to social and environmental responsibility and	1 - No change 2 -Minimal change 3- Moderate change	**2024**	1-No change 2 - Minimal change 3- Moderate change	**2029**	Global Reporting Initiative (GRI), the International Organization for Standardization (ISO) 26000, and the United Nations Global Compact (UNGC)

[10] Description of a 1-5 Scale for the measurement of the "level of alignment of the national and subnational legislation with the EU acquis":
1 – Not commenced: No alignment efforts have been initiated. National and subnational legislation remains completely unchanged in relation to the EU acquis on the green agenda.
2 – Very limited alignment: A few legislative changes may have been made, but they are isolated and do not constitute a cohesive effort toward meeting EU standards.
3 – Partially aligned: Moderate progress has been made with some legislative and regulatory changes aligning with the EU acquis. However, the alignment is inconsistent, with certain areas lagging behind. Significant work is still needed to achieve full legislation alignment.
4 – Fully aligned: National and subnational legislation is comprehensively aligned with the EU acquis. Key directives related to the green agenda have been fully adopted and integrated across all levels of government, reflecting strong compliance with EU standards.
5- Exceeding compliance alignment: New legislative frameworks not only fully align with the EU acquis but also incorporates advanced measures that drive significant progress in the green transition. Bosnia and Herzegovina demonstrates leading innovation by implementing sophisticated practices and setting new trends for effective and sustainable economic development.

[11] Description of a 1-5 Scale for measurement of the "level of participation":
1 – Non- Non-existent: While a mechanism for public participation exists, no actual consultations or opportunities for public input have been initiated regarding green agenda policy discussions. As a result, there is no engagement or feedback from the public on green agenda policies.
2 – Very limited participation: Consultations are initiated but involve minimal public engagement, with very little feedback or input incorporated into green agenda policies.
3 – Moderate participation: Consultations take place but include a moderate level of public participation, with some feedback and contributions from the public considered in the development of green agenda policies.
4 – Substantive participation: Public participation mechanisms are well-developed and actively support a broad range of stakeholder input in green agenda policy discussions. The process engages diverse groups, and feedback is systematically integrated into policy development. Although the engagement is evident, there may still be opportunities for further improvement in ensuring more substantive stakeholders feedback.
5- Transformative participation: Public participation mechanisms are advanced and highly impactful, driving significant and positive change in green agenda policy discussions. The process facilitates deep and meaningful engagement with a wide range of stakeholders, ensuring that their feedback is not only collected but also shapes policy development. This level of participation leads to innovative solutions and strong, sustained impact, with clear evidence of transformative influence on policy outcomes and stakeholder relations.

[12] Description of a 1-5 Scale for the measurement of the "level of influence of the green transition policy dialogue":
1- Not adequately: Policy dialogues are absent or ineffective, with no visible impact on advancing the green transition or supporting the development and adoption of relevant policies and regulations.
2- Very partially: Policy dialogues occur sporadically and have a limited impact, resulting in few or isolated instances of policy development and adoption that support environmental sustainability and green business practice
3- Partially: Policy dialogues are more consistent and contribute to some policy and regulatory developments, but their impact on driving systemic change across sectors remains limited.

		value creation beyond financial gain (measured by the 5-point Likert scale).[13]	4- Significant change 5- Transformational change		**4: Significant change** Transformational Change		Corporate Social and Environmental Responsibility (CSR) performance Perception survey
		2.3 Number of businesses in key carbon-intensive industries benefiting from government regulations, policies, and financial incentives aligned with EU regulations	0	2024	20	2029	Chambers of commerce, ministries of industry, economy and SMEs, entity economic strategies. Perception survey Country statistics Circular maturity self-assessment digital tool Economic Reform Programme of Bosnia and Herzegovina (annually) EU Progress Report for Bosnia and Herzegovina (annually)
	3. Shift (Output): From communities with limited agency and responsibility towards the environment and prevailing consumption behaviours towards building a society that embraces sustainable lifestyles and is actively engaged in the green transition process.	3.1 Number of citizen-led sustainability initiatives advocating for environmental responsibility (among those, % of women-led organisations)	0	2024	20	2029	Media reports, social media Country statistics Portfolio analytics and reports Civil society organisations and activists in climate change, environment and just transition
		3.2 Level of awareness among citizens about the green transition and its immediate impact on society (measured by the 5-point Likert scale).[14]	**1-Low awareness** 2-Limited awareness 3-Moderate awareness 4-High awareness 5-Very high awareness	2024	1-Low awareness 2-Limited awareness 3-Moderate awareness **4-High awareness** 5-Very high awareness	2029	RCC Barometer (annual) complemented with the "Green mindset pulse" assessment (to be initiated and conducted by UNDP as a baseline and follow-up monitoring tool) Surveys with stakeholders
		3.3 Availability of legal framework(s) and public incentives that encourage and support climate and nature-positive behaviours (measured by the 5-point Semantic Differential Scale). [15]	1 – not in place **2– emerging** 3– in place and evolving 4 – drives accelerated green transition 5- Progressive and innovative	2024	1 – not in place 2 – emerging 3 – in place and evolving **4 – drives accelerated green transition** 5-progressive and innovative	2029	EU Progress Reports on Bosnia and Herzegovina, public budgets

13 Description of a 1-5 Scale for measurement of the "mindset change":
1-No Change: There is no observable shift in business mindsets regarding social and environmental responsibility. Businesses continue to focus exclusively on financial gain, with no integration of social and environmental considerations.
2-Minimal Change: There is minimal evidence of a shift in business mindsets towards social and environmental responsibility. A few businesses may begin to recognize the importance of these factors, but the change is superficial and limited in scope.
3-Moderate Change: There is a moderate shift in business mindsets, with some businesses incorporating social and environmental responsibility into their practices. This change is becoming more evident but is not yet widespread or deeply ingrained.
4-Significant Change: There is a significant shift in business mindsets, with many businesses actively integrating social and environmental responsibility into their core strategies. The change is substantial, showing clear evidence of value creation beyond financial gain.
5-Transformational Change: Business mindsets have undergone a transformational shift, with a widespread and deep commitment to social and environmental responsibility. Businesses consistently create substantial value beyond financial gain, driving industry-wide changes and setting new standards for responsible business practices.

[14] Description of the Likert's 1-5 scale to measure "level of awareness among citizens":
1-Low awareness: Information about green transition efforts is scarce or non-existent, and the general public remains largely uninformed.
2-Limited awareness: Awareness is limited and often superficial, with only a small portion of the population familiar with the key concepts and implications.
3-Moderate Awareness: While a significant portion of the population is informed, understanding may still be uneven, and many people are only partially aware of the implications.
4-High Awareness: Most of the population is well-informed, with a solid understanding of the transition's objectives and effects, although some gaps in knowledge may remain.
5-Very High Awareness: The majority of the population is highly informed and engaged, with comprehensive knowledge about the transition's goals, benefits, and challenges.

[15] Description of Likert's 1-5 scale to measure "availability of legal frameworks and public incentives)":
1- Not in place: There is no legal framework or public support programmes or support measures available to support climate and nature-positive behaviors. The absence of such mechanisms means there are no official policies or programs encouraging these behaviors.
2- Emerging: Early-stage legal frameworks, public support measures and incentives are beginning to develop. Some initiatives may exist, but they are limited in scope and impact. Efforts to support green and nature-positive behaviors are not yet established in the system.
3- In place and evolving: Legal frameworks and public incentives are established and operational, with a growing number of policies and government's programmes supporting climate and nature-positive behaviors. These mechanisms are functional and are progressively evolving to better support green transition goals.
4- Drives accelerated green transition: The legal frameworks and public incentives are part of public budgets and actively drive significant progress in the green transition. They effectively support and encourage widespread adoption of climate and nature-positive behaviors, leading to accelerated advancement in sustainability efforts.
5- Progressive and innovative: The public incentives and legal frameworks for the green transition are very comprehensive. They drive significant and visible transformative changes, setting new standards and demonstrating leading-edge practices that fundamentally advance climate and nature-positive behaviors.

Portfolio Momentum: Areas of momentum critical to the long-term success of the portfolio Portfolio execution and other initiatives will create **economic, political, and social momentum** in society, which will be regularly assessed to **optimize the portfolio response** to those changes.	**Momentum: Economic**	**a.** **Cost of living & growing poverty:** The level of prices relating to a range of everyday items and services	Understanding the momentum: How is this affecting the green transition? How can we capitalize on the positive influence/minimize the negative influence of the momentum on the green transition?	So what: To what extent has the portfolio been responsive to the momentum? What are the lessons and effects of the action?			semi-annual Portfolio Momentum Report approved by the Portfolio Board
		b. **Cost of energy:** The expenses related to gas, heating and electricity prices					
		c. **Increased availability and access to green financing:** The set of financial regulations, standards, norms and products that pursue an environmental objective and are available to citizens and businesses alike					
	Momentum: Political	**a.** **EU accession status:** The process through which a country can become an EU member state. The accession has several steps with the official membership status being the first one.					semi-annual Portfolio Momentum Report approved by the Portfolio Board
		b. **Political instability**: A condition characterized by uncertain or volatile political circumstances, such as conflicts, governance issues, or changes in government. Often leads to social and economic instability					
	Momentum: Social and Technological	**a.** **Increased environmental protests and activism:** An existence of a vibrant social movement that aims and calls for the protection of the natural world from harmful environmental practices in order to create sustainable living.					semi-annual Portfolio Momentum Report approved by the Portfolio Board
		b. **Emerging technologies relevant to the green transition adoption** Ongoing development, availability and adoption results of new, innovative technologies that advance the green transition in the business sector					
Portfolio Learning: The portfolio will adapt its strategy to remain relevant to evolving dynamics by integrating lessons learned and the effects of ongoing actions. This learning “in the policy area” will be complemented with learning “in systems transformation,” which relates to the learning in the theory and methods of portfolio work, and “in	**In policy area**	What substantive or policy shifts in the priorities of portfolio work need to be made to adapt to the reality observed at the portfolio review sessions? How have the lessons and effects from the portfolio actions been utilized in adapting the portfolio's strategy, ensuring that it remains relevant to the evolving dynamics and needs for green transition in Bosnia and Herzegovina?					

portfolio adaptation," which relates to the learning in how the portfolio is managed and governed.		How can we capitalize on portfolio review learning for adaptive policy-making in this area?
	System transformation	Does a portfolio team effectively foster and maintain active partnerships within the green transition ecosystem? How do these partnerships contribute to a more comprehensive understanding of wider system dynamics and more joint actions that lead to system transformation at scale? Do the Green Transition Partnership Engagement Platform meetings enhance the overall coherence, transformational potential and relevance of the portfolio?
	Portfolio adaptation	Are insights and breakthroughs in the intervention areas fed into portfolio governance so they can leverage a bigger change? Does the portfolio team identify areas for improvement in relation to the portfolio governance and internal processes? Is the portfolio team (and the wider ecosystem) undertaking efforts and actions to respond to emerging challenges and opportunities? Are the internal processes in need of adjustment? Are the learnings and insights generated through the work informing portfolio decision-making?

3. Monitoring, Evaluation & Learning

This section outlines the monitoring, evaluation, and learning (MEL) processes applicable to the portfolio that help support real-time course correction and portfolio impact. The MEL process is structured around: 1) key activities, and 2) the frequency of those activities.

MEL activities

The portfolio MEL process is structured around these key activities:

Activity	Purpose & summary	Expected Outcomes	Frequency	Who
Inception phase	The Portfolio will start with the 6-month long inception phase that will enable setting up Portfolio teams, fine-tuning of proposed activities and Portfolio adjustments, if needed.	- Inception workshop - Portfolio Inception Report	The Inception workshop will be held within the first 3 months of the Portfolio's start. The Inception report will be submitted one month after the Inception phase finishes.	Portfolio Management Team
System learning workshop (1 day)	- Ensure the portfolio implementation is making progress towards its stated purpose. - A structured strategic portfolio review in the context of other development interventions and current country and regional or global development. The workshop builds pathways for reporting to track progress and support learning and recommendations.	- Track results progress - Track and update the Theory of Change - Track possible portfolio impact and UNDP's contribution to it - Monitor & Manage Risks - Update Risk Register - Review & Course Correction - Update and populate Results Framework	Every 6 months	Representatives of line ministries, including Portfolio Board members, Portfolio Management team, Stakeholders, Partners
Portfolio review (2 - 4 hours)	- Ensure day-to-day activities are helping support the broader objectives. - A multidisciplinary, semi-structured portfolio review that provides an opportunity	- Track portfolio progress - Monitor & Manage Risk	Quarterly	Portfolio Management Team, with optional inclusion of relevant

	for a comprehensive discussion and evaluation of the work in progress.	- Review & Course Correction		stakeholders, donors, partners Owned by the Portfolio Shared Results Committee
Team check-in (1-2 hours)	- Ensure day-to-day operations are running smoothly. - Informal daily meetings to ensure the team is doing well and that there is clarity on what is happening next.	- Monitor & Manage Risk - Review & Course Correction	Every week	Portfolio Management Team
Perception surveys	Five times during Portfolio implementation. - To measure Portfolio progress and impact. - To receive feedback in real time and directly from Portfolio stakeholders. - To empower beneficiaries through greater involvement and participation in Portfolio implementation, ensuring respect for LNOB principles The first, baseline Perception survey should ideally take place in the first 3-4 months of the Portfolio implementation.	To collect views on specific Portfolio issues (including Shift-specific qualitative indicators) from a sample of the population, (both the target group and the 'comparison' group), to provide a snapshot of the situation, to help monitor progress and inform due course-corrections.	Annually	Portfolio Management Team
Adaptation	- This activity is performed after all the above portfolio activities. - To ensure that learnings translate to necessary portfolio changes, and that those changes happen transparently and in line with	- Course correction - Document key adaptation changes and their motivation	In conjunction with all MEL activities	Relevant activity assignee (Board, Shared Results Committee or Management Team)

	prevailing rules and regulations.			

Dynamic Portfolio Management

The chore of dynamic portfolio management is extracting the learning insights gathered through the experience of implementing the Portfolio's interventions. These insights are then synthesized and contextualized through sensemaking, ultimately generating actionable intelligence that informs the Portfolio's ongoing implementation, the design of future interventions, and the overall course of its logic.

This learning loop, grouped around design, experience (implementation), sensemaking, and actionable intelligence, is continuously repeated at different portfolio levels, such as Portfolio intent, shifts, positions (areas of work), and interventions.

Dynamic Portfolio Management is systematically organized around a series of learning events that occur on different timelines—weekly, bi-weekly, monthly, quarterly, semi-annually, and annually. These events engage various roles and teams across all levels of the Portfolio. Each learning event is meticulously designed to collect and disseminate information on ongoing interventions in line with previously co-design learning questions, allowing for the continuous review and adaptation of approaches. Additionally, these events facilitate the observation of interconnections between different interventions and, more importantly, across various pillars and positions, ensuring robust knowledge sharing and the co-creation of actionable intelligence.

Certain learning events, such as system learning workshops, green transition stakeholder engagement platform events, and portfolio board meetings, are particularly significant. They serve as cross-portfolio sensemaking platforms where the overall portfolio approach is reviewed and adapted, ensuring the intended transformational changes remain relevant and impactful.

All actionable intelligence synthesized across the Portfolio's levels is systematically captured on the Monitoring, Evaluation, and Learning (MEL) Portfolio Canvas. This canvas serves as a dynamic learning platform for everyone involved in the Portfolio's design, implementation, and stewardship. The image below shows a detailed overview of the learning events and relevant roles and teams.

Dynamic Portfolio Management in Practice

WEEKLY

Team check-ins meeting

- ☑ Managing implementation and ensuring that day-to-day operations run smoothly.
- ☑ Status update on intervention level.
- ⊕ Learning reflection.
- ⊕ Key learning insights captured on the MEL Portfolio Canvas.

Who: Portfolio implementation teams organized around portfolio pillars.



Duration: 1 hour

Expected Outcomes:

- Monitor & Manage Risk
- Review & Course Correction
- Lerning generated and reflected into the MEL Portfolio Canvas

Facilitated by: Pillar team leads, with key learning insights captured in the MEL Portfolio Canvas by the Portfolio Stewards

BI-WEEKLY

Cross-pillar Coordination Check-in

- ☑ Portfolio value delivery review & cross-portfolio learning reflection.
- ☑ Exchange of key insights generated through the weekly meetings important for other pillars
- ☑ Design neccesary action points based on the curated learning insights
- ⊕ Learning reflection translated into action points and inputs for programme adjustments
- ⊕ Key learning insights captured on the MEL Portfolio Canvas

Who: Portfolio management team, Portfolio implementation team leads from all pillars, and Portfolio Stewards



Duration: 1,5 hours

Expected Outcomes:

- Monitor & Manage Risk on the pillar level
- Porfolio Value Delivery Review & Course Correction
- Lerning generated and reflected into the MEL Portfolio Canvas

Facilitated by: Portfolio Management team, with key learning insights captured in the MEL Portfolio Canvas by the Portfolio Stewards

MONTHLY

Portfolio Coordination Check-in

- ☑ Management review of the portfolio: progress update, resources, risks and mitigation measuers.
- ☑ Discussion and decisions-making on actionable insights raised by the portfolio team and management.
- ⊕ Reflect on learning questions and generate actions

Who: Portfolio leadership, Portfolio management team, and Portfolio Stewards



Duration: 1 hour

Expected Outcomes:

- Monitor & Manage Risk important for the portfolio
- Portfolio Value Delivery Review & Course Correction
- Decisions on small-scale experiments or pilot activities to inform larger-scale decisions
- Learning generated and management actions reflected into the MEL Portafolio Canvas

Facilitated by: Portfolio Leadership team, with key learning insights and decision captured in the MEL Portfolio Canvas by the Portfolio Stewards.

QUARTERLY

MEL Check-in

- ☑ Collect and analyze data, information and learnings from weekly/monthly meetigs.
- ⊕ Cross portfolio learning reflection, cross team, cross peer

Who: Full team and portfolio stewards



Duration: 2 hours

Expected Outcomes:

- Monitor indicators and learnings at the intervention and cross pillar level in line with the Portfolio Results Framework.
- Learning insights generated and reflected in the MEL Portfolio Canvas, and translated into brief **Learning Insight reports.** These reports will highlight the connections between different elements of the portfolio, illustrating how the interventions reinforce each other and collectively influence the desired impact on the pillars and shifts level. The Portfolio insights report will be prepared by the Portfolio Stewards and shared with Portfolio leadership and portfolio management teams for further decision-making and action.

Facilitated by: Portfolio Stewards (Monitoring and Evaluation focal point), with key learning insights captured in the MEL Portfolio Canvas and Learning Insights Report by other Portfolio Stewards.

Portfolio Review (Portfolio Shared Results Committee)

- ☑ Presentation of the Portfolio insights report as a multidisciplinary, semi structured portfolio review that provides an opportunity for a comprehensive discussion and evaluation of the work in progress.
- ⊕ Learning reflection and translation into action points brief by the Portfolio leadership, Portfolio management team and Portfolio Shared Commitee.

Who: Portfolio Shared Results Committee. Portfolio leadership, Portfolio management team, and Portfolio Stewards



Duration: 2 hour

Expected Outcomes:

- Monitor & Manage Risk on the intervention and pillar levels
- Review & Course Correction
- Lerning generated and reflected into the MEL Portafolio Canvas

Facilitated by: Portfolio Leadership team, with key learning insights and decision captured in the MEL Portfolio Canvas by the Portfolio Stewards.

SEMI - ANNUALLY

System learning workshop

- ☑ Structured reflection on portfolio learning questions and all interventions&pillars to generate insights across the pillars and portfolio logic taking into account the newest developments in the ecosystem. Recommendations for changes to planned interventions.
- ⊕ Cross portfolio learning reflection, cross team, cross peer

Who: Full implementation team across all pillars, portfolio managment, portfolio leadership, portfolio shared results committee members, portfolio board and portfolio stewards.



Duration: 6 hours

Expected Outcomes:

- Structured strategic portfolio review within the context of other development interventions and the current country, regional, or global development landscape. The workshop will assess the portfolio's impact on shifts and intent levels, while also considering the broader ecosystem in the country and region.
- Learning insights generated and reflected in the MEL Portfolio Canvas and Portfolio Results Framework, and translated into brief **Sensemakig reports.**

Facilitated by: Portfolio Stewards, with key learning insights captured in the MEL Portfolio Canvas and transalted into the Sensemaking report.

Green Transition Stakeholders Engagement platform topical learning event

- ☑ Topical learning and momentum sensing covernsations relevant for the Portfolio's pillars
- ⊕ Cross portfolio learning reflection with broader ecosystem

Who: Members of the Green Transition Stakeholders Engagement Platform, implementation teams across all pillars, portfolio managmenet, portfolio leadership, portfolio board, and portfolio stewards.



Duration: 3 hours

Expected Outcomes:

- Structured strategic portfolio learning exchange events.
- Learning insights generated and reflected in events' brief shared on the dedicated Green Transition Platform, reflected in MEL Portfolio Canvas by Portfolio Stewards and integrated into the futher planning and programming where relevant and feasible.

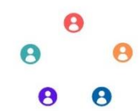
Facilitated by: Portfolio Stewards, with key learning insights captured in the MEL Portfolio Canvas and transalted into the event briefs published on the Green Transition web platform.

ANNUALLY

Portfolio Board

- ☑ Reveiw and approve substantitve changes in the portfolio logic at the system level.
- ⊕ Approve strategic changes to portfolio: intent modification, funding sources and distribution, risk appetite, etc. reflected in the Multi-Year Work Plan and Portfolio Results Framework.

Who: Portfolio Board members, Advisory Committee, Portfolio Leadership, Porfolio Management team and Portfolio Stewardship



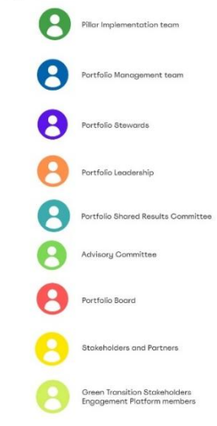
Duration: 3 hours

Expected Outcomes:

- A structured strategic portfolio review conducted to assess the effectiveness and alignment of current initiatives with the portfolio's broader shifts and intent. This review will consolidate all learnings generated during the portfolio's implementation, which are essential for refining and optimizing portfolio's approach. The goal is to ensure that interventions remain relevant, impactful, and responsive to emerging challenges and opportunities. The next iteration of the Multi-Year Work Plan will be approved after the review, incorporating lessons learned and strategic adjustments. This iterative process will ensure the portfolio remains dynamic, relevant, and aligned with our overall intent and shifts.

Facilitated by: Portfolio management team, with key takeaways captured in the MEL Portfolio Canvas and transalted into the updated Multy-Year Work Plan and Portfolio Results Framwork by the Portfolio Stewards for further actions by the Portfolio Management and Portfolio leadership.

Legend:



To explore the image above in more detail, please use this link to the Green Transition Dynamic Portfolio Management pdf.

Evaluation Plan

Evaluation Title	Partners (if joint)	Related Portfolio Output	UNSDCF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Portfolio Evaluation	Government of Sweden, UNEP, ILO, UN Women, UNODC, UNECE, the Government of Switzerland	1. Decarbonization and Climate Resilience Transf. Pillar 2. Circular Economy Transf. Pillar 3. Depollution Transformation Pillar 4. Biodiversity and Nature Transf. Pillar	Outcome 1. By 2025, people benefit from resilient, inclusive and sustainable growth ensured by the convergence of economic development, and management of environment and cultural resources.	December 2027	The Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, relevant entity ministries; entity environmental and energy efficiency funds, cantonal and local governments, private sector, CSOs and academia.	30,000

4. Partnerships and Stakeholders

PARTNERSHIPS

The success of the Green Transition portfolio depends on meaningful, dynamic, and results-driven partnerships that foster shared ownership and informed decision-making based on inputs from all key stakeholders. Partnerships will prioritize co-creation, ensuring that partners learn from implementing interventions, share information, and actively contribute to adapting and designing new interventions that lead to impactful system changes. This approach aims to trigger ownership, accelerate decision-making, and foster an environment where stakeholders continuously adapt and innovate in response to new challenges and opportunities within the problem space.

The Portfolio Board will ensure political commitment to Portfolio activities, alignment with national strategies and will play a central role in strengthening partnerships, both with government and non-government stakeholders.

Formal Advisory Committees and informal Green Transition Engagement Platform[16] will provide a platform for continuous dialogue with main government partners, civil society, NGOs, academia, and the private sector, allowing for a more inclusive, transparent, and responsive decision-making process.

[16] Informal collective learning mechanism was activated in October 2023 as part of the portfolio design process, inspired by the work of the European Circular Economy Stakeholder Platform. The Platform aims to connect system actors beyond sectors and mandates, serving as a knowledge-gathering hub leveraging collective intelligence, offering a space for dialogue, and a bridge between existing efforts for an accelerated green transition.

In line with the Portfolio's dynamic management (as described in the section "*Dynamic Portfolio Management in Practice*"), partnership engagement will contribute to learning sessions that happen iteratively (in strict cadence) in alignment with the overall monitoring, evaluation and learning framework (as described in the section "*Monitoring, Evaluation & Learning*"). This will ensure that all partners are continuously engaged in system-level learning (not only in a particular area of work) and actively contribute to the Portfolio strategy's evolution.

In practical terms, the partners' engagement is planned over these events:
- During the **Portfolio Review workshops**, the **Portfolio Shared Results Committee**[17], which includes all UN agencies involved in the portfolio implementation, will present findings and updates, review joint progress against system-level objectives, and adjust strategies based on those shared learnings. The event happens **quarterly**.
- At the **System learning workshops**, the **Portfolio Shared Results Committee** and **Advisory Committees**[18] will be engaged in a structured reflection on portfolio learning questions and all interventions to generate insights across the pillars and portfolio logic, considering the newest developments in the ecosystem. The workshop will assess the portfolio's impact on shifts and intent levels while considering the broader ecosystem in the country and region. Recommendations for changes to planned interventions will be designed. The events happen **semi-annually**.
- At the **Green Transition Learning Events**, the stakeholders and partners in the broadest terms, including business associations, NGOs, academia, media, and financing institutions, will be engaged to exchange knowledge on specific themes, fostering cross-sector collaboration and learning. The events happen **semi-annually**.

These formal events will comply with the principles of agile teamwork, fostering collaboration, feedback, adaptability, and continuous improvement. The Portfolio Board and Portfolio Management team will actively promote and advocate for the application of guiding principles where the partnerships are not static or purely consultative but flexible and action-oriented, adapting to changing needs and opportunities in the green transition process.

In addition, the Portfolio's grievance mechanisms will also be open and accessible to all stakeholders, allowing feedback on interventions' potential social and environmental impacts.

Information disclosure refers to providing timely, accessible information regarding the Portfolio and its potential social and environmental impacts to stakeholders to facilitate their meaningful, effective, and informed participation in Portfolio implementation. Information, data, and knowledge materials will be disclosed to the stakeholders through multiple avenues, including face-to-face workshops and meetings, Portfolio and Advisory Board meetings, internal communication channels used by the key Portfolio development partners, dynamic portfolio management exchanges and joint plannings (as described in the section "*Dynamic Portfolio Management in Practice*"), and as part of reports development. When a deeper dive into a topic is needed, information exchange and stakeholder feedback will also be ensured via working groups consisting of technicians and beneficiaries related to the specific focus. Information gathered and shared within working groups will feed into Advisory Boards, which, in turn, will inform the Portfolio Board. The guiding principles for the free, open, and timely dissemination of information will be consistently applied.

Stakeholders will be engaged with full consideration of their needs for adequate time and information, and Portfolio teams will apply innovative methods and tools to maintain the highest possible level of stakeholder engagement.

Throughout the duration of this Portfolio, starting with the Inception period, multiple methods will be designed and adopted to communicate and create awareness among all the stakeholders. The Portfolio will use media and public communications, such as social media, television programs, newspapers, radio, and project-specific online spaces, such as a website, to reach a broad audience. A Portfolio Communication strategy will be developed during the first six months of portfolio implementation.

[17] [18] Detailed descriptions of the roles in section 7. Portfolio governance and management

To conclude, partnerships in this Portfolio are grounded in a) a shared powerful vision for green transition in Bosnia and Herzegovina, b) co-implementation and joint learning that informs portfolio strategy for achieving the vision, and c) agile teamwork collaboration that leverages the application of UN 2.0 skillset for effective stakeholder engagement and dynamic response to emerging challenges.

CO-CREATION

The Green Transition Portfolio was developed through an inclusive and collaborative process involving close cooperation with the Ministry of Foreign Trade and Economic Relations and all relevant stakeholders. It is essential to emphasize that the highly participatory design of the Green Transition Portfolio, involving all relevant actors and partners, was crucial for the development process that began in April 2023. Over the year, UNDP facilitated numerous discussions and strategic consultation sessions with relevant ministries at both state and entity levels, as well as with the private sector, civil society, academia, international partners, other UN agencies (UNEP, UNECE, UNODC, UN Women, ILO and FAO), and donor community. These interactions helped pinpoint interventions for Bosnia and Herzegovina's transition towards a decarbonized and net-zero economy and society. All interventions identified have been consulted and agreed upon by relevant partner institutions, which are members of the Portfolio Board and Advisory Committees.

Furthermore, this collaborative process identified strategic entry points and developed a shared vision and set of interventions aimed at enhancing energy efficiency, promoting renewable energy, advancing circular economic models, reducing environmental pollution and harm, and safeguarding biodiversity. Importantly, these efforts were co-designed to provide equal opportunities and mitigate the impact on vulnerable groups.

To further synergize relevant actors and bring together ecosystem stakeholders, UNDP initiated a discussion in October 2023 to explore interest among various stakeholders to join the Green Transition Engagement Platform as an informal collective learning mechanism. This Platform aims to connect system actors beyond sectors and mandates, serving as a knowledge-gathering hub leveraging collective intelligence, offering a space for dialogue, and a bridge between existing efforts for an accelerated green transition. Members of the Platform include authorities, collective voices of businesses, academia, citizens, civil society organizations, creatives, international development organizations, financing institutions, media, etc. Since the initial meeting in October 2023, this Platform had three additional topical knowledge-sharing events on Decarbonisation (December 2023), Circular Economy (February 2024), and Depollution (April 2024). All of these knowledge-sharing events informed the Portfolio approach to green transition.

Co-creation in the Green Transition portfolio will be an ongoing, evolving process that re-starts with the Portfolio activation and continues throughout its implementation. Rather than being a one-time event in the design process, co-creation will continue to involve all parties involved or benefiting from portfolio implementation - as interventions are implemented, insights and lessons learned will be gathered and used to refine existing and develop new actions. This means that every stakeholder, from portfolio implementation teams and government ministries and agencies to businesses and civil society, will actively shape the Portfolio as it progresses during the portfolio's workshops and meetings (see section "*Dynamic Portfolio Management in Practice*") and through activities being part of the MEL process. Participation in these co-creation events, which are structured and facilitated in a way to continuously generate new knowledge, will enable all parties involved in the portfolio implementation to collaboratively assess what's working, identify areas for improvement, and make necessary adjustments to ensure the Portfolio stays responsive to changing needs and emerging challenges. Research, when needed, will also provide critically important data to inform decisions and guide the portfolio strategy.

The abovementioned Green Transition Engagement Platform will continue to be an important source of knowledge from the broader green/circular transition ecosystem. It will be a mechanism to (i) connect knowledge, map and share good practices, test innovative models and solutions, identify specific needs for cross-sectoral and thematic dialogue, identify approaches that can help remove obstacles that are inhibiting the transition; (ii) advocate for the

green transition in Bosnia and Herzegovina within society; (iii) maximize resources and capital for the green transition in the country; and (iv) take stock of the collective progress towards the green transition in Bosnia and Herzegovina and (v) generate advice and recommendations for policy processes. The Platform also has its *www.zelenatranzicija.ba* digital space (with its current content stemming from the Circular Economy efforts, but with great potential to scale and be used across all portfolio pillars) to help distribute knowledge and information widely, enable new self-initiated partnerships, and facilitate exchange and interactions through the Platform.

STAKEHOLDER ENGAGEMENT:				
TARGET GROUPS:	**INTEREST IN/COMMITMENT TO THE PORTFOLIO:**	**IDENTIFIED CHALLENGES:**	**CONTRIBUTION TO THE PORTFOLIO:**	**STAKEHOLDERS:**
GOVERNMENT AND INSTITUTIONS	Participate in portfolio steering, monitoring, evaluation, cross-institutional coordination, and implementation	Fragmented coordination among various government levels and sectors	The **main types of roles and engagement by government institutions in the portfolio steering and implementation include**: (i) play a decision-making role in the portfolio steering, monitoring and evaluation; (ii) contribute to and engage in cross-institutional coordination and knowledge exchange among system stakeholders; (iii) have an implementation role for portfolio interventions or activities.	- **The Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina**, among other competencies, responsible for policy design and co-ordination with entity line ministries and international institutions in the agriculture, energy; environment and tourism sectors, is the core portfolio co-owner, playing a decision-making role in its steering, facilitating cross-institutional coordination and hosting the knowledge exchange among system stakeholders through structured conversations within the Green Transition Engagement Platform that generates knowledge and information fed back to the wider system and policy-making processes. Other key ministries and institutions that are engaged in the portfolio are: o **The Ministry of Energy, Mining and Industry of the Federation of Bosnia and Herzegovina and the Ministry of Energy and Mining of Republika Srpska** are in charge of renewable energy sources, electricity and gas markets and energy transition. o **The Ministry of Environment and Tourism of the Federation of Bosnia and Herzegovina and the Ministry of Spatial Planning, Buildings and Ecology of Republika Srpska** are responsible for the policy to reduce GHG emissions. o **The Ministry of Development, Entrepreneurship and Crafts of the Federation of Bosnia and Herzegovina and the Ministry of Economy and Entrepreneurship of Republika Srpska** are responsible for economic policies, measures and frameworks that stimulate economic growth, competitive SMEs and entrepreneurship. o When energy poverty is positioned as a social problem, it falls under the jurisdiction of **the Ministry of Labour and Social Policy in the Federation of Bosnia and Herzegovina** and **the Ministry of Health and Social Protection in Republika Srpska**. o **The Environmental Protection Fund of the Federation of Bosnia and Herzegovina and the Fund for Environmental Protection and Energy Efficiency of Republika Srpska** are the operational institutions responsible for policy delivery in the areas of energy, waste management, mostly via financial support measures and subsidies. The entity Environmental Funds collects environmental taxes and charges imposed on businesses. o **The Ministry of Finance of the Federation of Bosnia and Herzegovina and the Ministry of Finance of Republika Srpska are** responsible for entity budgets and public expenditures. o **Cantonal governments and relevant cantonal line ministries**, which are responsible for policies and measures in the areas of energy, economy, environment. o **Local governments**, which have competencies in the areas of local economic development and infrastructure, local investments, public service delivery, etc. o **The Agency for Gender Equality of Bosnia and Herzegovina,** which is responsible for coordinating and steering gender equality policies and measures in the country, specifically from viewpoint of the priority related to strengthening gender

				equality in the context of environment protection, climate change and sustainable economic development.
INTERNATIONAL DEVELOPMENT ORGANISATIONS	Support and finance green transition, exchange knowledge and practices, advocate for green transition	Aligning diverse international agendas and practices with local needs	The **role of the international development organisations in portfolio steering and implementation includes**: (i) portfolio steering, monitoring and evaluation in the capacity as supporter / financier in the green transition; (ii) contribution in knowledge and good practices exchange among system stakeholders and support transfer of knowledge and know-how from other countries to Bosnia and Herzegovina; (iii) advocacy for the green transition based on agreed joint messages to reinforce awareness among policymakers and the public.	Many representatives from the international community expressed interest and engaged in bilateral or joint discussions on the portfolio approach. These are: ○ **Sweden/Swedish Development Cooperation – portfolio initiator together with UNDP** ○ **Switzerland / Swiss Development Cooperation– portfolio supporter** ○ **The Delegation of the European Union to Bosnia and Herzegovina** ○ **The Czech Republic / Czech Development Cooperation** ○ **Italy / Embassy of Italy in Bosnia and Herzegovina** ○ **Denmark / Embassy of Denmark in Serbia covering the Western Balkans** ○ **Regional Cooperation Council** ○ **Organisation for Economic Cooperation and Development** ○ **UNEP** ○ **UNECE** ○ **UNODC** ○ **FAO** ○ **UN Women** ○ **ILO**
PRIVATE SECTOR AND BUSINESS SUPPORT ORGANISATIONS	Engage in decision-making, knowledge exchange, receive technical and financial support, implement interventions	Limited capacity and resources for transition to a circular and low-carbon economy	Their **main type of roles and engagement in the portfolio steering and implementation include**: (i) play a decision-making voice (through business associations/collective representation) in the portfolio steering, monitoring and evaluation; (ii) contribute to and engage in knowledge exchange among system stakeholders; (iii) selected businesses from priority industries will benefit from technical and financial support through the portfolio work; (iv) have an implementation role for portfolio interventions or activities.	- Important portfolio stakeholders will be **businesses and particularly - small and medium-sized enterprises and their business associations from the following priority industries: metal, textile, wood, construction, electro, packaging and their value chains across the country**. Business support organisations play an important role in the wider economic ecosystem and can accelerate the shift towards a circular and low-carbon economy through capacity development for businesses, support and technical assistance and business advice. Businesses and their professional associations and business support organisations are important participants in the portfolio work. - Sectoral associations - Chambers of commerce and other trade associations - Business Development Support Organisations (consultants, advisors, regional development organisations, hubs, accelerators etc.)
UNIVERSITIES AND SCIENCE AND INNOVATION ORGANISATIONS	Engage in decision-making, knowledge exchange, receive technical and financial support, implement interventions	Limited capacity and resources for transition to a circular and low-carbon economy, limited application of R&D and innovation in the economy	Their **main type of roles and engagement in the portfolio steering and implementation include**: (i) contribute to and engage in knowledge exchange among system stakeholders; (ii) selected organisations will benefit from technical and financial support through the portfolio work; (iii) have an	- Various universities and science and innovation organisations throughout the country.

			implementation role for portfolio interventions or activities.	
CIVIL SOCIETY ORGANISATIONS	Change-making voice, knowledge exchange, advocacy for green transition, technical and financial support, implement activities	Limited resources and capacity to influence policy and public awareness	Their **main type of roles and engagement in the portfolio steering and implementation include**: (i) play a decision-making voice (through representation of a network organisation, including from youth organisations, networks of vulnerable populations groups, etc. – as relevant for the portfolio work) in the portfolio steering, monitoring and evaluation; (ii) contribute to and engage in knowledge exchange among system stakeholders and be advocates for the green transition awareness raising among the public, outreaching specifically to the most vulnerable population groups, rural communities and young people; (iii) selected civil society organisations may benefit from technical and financial support through the portfolio work; (iv) have an implementation role for portfolio interventions or activities.	- **Civil society organisations** are also key stakeholders in this portfolio, **including youth organisations; associations representing vulnerable population groups, environment protection organisations, women associations and networks; tourism and mountain associations; knowledge hubs and social entrepreneurship organisations;** etc.
YOUNG PEOPLE	Voice in portfolio knowledge exchange, advocacy, capacity development support	Engaging inactive youth, limited opportunities for involvement	Their **main type of roles and engagement in the portfolio steering and implementation include**: (i) have a voice (through representation of a youth organisation) in the portfolio steering, monitoring and evaluation; (ii) contribute to and engage in knowledge exchange among system stakeholders and be advocates for the green transition awareness raising among the public, outreaching specifically to young people; (iii) selected youth groups and young people may benefit from capacity development support through the portfolio work.	- **Young people are at the heart of the renewed approach to catalysing green transition in Bosnia and Herzegovina**. Many youth leaders are there, organized and connected with likeminded people.[19] They represent a key partner in the portfolio, one which could act as a vehicle to reach the inactive, disillusioned, and "un-networked" young people to enable future-ready generation starting today.
VULNERABLE POPULATION GROUPS	Voice and engagement in green transition, ensure equal opportunities, safeguard from negative effects	Social and economic disadvantages, risk of exclusion from green transition benefits	Their **main type of roles and engagement in the portfolio steering and implementation include**: (i) have a voice in the portfolio steering, monitoring and evaluation; (ii) contribute to and engage in knowledge exchange among system stakeholders and be advocates for the green transition awareness raising among the public, outreaching	- The most **vulnerable population groups** that the portfolio will seek to voice, engage, as well as seek to ensure equal opportunities and safeguard from negative effects in the green transition are: ○ **the elderly over 65 years;** ○ **low-income households;** ○ **unemployed women and men;**

[19] Recently, there is a surge in cross-entity environmental movement, mainly through EkoBiH and Coalition for the protection of Rivers in Bosnia and Herzegovina, with youth activists strongly engaging on the ground around common challenges related to corruption in exploitation of water resources.

			specifically to young people; (iii) selected groups representatives may benefit from capacity development support through the portfolio work.	○ **persons with disabilities;** ○ **workers in coal mines;** ○ **single-parent households;** ○ **women.**
COMMERCIAL BANKS AND INTERNATIONAL FINANCIAL INSTITUTIONS	Provide financing for the green transition, connect investments with public/private sector, de-risk large-scale investments	Risk aversion, aligning financial products with green transition goals	Their **role and engagement in the portfolio steering and implementation include**: (i) have a decision-making voice in the portfolio steering, monitoring and evaluation in their capacity as financier / investor in the green transition; (ii) contribute to and engage in knowledge and good practices exchange among system stakeholders; (iii) implement directly or indirectly for portfolio interventions or activities.	- Domestic and international commercial banks and international financing institutions will play an important role in the portfolio implementation, particularly in relation to offering opportunities for significant access to finances for the green transition. The portfolio will seek to strategically connect investments from the public and/or private sector with these stakeholders, as well as to prepare and de-risk large-scale investments and accelerate financing for the green transition. Among the interested representatives from this group are: ○ **Intesa Sanpaolo Bank** ○ **European Bank for Reconstruction and Development** ○ **The World Bank** ○ **European Investment Fund** ○ **Global Environment Facility**
MEDIA	Sensitizing and raising awareness, amplifying good practices, contributing to mindset change towards sustainability	Limited understanding and coverage of green transition issues	Their **role and engagement in the portfolio steering and implementation include**: (i) contribute to and engage in knowledge and good practices exchange among system stakeholders; (ii) advocates for the green mindset and sustainable consumption; (iii) have an implementation role for portfolio interventions or activities.	- Media are important player, having in mind their potential to support country-wide sensitizing and awareness raising of society around the green transition, amplifying good practices and contributing to gradual mindset change towards sustainability.

Engaging social & environmental concerns
The Portfolio will highlight, at various times, the mechanisms and channels of communication that stakeholders may employ if they have any grievances related to the social and environmental impacts of the Portfolio. For example, this point will be identified during the portfolio inception workshop, and throughout the Portfolio learning and awareness activities. Social and environmental sustainability will be enhanced through the application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm). In steering this portfolio and implementing portions of this portfolio, UNDP will ensure that potentially affected people and communities have access to and are aware of mechanisms to submit concerns about the social and environmental impacts of an action or investment. The key instruments which will be used are UNDP's Social and Environmental Compliance Review and Stakeholder Response Mechanism which offer space and instruments to i) ensure accountability to individuals and communities with regard to UNDP's social and environmental commitments and ii) help jointly resolve concerns and disputes when there is a belief that the portfolio may have adverse social or environmental impacts, or in cases when stakeholders have raised concerns with UNDP (including Responsible Parties) through standard channels for stakeholder consultation and engagement and they have not been satisfied with the response. These mechanisms can help the concerned parties to start or restart dialogue, facilitate discussions, mediate disputes, enhance understanding of the facts, and undertake other activities that might help resolve concerns and disputes.

5. Resources

This section outlines the resources required to implement the portfolio.

Resources Required to Achieve the Expected Results
Overall budget
USD 45,691,610
Tangible resources
Good resource management will be vital for Portfolio implementation and will be based on a strong awareness that long-term resource flexibility is essential in pursuit of Portfolio's long-term goals. The following tangible resources are crucial for the success of the Portfolio: ✓ Skilled Workforce: Technical experts, consultants, and professionals with relevant expertise, including the Portfolio Managers and Portfolio Management Team. ✓ Technology and Equipment: Hardware, software, and tools required. ✓ Training, Learning and Capacity Building: Workshops, training programs, and skill development. ✓ Monitoring and Evaluation Tools: Systems to track progress and measure impact. In addition, the Portfolio will require adequate facilities, materials and supplies, transportation services, communication channels and similar support resources. The tangible resources are detailed and costed within the multi-year work plan.

Intangible resources
The success of this portfolio depends on trust, goodwill, know-how, and continuous learning. Building and maintaining trust is key to effective cross-government outcome-driven policymaking for the green transition. Goodwill and broad enthusiasm are needed for most of the portfolio activities, especially those related to behavioral and mindset changes among the public. Technical know-how, specialized expertise, and knowledge are critical for designing, implementing, and scaling effective measures to advance activities in all four pillars, especially related to the private sector transition to circular and climate-neutral business models. For a portfolio to be able to adapt to new challenges and opportunities, maintaining its relevance and impact over time, there is a need to foster a culture of continuous learning. This is ensured by prescribing the multiple portfolio learning events and the role of the Portfolio Steward.

6. Implementing Partner(s) Role(s) & Multiyear Work Plan

The Implementing Partner(s) (IP) will work closely with the Portfolio Management Team. A separate, MYWP and budget must be prepared for each Implementing Partner. Implementing Partner(s) for achieving the portfolio outputs:

Implementing Partner(s)	**Portfolio Outputs**	**Other responsibilities**
UN Participating Agencies	The portfolio aims to contribute to significant decarbonization and reduction of the CO_2 footprint in Bosnia and Herzegovina by deploying policies and solutions in multiple areas simultaneously to achieve the system-level effects that advance the green transition of society and economy. Portfolio outputs that will drive the expected result are: 1) A shift towards outcome-driven government, which collaborates across mandates and with system stakeholders and applies a holistic, just, gender-sensitive, and sustainable logic in legislative, policy, and financing frameworks. 2) A shift towards reduced pollution and greenhouse gas emissions, as well as circular and climate-neutral business models in the private sector. 3) A shift towards a growing number of citizens and communities that embrace sustainable lifestyles and consumption practices and otherwise engage in the green transition process.	Contributing to portfolio momentum and learning results, as described in the Portfolio Results Framework.

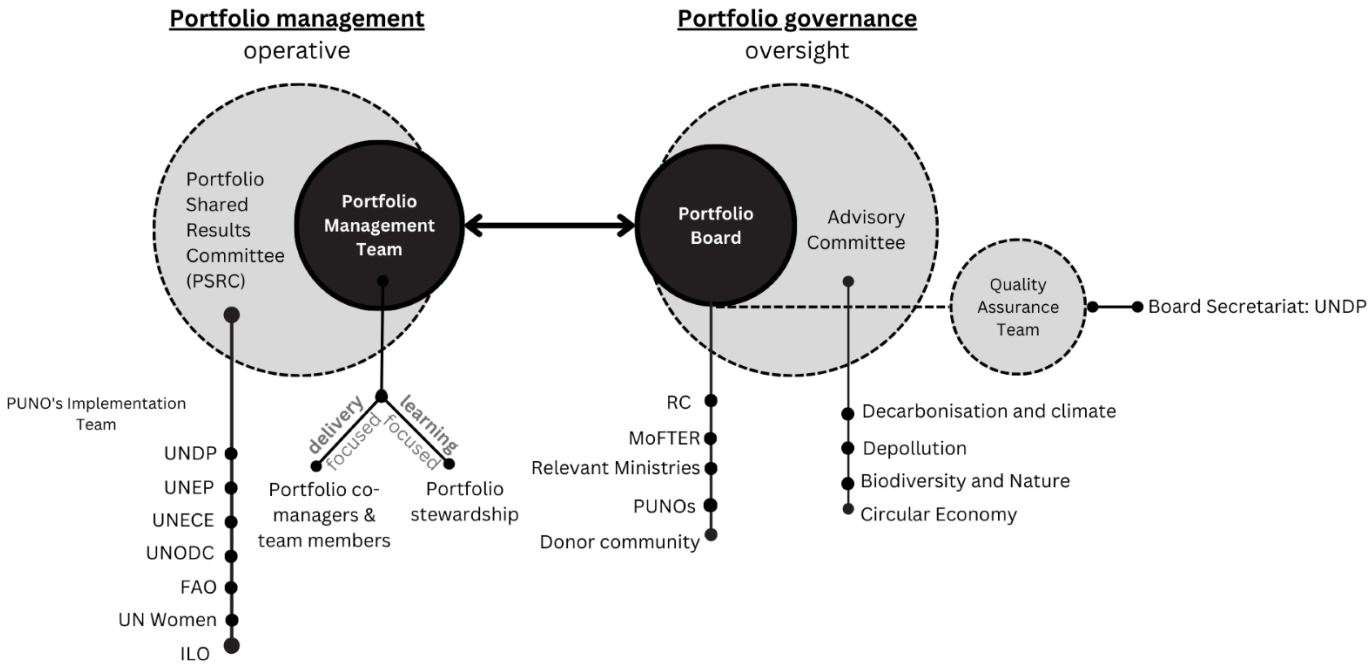
Implementing Partner multiyear work plan (MYWP) & budget

This plan has a detailed MYWP (attached as Annex 1 to this Document) and a budget for the next phase of work as well as a higher level schematic plan and budget for all subsequent phases. MYWP can be developed and approved per new implementing partners joining the portfolio. The IP work will be based on a rolling budgeting and MYWP approach. At the end of each phase, a rapid portfolio adjustment assessment will determine the exact MYWP and budget for the next phase based on portfolio learnings. This will happen within the confines of the total available budget and the IP's scope of work. All MYWPs together will yield the joint results framework.

7. Governance & Management

This section refers to the Governance and Management of all portfolio assets, including tangible and intangible resources, learning, opportunities, and risks. A portfolio is based on an adaptive governance and management model and includes the following roles:

- on the *Portfolio governance* side - the Portfolio Board, supported by the Advisory Committee and Quality Assurance team, and,
- on the *Portfolio management and delivery* side – the Portfolio Shared Results Committee (PSRC) and the Portfolio Management Team, supported by a Portfolio Stewardship team.



The **Portfolio Board** provides high-level oversight of the portfolio, risk management, and portfolio assurance. It approves the inclusion of new implementing partners during portfolio implementation to contribute to portfolio results. The Portfolio Board approves the multiyear partner work plan containing milestones. The Board approves portfolio milestones yearly for each subsequent 12-month period of work. The Board assesses any major risks to the portfolio and related decisions/agreements on any management actions and adjustments. The Portfolio Board also assesses the results achieved at the portfolio level and the contribution to country program outcomes and the portfolio objective. The Portfolio Board reviews how integration and intersectionality are pursued to impact the portfolio's objectives and outcomes better. In addition, the Portfolio Board identifies new partnerships for the portfolio based on the identified new policy spaces resulting from the portfolio implementation. To ensure sustainability, new resource mobilization opportunities are identified. The Portfolio Board decides to suspend and extend the portfolio (not the individual multiyear work plans under the portfolio delegated to the Implementing Partners) subject to partner commitment and funding. The Portfolio Board will meet at least once a year.

The Portfolio Board will be co-chaired by the Minister for Foreign Trade and Economic Relations, UN Resident Coordinator and the UNDP Resident Representative. It will also encompass representatives of the following ministries: Federal Ministry of Energy Mining and Industry, Republika Srpska Ministry of Energy and Mining, Federal Ministry of Environment and Tourism, Republika Srpska Ministry of Spatial Planning, Civil Engineering and Ecology, Federal Ministry for Spatial Planning, Federal Ministry of Development, Entrepreneurship and Crafts, Republika Srpska Ministry of Economy and Entrepreneurship and representatives of development partners.

The Portfolio Board is supported by a broader consultative body – the **Advisory Committee**, which comprises all other relevant institutions and stakeholders and is organized around portfolio pillars. The role of an Advisory Committee is not to make decisions but rather to provide current knowledge, critical thinking, analysis, and inputs to the Portfolio The Advisory Committee will consist of a group of professionals from various fields and relevant stakeholders who will lend their skills, guidance, and knowledge to the Portfolio Board. It will provide information regarding Portfolio outputs from specific sectoral institutions. The Advisory Committee will contribute to the successful implementation of the programme and the sustainability of its achievements. Advisory Committee members will meet at least twice a year, including two months before the Portfolio Board meeting, to provide sound input for Portfolio Board members. Advisory Committee groups will consist of professionals, typically senior or mid-level civil servants from state and entity-level ministries and agencies with a shared mandate for the portfolio pillar.

The **Advisory Committee for Decarbonization and Climate** will consist of professionals from the following institutions and organizations:

- Ministry of Foreign Trade and Economic Relations of BiH
- Ministry of Communications and Transport
- Ministry of Security
- entity ministries of energy
- entity ministries of environment
- entity ministries for spatial planning
- entity ministries for social protection
- entity ministries for transport
- entity ministries for water management
- entity environmental funds
- entity ministries of finance
- representatives of NGOs and business associations
- chambers of commerce
- Academia: engineering faculties (electrical, machine, civil, transport), faculties for economics, faculties for natural sciences
- Agency/ Centers for Gender Equality

The **Advisory Committee for Depollution** will consist of professionals from the following institutions:

- Ministry of Foreign Trade and Economic Relations of BiH,
- entity ministries of environment,
- entity environmental funds,
- entity ministries of health,
- entity ministries of agriculture, water management, and forestry,
- entity ministries of entrepreneurship
- representatives of NGOs and business associations
- chambers of commerce
- Academia: faculties for technology, faculties for economics, faculties for natural sciences
- Agency/ Centers for Gender Equality.

The **Advisory Committee for Nature and Biodiversity** will consist of professionals from the following institutions and organizations:

- Ministry of Foreign Trade and Economic Relations of BiH,
- entity ministries of environment,
- entity ministries of agriculture, forestry and water management
- entity environmental funds,
- entity ministries of finance,

- national parks and protected areas
- representatives of NGOs and business associations
- Academia: engineering faculties (forestry, agriculture, civil), faculties for economics, faculties for natural sciences
- Agency/ Centers for Gender Equality.

The **Advisory Committee for Circular Economy** will consist of professionals from the following institutions and organizations:

- Ministry of Foreign Trade and Economic Relations of BiH,
- entity ministries of energy,
- entity ministries of environment,
- entity ministries of entrepreneurship and economy,
- entity ministries of finances,
- representatives of NGOs and business associations
- chambers of commerce
- Agency/ Centers for Gender Equality.

The Advisory Committees will be extended to include **ad-hoc working groups** focused on specific tasks, including government, CSO, and private sector representatives. The working groups will be identified during the inception phase and will evolve/ change as the portfolio progresses. For example, one working group will be needed to support the work on the legal framework to improve the management of hazardous waste and chemicals, another to support the work on establishing an energy poverty definition, etc.

The **Portfolio Quality Assurance** role supports the Portfolio Board by carrying out objective and independent oversight and monitoring functions, ensuring appropriate portfolio results milestones are completed as per the multiyear work plan, and monitoring and mitigating risks. The Portfolio Assurance is independent of the Portfolio Manager and will not be involved in implementing the portfolio multiyear work plan.

The **Portfolio Shared Results Committee (PSRC)** is composed of senior representatives of UNDP, as the implementing partner, and all UN agencies participating in the Portfolio. As a team, the PSRC works collaboratively and is responsible for taking corrective actions, including substantive revisions (major/minor amendments) to the multiyear work plan, budget revisions, requests for suspension or extension, and other changes to the multiyear work plan (subject to additional funding partner and in line with donor requirements. The PSRC meetings will be organized at least four times a year to review portfolio performance, including progress reports, evaluations, portfolio risk register, quality assessments, and the combined delivery report.

The **Portfolio Management Team** provides administration, management, implementation, and technical support to the Portfolio Managers. The **Portfolio Managers** are responsible for ensuring that the different multiyear work plans under the portfolio deliver results that meet their targets. In doing so, the Portfolio Managers will liaise with the different responsible parties, UN agencies, for each work activity. The Portfolio Managers will also support troubleshooting and addressing bottlenecks when implementing the multiyear work plan. The Portfolio Managers will proactively identify intersections between interventions to promote synergies and deliver portfolio-level results. The Portfolio Managers will also update the portfolio risk register to ensure that necessary risks from the multiyear work plans are reflected in the portfolio risk register and associated treatment measures are in place.

The part of the Portfolio Management Team is **Portfolio Stewardship**, a role strategically aligned with the UNDP Integration and Innovation Cell function. This role operates as a horizontal organizational mechanism designed to ensure robust cross-pillar interaction, foster continuous learning, and maintain overall coherence within the portfolio. It is instrumental in facilitating and supporting portfolio learning events, adhering closely to the principles of Dynamic Portfolio Management (as described on *page 28*). The Portfolio Stewards are responsible for:

- **Providing support** to ensure effective horizontal coordination across portfolio interventions and teams.
- **Designing and facilitating all portfolio events** to maximize cross-pillar learning and strategic alignment with the portfolio intent.

- **Leading efforts to extract and document valuable insights and lessons** from ongoing interventions, ensuring they are shared within the portfolio team and stakeholders.
- **Identifying and advising portfolio managers on further integration opportunities and strategic adjustments** based on that learning and evolving context.

Collaboration among UN agencies

UN agencies involved in the portfolio implementation include UNDP, UNEP, UNODC, UNECE, ILO, UN Women and FAO. Each agency brings specific expertise and resources to the portfolio:

- UNDP will be the lead agency for overall portfolio coordination and provision of policy support, technical assistance, solutions development, and capacity building across the portfolio.
- UNEP will provide expertise in environmental governance, especially in biodiversity, pollution control, and ecosystem management. It will be responsible for capacity building for remediation design and monitoring of contaminated sites.
- UNODC will contribute its expertise in combating environmental crimes related to hazardous waste and chemicals, strengthening law enforcement in managing pollutants, and supporting the overall governance measures within the portfolio. It will be responsible for providing specialized training to the frontline customs officers on topics related to illegal trade and the transfer of hazardous waste. UNODC will also contribute to capacity building and training of financial investigators, prosecutors and the judiciary.
- ILO will focus on capacity building of key institutional stakeholders and skills development, including the labor force survey (LFS) for green jobs and development of Technical and Vocational Education and Training (TVET) programmes.
- UN Women ensures gender perspectives are integrated across all pillars, focusing on the goal of women's empowerment as key agents of change in terms of gender, decarbonisation, and climate policy.
- UNECE will assist in regulatory alignment with EU standards, particularly in industry strategy, energy efficiency, e-mobility and transport, and will support the development of policies and frameworks to advance the green transition
- FAO will support activities related to protecting natural habitats and living areas, including biodiversity and land degradation.

To facilitate the transfer of resources from the lead agency (UNDP) to the responsible parties (recipient UN agencies: UNEP, ILO, UN Women, UNODC and UNECE) for the implementation of agreed-upon activities, a UN Agency to UN Agency transfer agreement will be signed. This agreement will also define the programmatic and financial accountability of the parties involved. The agreement stipulates that the recipient UN agencies have programmatic and financial accountability to the lead agency for the activities they have agreed to undertake. Meanwhile, the UNDP as a lead agency, holds programmatic and financial accountability to the funding source(s) for these activities.

The cooperation with the FAO will be implemented in accordance with the Global Environment Facility (GEF) guidance note[20]. This collaboration is based on thorough consultation with the BiH government and the approved GEF Concept note, and the UNDP will take a lead role in the co-implementation mechanism. Under the co-implementation mechanism, both parties will hold full programmatic and financial accountability to the funding source(s) for activities they implement.

Detailed information on the roles and activities of each responsible party is presented in section 6. *Implementing Partner(s) Role(s) & Multiyear Work Plan* of this document.

[20] https://www.thegef.org/sites/default/files/documents/2022-06/EN_GEF.C.62.05.Rev_.01_GEF-8%20Integrated%20Programs%20Lead%20Agency%20Terms%20of%20Reference%20and%20Selection%20Process.pdf

Mechanisms of UN Agencies' Coordination and Quality Assurance

The portfolio will ensure synchronized implementation and quality assurance. The following mechanisms will be put in place, as partly already described in section 3: *Monitoring, Evaluation & Learning* section:

- Quarterly reviews by the Portfolio Shared Results Committee (PSRC) to assess progress, address challenges, and adapt strategies.
- All UN agencies participating in the Portfolio (UNEP, ILO, UN Women, UNODC, UNECE and FAO) contribute to a unified Portfolio Results Framework (*Section 2.*) and a Portfolio multiyear work plan (*Annex 1*) that tracks outcomes and impacts across all envisioned activities.
- The MEL system (as described in Section 3), with its regular "inspect&adapt" activities and semi-annual system learning workshops, will ensure a) synchronization between the implementing agencies, b) maintenance of powerful common portfolio intent, c) identification of improvement opportunities, and d) reinforcement of accountability over the specific outputs.
- Clear and concise agreements detailing each UN agency's roles, responsibilities, and accountability, including detailed protocols for managing decision-making and reporting.

8. Legal Context

This portfolio document shall be the instrument referred to as "Project Document" in Article 1 of the Standard Basic Assistance Agreement (SBAA) between the Government of Bosnia and Herzegovina and UNDP, signed on 07 December 1995. Consequently, all references in the SBAA to "Project Document "shall be deemed to refer to this "Portfolio Document". All references in the SBAA to "Executing Agency" shall be deemed to refer to the "Implementing Partner".

The BIH and the UN Sustainable Development Cooperation Framework (UNSDCF) for the period 2021-2025 (signed by the Council of Ministers of Bosnia and Herzegovina and UN on 20 May 2021), as well as the current UNDP Country Programme Document 2021-2025 represent the basis for the activities of UNDP in the country.

This PORFOLIO will be implemented by UNDP ("Implementing Partner") in accordance with Financial Regulations and Rules of UNDP.

9. Portfolio Risks Analysis and Management

As per the UNDP Enterprise Risk Management Policy (ERM), a risk is defined as the effect of uncertainty on organizational objectives, which could be either positive and/or negative (ISO 31000:2018). As portfolios operate on complex systems challenges, it is common that future uncertainties, failures, or hazards may not have clear past probabilities. As such, portfolios need to have the capacity to operate with uncertainty. While it is important to identify risks where possible, portfolio risk management is less about focusing on preventing adverse situations, and more on building the capability to respond to adverse situations. A portfolio is designed to address complex, systems-challenges where change is emergent and dynamic, defying linear causality, predictability, or simple categorization of risks.

In identifying potential risks for the "Catalysing the Green Transition in Bosnia and Herzegovina" Portfolio, UNDP has looked into a wide array of risk categories including social, environmental, financial, operational, organizational, political, and security risks. In assessment of the potential Portfolio risks, UNDP can apply several risk screening and due diligence tools such as HACT, Security Risk Analysis, and Social and Environmental Screening Procedures to capture risks that might otherwise be overlooked. To ensure a diversity of perspectives in identification of risks, UNDP involves key stakeholders, internal programme and operational experts, external partners, and affected communities, ensuring that risks are fully understood and owned by those involved.

The context in which the "Catalysing the Green Transition in Bosnia and Herzegovina" Portfolio was designed has laid the groundwork for identifying both internal and external risks that may impact the Portfolio implementation and success.

Internally, the Portfolio might face potential organizational risks such as capacity limitations within UNDP and its implementing partners, which could hinder the effective adoption of the new approach, leading to inefficiencies and diminished outcomes. Furthermore, the potential for inadequate management of partnerships with government institutions, UN agencies, the private sector, and CSOs could result in misaligned objectives, duplicated efforts, and reputational risks. The threat of prohibited practices like fraud, corruption, and money laundering in complex regulatory environments and complicated landscape of stakeholders could also further underscore challenges that could disrupt Portfolio activities and harm credibility of UNDP and Portfolio implementing partners.

Externally, political instability and fluctuations in the US$ exchange rate could further complicate the financial management of the Portfolio and pose risks of budget shortfalls and delays in achieving key the Portfolio milestones. Global supply chain disruptions, driven by crises such as pandemics or geopolitical conflicts, could delay essential procurements and increase operational costs. The Portfolio must also account for key external factors such as economic conditions, global tensions, climate change, men-made hazards, natural hazards, etc. Addressing the potential risks through strategic planning, continuous monitoring, and robust mitigation measures is crucial in ensuring the overall Portfolio performance and successful implementation.

The risks of the "Catalysing the Green Transition in Bosnia and Herzegovina" Portfolio are identified and analysed in **Portfolio Risk Register (Annex 3. to the Portfolio Document),** which also includes a detailed outline of risk mitigation measures, timelines and responsibilities for the Portfolio risk management. The Portfolio Risk Register shall be submitted to and approved by the Portfolio Appraisal Committee (PAC), as an annex to the Portfolio document. The Portfolio Risk Register must then be regularly monitored, maintained and updated in UNDP corporate Quantum system for the duration of the Portfolio, and no less than once a year during the Portfolio implementation.

Social and Environmental Risks

UNDP's Social and Environmental Standards (SES), are central to integrating sustainability into its programs, portfolios and projects. These standards aim to strengthen program quality, maximize positive social and environmental outcomes, and manage potential risks. The SES also ensure robust stakeholder engagement, including mechanisms for grievance resolution and compliance reviews to address any breaches of the standards. Supported by tools like the Social and Environmental Screening Procedure (SESP), the SES form a critical part of UNDP's approach to quality assurance and risk management, helping to foster sustainable development across all initiatives.

No "Catalysing the Green Transition in Bosnia and Herzegovina" Portfolio activities that may cause adverse social and environmental impacts are to proceed until assessments are completed and appropriate mitigation and management measures are in place.

The Portfolio highlights several social and environmental risks that could potentially affect vulnerable groups, habitats, and ecosystems. Key risks include the potential exclusion of women, youth, and minority groups from critical decision-making processes, and the potential failure of duty bearers to uphold human rights, particularly for marginalized populations like the elderly, low-income households, and persons with disabilities. The Portfolio also envisages societal resistance to adopting green lifestyles and innovative approaches, which could slow necessary changes, and a lack of consensus among government institutions, potentially undermining crucial green transition reforms.

Environmental risks from the Portfolio "Catalysing the Green Transition in Bosnia and Herzegovina" include also the potential negative impacts on modified, natural, and critical habitats due to construction activities, resource extraction, and waste management practices. The Portfolio's interventions, especially those in hazard-prone areas, may be vulnerable to climate change and natural disasters, affecting both Portfolio outcomes and community resilience. Additionally, there are risks related to improper handling of hazardous waste, which could pose health and safety threats to communities. The Portfolio also raises concerns about potential damage to sites of cultural and historical significance and the safety and working conditions of labour involved in infrastructure projects.

Detailed analysis of the Portfolio potential social and environmental risks, the required social and environmental assessments, categorisation and management measures are outlined in **Annex 4 Social and Environmental Screening Template.**

Implementation and monitoring of all risks identified for the Portfolio "Catalysing the Green Transition in Bosnia and Herzegovina", and corresponding mitigation measures are required throughout the life-cycle of the Portfolio. Certain circumstances might require the revision of the completed design-stage screening. These include but are not limited to: (a) where new information becomes available such as through a social and environmental assessment, (b) where there are substantive changes to the Portfolio intervention (e.g. changes in design, additional components), or (c) where changes in the Portfolio context might alter the Portfolio risk profile. If the revised screening results in a higher risk category, then the revised SESP needs to be reviewed by the Portfolio Governance or a subsequent PAC process. The Portfolio Risk Register will be updated accordingly to reflect any change to the Social and Environmental Risks identified during the Portfolio implementation.

Risk responsibilities and ownership

All risks identified for the Portfolio "Catalysing the Green Transition in Bosnia and Herzegovina" will have a designated Risk Owner, the individual who is ultimately accountable for ensuring the risk is managed appropriately. Risk Owner and Treatment Owners are recorded in the Portfolio Risk Register (Annex 3 to the Portfolio document), which also includes treatment activities and deadlines for their implementation. The Risk Owner and Treatment Owner may or may not be the same individual. Risk Ownership is assigned based on the accountability for managing the risk, noting that many people may need to be involved.

Risk escalation

Not all risks can be managed at the Portfolio level for which they were identified. A risk is escalated when circumstances pertaining to the treatment itself may exceed the authority/mandate or expertise of the Risk Owner. The escalation of the risk and the change of ownership must be noted in the Risk Register. If and when escalation is urgent, risk transfer should be completed within 24 hours and it is acceptable to communicate escalation using phone or e mail and update the Risk Register afterwards. Escalation follows the applicable line management, i.e. from portfolio to programme to relevant Bureau and ultimately to the UNDP's corporate level.

Portfolio Grievance Response Mechanism (GRM)

The Portfolio will establish the Portfolio Grievance Mechanism to ensure that UNDP and its implementing partners uphold commitment to accountability and transparency, addressing grievances related to social and environmental impacts caused by its interventions.

The Portfolio GRM shall act as recourse for situations in which, despite proactive stakeholder engagement, some stakeholders have a concern about the Portfolio's potential impacts on them. Not all complaints should be handled through a GRM. For example, grievances that allege corruption, coercion, or major and systematic violations of rights and/or policies, are normally referred to organizational accountability mechanisms or administrative or judicial bodies for formal investigation, rather than to GRMs, which are designed for collaborative problem solving. For all UNDP-supported interventions, it is important to inform stakeholders of the existence of the UNDP Accountability Mechanisms, including the Stakeholder Response Mechanism (SRM) at the UNDP Country Office level and the Social and Environmental Compliance Unit (SECU) at the UNDP corporate level, its purpose, and of the procedure they should follow to raise complaints with SRM and/or SECU if they are not satisfied with the GRM's response. GRMs should enable aggrieved stakeholders ("complainants") to communicate their grievances through a variety of channels (e.g. phone, letter, email, website, meeting, etc.).

The GRM will be composed of: UNDP and Portfolio implementing partners' representatives as the GRM Secretariat, the Portfolio Board members, and other relevant stakeholders. The GRM will be balanced in composition (government and non-government) and should not include any Portfolio Board members with a direct interest or role in the grievance/dispute.

UNDP RISK MANAGEMENT- GENERAL TERMS

Where used in this section, the term "Implementing Partner" refers to the relevant Implementing Partner of each workplan. The Implementing Partner of each Multiyear work plan will be bound by the provisions in this section applicable to the implementation modality selected for relevant multiyear work plan.

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the Portfolio funds are used to provide support to individuals or entities associated with terrorism, that the recipients of any amounts provided by UNDP hereunder do not appear on the United Nations Security Council Consolidated Sanctions List, and that no UNDP funds received pursuant to the Portfolio Document are used for money laundering activities. The United Nations Security Council Consolidated Sanctions List can be accessed at https://www.un.org/securitycouncil/content/un-sc-consolidated-list. This provision must be included in all sub-contracts or sub-agreements entered into under this Portfolio Document.
3. Social and environmental sustainability will be enhanced through the application of the UNDP Social and Environmental Standards (http://www.undp.org/ses) and related Accountability Mechanism (http://www.undp.org/secu-srm).
4. UNDP as the Implementing Partner will: (a) conduct Portfolio and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the Portfolio or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other Portfolio stakeholders are informed of and have access to the Accountability Mechanism.
5. In the implementation of the activities under this Portfolio Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies and procedures.
6. All signatories to the Portfolio Document shall cooperate in good faith with any exercise to evaluate any programme or Portfolio-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to Portfolio sites, relevant personnel, information, and documentation.
7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor, and sub-recipient:
    a. Consistent with Article III of the SBAA *[or the Supplemental Provisions to the Portfolio Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
        i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the Portfolio is being carried;
        ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
    b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Portfolio Document.
    c. Each responsible party, subcontractor and sub-recipient (each a "sub-party" and together "sub-parties") acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the sub-parties, and other entities involved in Portfolio implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Portfolio Document.

(a) In the implementation of the activities under this Portfolio Document, each sub-party shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").

(b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Portfolio Document, in the implementation of activities, each sub-party, shall not engage in any form of sexual harassment ("SH"). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. SH may occur in the workplace or in connection with work. While typically involving a pattern of conduct, SH may take the form of a single incident. In assessing the reasonableness of expectations or perceptions, the perspective of the person who is the target of the conduct shall be considered.

d. In the performance of the activities under this Portfolio Document, each sub-party shall (with respect to its own activities), and shall require from its sub-parties (with respect to their activities) that they have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, sub-parties will and will require that their respective sub-parties will take all appropriate measures to:

(i) Prevent its employees, agents or any other persons engaged to perform any services under this Portfolio Document, from engaging in SH or SEA;

(ii) Offer employees and associated personnel training on prevention and response to SH and SEA, where sub-parties have not put in place their own training regarding the prevention of SH and SEA, sub-parties may use the training material available at UNDP;

(iii) Report and monitor allegations of SH and SEA of which any of the sub-parties have been informed or have otherwise become aware, and status thereof;

(iv) Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and

(v) Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. Each sub-party shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties with respect to their activities under the Portfolio Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the relevant sub-party shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

e. Each sub-party shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the relevant sub-party to comply with the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Portfolio.

f. Each responsible party, subcontractor and sub-recipient will ensure that any Portfolio activities undertaken by them will be implemented in a manner consistent with the UNDP Social and Environmental Standards and shall ensure that any incidents or issues of non-compliance shall be reported to UNDP in accordance with UNDP Social and Environmental Standards.

g. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud, corruption or other financial irregularities, by its officials, consultants, subcontractors and sub-recipients in implementing the Portfolio or programme or using the UNDP funds. It will

ensure that its financial management, anti-corruption, anti-fraud and anti money laundering and countering the financing of terrorism policies are in place and enforced for all funding received from or through UNDP.

h. The requirements of the following documents, then in force at the time of signature of the Portfolio Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices (b) UNDP Anti-Money Laundering and Countering the Financing of Terrorism Policy; and (c) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Portfolio Document and are available online at www.undp.org.

i. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and Portfolios. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.

j. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud, corruption and other financial irregularities with due confidentiality.

   Where it becomes aware that a UNDP Portfolio or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

k. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud corruption, other financial irregularities or otherwise paid other than in accordance with the terms and conditions of this Portfolio Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Portfolio Document.

   Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Portfolio Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud, corruption or other financial irregularities, or otherwise paid other than in accordance with the terms and conditions of the Portfolio Document.

   Note: The term "Portfolio Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Portfolio Document, including those with responsible parties, subcontractors and sub-recipients.

l. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Portfolio Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.

m. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the Portfolio or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all

individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

n. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled “Risk Management” are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled “Risk Management” are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Portfolio Document.

ANNEXES

Annex 1: Portfolio Multi-Year Work Plan

Annex 2.a: Consolidated Concept Proposal for Sida (incl. detailed work plan)

Annex 2.b: Consolidated Concept Proposal for SDC (incl. detailed work plan)

Annex 3: Portfolio Risk Register and Risk Analysis

Annex 4: Social and Environmental Screening Template (SESP)

Annex 5: Portfolio Multi-Year Work Plan / Budget