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Capacity Needs Assessment and Capacity Building Action Plan – Montenegro's Water Sector

Enhancing public and private sectors capacities to understand climate change impacts in the water sector, and design, finance and implement gender-sensitive and inclusive adaptation responses

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The Context

GCF Readiness project: *Building technical and institutional capacity in the water sector to facilitate inclusive climate resilience initiatives in Montenegro.*

Objective: to strengthen capacity and equip the water sector in Montenegro with the tools and knowledge to attract and manage climate finance effectively

Objectives of the Assessment:

- To identify institutional and technical capacity gaps.
- To determine training priorities and modalities.
- To establish baseline capacities for monitoring progress.
- To inform the Capacity Building Action Plan and ensure that the training plan is targeted, evidence-based, and measurable.

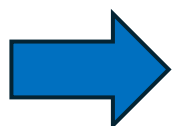
Capacity Needs Assessment Methodology:

Mixed-method approach participatory process aiming to gather both quantitative and qualitative insights:

- Online survey pre-inception (21 respondents; 57% women)
- Live polls during inception workshop (May 2025)
- Bilateral interviews & discussions
- Stakeholders from government, utilities, academia, and private sector

Main barriers identified

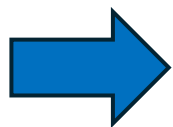
- Limited knowledge of GCF opportunities and procedures
- Weak institutional coordination
- Limited technical capacity in project preparation
- Insufficient data on climate risks
- Minimal private sector involvement



These barriers collectively explain why Montenegro's water sector has a limited pipeline of GCF-ready projects. They also guide what capacity-building actions must focus on.

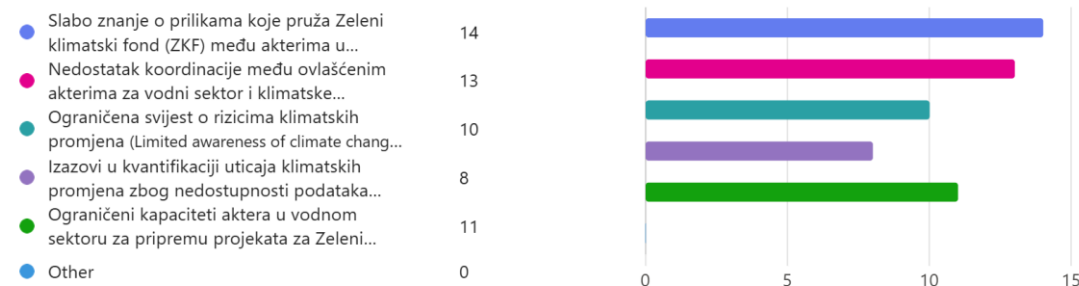
Current Financing Landscape

- Main sources: National budget, EU IPA funds, international development banks
- Very limited private sector investment
- Low awareness of climate finance mechanisms



Diversify financing sources and involve private actors in climate-resilient water investments.

17. Koje su glavne prepreke koje onemogućavaju vodni sektor da pristupi sredstvima Zelenog klimatskog fonda (ZKF) u Crnoj Gori? (What are the **main barriers** that prevent the water sector from accessing **GCF funding** in Montenegro?)



16. Koji su glavni izvori finansiranja za ulaganja u vodni sektor u Crnoj Gori? (What are the **main sources of financing** for water investments in Montenegro?)

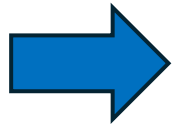


Baseline Capacity Results

Capacity Area	Score (1–5)	Interpretation
Climate change impacts	2.71	Moderate
Project identification	3.00	Moderate
Climate finance knowledge	3.00	Moderate
GCF procedures	2.69	Low
GCF concept note experience	1.95	Very low
Quantifying water investments	3.10	Moderate-high

Top-ranked training areas:

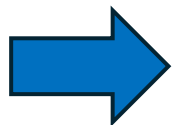
1. Financial structuring of GCF projects
2. Identification of climate risks and impacts
3. Designing solutions and project concepts
4. Secondary: gender, ESS, private sector engagement



These priorities directly informed the structure of the Capacity Building Action Plan.

Preferred Learning Modalities

- Strong preference for **in-person workshops**
- Supplemented by **online knowledge platform & community of practice**
- No existing national system for climate finance knowledge-sharing

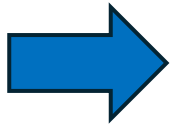


Shows the demand for both face-to-face engagement and a digital space for continuous learning and collaboration.

Key Findings & Next Steps

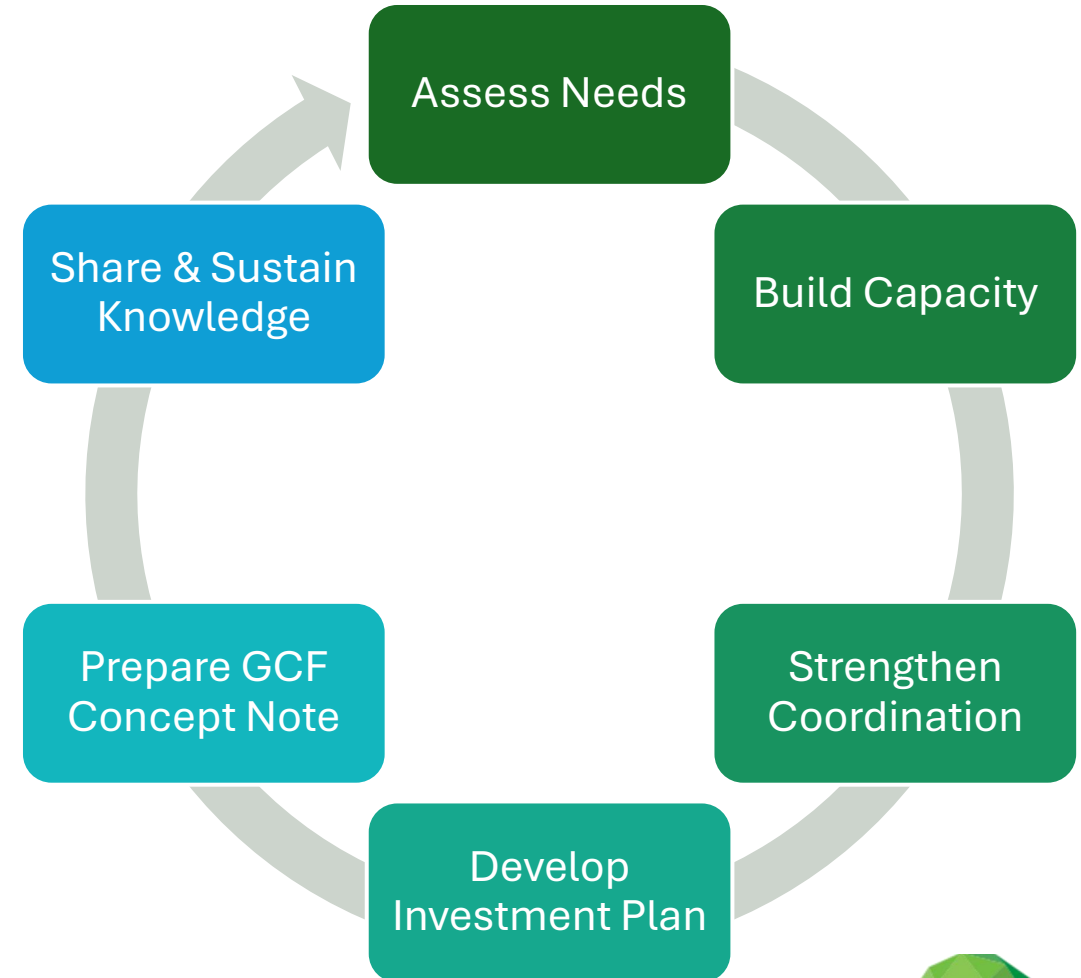
Key Findings:

- Technical and institutional capacity is still emerging.
- Need for structured, practical, and iterative learning.
- Coordination mechanisms must be strengthened.
- Capacity-building is essential for GCF project pipeline development.



Next Steps

- Implement Capacity Building Action Plan
- Establish Water & Climate Resilience Working Group
- Launch Knowledge Platform for continuous learning
- Develop GCF Concept Note and Water Investment Plan



The Capacity Building Action Plan:

1. Provides a structured learning and action framework aligned with GCF objectives
2. Aims to strengthen public and private water-sector stakeholders' capacity to:
 - Engage effectively in climate finance programming
 - Develop GCF-compliant, gender-responsive projects
 - Institutionalize knowledge and coordination mechanisms

Core areas of capacity enhancement

Climate change
and impacts

Project
identification and
prioritization

Climate finance
and funding
mechanisms

GCF concept note
and proposal
development

Learning Modalities

- In-person workshops
- Online webinars / e-learning
- Knowledge Platform
- Community of Practice
- One-on-one support

This blended approach ensures accessibility and continued engagement beyond workshops.

Workshops are interactive, hands-on, and linked directly to real project ideas and GCF templates

Trainings – an overview

Training	By the end of the training, participants will have done the following – to contribute to <u>GCF Concept Note Development</u>	During the training, participants will become equipped to understand, query, and contribute to the following milestones of the <u>Climate Resilient Water Investment Plan</u>
1. Introduction to GCF/ Climate Rationale/ Climate Impact Potential (October 2025)	Formulated a problem statement for a potential GCF water project idea in Montenegro.	1. Rapid climate change risk assessment in the water sector first draft prepared (Sept) 2. Baseline assessment of water sector investments and needs, gaps in Montenegro prepared (Sept)
2. GCF Investment Criteria (February – March 2026)	Developed a theory of change for a potential GCF water project idea in Montenegro.	3. Project screening tools (one for public, one for private sector) prepared (Dec)
3. GCF Financial Structuring (April – May 2026)	Completed full draft of a concept note for potential GCF water project idea in Montenegro.	4. Preliminary financial, economic, environmental, socio-economic assessment report on project ideas (Feb) 5. One project further elaborated as proof-of-concept (Mar) 6. Two Business cases developed for targeted projects/ideas (Apr)
		7. Climate resilient water investment plan for Montenegro's water sector (June)

Monitoring & Evaluation

- Pre- and post-training surveys
- After-Action Reviews and focus groups
- Gender & inclusion indicators
- Continuous feedback to improve training content

Progress will be tracked continuously using quantitative and qualitative data.

Learning Tracker - to ensure measurable improvement over time — a critical requirement for GCF Readiness reporting

Capacity Area	Baseline (1–5)	Target (End of project)
Climate change impacts	2.7	4.0
Climate finance	3.0	4.2
GCF procedures	2.7	4.0
Concept note experience	1.9	3.8

Expected Outcome that will create both immediate and lasting impacts:

- Water & Climate Resilience Working Group operational
- Trained cadre of public/private experts in GCF project preparation
- At least one GCF concept note developed
- Climate-Resilient Water Investment Plan prepared
- Knowledge Platform established for ongoing learning

Ensuring Sustainability & Institutionalization

- Capacity embedded within NDA and ministries
- Online Knowledge Platform ensures knowledge retentionPeer-to-peer mentoring and Community of Practice
- Supports long-term GCF engagement and pipeline growth
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Pre-training Survey



 *Water Knowledge hub*