MINISTRY OF FINANCE OF THE SLOVAK REPUBLIC

Boost.

CITY EXPERIMENT FUND

UNDP

SLOVAK TRANSFORMATION FUND

ANNUAL PROJECT PROGRESS REPORT 2025

Building Innovation Capabilities and Ecosystems in Eurasia

New Project Phase: 2025-2028

Reporting period: 1 January - 31 December 2025

United Nations Development Programme | Funded by the Ministry of Finance of the Slovak Republic

Project Information

Field		Project information
Implementing Agency		United Nations Development Programme
Project ID		138836
Gender Marker		GEN2
Digitalization Marker		Not separately specified in the Revised Project Document
Project Title		Slovak Transformation Fund
Project Duration		10 November 2021-31 December 2028
Country/Region		Regional-Europe and Central Asia
Funding Partner(s)		Ministry of Finance of the Slovak Republic
Implementing Partner / Management Unit		UNDP Istanbul Regional Hub for Europe and the CIS
Responsible Parties	1	UNDP Istanbul Regional Hub; UNDP Country Offices in Armenia, Kosovo, Montenegro, North Macedonia and Ukraine; participating municipal counterparts
Reporting Period		1 January-31 December 2025
Project Manager		Ievgen Kylymnyk, Regional Project Manager, UNDP Istanbul Regional Hub
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Project website / public platforms		https://boostimpact.org/ https://cityexperimentfund.org/
Contributing Regional Programme Outcome	2	Outcome 1: Structural transformation accelerated, particularly green, inclusive and digital transitions
Contributing Regional Programme Output		Output 1.6: Innovation capabilities built, and approaches adopted to expand policy options at regional levels

1 References to Kosovo shall be understood in the context of United Nations Security Council resolution 1244 (1999)

2 Contribution refers to Regional Programme Document 2022-2025

Contents

Acronyms

Acronym	Meaning
AUA	American University of Armenia
AWP	Annual Work Plan
BOOST	UNDP regional acceleration platform for ventures and non-profit organizations
CCAC	Climate and Clean Air Coalition
CEF	City Experiment Fund
CO	Country Office
DIB	Development Impact Bond
DRR	Disaster Risk Reduction
ECA	Europe and Central Asia
EFSD+	European Fund for Sustainable Development Plus
EPCG	Electric Power Company of Montenegro
FGD	Focus-group discussion
GEN2	UNDP Gender Marker 2
GIS	Geographic Information System
ICARE	International Center for Agribusiness Research and Education
IPSAS	International Public Sector Accounting Standards
IRH	UNDP Istanbul Regional Hub
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding
NGO	Non-governmental organization
OECD	Organisation for Economic Co-operation and Development
RPD	Revised Project Document
SDG	Sustainable Development Goal
SME	Small and medium-sized enterprise
STF	Slovak Transformation Fund
UFF	Urban Future Finance
UNDP	United Nations Development Programme
UN-Habitat	United Nations Human Settlements Programme
UNSCR	United Nations Security Council resolution
USD	United States dollar

I. Executive Summary

In 2025, the Slovak Transformation Fund (STF) moved the strategic direction agreed in 2024 into municipal practice. **Across ten cities, the Project established a common way of working that began with resident experience, translated local pressures into strategic portfolios, and connected selected priorities to innovation and financing pathways.** The year's most important result was stronger municipal capacity to govern transition: cities became better able to frame interconnected problems, convene the institutions and partners that influence them, and identify the decisions required to move from ambition towards implementation.

Progress in City Portfolio Development

The City Experiment Fund (CEF) was the main arena in which this approach was tested. Stepanavan and Tashir in Armenia; Pristina and Obiliq in Kosovo; Podgorica and Pljevlja in Montenegro; Gostivar and Kavadarci in North Macedonia; and Kovel and Nizhyn in Ukraine moved through a shared cycle of onboarding, community listening, sensemaking, portfolio design, peer exchange and follow-up support.

The Bratislava Portfolio Bootcamp, hosted by the City of Bratislava on 10–11 April, gave the cohort a common point of transition from local diagnosis to strategic intent and early portfolio choices. Subsequent city work demonstrated the value of a common method, while also showing that political authority, municipal capacity and operating context determine how quickly a portfolio can enter routine practice.

Across the five project locations, the cities developed portfolio themes spanning circular transition, urban nature and well-being, land use and resilience, and energy resilience. **The cohort model provided municipalities with a common language without obscuring their differences.** It allowed places facing different pressures and opportunities to work within one strategic framework while keeping their portfolios rooted in local realities. **The ten-city cohort demonstrates the operational reach of the common portfolio cycle.**

Progress Against the Urban Capacity Outcome

The STF team completed the first urban capacity-assessment cycle across all ten participating cities. The assessment drew on 94 informed-practitioner survey responses, facilitated focus-group discussions and the city documentary record to examine changes in portfolio practice, coordination, adaptation, inclusion and the management of complexity.

All ten cities reported improvement. STF corroborated these accounts through focus-group findings and documentary evidence, applying a conservative evidentiary threshold**. Six cities, or 60 percent of the cohort, met that threshold against the 2025 target of 50 percent.** Two further cities showed considerable progress, bringing the share of cities demonstrating positive movement to 80 percent, while findings for the remaining two cities were inconclusive.

Twin Transition Knowledge and Regional Practice

The twin transition frame gave coherence to these strands of work. Through the Twin Transition Stencil and related regional knowledge activities, STF developed a practical way for municipal leaders, development practitioners and innovation teams to connect green and digital change with systems thinking and portfolio practice.

The Stencil, exploratory GIS and urban analysis, community-listening outputs and public knowledge products made the portfolio approach understandable and accessible beyond individual city engagements. They were made publicly available through STF platforms and featured in public outreach through Urban Talks, helping position STF as a recognizable body of urban transformation practice that can be reused and adapted across the region.

These products also strengthened regional practice by demonstrating how cities can move from fragmented pressures to integrated portfolios, and how those portfolios can connect experimentation, finance and implementation.

Integration of CEF and BOOST

A parallel development in 2025 was the closer integration of BOOST and CEF. Rather than operating alongside city work as a separate innovation stream, **BOOST became more closely aligned with CEF and began to function as a route for sourcing implementable responses to city-defined problems.**

The Urban Future Finance Challenge, implemented across 2024–2025, reflected this shift. It graduated 16 ventures, brought 11 to Demo Day and awarded three innovation prizes to solutions in areas including civic technology, participatory budgeting and AI-enabled clean-energy adoption.

The integration became stronger with the launch of Green Urban Tech in mid-2025. Designed as a BOOST programme within the same strategic framework, it was designed around themes emerging from city portfolios; municipal matching and deployment remained later stages. The call received more than 260 applications, from which 15 participants were selected for the sprint phase. Proposed solution areas included air-quality monitoring, digital tools for urban management, emissions tracking, nature-based design, citizen participation and related green urban technologies.

In practice, this brought BOOST and CEF into a more coherent relationship: **cities defined problems with greater precision, while the accelerator helped test which solutions, ventures and partnerships might respond to them.** The year also demonstrated that public-sector absorption, trust, clear decision pathways, and the ability of municipalities to test and adapt solutions are decisive in determining whether promising ideas move towards implementation.

Progress in Innovative Finance

The Innovative Finance stream focused on identifying and shaping financing opportunities. The approach moves beyond traditional municipal finance by targeting urban systems finance and mobilizing resources across diverse stakeholders, including science and technology parks, academia, civic infrastructure, municipal partners and local implementation coalitions.

In Armenia, development impact bond work reached the stage of a draft **EUR 10 million EU application, supported by an in-principle EFSD+ anchor-outcome funding pathway. No capital had been approved, contracted or disbursed under this pathway by year-end. A second Armenia pathway** advanced through the Lori Organic Waste and Circular Bioeconomy Project, developed from the Tashir and Stepanavan portfolio work and submitted by the American University of Armenia together with UNDP Armenia to the Climate and Clean Air Coalition.

The selected proposition has an indicative total value of approximately USD 2.2 million, comprising an approximately USD 1.9 million grant request and USD 0.3 million in-kind co-financing, subject to approval and contracting. Approximately USD 700,000 is intended for the two municipalities and USD 800,000 for national-level scale-up and complementary-funding mobilization.

Across the wider cohort, teams also initiated financing pathways in Pristina, Obiliq, Tashir, Stepanavan, and Pljevlja. January 2026 management reporting recorded approximately USD 500,000 in aggregate municipal cash and in-kind contributions across the cohort.

Key Challenges, Risks and Lessons Learned

Implementation in 2025 took place amid uneven municipal capacity, political change and, for the Ukrainian cities, the direct effects of war. Several municipalities experienced political turbulence or changes in local leadership that slowed decisions and disrupted implementation sequencing. At the same time, small municipal teams were required to manage broad portfolios with limited time and staffing.

Kovel and Nizhyn operated under air attacks, infrastructure damage, logistical disruption and wider wartime economic losses. Even under these conditions, community listening and sensemaking continued, the Bratislava process sharpened both portfolios, and city priorities remained focused on energy resilience and local recovery.

These conditions confirmed that urban transformation cannot follow a uniform timetable. STF mitigated implementation risks through peer exchange, field accompaniment, continued sensemaking and flexible support, maintaining strategic direction while adapting the pace and sequencing of activities to local conditions.

The experience also reinforced the importance of leadership-level engagement. Portfolio work requires authority across departments, continuity through political change, and senior sponsorship to translate strategic intent into institutional action. This lesson informed the design of the 2026 Mayors Leadership Programme, which aims to strengthen the political and administrative conditions required for implementation.

Financial Utilization

The Project reached expenditure of USD 1.336 million against an approved annual budget of USD 1.465 million, equivalent to 91.2 percent utilization during the reporting period.

Cumulative expenditure reached USD 4.283 million, representing 47.3 percent of the total USD 9.049 million project budget. As of 31 December 2025, available resources stood at USD 1.860 million after commitments of USD 156,175.

The 2025 financial report records expenditure of USD 1.336 million. Against the Project Board-approved annual budget of USD 1.465 million, this represents **utilization of 91.2 percent.** Cumulative expenditure reached USD 4.283 million, equivalent to 47.3 percent of the approved USD 9.049 million project budget. At 31 December 2025, available resources stood at USD 1.860 million after commitments of USD 156,175. Financial utilization was therefore strong in the first year of the revised 2025-2028 phase. The year-end resource position supports continued implementation, provided the remaining work plan is sequenced and contracted with discipline.

Key Recommendations for 2026 and Beyond

STF should maintain the architecture that gave the 2025 work its coherence: **the CEF cohort model, the closer relationship between BOOST and CEF, and the twin transition as the shared frame for city portfolios.**

Engagement with mayors and senior officials should be deepened so that portfolio work has the mandate required to operate across municipal departments and withstand political or administrative turbulence. Support should remain differentiated by context, with particular flexibility for municipalities operating under acute pressure, including in Ukraine, where energy resilience is closely connected to recovery, economic continuity and community well-being.

Building on the priorities and capabilities developed through the twin transition portfolios, **in 2026 STF is launching the new CEF × AI cohort in line with the approved project plan**. The cohort should focus on strengthening the capacity of municipalities to understand, assess and engage with artificial intelligence in a practical and responsible way. It should support cities in identifying relevant municipal use cases, framing city-owned challenges, assessing data and institutional readiness, and developing pathways for experimentation and implementation. This will extend the twin transition approach by helping municipalities connect AI capabilities to existing green, digital and urban transformation priorities rather than treating AI as a separate technology agenda.

Implementation and financial planning will focus on converting the existing portfolio, innovation and financing pipelines into clearly sequenced activities, partnerships and investments, while maintaining realistic expectations regarding municipal absorption capacity.

Finally, the STF learning system, including the Portfolio Intelligence Assistant, urban capacity assessment and regional knowledge products, will be further embedded as a management asset so that portfolio intelligence consistently informs implementation choices, resource allocation and risk management throughout the year.

II. Introduction

The Slovak Transformation Fund is a regional partnership between UNDP and the Ministry of Finance of the Slovak Republic. It was established to advance green, just and smart transitions in Europe and Central Asia through systems approaches, innovation, city portfolios and new routes to finance. Following the 2024 Mid-Term Evaluation, the Revised Project Document for 2025-2028 expanded the number of city engagements, organized cities into thematic cohorts and brought BOOST acceleration into closer relationship with the City Experiment Fund.

The revised project is built around two interconnected components. The first, BOOST, accelerates high-impact solutions, innovative business models and innovation ecosystems through capability development, networks, and access to funding and communication. The second supports strategic innovation for urban systems through CEF, regional portfolios, experimentation, learning and the exploration of innovative financing mechanisms. Cross-cutting work on foresight, finance, data innovation, governance and gender equality is intended to strengthen the connection between these two components.

STF contributes to the UNDP Regional Programme (2022-2025) outcome on structural transformation, particularly green, inclusive and digital transitions, and to the regional output on building innovation capabilities and expanding policy options. Its city work also supports the wider direction of the Sustainable Development Goals, particularly SDG 5 on gender equality, SDG 7 on affordable and clean energy, SDG 8 on decent work and economic growth, SDG 9 on industry, innovation and infrastructure, SDG 10 on reduced inequalities, SDG 11 on sustainable cities and communities, SDG 12 on responsible consumption and production, SDG 13 on climate action and SDG 17 on partnerships. The report does not assign individual STF results to those goals; the goals provide the wider development frame.

The 2025 city cohort operated through UNDP Country Offices in Armenia, Kosovo, Montenegro, North Macedonia and Ukraine. The ten cities were Stepanavan, Tashir, Pristina, Obiliq, Podgorica, Pljevlja, Gostivar, Kavadarci, Kovel and Nizhyn. The cohort expanded STF's city work while creating a shared operating rhythm across very different municipal and political settings.

CEF, the City Experiment Fund, is STF's city-facing method for helping municipalities listen, frame connected portfolios, identify options and move towards implementation.

BOOST is UNDP's regional acceleration platform for impact ventures and non-profit organizations. It supports organizations through capability development, networks, visibility and, in selected cycles, awards.

A portfolio is a connected set of actions managed together because no single project can resolve a complex urban challenge. It may combine policy, services, physical investments, digital capabilities, behaviour change and finance.

The Project is managed by UNDP Istanbul Regional Hub, with Country Offices in Armenia, Kosovo, Montenegro, North Macedonia and Ukraine adapting the shared architecture to local institutions. Municipalities provided staff, knowledge, authority, resources and operating responsibility. The City of Bratislava hosted the Portfolio Bootcamp as a learning partner. Technical, civil-society, academic, market and finance partners contributed specialist capabilities.

The Project's monitoring, evaluation and learning approaches combine programme-level review with city-level evidence. The annual approach uses documentary corpus review, city reporting, portfolio materials, cohort learning, survey and focus-group evidence. The CEF Urban Capacity Index supports assessment of portfolio adoption, transformation capacity, gender and inclusion, learning practice and related municipal capabilities.

Section 1: Analysis of Theory of Change

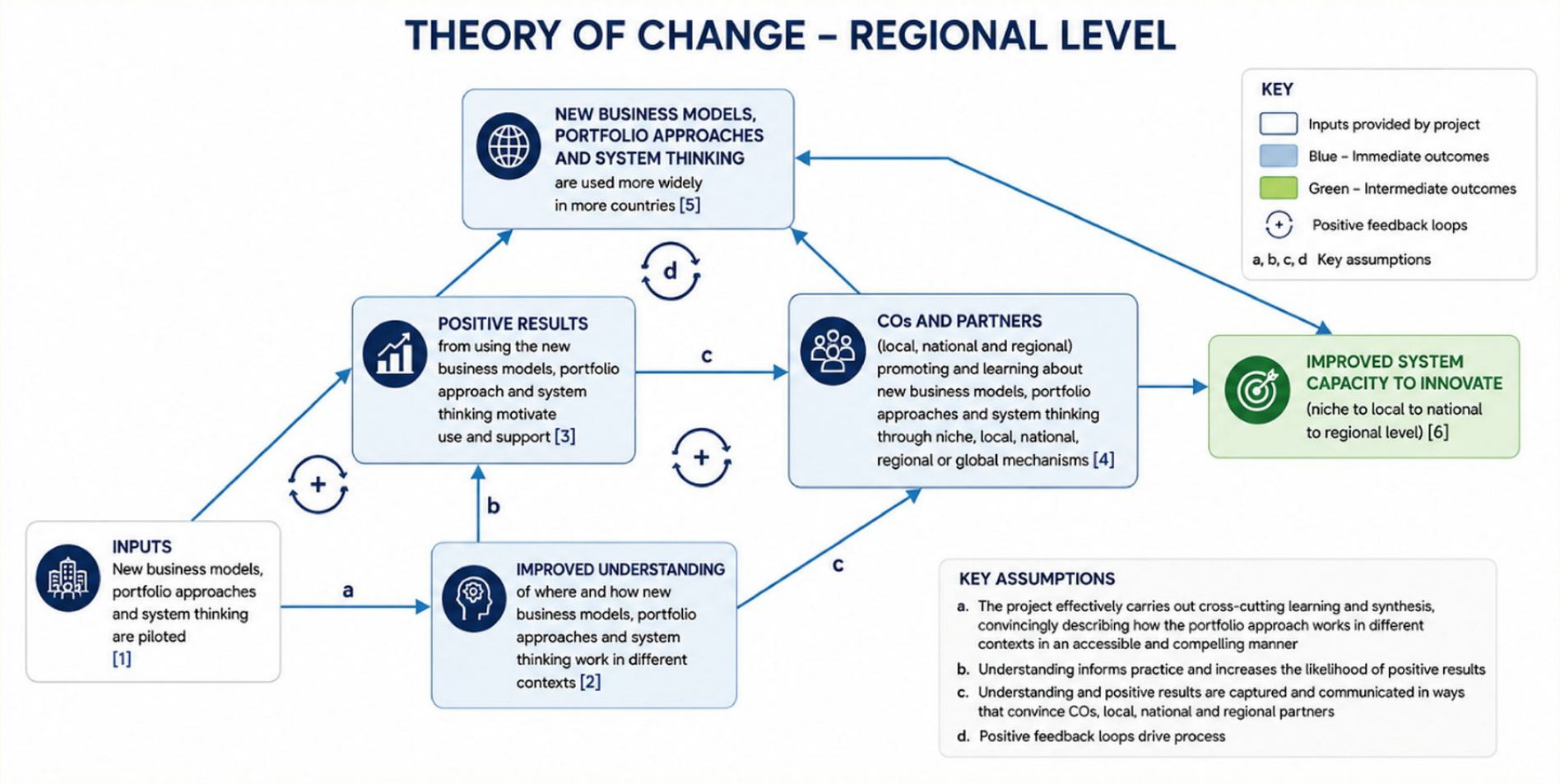


Figure 1 – Project Theory of Change

The assumptions underlying the STF Theory of Change continue to hold. Evidence from 2025 confirms that resident-grounded diagnosis, portfolio practice, stakeholder co-creation, innovation support and finance preparation can improve the relevance and coherence of municipal action on complex transition challenges. The project strategy therefore remains relevant, particularly its integrated use of CEF, BOOST, innovative finance and regional learning.

However, 2025 also provided additional learning that helps us emphasize certain aspects of project delivery: **technical quality must be matched by senior political sponsorship, municipal absorption capacity, clear institutional ownership, viable procurement and financing pathways**, and evidence showing how decisions, routines, budgets or services have changed. The main adjustment required is therefore operational: **support should concentrate on a smaller number of portfolio options with defined owners, decision routes, resource requirements and implementation evidence.**

The twin transition remained a relevant and practical frame because it connected green and digital opportunities within city portfolios, rather than treating climate, digitalization and innovation as separate agendas. This made the Theory of Change more operational: cities could identify transformation opportunities through a portfolio lens, assess innovation inputs against those priorities and begin defining what would be required to move from concepts towards implementation.

The expansion of CEF across ten cities and five Country Offices provided a broader test of this logic. The experience confirmed that city portfolios are a useful entry point for organizing complex challenges, but also showed that progress depends on local sequencing, institutional readiness and leadership engagement. The evidence does not suggest uniform uptake across cities; it provides a clearer understanding of the conditions under which portfolio work can move from analysis to decision and implementation.

The closer alignment between BOOST and CEF also strengthened the Theory of Change. Innovation support proved more relevant when linked to demand emerging from city portfolios, rather than delivered as a separate acceleration stream. This reinforces the project's causal logic: innovation supply contributes to urban transformation when it responds to clearly defined city challenges and is connected to ownership, adoption, financing and institutional follow-through.

Section 2: Overall progress against outcomes

In 2025, the Slovak Transformation Fund contributed to Outcome 1: Structural transformation accelerated, particularly green, inclusive and digital transitions (Regional Programme 2022-2025) by **strengthening the capacity of cities and their partners to manage complex urban transitions and by connecting municipal portfolio work with innovation, finance readiness and regional learning**. Specifically, the CEF doubled its reach to 10 cities in the new project cycle, as well as bringing closer alignment of BOOST with city-defined challenges, and the development of practical approaches that can be reused across Europe and Central Asia.

CEF specifically developed, strengthened and shared the regional operating architecture for urban transformation. All ten cities completed a common cycle of community listening, sensemaking, portfolio framing and early option development. Community listening involved 319 participants, of whom 57.1 percent were women and 36.7 percent were identified under locally applied vulnerability categories. **This provided cities with structured qualitative evidence on how residents and stakeholders experience transition pressures and helped broaden municipal problem definitions beyond narrow sectoral frames.** The result was a stronger basis for policy and programme choices linking climate, energy, mobility, land use, public services, livelihoods and digital change.

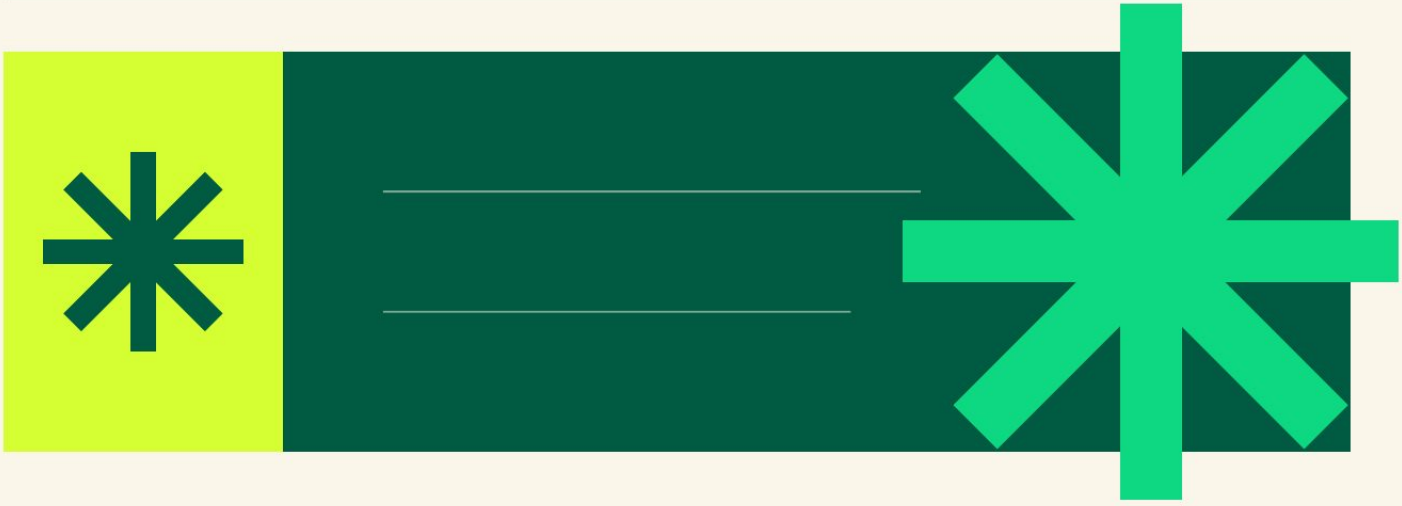
BOOST provided a complementary pathway towards the outcome by strengthening the supply of city-relevant innovation. The Urban Future Finance cycle selected 19 organizations, graduated 16 ventures, brought 11 to Demo Day and awarded three USD 10,000 innovation prizes. Green Urban Tech generated 262 applications from more than 30 countries, advanced ten solutions through Discovery Days and selected 15 organizations for the sprint phase. **These results show progress in developing an innovation pipeline around challenges such as air quality, emissions tracking, urban management, circularity, resilient infrastructure, biodiversity and citizen participation.**

At regional level, the **Twin Transition Stencil, community-listening outputs, exploratory urban analysis and related knowledge products helped codify the methods emerging from implementation.** These products expanded the policy and programming options available to Country Offices, municipalities and regional partners by showing how green and digital transition priorities can be organized through portfolio practice, linked to innovation pipelines and connected to finance readiness.

Overall, STF made a credible contribution to Outcome 1 and Output 1.6 in 2025. Specifically, with regard to **improved city capability, adoption of portfolio approaches and the establishment of a shared regional operating model**.

2025 in a glance

City cohort and portfolio practice	STF established and tested a common regional method for managing complex urban transition challenges. Ten cities across five Country Offices completed the common CEF sequence of community listening, sensemaking, portfolio framing and early option development.
Community listening and inclusion	Cities generated structured qualitative evidence to inform problem framing and portfolio choices. Community-listening activities engaged 319 residents and stakeholders. Women represented 57.1 percent of participants, while 36.7 percent were identified under locally applied vulnerability categories.
Municipal transformation capability	Improved portfolio practice, coordination, adaptation and inclusion across a majority of the cohort. The result is a programme-management measure, not an independent evaluation or evidence of city-wide institutionalization.
Urban Future Finance acceleration	The programme strengthened venture readiness and developed a pipeline of solutions relevant to urban and green transition challenges. Completion and awards do not yet demonstrate municipal procurement, investment or deployment.
Green Urban Tech pipeline	STF established a substantial pipeline of innovations linked to city-relevant needs, including air quality, emissions, urban management, circularity, biodiversity and citizen participation.
Regional knowledge and intelligence	STF codified practical approaches for connecting green and digital transition, portfolio practice, innovation and finance readiness. This expanded the methods and programme options available to Country Offices, municipalities and regional partners.



Section 3: Monitoring and Evaluation of activities

Monitoring undertaken in 2025

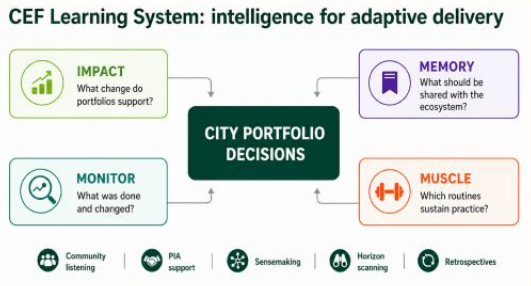
The 2025 monitoring approach combined qualitative engagement, city reporting, cohort reviews, assessment tools, programme records and official financial evidence. City teams and Country Offices received six hours of live online training before conducting four weeks of structured community engagement. Every city met the minimum of 25 interviews. Across the cohort, 319 people participated.

UNDP Office setting	Participants
Armenia	78
Kosovo	57
Montenegro	77
North Macedonia	53
Ukraine	54
Total	**319**

Women represented 57.1 percent of participants, as well 36.7 percent locally identified vulnerable groups. Listening was structured qualitative learning, not representative public-opinion polling.

Towards the year-end, the Project team conducted a capability assessment: CEF Urban Capability Index, which combined a self-assessment survey with facilitated focus-group discussions. We reached 94 informed-practitioner responses and combined the interpreted result into final city score. The assessment is an internal management result, not an independent evaluation.

Learning and use of evidence



Learning and the use of evidence were among the project's most important results in 2025. STF invested deliberately in reflection, sensemaking and knowledge capture across the regional team, Country Offices and participating cities, using community listening, annual and regional sensemaking sessions, retrospectives, horizon scanning and programme reviews while implementation was still underway. The CEF Learning System organized this work around four functions: understanding impact, monitoring progress, preserving institutional memory and building the practical "muscle" for adaptation. This made learning a management function, not a reporting exercise conducted after activities had ended.

The learning system informed delivery decisions. Community listening widened problem frames before portfolios were fixed; sensemaking exposed unclear strategic intent and missing actors; city and programme reviews identified operational and evidence gaps.

Section 4: Progress against Project outputs

4.1 BOOST: Regional Impact Acceleration Programme

Boost.

Output 1: Innovative stakeholders are identified and supported in the acceleration of their growth and solution design through the BOOST acceleration programme

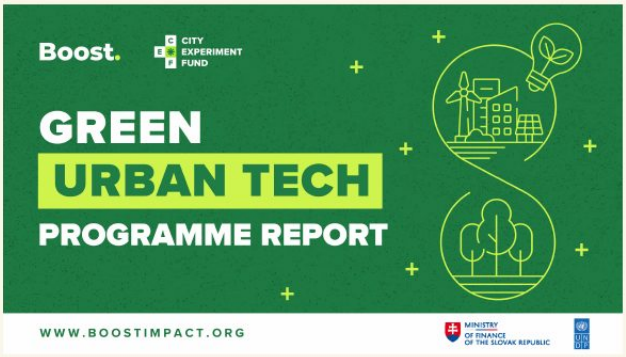
BOOST's contribution in 2025 extended beyond the number of organizations participating in its acceleration programmes. It helped strengthen the connection between urban needs and innovation supply. Through CEF, ten municipalities continued the careful work of listening, defining portfolios and identifying the institutional constraints surrounding complex urban challenges. BOOST complemented this work through open calls, curation, acceleration, mentorship, partner networks and catalytic awards. Together, these mechanisms began to establish an STF approach that starts with a public problem and prepares potential solutions for testing under municipal conditions.

This approach provides a foundation that can be adapted across themes, cities and partnerships, while allowing lessons from each cycle to inform the next. In 2025, Urban Future Finance concluded an acceleration cycle that strengthened participating organizations' readiness. Green Urban Tech applied those lessons more directly to needs emerging from city portfolios. Green Futures, delivered with complementary partners beyond STF, also indicated how elements of the BOOST approach could be adapted to other programmes and country contexts.

STF created a regional innovation infrastructure: it listens to cities, converts needs into portfolios, brings in technical and financial partners, accelerates deployable solutions and captures learning for reuse across the region.

Output 1 indicator table

Output indicator	2025 Target	2025 Result
Percentage of BOOST stakeholders reporting improved capabilities and networks **Baseline: 86.7% proxy from an earlier BOOST cohort**	**75%**	75% * * Conservative percentage, reflecting lowest score from the survey: 100% participants report - report improved ability to identify the right city or public-sector department or stakeholders to engage 75% - report improved ability to initiate first conversations with cities or public-sector actors 83,3% - report improved ability to sustain follow-up and next steps with cities or public-sector actors
Number of innovative inclusive and gender responsive solutions and business models: **(i) accelerated through the BOOST programme;** **(ii) piloted or implemented, addressing identified urban challenges and aligning with the project's strategic portfolios** **Baseline: 45 accelerated**	15 accelerated / 3 piloted or implemented	15 organizations accelerated thought Green Urban Tech / 3 BOOST Urban Future Finance piloted



Green Urban Tech Programme Report

Urban Future Finance Programme Report

Figure 6. BOOST knowledge products documenting the city-linked innovation pipeline and the completed Urban Future Finance cycle.

Green Urban Tech: a pipeline shaped by city demand

Conventional acceleration often begins by selecting promising ventures and only later looking for a public institution willing to use them. BOOST and CEF reversed that sequence. **The ten-city cohort had already surfaced connected challenges around air quality, waste and circularity, energy resilience, green public space, mobility, climate planning, participation and municipal data**. The programme could therefore search the ecosystem against an informed picture of demand, rather than treating cities as a demonstration venue after selection.

The open call ran from 10 September to 19 October 2025 and received 262 applications from more than 30 countries. The volume showed that the region can attract serious innovation supply; the programme's value lay in filtering that supply through public problems and implementation realities.

Discovery Days on 3-4 December presented ten established solutions:

- Airly for air-quality intelligence;
- MultiKnip for purpose-bound public payments;
- City&Me for civic engagement;
- COPLANAI by SpinUnit Lab for participatory spatial design;
- Maptionnaire by Mapita for GIS-backed participation;
- CIVORA by DKSR for integrated urban data;
- FitekIN for invoice automation;
- ClimateView for climate-transition planning;
- SaferPlaces for climate-risk analytics; and
- CloudCity for predictive urban management.

This gave city teams and programme partners a comparative view of what was already deployable, what required adaptation and where a technology proposition did not yet answer an institutional need.

In parallel, **15 businesses and non-profit organizations from Albania, Armenia, Kosovo, Montenegro, North Macedonia, Poland, Serbia and Ukraine were selected for a sprint beginning in December.** Their propositions included pollination and biodiversity monitoring, smart biowaste collection, verified urban data, power-grid digital twins, climate sensing, mobility analytics and modular low-carbon construction. The two tracks served different purposes**: Discovery Days exposed cities to mature international practice, while the sprint built a regionally rooted cohort whose solutions could be refined through structured support**. Together, they created a deeper pipeline than a single open call or Demo Day could provide.

The connection to the CEF portfolios was visible across all five participating country offices. Air-quality intelligence spoke directly to Pristina, Obiliq and Pljevlja. Participatory mapping, climate planning and urban-data tools aligned with Podgorica's work on resilience, spatial planning and public participation, as well as Pristina's public-space agenda. Waste, circularity and local value chains were central to Stepanavan and Tashir in Armenia and to Gostivar and Kavadarci in North Macedonia. For Kovel and Nizhyn in Ukraine, grid intelligence, energy resilience and service continuity were inseparable from recovery. **Green Urban Tech created a curated field from which cities could identify, reject, adapt or test possible responses with greater confidence.**

The call, selection, Discovery Days and sprint start were completed during the reporting year; Demo Day, city expressions of interest, pilot selection and implementation belong to 2026.

BOOST: Urban Future Finance – DemoDay and Awards

The BOOST Urban Future Finance (2024-2025) began with an open call from 24 September to 21 October 2024 and selected 19 organizations across the six Western Balkan economies. Four weeks of training ran from 18 November to 13 December, including an intensive BOOSTCamp in Budva from 25-29 November. **Targeted mentorship continued from January to April 2025, and the cycle culminated in Demo Day on 30 April.** The support covered business-model discipline, SDG impact, stakeholder engagement, financial modelling, innovative finance, digital readiness, branding and pitching. Based performance and proposal evaluation, three ventures were selected for USD 10,000 awards:

Venture	Innovation
City&Me	Civic engagement, issue reporting and rewards for sustainable behaviour
Muqa / Zazelenimo	Blockchain-enabled participatory budgeting using quadratic funding for small-scale greening and public-space initiatives
Solarise	AI- and satellite-enabled rooftop-solar proposal generation

All graduating teams reported advancement in development stage. Participants rated the overall experience at 4.8 out of 5, and all respondents said they would recommend BOOST. These are programme-reported readiness and experience findings.

Following programme completion, the graduates reported advancements of their innovations: City&Me reported expansion into Kruševac and Leskovac. Solarise reported its first five paying clients across four countries. Muqa / Zazelenimo reported technical upgrades and discussions about possible pilots in Podgorica and Pristina.

A platform that attracts complementary partners

The Slovak partnership remains foundational for BOOST Acceleration Programme. It enabled BOOST to develop a recognizable platform, a delivery method and a network that could be reused rather than rebuilt for every challenge. In 2025, that methods and approach were also implemented through **the BOOST Green Futures Challenge under the Polish-UNDP Partnership: Innovative Solutions for SDGs**. Funded by Polish Aid and coordinated with Poland's Ministry of Foreign Affairs, the challenge focused on green innovation in Ukraine and Moldova. It received 196 applications, onboarded 40 ventures, graduated 37, and awarded seven prizes of USD 20,000, or USD 140,000 in total. Demo Days in Lviv and Chisinau and a Warsaw Connect programme linked ventures with Moldova Innovation Technology Park, Diia.Business, the Polish-Ukrainian Startup Bridge, the Polish-Ukrainian Chamber of Commerce and Venture Cafe Warsaw.

Programmes such as GFC, while outside the scope of STF, show that the capabilities built around BOOST can attract complementary finance and expertise, extend into other country settings and carry a consistent acceleration standard across programmes. The Slovak partnership is therefore generating value beyond the activities it directly finances.

4.2 Regional Portfolio Practice

CITY EXPERIMENT FUND

Output 2: Accelerated urban system transformation is enabled through the deployment of portfolio approach at the city level and leverage of innovative financial models

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In 2025, under the Regional Portfolio Practice, activities focused on kick-starting the new Twin Transition Cohort: which included: community listening, sensemaking, portfolio curation, learning, city action and finance preparation across ten municipalities and five UNDP Country Offices. The City Experiment Fund provided the operating environment in which municipalities could apply and adapt it.

The ten cities ended 2025 at different stages of portfolio development and implementation. Some had moved into early operations or formal commitments, while others were still securing adoption, testing feasibility or narrowing broader portfolios into practical first steps. This variation reflects differences in municipal authority, capacity, readiness and context. The value of the common approach is that it makes each city's next critical decision clearer and allows support to be tailored accordingly.

The 2025 result is ten locally grounded portfolios with differing levels of municipal ownership and socialization moving through one regional cycle, with clearer evidence, ownership, implementation and finance questions.

Output 2 results at a glance

Indicator	2025 target	2025 Result
2.1 Number of knowledge products (e.g., case studies, reports, briefs) produced and disseminated by the project documenting learning about strategic risks, emerging issues, and innovations in urban transformation, including gender equality, social inclusion, and the experiences and perspectives of women, girls, boys and men, and marginalized groups in urban contexts **Baseline: 1**	**1**	**4** Twin Transition Stencil Community Listening Analysis GIS exploratory analysis Portfolio Bootcamp Workbook
2.2 Percentage of cities (agents, actors and other urban system stakeholders) participating in the CEF that demonstrate improved capacity to manage urban transformation initiatives, as evidenced by: (i) adoption and integration of the portfolio approach in urban systems (ii) stakeholders reporting positive change in managing transformation processes (iii) Increased capacity for genderresponsive and inclusive urban transformation, demonstrated by participatory processes, and monitoring frameworks that address the needs and priorities of women, girls, and marginalized groups. **Baseline: 67% - proxy**	**50%**	**60%** (substantively improved) / 80% (improved) Six of ten cities met the combined survey-and-FGD threshold of 3.00, equivalent to 60%. Additionally 2 more cities are assessed as improved (above 2.5 score) – resulting in 80% or cities increasing capacity.

I. Regional Portfolio Practice

Regional portfolio practice made diverse city engagements comparable and reusable without imposing uniformity. During 2025, the practice became visible through onboarding, community listening, city and regional sensemaking, the Bratislava Portfolio Bootcamp, portfolio curation, option development, dynamic management and a more deliberate learning system. Each step feed into the quality of the next one: local evidence informed strategic intent; strategic intent guided portfolio choices; and those choices gave implementation and finance work a clearer public purpose.

A common cycle, locally owned portfolios

Stage	Management purpose
ONBOARD	City and Country Office teams enter a shared method and prepare local engagement.
LISTEN	**Residents and stakeholders contribute evidence on connected pressures and lived experience.**
MAKE SENSE	Teams identify patterns, tensions, actors and possible leverage points.
BOOTCAMP	Ten city teams translate local evidence into strategic intent and early portfolio directions.
ACTIVATE	Cities curate options, build coalitions, clarify authority and finance routes, and learn through action.

From onboarding to local evidence

The cycle began by bringing city and Country Office teams into a shared process. Teams received six hours of live online training in community listening, mapped stakeholders, prepared interview plans and carried out four weeks of local engagement. The common process established a minimum evidence base while allowing each city to decide whose perspectives were most important to hear.

Across the cohort, 319 stakeholders participated: 78 in Armenia, 57 in Kosovo, 77 in Montenegro, 53 in North Macedonia and 54 in Ukraine. Women represented 57.1% of participants, while 36.7% were identified under locally used vulnerability categories. These figures describe the reach and composition of structured qualitative engagement; they are not presented as representative polling.

The listening phase gave every city a grounded starting point and gave the regional team comparable material for cohort learning. It surfaced common pressures - environmental quality, municipal services, public trust, energy insecurity, youth opportunity, local enterprise, vulnerable groups, land use, mobility and the digital divide - while showing how differently those pressures were experienced. In Kosovo, air quality was linked to health, public space, mobility and equity. In North Macedonia, waste was linked to service design, civic behaviour, informal practice and trust. In Ukraine, energy resilience was inseparable from economic continuity, skills and well-being. In Armenia, circular transition connected municipal services, agriculture, youth and partner-led finance. Listening did not determine portfolios mechanically. It made trade-offs and relationships more visible before solutions were selected.

Sensemaking and the Bratislava Bootcamp

Sensemaking converted the listening record into portfolio questions. City teams looked for patterns, tensions, actors and leverage points, moving from what residents had said to the transition the municipality was trying to govern. That shift turned listening from a consultation archive into a management input.

The Bratislava Portfolio Bootcamp on 10-11 April was the main cohort conversion point. Hosted by the City of Bratislava, it brought all ten city teams into a common portfolio cycle. Bratislava also acted as a municipal learning partner - sometimes described by participants as the '11th city' - because it offered practical experience rather than serving only as a venue. Workbooks and facilitated exercises required each team to define strategic intent, identify areas of interest, explain the problem system it was working on, identify actors who could influence it and propose combinations of interventions that might shift it. The discipline was common; the resulting portfolios remained local.

Curation, dynamic management and option development

After Bratislava, Country Offices and city teams refined portfolio narratives, selected option areas and clarified partner roles. Dynamic management became increasingly important as cities encountered leadership changes, procurement timelines, staffing limits, fiscal constraints and finance questions. The method helped teams distinguish between options ready for action, options requiring more evidence, options dependent on senior decisions and options best retained in learning mode.

The same practice therefore produced different forms of progress. Armenia moved part of its circular portfolio into service operation and external proposal development. Pristina and Obiliq connected greening ambitions to municipal budgets and maintenance questions. Podgorica prepared institutional instruments and an adoption route. Pljevlja built a just-transition coalition around feasibility work. Kavadarci and Gostivar developed credible portfolio frames that now need a smaller number of first tests. Kovel and Nizhyn protected strategic continuity while adapting sequencing to war-affected conditions. Regional comparability did not require uniform pace; it allowed support to be matched to the actual decision frontier in each city.

The Twin Transition Stencil and spatial intelligence

The Twin Transition Stencil codified the regional method and became the principal formal knowledge product. It helped municipal leaders, Country Offices and innovation teams connect green and digital transition with systems thinking, stakeholder sensing, portfolio design and dynamic management. Across most of the cohort, the portfolios were green-led, while digital tools acted as enablers through mapping, sensing, citizen engagement, data integration, predictive management, service monitoring and communication.

Exploratory GIS analysis added a spatial lens to the city record. Land use, wildfire exposure, socio-economic infrastructure, elevation, service distribution and urban form raised questions that community narratives alone could not answer. The analysis was used as exploratory intelligence rather than as a validated municipal planning product. Its contribution was to help teams ask where service access, environmental risk and physical form should influence portfolio choices.

II. City Experiment Fund

The ten-city cohort shared one operating cycle, but progress was shaped by political continuity, municipal capacity, partner coalitions, fiscal space, public trust and the practical demands of implementation. The strongest cases moved into early operation, institutional design, co-investment or external finance pathways. Other cities reached a clearer portfolio frame and a more precise understanding of the authority, evidence and operating capacity needed for the next step.

The city record should therefore be read as a portfolio of trajectories. Each municipality had a distinct transition question; the regional value lay in applying a shared practice while making the next conversion decision specific to local conditions.

City	Portfolio direction	Position reached in 2025
Stepanavan, Armenia	Circular transition linking source separation, biowaste, agriculture and youth engagement	Source separation entered early operation; municipal resources and an American University of Armenia partnership supported a wider organic-waste pathway.
Tashir, Armenia	Healthy, Active, Clean Tashir: circular services, river resilience, youth innovation and green local economy	A multi-stakeholder portfolio and joint source-separation work with Stepanavan advanced; approximately USD 8,000 in municipal co-investment was pledged.
Pristina, Kosovo	Greener Pristina: green corridors, biodiversity, cooling, participation and green finance	Portfolio and financing options were defined; a three-year EUR 60,000 commitment was recorded, with EUR 40,000 planned in the 2026 municipal budget; transfer and expenditure remained to be confirmed.
Obiliq, Kosovo	Eco Obiliq: pollution response, resilient greening, nursery capacity and a proposed Green Fund	A public-sector nursery and greening model was developed; a three-year EUR 45,000 commitment was recorded, with EUR 30,000 planned in 2026; transfer remained to be confirmed.
Podgorica, Montenegro	Urban resilience through spatial planning, nature-based infrastructure, data and participation	An MoU was signed; spatial-planning agency work, a DRR strategy and action plan, and a heat-island pilot design were prepared.
Pljevlja, Montenegro	Green Horizon: just transition, green jobs, cleaner air, energy efficiency and diversification	Agreements for the Green Jobs Training Centre feasibility study and public-lighting study were prepared or signed; the EUR 100,000 route remained subject to effectuation. More than 50 young people participated in related activities.

Gostivar, North Macedonia	Regenerate Gostivar: bulky-waste services, monitoring, circularity and citizen accountability	The portfolio connected diagnostics, service redesign, community engagement and a broad stakeholder base including Rusino, Roma and youth actors.
Kavadarci, North Macedonia	ReWine Kavadarci: wine by-products, eco-tourism, green enterprise and inclusive value chains	Co-design involved wineries, SMEs, public institutions, youth and women entrepreneurs; partnerships were established with municipal, market and community actors.
Kovel, Ukraine	Secure and Sustainable Energy for Kovel's Resilience	Listening, sensemaking, Bootcamp work and peer exchange produced a seed portfolio linking decentralized energy, green enterprise and community learning.
Nizhyn, Ukraine	Energy for Resilience and Growth	A seed portfolio linked energy, jobs, skills and well-being, with municipal departments and local partners providing an initial institutional home.

City-level work extended well beyond training. Teams travelled, listened, tested assumptions, and worked alongside municipal counterparts through a 2025 sequence of onboarding, community listening, sensemaking, portfolio design and early preparation for adaptive management. Community insights informed portfolio decisions and were then refined through visits and design sessions with city teams. In Pristina, community listening and sensemaking identified air quality as a unifying concern connected to green space, mobility, public health, and equity, while also revealing a gap between active civic innovation and institutional pathways for uptake. In Ukraine, Nizhyn's portfolio connected energy resilience with local economic development and community well-being under difficult operating conditions, while Kovel's work linked secure and sustainable energy with resilience, local opportunity, and community participation. In Armenia, work around circular transition in Stepanavan and Tashir helped bring municipal actors, academic partners, NGOs, youth centres, and private recyclers into more practical dialogue around service and system options. Across the cohort, inclusion was reflected in participatory design, listening, and monitoring intent; however, the year's evidence supports caution on claiming cohort-wide gender or inclusion outcomes.

City Experiment Fund Locations

Armenia: from circular intent to operating practice

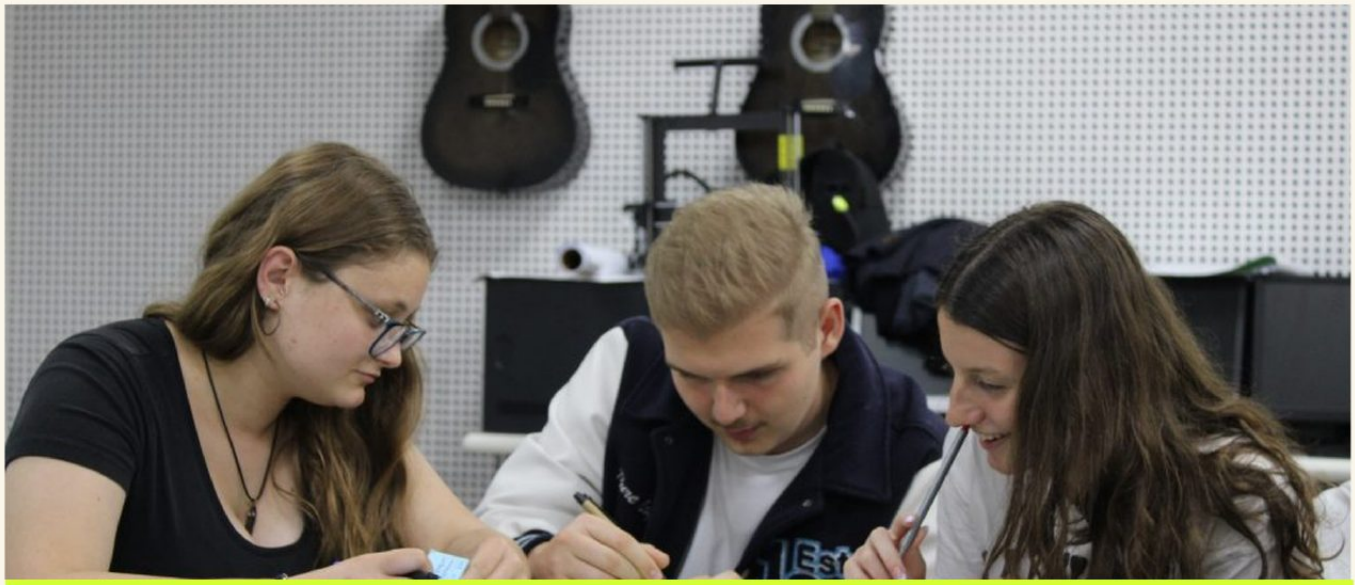
Stepanavan provides the clearest example of a portfolio moving into practice during the year. The city began with a circular-transition frame connecting waste, biowaste, agriculture, local behaviour and youth engagement. Source separation then entered early operation in coordination with Tashir. Reusable sorting bags were distributed to 100 households, 30 public bins were installed, and around 60 kilograms of sorted waste were being collected daily. By the reflection workshop, approximately two tonnes had been collected in Stepanavan.

The pilot became a municipal undertaking because the city committed its own resources: approximately USD 5,000 for bins and bags, USD 3,000 for renovation of the secondary sorting area, vehicle support and estimated operating costs of USD 12,000. Once the service began to operate, the management questions changed. Route design, staffing, sorting quality, procurement, private-sector participation and scale became more important than further concept development.

The American University of Armenia's Acopian Center for the Environment widened the pathway, with UNDP Armenia, ICARE, ISSD, municipal counterparts and youth and community actors contributing to the implementation base. The resulting Lori organic-waste and circular-bioeconomy proposition connected separate collection and composting with methane reduction, soil health, green jobs and possible future biogas and digestate use. The proposition was selected by the Climate and Clean Air Coalition for a proposition with an indicative total value of approximately USD 2.2 million, including an approximately USD 1.9 million grant request and USD 0.3 million in-kind co-financing, subject to approval and contracting, with around USD 700,000 intended for direct municipal work if approved and contracted.

Tashir made this more than a single-city pilot. Its Healthy, Active, Clean Tashir portfolio brought together sorting, recycling and reuse; river-related resilience and sewage-treatment design; youth waste innovation; and a greener local economy. The municipality pledged approximately USD 8,000 in co-investment and continued work with youth and local circular-economy actors. The Armenian track shows the cumulative value of the portfolio approach: Stepanavan's operating source-separation service established practical credibility, municipal resources demonstrated ownership, technical partnership strengthened the proposition, and external finance preparation created a route for expansion. Each element reinforced the others.

Kosovo: greening, public capacity and future finance



Pristina and Obiliq both used air quality as an entry point, but their portfolios developed in different directions. Greener Pristina connected green corridors and micro-green interventions with biodiversity, cooling, flood-risk reduction, smart irrigation, education, public participation and green-space planning. It also explored digital mapping and green-finance options. A three-year municipal commitment of EUR 60,000 was recorded, including EUR 40,000 planned for 2026; transfer and expenditure remained to be confirmed. The 2026 iteration will focus on priority sites, regulatory follow-through, funding transfer and the maintenance arrangements needed to integrate new green infrastructure into ordinary city management.

Eco Obiliq connected emissions from nearby power plants with health concerns, particularly for children, older people and vulnerable groups. The portfolio therefore emphasized resilient public greening, pollutant-absorbing trees, low-tech irrigation, nursery capacity and training for municipal staff and greening actors. A three-year municipal commitment of EUR 45,000 was recorded, with EUR 30,000 planned in 2026; transfer remained to be confirmed. A proposed Green Fund could mobilize corporate contributions for priority projects once its governance, eligible activities, public accountability and maintenance responsibilities are approved. Together, the two portfolios show that air quality is not only an environmental theme; it is also a question of public health, public space, operating capacity and sustained municipal finance.

Montenegro: institutional design and just transition

Podgorica illustrates a form of progress centred on institutional design. UNDP and the Capital City signed a memorandum of understanding in 2025, and the municipal CEF team brought together spatial planning, transport, communal services, project development, digitalization and public entities within an Urban Resilience portfolio. Work advanced on a proposed local spatial-planning agency, including feasibility analysis, a financial model and founding documents. A Disaster Risk Reduction Strategy and Action Plan were also prepared, and a heat-island mitigation pilot was designed with the University of Montenegro's Faculty of Civil Engineering. Political deadlock delayed formal consideration during the year; the 2026 priority is therefore to connect these prepared instruments with the senior sponsorship and adoption route required for cross-departmental action.

Pljevlja's Green Horizon portfolio connected economic diversification, green jobs, cleaner air, energy efficiency and the future of young people in a coal-dependent city. The coalition included the municipality, civil society, youth organizations, the Coal Mine of Pljevlja, EPCG and national just-transition actors. A financing agreement of EUR 100,000 established the basis for a Green Jobs Training Centre feasibility study, with activity planned for 2026 and effectuation dependent on continuity among partner institutions. The municipality also agreed a EUR 10,000 contribution covering half of a public-lighting energy-efficiency study. More than 50 young people participated in a summer school and ideation labs, giving the transition agenda a stronger social base. The case demonstrates why technical preparation, finance and institutional continuity have to move together.

North Macedonia: moving from portfolio breadth to first-pilot discipline

Gostivar and Kavadarci developed two circular-economy portfolios at different points of readiness. Regenerate Gostivar was designed around behavioural mapping, proposed digital monitoring, bulky-waste service redesign and community engagement; implementation remained ahead. Its stakeholder architecture included the municipality, public communal enterprise, Regional Landfill Rusino, private-sector and craftsmanship actors, and Roma and youth organizations. This provides a credible service-system base. The 2026 iteration will use that base to select a bounded first test, identify the institution responsible for delivery and establish a baseline for service performance, dumping behaviour and public trust.

ReWine Kavadarci connected wine-production residues with circular products, eco-tourism, green enterprise and inclusive value chains. Co-design workshops involved wineries, youth and women entrepreneurs, and partnerships were established with wineries, SMEs, NGOs and public institutions. This coalition gives the city several credible routes for action. The next portfolio iteration will concentrate effort on the by-products, enterprises or tourism propositions with the clearest market demand and most capable owners. In both cities, prioritization is the mechanism that protects a broad strategic portfolio while making implementation manageable.

Ukraine: strategic continuity under war-affected conditions

Kovel and Nizhyn used the CEF sequence to keep a forward-looking transition agenda active under conditions shaped by air attacks, infrastructure damage, logistical disruption and wider economic loss. In both cities, energy resilience was connected to local economic development, skills, community learning and well-being. Work continued through listening, portfolio design and peer learning despite war-related disruption; future sequencing should remain flexible and security-sensitive.

Kovel's Secure and Sustainable Energy for Kovel's Resilience portfolio linked decentralized energy, a green economic ecosystem and community learning. The Department of Economics provided a municipal entry point, with NGO Do It Together and the Youth Center City of Ideas contributing to the local coalition. Peer learning through the Sonderborg / Rethink Cities route exposed representatives to practical energy-transition experience. The result was a seed portfolio with an initial institutional home and clearer feasible directions.

Nizhyn's Energy for Resilience and Growth portfolio connected energy with jobs, skills, human capital and inclusive well-being. Ownership appeared to be anchored in the municipal departments responsible for international relations, investment and economics, with NGO Misto N and local schools forming an emerging partner base and wider socialization still needed. Youth-facing materials connected the transition agenda to local learning. In 2026, both cities will select practical experiments that protect the wider resilience logic while remaining feasible under changing conditions.

Assessing urban transformation capacity

To assess results in 2025, STF developed the **CEF Urban Capacity Index**, a project-level monitoring tool designed to measure whether participating cities strengthened their capacity to manage complex urban transformation. The Index was developed by the project drawing on relevant research and the CEF methodology. It combines evidence from self-assessment surveys and facilitated focus-group discussions, while UNDP observations are used to interpret the findings and understand the institutional context. For the formal 2025 indicator calculation, observation scores were excluded because a complete, source-linked scoring and approval trail was not yet available.

The Index assesses five dimensions of municipal capacity:

Portfolio: whether cities have a shared mission, use systems thinking and manage connected initiatives as a portfolio;

Managing transformation: whether departments and external partners work together, apply lessons and adapt decisions;

Gender and inclusion: whether women, young people and marginalized groups participate in decisions and whether benefits are monitored fairly;

Learning: whether teams experiment, reflect and use evidence and visual tools to improve their work;

Enablers: whether leadership, staff time, data, digital tools and flexible funding are available to support implementation.

The first assessment cycle retained **94 informed-practitioner responses** across the ten cities and tested the survey findings through facilitated focus-group discussions. Using the project's conservative interpretation, **six cities demonstrated substantive improvement** by meeting the combined survey-and-focus-group threshold of 3.00 and were counted for Output Indicator 2.2. This represents **60 percent of the cohort**, above the 2025 target of 50 percent. A broader reading of the evidence indicates that **eight cities demonstrated improvement**

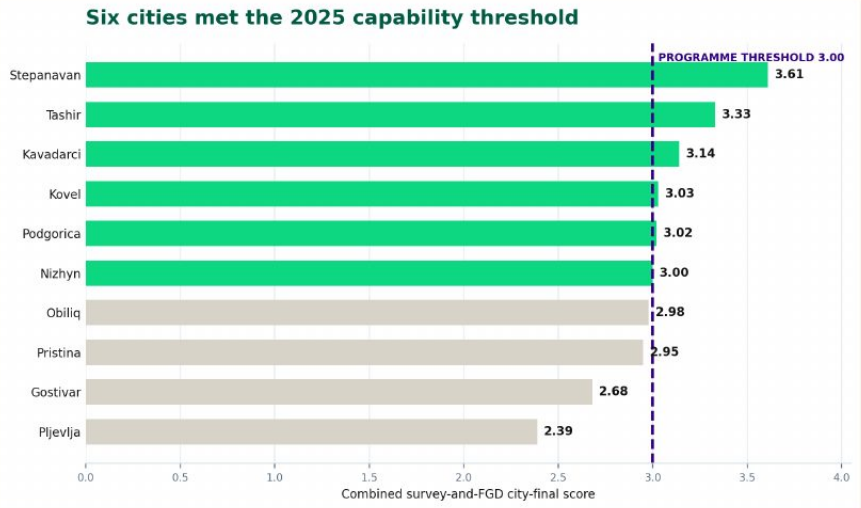


Figure 3. Six cities met the agreed combined survey-and-FGD capability threshold of 3.00.

The findings point to several useful patterns. Domain results varied by city and should be interpreted through the dashboard rather than as a cohort ranking. The results also show that capacity scores should not be treated as a ranking of city performance: a city may strengthen its planning and coordination capability while still facing political, financial or operational barriers to implementation. The Index is therefore used as a management tool to identify each city's next capacity gap and support need, rather than as independent validation of impact.

The full methodology, respondent profile, city and domain scores, focus-group results and item-level findings can be explored in the **CEF Urban Capacity Index Dashboard**. The dashboard should be read as internal project monitoring; independent validation is planned through the external evaluation in 2027.

III. Alternative and Innovative Finance Mechanisms

In 2025, STF strengthened its work on innovative finance by moving beyond the search for individual funding instruments and asking a broader question: **how can small capitals and secondary cities finance long-term urban transformation when their own revenues, borrowing powers and institutional capacity are limited?** The programme began to address finance as part of portfolio design rather than as a final step after projects had already been defined. This meant looking not only at sources of capital, but also at the public institutions, operating models, partnerships, data and decision processes needed to make investment possible.

> The work proceeded at three connected levels. First, STF developed a stronger regional strategic framing for innovative finance. Second, it supported selected country and city-level finance cases where a specific proposition or instrument could be advanced. Third, it introduced more streamlined reporting so that early ideas, applications, commitments, contracts and actual expenditure were not treated as the same result.

Strategic framing with Dark Matter Labs

A major milestone was the engagement with Dark Matter Labs, including a strategic workshop held in Zagreb in 2025. The purpose was to help STF examine how financing considerations could be integrated earlier into city portfolios and how secondary cities might move beyond isolated, grant-funded projects towards more durable financing systems.

The work challenged several assumptions. It **showed that a city does not become finance-ready simply by identifying a project, preparing a concept note or receiving training on financial instruments**. Cities also need authority to act, reliable data, capable teams, credible operating models, clear ownership of assets and services, and institutions able to coordinate public, private and community actors. In this sense, the central finance challenge was often institutional rather than technical.

The Zagreb engagement also sharpened STF's understanding that urban transformation requires more than one source of finance. **Different parts of a city portfolio may require grants, municipal resources, concessional finance, commercial capital, blended arrangements, public–private partnerships or outcome-based financing.**

The relevant question is not which instrument is most innovative, but which combination is appropriate for the city's legal powers, fiscal position, operating capacity and public purpose.

The work also highlighted the importance of changing how municipal teams see their own role. Capacity-building and templates are useful, but they are not sufficient where cities remain primarily compliance-driven or dependent on external project funding. A more substantive shift is needed towards cities acting as problem owners, conveners and managers of long-term transition priorities. STF's role is therefore not only to introduce new instruments, but to help municipalities build the institutional confidence and partnerships required to use them.

Dark Matter Labs' contribution in 2025 was strategic framing, challenge-setting and portfolio thinking. It helped the programme define the scale of the issue and identify where further feasibility work is required. It did not itself constitute capital raised, finance contracted or an operational financing mechanism.

Armenia Dairy Development Impact Bond

The most advanced innovative finance case supported in 2025 was the Armenia Dairy Development Impact Bond. The initiative builds on earlier work initiated in 2018 by UNDP, the Government of Armenia and the European Bank for Reconstruction and Development to improve incomes for smallholder dairy farmers in Shirak and strengthen the wider dairy value chain.

The original concept was based on outcome-based financing. Private or development investors would provide upfront capital for services and infrastructure, while outcome funders would repay investors only if agreed development results were achieved. The intended results included higher farmer incomes, improved milk quality, stronger market access and a more efficient relationship between farmers and dairy processors.

The initiative had previously reached an advanced design stage, including feasibility work, legal analysis, farmer and service-provider mapping, and financial modelling. However, changes in government, the COVID-19 pandemic and shifts in the donor landscape prevented the final outcome-funding commitment from being secured. The initiative was therefore paused until renewed interest emerged from EBRD and potential investment and outcome-funding partners.

In 2025, **STF and M4EG supported the renewed design process together with UNDP Armenia, EBRD, Bridges Outcomes Partnerships, Social Finance and other technical partners**. The work focused on updating the original model, testing whether its assumptions still held, clarifying the governance and fund-flow structure, preparing for delivery-partner selection and strengthening legal and operational readiness.

By the end of the year, the work had produced a detailed operational readiness plan organized around six workstreams. These covered the updated feasibility assessment, stakeholder coordination, the outcomes framework and theory of change, the implementation and mobilization roadmap, delivery-partner selection and legal readiness. The plan assigned responsibilities across the main partners and established milestones extending from design refinement through to possible launch.

The work also established a multi-stakeholder coordination mechanism. The draft Working Group arrangements brought together EBRD, the European Union, UNDP, Bridges, Social Finance, FAO, Civitta and potential delivery organizations. The group was structured around three practical areas: programme design, governance and financial structuring, and fundraising and stakeholder engagement.

A draft application was prepared for EUR 10 million in EU funding for the outcome-payment mechanism. The proposal sets out the intended financing structure, target group, service components, governance arrangements and expected results. It proposes that private investors provide the upfront capital, while EU resources would pay only for independently verified outcomes.

This represents significant design and preparation work, but the EUR 10 million should not be reported as mobilized finance. **At the end of 2025, it remained a draft application and an in-principle funding pathway.** Approval, contracting, final legal structuring, investor confirmation and launch had not yet taken place.

City-level finance work

Alongside the Armenia Impact Bond, Country Offices and municipalities tested a range of smaller-scale approaches adapted to local conditions. These activities were not uniform because the cities had different levels of fiscal autonomy, institutional readiness and access to external finance.

In Podgorica, the finance work focused on urban resilience. Activities included mapping financing gaps for green and blue infrastructure**, exploring participatory budgeting and considering how traceability tools could support circular-economy activities**. The purpose was to improve the evidence base for future public investment and to test whether residents and private actors could play a stronger role in prioritization and implementation. These activities remained exploratory and had not yet resulted in a formal financing mechanism.

In Pljevlja, the work was linked to the city's just-transition portfolio. A finance expert supported discussions around the Coal Mine transition and possible financing mechanisms for the wider investment pathway. **EPCG also indicated EUR 100,000 in co-financing for feasibility work related to the Green Jobs Training Centre.** At the reporting date, this remained a pending route that required formal effectuation and supporting documentation before it could be reported as secured finance.

In Obiliq, the project explored a municipal Green Fund that could combine corporate contributions, crowdfunding and partner resources to support local greening and community initiatives. The concept aimed to create a transparent and municipally managed mechanism, but governance, approval, ownership and maintenance arrangements were still under development. The proposed fund therefore remained at concept stage and should not yet be treated as an established financing mechanism.

Across these city-level activities, the main result was greater clarity. Cities and Country Offices moved from general statements about funding gaps towards more specific questions about ownership, governance, repayment, maintenance, procurement and partner roles. Many of the instruments remained exploratory, but the work improved the quality of future decisions.

Research and intelligence

STF also invested in research to better understand the financial position of participating cities and the relevance of emerging technologies.

Columbia University student capstone work examined the readiness of participating cities to finance green and digital transformation. The research considered municipal revenues, borrowing powers, national fiscal frameworks, donor dependence, planning capacity and leadership. It grouped cities according to the strength of their local financial base and the extent to which national systems enabled municipal action.

The work highlighted that cities with stronger own-source revenues and more supportive national frameworks have a wider range of options. More constrained cities may need to rely initially on grants, diaspora engagement, national programmes, pooled approaches or donor-supported blended finance. It also proposed possible pathways ranging from grants and public–private partnerships to municipal bonds and pooled financing.

Columbia student placement work was useful in helping STF frame differences between cities and think more systematically about finance readiness. However, it remained exploratory academic work and requires further refinement before being used as a formal assessment or decision tool.

The UNDP–Cardano initiative provided a second research strand. Supported through the Cardano Catalyst-funded research strand, it explored where blockchain might support sustainable development in cities and industry across Europe and Central Asia. The work focused particularly on transparency, traceability, emissions tracking, waste systems and multi-party transactions.

The research found that **interest in blockchain was relatively high, but practical understanding remained limited**. Its strongest potential appeared in settings where several actors needed to share trusted records, such as tracking finance, materials, emissions or service delivery. It also showed that smaller cities would require shared infrastructure, clear regulation and significant technical support before practical adoption would be realistic.

The Cardano work should therefore be understood primarily as research, capability building and use-case exploration. It did not lead to a deployed municipal blockchain system or a new source of city finance during the reporting period.

Overall assessment and next steps

The innovative finance work in 2025 did not produce broad capital mobilization across the ten-city cohort. Its main contribution was to create a more strategic and disciplined approach to financing urban transformation.

The Dark Matter Labs engagement helped STF move beyond instrument-by-instrument thinking and consider the institutional and economic foundations of city transformation. The Armenia Impact Bond work showed how a complex financing mechanism can be redesigned through evidence, partner coordination and testing of operational assumptions. City-level work explored or prepared deferred-payment, participatory-budgeting, co-financed feasibility and locally governed fund concepts. Research from Columbia University and the Cardano initiative expanded the programme's understanding of municipal finance readiness and emerging digital infrastructure.

Priority should be given to a limited number of cases where there is clear public ownership, a realistic operating model and a defined next financial decision. This includes advancing the Armenia Dairy Impact Bond through funding, legal and contracting stages; formalizing documented co-financing and feasibility arrangements; and testing selected municipal instruments where governance, procurement and maintenance are sufficiently clear.

STF should continue integrating finance into portfolio design, but progress should be measured through concrete institutional and financial steps: approved applications, signed agreements, transferred resources, implemented mechanisms and evidence of use. The programme should avoid using the size of an indicative pipeline as a proxy for success.

Knowledge generation and learning

The STF learning system was updated during 2025 to reflect the broader reach of city level work. Community listening, sensemaking, retrospectives and structured evidence capture helped teams reflect on implementation, adapt portfolios and reduce the burden of monitoring. Late-year surveys and focus-group discussions added a further layer of evidence on how participating teams experienced the cohort model, regional support and portfolio methodology. Together, these practices strengthened the programme's ability to learn during implementation rather than only at the end of the reporting cycle.

The **Twin Transition Stencil** was the main formal knowledge product delivered under Indicator 2.1. It translated the programme's experience into a practical approach for connecting green and digital transition, systems thinking and portfolio management. Supporting public products documented the community-listening process, the Bratislava Bootcamp and the launch of Green Urban Tech, while the CEF and BOOST platforms provided continued access to programme information, methods and emerging lessons.

Community Listening Key Findings

Twin Transition Stencil

Figure 5. Knowledge products supporting resident-grounded diagnosis and the common portfolio method.

Section 5: Cross-Cutting Integration

In 2025, cross-cutting priorities added value when they directly shaped what cities chose to focus on, which interventions they developed, and whose needs were reflected in portfolio design. This section, was therefore compiled not simply by whether climate, gender, inclusion or digitalization were directly targeted, but by whether these considerations changed priorities, strengthened proposed solutions or influenced implementation choices. Cross-cutting integration is strongest on climate, environmental sustainability and resilience; more selective on gender and inclusion; and primarily enabling in relation to digital transformation.

The city portfolios were predominantly green-led. Circularity shaped the work in Stepanavan, Tashir, Kavadarci and Gostivar. Air quality and urban greening were central in Pristina and Obiliq. Just transition and climate-resilient planning informed the portfolios in Pljevlja and Podgorica, while energy resilience was a key focus in Kovel and Nizhyn. The portfolio approach helped cities connect these environmental pressures with wider issues such as livelihoods, health, public services, trust and local economic development.

Digital tools added value where they made environmental and service choices more practical. Gostivar developed concepts for digital monitoring and citizen reporting to improve the visibility of illegal dumping. Pristina considered digital mapping and smart irrigation as part of green-space management, while Podgorica linked urban resilience with data and digitalization. Through Green Urban Tech, cities were also exposed to sensors, data platforms, digital twins, invoice automation, mapping tools and service-management systems relevant to their portfolios. These should be understood as digital enablers of urban transformation rather than evidence of equal digital depth across all cities.

Participation was embedded in the CEF methodology. The listening cycle reached 319 stakeholders, of whom 57.1 percent were women and 36.7 percent were identified as vulnerable persons. These figures demonstrate reach, but the more important question is whether participation influenced decisions. **In Kavadarci, women and youth entrepreneurs were included in the planned circular-tourism value chain**. **Obiliq framed its greening work around children, older people and residents most exposed to pollution.** Podgorica applied lessons from its disaster risk reduction consultation process to strengthen future engagement, including with rural communities.

Gender-responsive practice was visible in selected settings. In Montenegro, **project activities include gender and inclusion training linked to disaster risk reduction and spatial planning, with specific evidence from Podgorica, and gender and inclusion trainings linked to just transition and economic diversification with evidence from Pljevlja**. **Kavadarci involved women entrepreneurs in portfolio co-design.** Elsewhere, the evidence is stronger on broad participation than on gender-responsive implementation or differentiated outcomes.

Youth engagement was also meaningful where it was linked to the purpose of the portfolio. **Pljevlja engaged more than 50 young people through an engineering summer school and ideation labs.** Kavadarci involved youth entrepreneurs in circular-economy and eco-tourism activities. **Armenia's portfolios drew on youth centres and local innovation actors, while Nizhyn developed youth-oriented learning materials on green transformation and energy resilience.** These are important signals of participation and capability development, but they should not yet be presented as youth employment outcomes.

In the upcoming years, the project will further refine the CEF methodology so that cross-cutting priorities are considered more systematically throughout the design and iteration of city portfolios. **Particular attention will be given to integrating gender equality and inclusion considerations into stakeholder engagement, problem framing, option development and portfolio review, so that these issues influence choices rather than remain separate reporting categories.**

IV. Partnerships and Sustainability

Partnerships

STF is implemented through a layered partnership ecosystem linking the Ministry of Finance of the Slovak Republic, UNDP's Istanbul Regional Hub, five UNDP Country Offices, ten municipalities, and a wider network of public institutions, universities, civil-society organizations, community groups, private-sector actors, innovators and finance partners.

This ecosystem expanded during the reporting period as city portfolios became more specific and required new forms of expertise and support. Partnerships were developed or strengthened with academic institutions such as the AUA Acopian Center for the Environment, the University of Montenegro and Columbia University; technical and innovation partners including SocialTech Lab, Green Urban Tech participants and Dark Matter Labs; public and state-owned actors such as EPCG, Coal Mine of Pljevlja and relevant ministries and municipal enterprises; and local NGOs, youth centres, schools, business associations and community organizations. The value of these partnerships comes from the way they improved portfolio choices, strengthened technical quality, created institutional ownership, connected cities to finance or strengthened the conditions for possible implementation and maintenance.

Stakeholders and local communities were engaged throughout portfolio development rather than consulted only after priorities had been defined. Municipal teams, service providers, residents, businesses, youth organizations, women entrepreneurs, schools and civil-society groups contributed to listening activities, problem framing, option development and review. Country Offices and municipal counterparts also played a central role in monitoring progress, interpreting evidence and adapting portfolios to political, administrative and operating realities. This helped ensure that city portfolios reflected local constraints and priorities, while also creating stronger ownership of the decisions, partnerships and implementation pathways emerging from the process.

Municipal partnerships were strongest where they were reflected in formal instruments, assigned responsibilities or resource commitments. Stepanavan supported an operating source-separation service, while Tashir participated in joint waste-service and broader circular-transition work. Podgorica prepared institutional instruments and brought several municipal functions into a single resilience portfolio, although formal adoption remained incomplete. Pljevlja convened municipal, energy-sector and national actors around the Green Jobs Training Centre, public-lighting feasibility work and the wider just-transition agenda. Gostivar and Kavadarci connected municipal services, businesses and community actors, while Kovel and Nizhyn began establishing institutional homes for energy-resilience portfolios. These arrangements do not guarantee implementation, but they provide a stronger basis for continuity than informal expressions of interest.

Local organizations also helped make the portfolios more grounded and responsive to municipal realities. Youth centres, schools, public enterprises, community groups, SMEs, wineries and civil-society organizations contributed local knowledge, participation and implementation insight. In Armenia, Looys Youth Center, Instepanavan Development Foundation, Stepanavan Youth Center, Tashir Local Active Group and Moonq Technoschool supported community engagement and local innovation. Gostivar involved service providers, landfill actors, businesses, Roma organizations and youth groups. Kavadarci brought wineries, SMEs, NGOs, schools, women entrepreneurs and young people into circular-economy and eco-tourism discussions. In Ukraine, NGO Do It Together, the Youth Center City of Ideas, NGO Misto N and local schools helped build local ownership around energy-resilience portfolios. The City of Bratislava contributed as the host of the Portfolio Bootcamp and as a practical municipal learning partner, rather than as a beneficiary city.

The partnership system also supported learning and visibility across the programme. The City of Bratislava hosted the Portfolio Bootcamp and contributed practical municipal experience, while regional exchanges allowed Country Offices and cities to compare approaches and operating lessons. Public products such as the Twin Transition Stencil, the Listening to Cities synthesis, Bootcamp documentation, exploratory GIS work and Green Urban Tech communications made project methods and emerging lessons accessible beyond the immediate cohort. The CEF Learning System further supported reflection, evidence use and institutional memory across regional, country and city levels. The value of these products and exchanges will ultimately depend on whether municipalities and Country Offices continue to apply the methods, document decisions and adapt portfolios after intensive regional support is reduced.

Columbia University student capstone work contributed exploratory analysis on city readiness and finance pathways within the wider partnership ecosystem. The work generated useful questions, typologies and assessment material that helped the programme examine how different cities might approach finance readiness. Its role was appropriately limited to analytical stimulation and learning support: the outputs require further refinement and validation before they can be applied directly by municipalities. Columbia's contribution therefore strengthened the programme's thinking, while municipal and Country Office ownership remained the basis for implementation.

Finance partnerships produced several stage-specific advances. The Climate and Clean Air Coalition selected the Lori organic-waste proposition, subject to approval and contracting. Municipal commitments in Armenia and Kosovo demonstrated local ownership, while energy-sector partners in Montenegro supported feasibility-stage arrangements linked to just transition. Armenia's Development Impact Bond work established six readiness workstreams, a draft application and an in-principle pathway. Dark Matter Labs contributed at the strategic level by helping the programme examine how financing considerations could be integrated earlier into city portfolios and how secondary cities might move from isolated project funding towards more coherent capital pathways. This work sharpened the distinction between finance readiness and financial closure; it should not be interpreted as capital mobilization, contracting or deployment.

Sustainability

Sustainability depends on whether portfolio practices and selected city options become part of ordinary municipal systems. By the end of 2025, five types of arrangements were in place or emerging:

Municipal resources and commitments: municipal resources or commitments were documented in several cities, including Stepanavan, Tashir, Pristina, Obiliq and Pljevlja.

Formal cooperation and institutional routes: Podgorica's MoU established a basis for continued cooperation, although institutional adoption remained incomplete.

Operating and maintenance arrangements: Kosovo's portfolios addressed nursery and maintenance capacity, while Stepanavan's operating experience generated evidence on recurrent service requirements.

Multi-institutional coalitions: Pljevlja connected municipal, energy-sector and national actors, while Kavadarci linked municipal and market actors around circular-economy opportunities.

Regional learning and common methods: The shared CEF architecture allowed tools, operating lessons and finance-stage disciplines to be transferred across cities and Country Offices.

Building on the foundations established in 2025, the 2026 portfolio iterations will prioritize the conditions needed for long-term sustainability. Working with municipalities and Country Offices, STF will support the identification of decision owners, recurrent resource needs, procurement or partnership routes, maintenance arrangements, and practical evidence of use. Selected portfolio routines, including option registers, finance-stage records, service data, decision reviews and resident-feedback mechanisms, are intended to be progressively integrated into municipal processes, subject to city agreement and capacity. Regional support will be calibrated to local readiness, with these functions increasingly embedded in ordinary governance arrangements as municipal ownership and capacity deepen.

The 2026 iterations will also strengthen the regular review of which options should advance, be redesigned, paused or concluded as new evidence becomes available. This is an integral part of portfolio management, enabling cities to concentrate limited capacity and resources on options with the strongest public value, institutional ownership, operational feasibility and credible financing pathways. It will also allow portfolios to remain responsive to changing conditions while protecting the strategic direction established with each city.

V. Update on risks and mitigation measures

Political continuity, municipal capacity, war, innovation absorption, finance conversion, procurement, maintenance and evidence quality materially shaped delivery in 2025.

Political and institutional continuity affected whether portfolio work could move from technical development to formal municipal action. In Podgorica, political deadlock delayed adoption of planned instruments, while leadership and management changes created continuity risks in Pljevlja. **Country Offices mitigated this by maintaining relationships across political, administrative and technical levels**, documenting decisions and preserving institutional records. The residual risk remains high because many portfolio choices require senior authorization, budget decisions or coordination across several municipal departments.

Capacity constraints affected both municipalities and Country Offices. Follow-up was sometimes slow, and learning, monitoring and coordination routines depended heavily on a small number of focal points already managing competing priorities. Community listening and portfolio review also required more facilitation than initially anticipated. **The programme responded with common workbooks, lighter reporting routines, regional peer exchange and more targeted follow-up.** In 2026, the emphasis should be on narrowing implementation priorities, protecting focal-point capacity and reducing requirements that do not directly support decisions or delivery.

War remained the dominant external risk in Ukraine, affecting timelines, staffing, logistics and the scope of feasible experimentation in Kovel and Nizhyn. Work continued through listening, portfolio design and peer learning despite war-related disruption. However, the risk remains severe, unpredictable and outside programme control, requiring continued adaptation of timelines, expectations and implementation scope.

Innovation absorption emerged as a significant strategic risk. Relevant innovators and technical solutions could be identified through **Green Urban Tech while city-side adoption records did not yet consistently establish public owners, usable data, test environments, procurement routes, budgets and maintenance arrangements.** STF responded by linking innovation sourcing more closely to city-defined needs and CEF country tracks. Future pilots should proceed only where ownership, adaptation requirements, operating responsibility, procurement or partnership pathways and maintenance conditions are sufficiently clear.

The detailed risk table is provided in **Annex I: Updated Risk Log**.

VI. Key Challenges, Lessons Learned and Recommendations

Key challenges

STF now has a credible method for helping cities organize complex transition challenges, connect environmental and digital priorities, and develop portfolios of possible interventions. The remaining challenge is whether this way of working can become part of ordinary municipal decision-making and move a limited number of options into implementation.

1. A common method produced different depths of progress

The shared CEF methodology created a consistent basis for listening, problem framing, portfolio design and peer learning, but cities progressed at different speeds. This reflected differences in political authority, staff capacity, institutional readiness and the maturity of the issues being addressed, rather than simply the quality of participation. The lesson is that cohort consistency should mean common standards and comparable decision points, not identical pacing.

2. Technical preparation did not always translate into municipal level approval

Several cities were able to develop strong technical propositions without securing the senior sponsorship or formal authority needed for adoption. In Podgorica, spatial-planning, disaster risk reduction and heat-island work advanced technically, but political deadlock delayed the adoption of prepared instruments. Leadership and management changes also created continuity risks in Pljevlja. The 2026 Mayors Leadership Programme is consistent with this lesson and is designed to engage senior municipal leaders by engaging mayors, deputy mayors and senior administrators around mandates, budgets and concrete municipal decisions.

3. Broad portfolios required sharper implementation prioritization

The portfolio approach is intentionally broad, but smaller municipal and Country Office teams could not advance every option at the same time. In Kavadarci and Gostivar, coherent directions were developed around circular economy, eco-tourism and waste services, but bounded first tests still needed to be selected and owned. Similar pressures were visible where focal points carried substantial facilitation, coordination and evidence responsibilities alongside their regular duties. The management response is to preserve the wider strategic portfolio while selecting one or two implementation priorities per city, each with a named owner, decision date, implementation conditions and evidence needs.

4. Innovation supply moved faster than municipal absorption

BOOST and Green Urban Tech expanded the range of innovators and technical solutions available to cities, but municipal systems were not always ready to absorb them. Relevant organizations could be identified while city-side adoption records did not yet consistently establish a public owner, usable data, a test environment, procurement or partnership routes, budgets and maintenance arrangements. This created a risk that acceleration would improve solution readiness without producing municipal uptake. Future BOOST and city-innovation cycles should therefore design public-sector absorption from the outset and require a city-side adoption record before pilots begin.

5. Participation did not always make influence visible

The listening process reached a wide range of municipal stakeholders, residents, businesses, youth groups and civil-society organizations, but participation alone did not demonstrate that their input changed decisions. Structured engagement also required more facilitation time and institutional follow-through than initially anticipated. The programme addressed this by linking listening to sensemaking, Bootcamp work and portfolio curation rather than treating it as a stand-alone consultation exercise. City teams should now close the feedback loop by documenting what they heard, which choices changed, what could not be taken forward and how implemented options affect different groups.

6. War required a different operating logic in Ukraine

The conditions facing Kovel and Nizhyn did not allow normal assumptions about pace, staffing, infrastructure or experimentation. Flexible sequencing, remote support and alignment with energy resilience and recovery priorities enabled both cities to maintain strategic continuity despite disruption. The challenge for the next period is to avoid either imposing unrealistic delivery expectations or reducing the work to short-term crisis response alone. Each city should select a small number of feasible energy-resilience actions that can proceed under uncertainty while preserving the broader green-economy and community-learning direction of its portfolio.

The 2026 management response should focus on conversion rather than adding more process. Across the cohort, the programme should become more selective, more senior-owned and more explicit about the conditions required for implementation.

Five lessons from 2025

1. Start with the city problem, not with available solutions

The process worked best when cities first defined the problem, identified who owned it and clarified what needed to change. This created a stronger basis for selecting relevant partners and solutions. Future acceleration should begin with a clear municipal need, not a catalogue of technologies.

2. A good solution is not enough

Cities also need authority, staff, data, budgets, procurement routes and maintenance capacity. Without these conditions, promising ideas are unlikely to move into use. Future pilots should begin only when ownership and operating arrangements are clear.

3. Keep the broad portfolio, but implement selectively

The portfolio approach helped cities understand how climate, services, jobs, health and local development connect. However, municipal teams cannot advance every option at once. Each city should therefore focus on a small number of priorities with clear owners and next decisions.

4. Use learning to make decisions

The most useful learning happened while implementation choices were still open. Reviews should help teams decide whether to continue, change, pause or stop an option. Learning should support management, not only reporting.

5. Use one common method, but tailor the support

A shared approach created common standards and made comparison and peer learning possible. However, cities faced different political, institutional and operational barriers. Support should therefore focus on each city's next practical decision rather than expect identical progress.

Management Response

1. Secure senior municipal sponsorship

Each implementation priority will have a named senior sponsor and a clear route to the body that can approve mandates, budgets or institutional changes. General support will not be treated as sufficient where a formal decision is required.

2. Select fewer implementation priorities

Cities will retain broad portfolios but focus implementation on a small number of clearly defined priorities. Each priority must have a problem owner, a specific action, a decision date and clear conditions for continuation, adaptation or closure.

3. Define operating arrangements early

No priority will advance without clarity on ownership, budget, procurement or partnership route, maintenance and evidence needs. These requirements will apply equally to services, physical assets, digital tools, institutional changes and financing mechanisms.

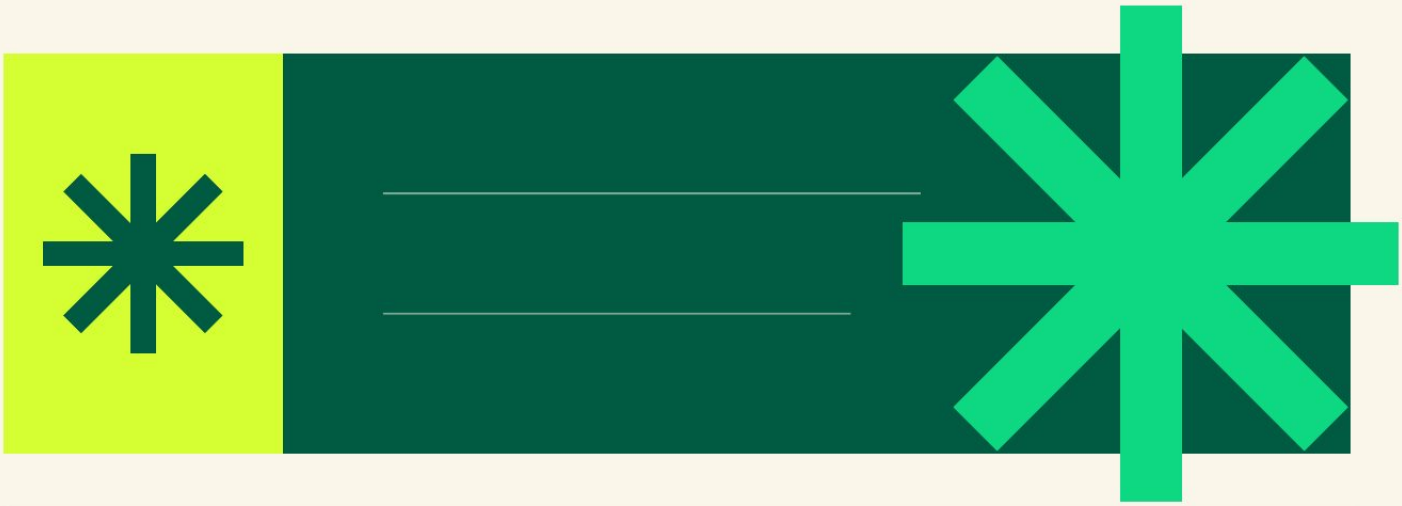
4. Strengthen evidence and resident feedback

Each priority will maintain a minimum evidence file covering decisions, finance, implementation, maintenance and resident feedback. Independent verification will focus on a small number of material results rather than attempting to validate every activity.

5. Transfer practical methods across cities

Regional learning will focus on transferring tools, routines and proven practices, not only sharing experiences. Each transfer should identify what is being adapted, who will use it and what decision or operational change it is expected to support.

Overall, management will concentrate support on priorities with a clear owner, realistic operating arrangements and a credible next decision. Options that do not meet these conditions will be paused or redesigned, while a limited number of high-value results will be independently verified before the 2027 evaluation.



VII. Financial Summary

The financial summary is based on official UNDP financial records for the reporting period. All figures are presented in United States dollars. Project expenditure is reported separately from municipal commitments, selected proposals, feasibility agreements, draft applications and other city finances.

The approved 2025 budget was USD 1,464,768.98. The annual financial report records total expenses of USD 1,335,708.53, including programme support costs. This represents annual utilization of 91.19 percent.

Cumulative expenses to 31 December 2025 were USD 4,282,821.69 against an approved 2021-2028 project budget of USD 9,048,938.22, equivalent to 47.33 percent cumulative utilization. Year-end available resources stood at USD 1,859,941.23 after legal commitments of USD 156,175.28.

Detailed Financial Record provided in Annex III.

Overall Project Financial Summary as of 31 December 2025

Financial measure	Amount
Approved 2025 budget	USD 1,464,768.98
2025 income	USD 1,700,000.00
Total 2025 expenses	USD 1,335,708.53
Annual utilization	91.19%
Cumulative expenses to 31 December 2025	USD 4,282,821.69
Approved project budget, 2021-2028	USD 9,048,938.22
Cumulative utilization	47.33%

Annex I: Updated Risk Log

The approved risk records used for this report did not provide verified numerical probability and impact scores or a complete original identification date for each risk. The required fields are retained below, and unavailable values are stated explicitly rather than inferred.

#	Description	Type	Probability score 1-5	Impact score 1-5	Counter-measures / Management response	Owner
1	Political discontinuity or weak senior sponsorship delays adoption and cross-departmental decisions.	Political / Strategic	2	3	Maintain relationships across political, administrative and technical levels; identify executive sponsors and formal decision routes; pause technical production where authority is the binding constraint.	UNDP Country Offices and relevant municipal executives, supported by IRH
2	Limited municipal and Country Office capacity slows follow-up and creates dependence on a small number of staff.	Operational / Organizational	3	3	Use common workbooks, lighter routines, peer exchange and follow-up curation; narrow implementation priorities; protect focal-point capacity.	IRH, Country Offices and municipal focal points
3	War and infrastructure disruption affect timing, logistics, staffing and feasible experimentation in Ukraine.	Political / Operational / Other	3	3	Apply flexible sequencing, remote support, alignment with resilience needs, context-sensitive experiments and regular reassessment of feasibility.	UNDP Ukraine and participating municipalities
4	Fiscal and regulatory constraints delay transfers, approvals and implementation.	Financial / Regulatory	4	2	Match instruments to city capacity; link each priority to an authority and budget route; distinguish planned amounts from commitments and expenditure.	Municipal authorities, Country Offices and IRH
5	Accelerated solutions remain disconnected from municipal ownership, procurement, data and maintenance.	Strategic / Operational	3	2	Align Green Urban Tech with city-defined demand; require a city owner, use case, legal route, data conditions, budget and maintenance plan before a pilot.	BOOST and CEF teams, Country Offices and municipalities
6	Learning and coordination practices remain dependent on programme facilitation rather than municipal routines.	Organizational / Sustainability	4	1	Simplify option records; transfer review and evidence routines into municipal processes; document decisions changed by learning.	CEF learning functions, Country Offices and municipalities
7	Conditional proposals fail to move from selection or planning to contracting and operation.	Financial / Strategic	4	1	Set stage-specific deadlines and documentary requirements; pause or redesign pathways that remain indefinitely at planning stage.	IRH, Country Offices and pathway owners

Annex II: Knowledge Generation

Flagship knowledge product

Product	Role in the programme	Public link
Twin Transition Stencil	Principal formal 2025 knowledge product. It codified a practical green-digital portfolio method used to frame urban transformation work across the cohort.	New report introduces the Twin Transition Stencil for cities navigating green and digital transformations

Supporting knowledge and learning products

Product or activity	Role in implementation	Public link
Listening to Cities	Public synthesis of the cohort's community-listening approach and emerging insights. It supports the use of resident and stakeholder evidence in portfolio framing.	Listening to Cities: Insights from the 2025 City Experiment Fund Cohort
Bratislava Portfolio Bootcamp	Public account of the transition from listening and sensemaking into strategic intent and portfolio design.	Charting Urban Futures: Inside the CEF Portfolio Bootcamp in Bratislava
Green Urban Tech open call	Public launch of the joint BOOST-CEF pipeline for city-relevant green and digital solutions.	UNDP launches Green Urban Tech open call to boost greener, smarter and more resilient cities

Public programme platforms

Platform	Public purpose	Link
City Experiment Fund	Continuing access to CEF programme information, city practice and public knowledge products.	City Experiment Fund
BOOST	Continuing access to acceleration programmes and public results.	BOOST