



ANNEX I - DESCRIPTION OF ACTION

NATIONAL ENERGY EFFICIENCY PROGRAMME MONTENEGRO

Title of the action:	Strengthening capacities for increasing energy efficiency in the residential sector in Montenegro
Location(s) of the action:	Montenegro
Name of the partner	United Nations Development Programme – UNDP
Formal stakeholders in Montenegro for the Action	Ministry of Energy and Mining Eco-Fund

List of Acronyms

UN - United Nations

UNDP - United Nations Development Programme

ECO-FUND - Environmental Protection Fund

EU - European Union

EUD - European Union Delegation

EUC - European Union Commission

EU GAP III - European Union Gender Action Plan III

SDGs - Sustainable Development Goals

RBM - Results-based management

FAFA - Financial and Administrative Framework Agreement

DIM - Direct Implementation modality

PB – Project Board

CONTENTS

Executive Summary	4
CONTEXT	5
STRATEGY AND DESCRIPTION OF ACTION	7
Strategy	7
Theory of Change	8
Expected Results and Main Activities.....	9
RESULT 1: Eco-Fund’s capacities for managing decarbonization programmes and projects strengthened.	9
ACTIVITIES	10
RESULT 2: Raising awareness and understanding across Montenegrin society about the benefits of investing in energy efficiency, uptake of renewable energy sources and adopting eco-friendly behaviours.	11
ACTIVITIES	12
MULTI-ANNUAL WORKPLAN	12
SUSTAINABILITY	13
ASSUMPTION, RISKS AND RISK MITIGATION	14
Risks and Risks Mitigation	14
IMPLEMENTATION ARRANGEMENT	15
ACTION GOVERNANCE AND MANAGEMENT ARRANGEMENTS	15
Governance Arrangements	15
Action Management Structure	17
Project Office Costs	18
MONITORING AND EVALUATION FRAMEWORK	19
COMMUNICATION AND VISIBILITY	20
Appendix 1 - ACTION RESULTS FRAMEWORK	23
RISKS AND RISK MANAGEMENT	25

EXECUTIVE SUMMARY

Rapid population growth and urbanization are driving up energy consumption in buildings globally, with buildings currently accounting for a third of the world's energy use and a fifth of CO₂ emissions, and it is estimated that these values may double by 2050. In this context, Montenegro faces a particular challenge due to its low energy efficiency in residential buildings (reaching a level of 48% in final energy consumption in 2022), especially in heating, which contributes significantly to air pollution and health concerns, particularly in the northern and central regions of Montenegro.

In response to these challenges, Montenegro secured a significant allocation of €30 million as part of the EU's Energy Support Package for Western Balkans aimed at mitigating energy crises and accelerating the energy transition in the region. A portion of these funds, totaling €8 million, has been earmarked for the Household Energy Efficiency Incentive Programme, which has been complemented with an additional €300,000 from the Municipality of Pljevlja and €500,000 from the Eco-Fund. Led by the Ministry of Energy and Mining, the Program for Improving Energy Efficiency in Households has been designed to encourage households to adopt energy-efficiency measures and renewable energy sources by offering financial support through incentives.

The goal is to encourage widespread adoption of energy-saving and sustainable practices, particularly in urban areas and regions with high air pollution, to prevent energy poverty and ensure contribution to just, green transition.

The Government of Montenegro has recognized the Eco-Fund's role and previous success in leading and implementing programmes related to decarbonization, renewable energy, environmental protection, and climate change. Given the very large programmatic and financial scope of the "Energy Efficiency Incentive Programme for Households" and the tight timeframe for its realization, the Government of Montenegro and the Eco-Fund have acknowledged their need for technical assistance and support for strengthening the existing capacities to ensure effective and efficient implementation energy efficiency programs of this scope and investment.

The Government, alongside the Eco-Fund, acknowledges the UNDP's previous support in providing technical assistance and capacity development in this area. UNDP supported establishing the Eco-Fund in 2019, including technical and financial assistance to pilot a subsidy program for small and medium enterprises and agricultural households to promote solar energy use, improving energy efficiency, and environmental sustainability. Additionally, from 2020 to 2024, UNDP supported the Municipality of Pljevlja with design and implementation of an energy efficiency subsidy program worth EUR 1,500,000, benefitting more than 150 households. The programme enhanced municipal administration capacities, benefitting from local expertise, and contributed to local economic development through the engagement of locally based construction companies. Building on these experiences and previously developed and tested methodology and approaches, UNDP has supported the Ministry of Energy and Mining and Eco-Fund in preparing the "Energy Efficiency Incentive Programme for Households," while the Ministry requested additional technical assistance for the implementation of the programme, building capacities of the Eco-Fund and providing quality assurance of the entire intervention.

Therefore, leveraging UNDP's well-established capacities, resources, and network of experts, built through previous and successful collaborations with the Government in capacity building, technical assistance, and sustainable energy advocacy, this Action focuses on strengthening Eco-Fund's capacities to design and efficiently implement large scale programmes successfully. This initiative will contribute to enhancing energy efficiency and renewable energy programmes, that are inclusive and gender-responsive, in line with the determined national priorities, ensuring that

investments yield maximum environmental and economic benefits, and improve resilience of the population and economy of Montenegro.

This is envisaged through delivering two results: a) strengthening Eco-Fund's capacities for managing decarbonization programmes and projects strengthened; and b) raised awareness and understanding across Montenegrin society about the benefits of investing in energy efficiency, uptake of renewable energy sources and adopting eco-friendly behaviours.

CONTEXT

As a result of population growth and accelerated urbanization, energy consumption in buildings is also increasing. Today, buildings are responsible for one-third of the world's energy consumption and generate about one-fifth of global CO₂ emissions, and it is estimated that these values may double by 2050. This state of affairs gives importance to energy efficiency in buildings, which represents an opportunity to achieve the set environmental goals and to make settlements/cities healthier, safer, and more sustainable.

The recent EU policy acknowledges buildings as the largest untapped resource for energy savings and CO₂ emission reductions in Europe. The revised Energy Efficiency Directive (EU/2023/1791) significantly enhances the EU's energy efficiency goals, establishing the principle of 'energy efficiency first' as a core element of EU energy policy, now with legal standing for the first time. This means that energy efficiency must be factored into all relevant policy and major investment decisions in both the energy and non-energy sectors.

Additionally, the revised Energy Performance of Buildings Directive (EU/2024/1275) aims to accelerate the renovation rate in the EU, especially for the poorest-performing buildings in each country. It also promotes improved air quality, the digitalization of energy systems for buildings, and the development of infrastructure for sustainable mobility. Enhancing the energy performance of buildings not only conserves energy and lowers energy bills, thereby reducing energy poverty and increasing Europe's energy independence, but it also improves citizens' health and wellbeing by elevating living standards to 21st-century norms.

Furthermore, investments in energy efficiency stimulate the economy, support EU industrial sectors, and create more green jobs. The EU construction industry, which contributes about 9.6% of the EU's value added and employs nearly 25 million people in roughly 5.3 million firms, stands to benefit. Small and medium-sized enterprises (SMEs), comprising 99% of EU construction companies and 90% of the sector's employment, particularly benefit from an invigorated renovations market.

Therefore, the renovation of the building stock (public and private) represents one of the priority activities and is recognized in the European Green Deal as a key initiative for increasing energy efficiency in the sector and achieving goals in the field of energy efficiency and decarbonization.

The building sector in Montenegro is characterized by a low degree of energy efficiency. Bearing in mind that energy consumption in the household sector and the service sector, which is predominantly related to buildings, reached a level of 48% in final energy consumption in 2022, it is clear that the potential for improving energy efficiency is huge.

The necessity of improving the energy characteristics of buildings is clearly recognized in strategic documents, primarily through the Energy Development Strategy until 2030 and action plans for its implementation, the National Sustainable Development Strategy until 2030, and the National Strategy on Climate Change until 2030. In addition, heating residential buildings, especially in the northern and central regions of Montenegro, represents a significant

source of air pollution due to the combustion of solid fuels (coal, wet/moist wood), which poses a major problem, particularly from a health perspective.

Therefore, activities are necessary to improve air quality through the implementation of specific activities that contribute to reduced coal and wet wood consumption for heating, transitioning to environmentally friendly fuels, and using heating systems with high energy efficiency. These activities will thereby reduce suspended particle emissions during the heating season when their concentration is significantly increased.

In December 2022, during the EU – Western Balkans Summit, when the EU re-confirmed its full and unequivocal commitment to the European Union membership perspective of the Western Balkans, the European Commission announced an unprecedented €1 billion Energy Support Package to mitigate the immediate effects of the energy crisis and accelerate the energy transition in the region in the short- and medium terms. As part of the regional package of one billion Euros meant to support our Western Balkans partners in tackling the energy situation and high prices caused by Russia's war of aggression against Ukraine, Montenegro has received a fast-tracked €27 million, while the total value of the direct budget support package for Montenegro is €30 million. The disbursement of these funds includes direct monetary compensation of electricity bills for families receiving social benefits and as an only way to ensure long-term sustainability energy supply-investment in renewables and increasing of energy efficiency.

A portion of these funds, totalling €8 million, has been earmarked for the Household Energy Efficiency Incentive Programme, which has been complemented with additional €300,000 from the Municipality of Pljevlja and €500,000 from the Eco-Fund.

The Energy Efficiency Incentive Programme, initiated by the Ministry of Energy and Mining in Montenegro and adopted by the Government of Montenegro in May 2024, represents a crucial step towards enhancing energy efficiency and promoting sustainable practices in the residential sector. The Energy Efficiency Incentive Programme is designed to incentivize households to adopt energy-efficient technologies and renewable energy sources, thereby contributing to a cleaner and more sustainable environment. By providing financial support to cover part of the costs associated with energy efficiency investments, the Programme aims to facilitate widespread participation and implementation across households, particularly in urban areas and regions with high air pollution levels.

Through this Programme, efforts are made to reduce energy consumption and associated costs, decrease energy intensity, lower CO₂ emissions, optimize resource utilization, enhance comfort levels in residential buildings, create employment opportunities for the local workforce, and improve air quality while minimizing negative impacts on human health.

The Programme encompasses various energy efficiency measures, such as thermal insulation, adoption of energy-efficient facade joinery, utilization of modern biomass heating systems, installation of heat pumps and solar water heating systems, as well as the implementation of photovoltaic systems for electricity generation.

Eco-Fund has been entrusted by the Government of Montenegro as the implementing body for the Household Energy Efficiency Incentive Programme, considering its mandate and role, as well as previous success and results in implementing programs and projects in the field of decarbonization, renewable energy sources, as well as environmental protection and climate change.

The Government, in the "Energy Efficiency Incentive Programme for Households", acknowledged UNDP's well-established capacities and resources, which could support the Eco-Fund in efficiently implementing the programme through technical assistance while also enhancing Eco-Fund's administrative and technical capabilities for future large-scale, inclusive, and gender-responsive energy efficiency programmes in line with the determined national

priorities, ensuring that investments yield maximum environmental and economic benefits, and improve the resilience of the population of Montenegro.

UNDP's previous support in this area has been pivotal. UNDP assisted the Government in establishing the Eco-Fund in 2019, including technical and financial assistance to pilot a subsidy program for small and medium enterprises and agricultural households to promote solar energy use, improving energy efficiency and environmental sustainability. Additionally, from 2020 to 2024, UNDP supported the Municipality of Pljevlja to design and implement an energy efficiency subsidy program worth EUR 1,500,000, enhancing capacities and providing technical expertise to local partners from which more than 150 households have benefited. Building on these experiences and previously developed and tested methodology and approach, UNDP has been requested to further support the Ministry of Energy and Mining and Eco-Fund in implementing the "Energy Efficiency Incentive Programme for Households".

Leveraging UNDP's existing capacities and resources, honed through successful collaborations in capacity building, technical assistance, and sustainable energy advocacy, this Action focuses on strengthening Eco-Fund's capabilities to ensure efficient and gender-responsive implementation of the "Energy Efficiency Incentive Programme for Households." By strengthening the capacities, the Action will enable Eco-Fund to lead energy efficiency, environmental protection, and other sustainability-oriented projects and programs in line with the determined national priorities, ensuring that investments yield maximum environmental and economic benefits and improve the resilience of the population of Montenegro. The capacity building of the Eco-Fund will be complemented by the nationwide communication and awareness-raising campaign to promote the implementation of energy efficiency measures, use of renewable energy sources, and sustainable practices among the population and private sector.

STRATEGY AND DESCRIPTION OF ACTION

Strategy

Over the past two decades, the partnership between the Government of Montenegro and UNDP has led to concrete and significant reform outcomes across various sectors, including public administration, social welfare, digitalization, gender equality, climate adaptation, and more. With a blend of international standards, in-depth expertise, and extensive on-the-ground experience, UNDP plays a crucial role in advancing development objectives in Montenegro and beyond. Its commitment to upholding global standards ensures that its interventions adhere to best practices and principles recognized worldwide. One of UNDP's key strengths remains its continuous support for capacity development within national institutions. By investing in enhancing local capacities and expertise, UNDP empowers Montenegro to take ownership of its development agenda and drive sustainable progress independently. This focus on capacity building fosters institutional resilience and strengthens the country's ability to navigate complex development transitions, such as those related to energy efficiency, just transition, and decarbonization processes.

This Action enables UNDP to provide technical assistance to the Eco-Fund, focusing on enhancing its human, administrative, and technical capacities to manage gender-responsive decarbonization programs and projects. It also aims to improve reporting on achieved results and impacts and to increase operational transparency. This includes on-the-job training for Eco-Fund staff, knowledge, and expertise transfer, and facilitating the building of networks and partnerships with local and international stakeholders across the public, private, civil society, and media sectors.

Simultaneously, to generate interest among the population of Montenegro in participating in the Energy Efficiency Programme and to ensure that both the population and companies in Montenegro understand the benefits of investing in energy efficiency and renewable energy sources and transitioning to sustainable energy practices, a tailored communication and awareness-raising campaign will be conducted.

Theory of Change

The key components and assumptions of change theory are as follows:

IF the Eco-Fund strengthens its capacities for managing large-scale inclusive decarbonization programs and projects, **THEN** it can effectively implement inclusive energy efficiency support programmes, promoting equitable access to renewable energy sources and advancing environmental sustainability in Montenegro.

IF financial mechanisms ensuring transparency and inclusivity are established, **THEN** Eco-Fund can utilize available funds to implement a gender-sensitive Energy Efficiency Subsidy Program, facilitating the adoption of energy-saving technologies and reducing greenhouse gas emissions.

IF innovative outreach campaigns are launched to raise awareness among beneficiaries, including women, youth, and marginalized communities, about the benefits of energy efficiency and renewable energy sources, **THEN** Montenegrin society can embrace sustainable practices, leading to reduced energy consumption and improved environmental outcomes.

IF digitalization of services is implemented to streamline processes and enhance accessibility, **THEN** beneficiaries can efficiently engage in energy efficiency initiatives, promoting transparency and accountability in the transition towards a green economy.

IF the capacities for planning, development, financing, coordination and implementation of large-scale co-financing measures and mechanisms are developed enough to respond to the specific needs of each beneficiary,

THEN no citizen or local company, as end users of the mechanism, will be denied the possibility to use the benefits of the mechanism(s).

Finally, **IF** the Eco-Fund is gender-aware, women’s and girls’ needs and voices are heard, and their access to resources for innovative green solutions are streamlined **THEN** the strategic policies and long-term programmes will be developed in gender-responsive manner, that will further empower and foster an active role of women and girls, which will ultimately unlock their full potential and lead to improvement of their position in the society.

The theory of change will be regularly revised and updated as necessary through the Project Board mechanism. The diagram below presents the analytical flow from the development impact level to overall outcome and output, to action-level results and planned interventions:

Development impact	<p>SDG 7.3 By 2030, double the global rate of improvement in energy efficiency</p> <p>SDG 13.3: By 2030 improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p> <p>SDG 13.b: By 2030, promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities</p>
	<p>UNDP Strategic Plan: Structural transformation, including green, inclusive and digital transitions</p> <p>EU Growth Plan for the Western Balkans:</p>

Outcome	Enhancing economic integration with the European Union's single market , subject to the Western Balkans aligning with single market rules and opening the relevant sectors and areas to all their neighbours at the same time, in line with the Common Regional Market. One of Seven priority actions is: Integration and de-carbonisation of Energy markets	
Objective	Overall – Contribute to enhancing Montenegro's resilience to climate change through improved energy efficiency in residential buildings and increased uptake of renewable energy sources	Specific - Strengthened national capacities for designing and managing implementation of large-scale decarbonization programmes, ensuring that investments yield maximum environmental and economic benefits coupled with raised awareness of the population and business community on benefits of investments in energy efficiency and uptake of renewable energy sources.
Intervention	<ul style="list-style-type: none"> ▪ Provision of intensive technical assistance, capacity development and on the job-coaching to further to enhance Eco-Fund's ability to effectively implement the "Energy Efficiency Incentive Programme for Households, and to equip Eco-Fund to manage large-scale projects and programs in the long term. ▪ Development and implementation of an innovative, tailored, and targeted outreach campaign to promote widespread awareness, participation, and adoption of energy-efficient and sustainable practices in Montenegro. 	
Results	<p>R1: Eco-Fund's capacities for managing decarbonization programmes and projects strengthened.</p> <p>R2: Raised awareness and understanding across Montenegrin society about the benefits of investing in energy efficiency, uptake of renewable energy sources and adopting eco-friendly behaviours.</p>	

2.1 Objectives

Overall Objective – Contribute to enhancing Montenegro's resilience to climate change through improved energy efficiency in residential buildings and increased uptake of renewable energy sources.

Specific Objective – Strengthened national capacities for designing and managing implementation of large-scale decarbonization programmes, ensuring that investments yield maximum environmental and economic benefits coupled with raised awareness of the population and business community on benefits of investments in energy efficiency and uptake of renewable energy sources.

Expected Results and Main Activities

RESULT 1: Eco-Fund's capacities for managing decarbonization programmes and projects strengthened.

To elevate the Eco-Fund's capacity to manage gender-responsive decarbonization programs and projects, monitor the progress, and report on achieved impact, it is essential to enhance its human, administrative, and technical capacities. Improving monitoring and reporting capacities is fundamental to enable a track record of achieved results and impacts and to increase operational transparency. This includes on-the-job training for Eco-Fund staff, knowledge, and expertise transfer, and facilitating the building of networks and partnerships with local and international stakeholders across the public, private, civil society, and media sectors, establishing tools and mechanisms for information sharing and continuous training. This will ensure environmental protection and sustainable energy and climate management.

The Action aims to strengthen the Eco-Fund's capacities through a multifaceted strategy. First, providing tailored technical assistance to the Eco-Fund is crucial for the immediate and efficient implementation of the "Energy Efficiency Incentive Programme for Households." This assistance will involve hiring technical experts who can

support the Eco-Fund to start the program without delay, while at the same time UNDP will support the Eco-Fund in hiring competent and adequate numbers of experts allowing the Fund to implement its work rather than to replacing capacities. Additionally, this assistance will help develop and enhance monitoring and evaluation systems and reporting mechanisms by leveraging both internal and external expertise, knowledge, tools, and methodologies to support the Eco-Fund's operations effectively.

Second, facilitating the exchange of expertise is essential for building a robust knowledge base within the Eco-Fund. This will be achieved by organizing trainings, workshops, seminars and visits that involve local and international experts sharing insights on best practices in energy efficiency and decarbonization. These collaborative learning sessions and expert consultations will promote a culture of continuous improvement and innovation, ensuring that the Eco-Fund will be able to implement similar large-scale programs in the future.

Third, conducting on-the-job practical training sessions for Eco-Fund staff will be a continuous effort to enhance their skills in managing, communicating, monitoring, and reporting the impacts of large-scale decarbonization programs. These capacity-building activities, carried out during the implementation of the "Energy Efficiency Incentive Programme for Households," will focus on technical, administrative, and financial management aspects. This will ensure that staff develop a well-rounded skill set necessary for effective program execution. Additionally, this approach will allow the expertise developed through this action, as well as the knowledge gained from trainings and workshops, to be effectively integrated into the Eco-Fund's operations.

Fourth, designing and implementing digital solutions will streamline Eco-Fund processes, enhancing data collection, management, and analysis. By improving the efficiency of administrative processes, these digital tools will ensure transparent and efficient service delivery to beneficiaries, fostering a more accountable operational environment. These activities will also result in strengthened skills of Eco-Fund staff to effectively leverage these tools and processes, not only for the implementation of this program but also for future small and large-scale programs. Additionally, the enhanced availability of information will enable the Eco-Fund to tailor future programs more effectively based on data-driven insights.

Finally, assessing and developing capacities for inclusivity and gender-responsiveness will be a key component of the strategy. This will involve conducting thorough assessments and mainstreaming human rights and gender equality principles in various aspects of Eco-Fund's work including but not limited to designing and implementing programmes, communications, monitoring and evaluation, management, knowledge and other. This will be done through tailored capacity development through internal and external expertise, research, training, workshops, and other. By prioritizing these aspects, the Eco-Fund will be able to design and implement programs that are equitable and accessible to everyone, thereby fostering a more inclusive approach to sustainable development.

ACTIVITIES

1.1 Establish a project implementation unit representing the Eco-Fund, the Ministry of Energy and Mining, and UNDP

1.2 Develop and utilize the roster of technical experts that will be engaged to provide support to Eco-Fund and to enhance their capacities. At the same time, UNDP will support the Eco-Fund to hire competent and the adequate number of experts needed for implement its work.

1.3 Facilitate implementation of the Energy Efficiency Incentive Programme for Households, using developed digital tools

1.4 Establish a community-based support system in collaboration with the Association of Municipalities to facilitate citizens' access to Eco-Fund programs, particularly for women, the elderly, youth, and marginalized populations, thereby enhancing engagement and participation

1.5 Improve the existing and/or develop additional standardized procedures, protocols, and guidelines within Eco-Fund's standard operating procedures to ensure consistency and quality in project implementation, monitoring, and reporting

1.6 Prioritizing these initiatives will enable us to design and implement programs that are equitable and accessible to everyone, thereby fostering a more inclusive approach to sustainable development.

1.7 Develop training and guidebook on mainstreaming gender equality and empowerment of women in programming, Energy Efficiency Incentive Programme for Households, and best practices

1.8 Support the Eco-Fund in establishing strategic partnerships and engaging stakeholders to enhance its capacity and broaden its resource mobilization landscape, partnership, and scope of activities

RESULT 2: Raising awareness and understanding across Montenegrin society about the benefits of investing in energy efficiency, uptake of renewable energy sources and adopting eco-friendly behaviours.

Raising awareness about the benefits of investing in energy efficiency, renewable energy sources, and eco-friendly behaviours is vital for promoting environmental stewardship, public health, economic growth, social equity, and resilience.

It is crucial to support the Eco-Fund in launching a tailored outreach campaign. This campaign aims to educate and raise awareness among the population of Montenegro, about the benefits of energy efficiency and sustainable practices. A collaborative approach involving key stakeholders such as the Eco-Fund, Ministry of Energy and Mining, Union of Municipalities and individual Municipalities, CSOs, influencers, and media outlets will be adopted. This collaborative effort ensures a unified approach towards promoting sustainable practices and facilitates the exchange of expertise.

The strategy will entail tailoring communication plans to cater to different segments of society, with particularly focus on women, but also youth and marginalized communities. Utilizing various media channels including social media, television, radio, and print media, instant messaging applications, and other messages will be disseminated to reach a wide audience effectively. Additionally, segmentation of the target audience based on demographic factors will enable the crafting of messages that resonate with each segment's values and aspirations.

In addition to mass communication, tailored outreach programs will be developed and implemented. Community events, informational sessions, and other in person outreach activities at the local level will provide citizens with opportunity to gain practical knowledge on energy efficiency and sustainable energy practices. Also, these will focus on providing detailed information about the "Energy Efficiency Incentive Programme for Households", such as financial incentives and criteria for application to encourage participation. These initiatives, conducted in collaboration with local stakeholders, will ensure relevance and effectiveness within each community.

Feedback mechanisms will be established to monitor the impact of the communication campaign. Gathering input from beneficiaries will enable the evaluation of the effectiveness of efforts and allow for necessary adjustments to

improve outreach strategies. Continuous adaptation and improvement of the communication strategy and messages will be based on feedback and response data. This iterative approach ensures that the campaign remains relevant and resonates with the target audience throughout its duration. Regular monitoring and reporting will provide insights into the campaign's progress and help maintain momentum towards achieving Result 2.

Overall, this comprehensive communication strategy aims to raise awareness and understanding across Montenegrin society about the benefits of investing in energy efficiency, uptake of renewable energy sources, and adopting eco-friendly behaviours. By engaging stakeholders, tailoring messages, and implementing targeted outreach programs, widespread adoption of sustainable practices will be promoted, contributing to Montenegro's vision for a sustainable and resilient future.

ACTIVITIES

2.1 Design a comprehensive Communication Strategy and Action Plan to support and enrich the implementation of the programme;

2.2 Implementation of tailor-made outreach campaigns designed to raise awareness of the population of Montenegro, with a focus on women, youth, and marginalized communities on the benefits of co-investing in energy efficiency, green and sustainable practices.

2.3 Regular adjustment of the communication channels depending on the response of various target groups.

2.4 Regular monitoring and reporting of the campaign's impact.

MULTI-ANNUAL WORKPLAN

Results/Activities	Year 1				Year 2			
RESULT 1: Eco-Fund's capacities for managing decarbonization programmes and projects strengthened								
1.1 Establish a project implementation unit representing the Eco-Fund, the Ministry of Energy and Mining, and UNDP	x							
1.2 Develop and utilize the roster of technical experts that will be engaged to provide support to Eco-Fund and to enhance their capacities. Support the Eco-Fund to hire competent and adequate numbers of experts for implementation of its work	x	x	x	x	x	x	x	
1.3 Facilitate implementation of the Energy Efficiency Incentive Programme for Households, using developed digital tools		x	x	x	x	x	x	x
1.4 Establish a community-based support system in collaboration with the Association of Municipalities to facilitate citizens' access to Eco-Fund programs, particularly for women, the elderly, youth, and marginalized populations, thereby enhancing engagement and participation	x							
1.5 Improve the existing and/or develop additional standardized procedures, protocols, and guidelines within Eco-Fund's standard operating procedures to ensure consistency and quality in project implementation, monitoring and reporting	x	x	x					
1.6 Based on a gender-responsive gap analysis, design and implement a tailored training programme for selected Eco-Fund's personnel	x	x	x					
1.7 Develop training and guidebook on mainstreaming gender equality and empowerment of women in programming, Energy Efficiency Incentive Programme for Households and best practices			x	x				

1.8 Support the Eco-Fund in establishing strategic partnerships and engaging stakeholders to enhance its capacity and broaden its resource mobilization landscape, partnership and scope of activities	X	X	X	X	X	X	X	X
RESULT 2: Raising awareness and understanding across Montenegrin society about the benefits of investing in energy efficiency, uptake of renewable energy sources and adopting eco-friendly behaviours.								
2.1 Design a comprehensive Communication Strategy and Action Plan to support and enrich the implementation of the programme;	X							
2.2 Implementation of tailor-made outreach campaigns designed to raise awareness of the population of Montenegro, with a focus on women, youth, and marginalized communities on the benefits of co-investing in energy efficiency, green and sustainable practices.		X	X	X	X	X	X	
2.3 Regular adjustment of the communication channels depending on the response of various target groups.			X		X		X	
2.4 Regular monitoring and reporting of the campaign's impact		X	X	X	X	X	X	X

Cross-cutting issues

Incorporating the principles of gender equality and inclusivity, as well as digitalization strategy, are key cross-cutting issues in the Action's strategy to enhance Montenegro's resilience to climate change through improved energy efficiency in residential buildings. By prioritizing gender equality and leveraging digital tools, the Action aims to foster inclusivity, efficiency, and effectiveness in its implementation.

The Action will prioritize integrating inclusive and gender-responsive approaches across all its activities. This entails ensuring that every intervention and initiative considers and actively addresses the specific needs, priorities, and perspectives of women and other underrepresented groups. By mainstreaming human rights and gender considerations into all phases of the action, including planning, implementation, monitoring, and evaluation, it will foster inclusivity and gender equality. This approach aims for Action to enhance the effectiveness and sustainability of the action's outcomes and contribute to advancing broader societal goals of gender equality and social inclusion.

UNDP developed a tailor-made software package for the Eco-Fund designed to enable full digital solution for the implementation of the national energy efficiency programme, including all the details for implementing the public call for citizens/beneficiaries of the program. The goal was to develop a web-oriented information system that would digitize and support the processes related to the use of the Model for the improvements of energy efficiency measures in the households, starting with the preparation and publication of public calls for citizens/beneficiaries of the co-financing programme, submission of applications online, their evaluation, and all the way to the reimbursement of the approved part of the costs and reporting on the specific procedure. The information system will also support the management of user accounts and documents received from applicants, as well as to monitor the entire workflow of this procedure in accordance with the processes implemented in the Eco-Fund. The digitization is expected to result in standardization of the process and contribute to the efficiency and transparency of submitted co-financing applications and decisions, to prevent irregularities to the greatest extent possible, and ultimately contribute to a better business environment. Within this action UNDP will continue to support the usage of this digital tool.

SUSTAINABILITY

Strengthening the capacity of the Eco-Fund is essential for the long-term sustainability of the action. This involves not only providing technical assistance but also investing in human resources, administrative processes, and technological infrastructure. Continuous training and skill development programs will be implemented to ensure that the Eco-Fund remains equipped to manage and implement large scale energy efficiency and decarbonization programs effectively.

Leveraging digital technologies to streamline processes, and improve accessibility will be carried out through implementing online application systems for subsidies, digital platforms for monitoring and reporting, and data-driven decision-making tools. This will not only improve efficiency but also promote accountability and transparency in action management.

Raising awareness and fostering community engagement will promote behaviour change and sustainable practices. Implementing innovative outreach campaigns targeting women, youth, and marginalized communities will increase awareness about energy efficiency, renewable energy, and the benefits of adopting eco-friendly behaviours. Engaging local stakeholders, including community leaders, NGOs, and educational institutions, will help mobilize support and build a culture of sustainability within society.

Establishing robust monitoring and evaluation mechanisms facilitate tracking progress, assessing impact, and identifying areas for improvement. Regular monitoring of energy consumption, greenhouse gas emissions, and the uptake of renewable energy sources will provide valuable insights into the effectiveness of the action interventions. Feedback mechanisms should also be incorporated to gather input from beneficiaries and stakeholders, ensuring that the action remains responsive to their needs and priorities.

Integrating gender equality principles throughout the Action is essential for ensuring inclusivity and sustainability. By adopting a gender-responsive approach, the Action will maximize its impact and contribute to broader social and economic development goals.

ASSUMPTION, RISKS AND RISK MITIGATION

This Action has been based on the assumption that the Eco-Fund will use this action as a learning tool to strengthen its capacities for the future management of similar projects and programmes and that it has deep understanding of the complexity of the process of establishment of a financing mechanism that is needed for the objective, targeted and transparent disbursement of funds.

It is anticipated that there is a growing interest of the local population to co-invest in actions that lead to improved energy efficiency and reduction of CO₂ emissions, such as thermal insulation on residential facades, installing energy efficient facade joinery, installation of solar panels, installation of modern heating and cooling systems and replacing furnaces powered by solid fuels, used for heating, etc.

The Action is also based on the assumption that the best available technologies will be deployed for the implementation of energy efficiency measures by the pool of local companies.

Risks and Risks Mitigation

One identified risk is the Eco-Fund's restricted current capacities to implement the Subsidy Model and the Local Environment Action Plan. Although the probability of this risk is low, its impact could be medium scale. To mitigate this, the action envisages peer-to-peer learning and on-the-job training for selected Eco-Fund staff members. This approach aims to enhance their ability to design, implement, monitor, and report on the support program and other future initiatives effectively.

Another identified risk is the potential insufficient interest of households in investing in energy efficiency measures, such as thermal insulation, solar panels, modern heating and cooling systems, energy-efficient facade joinery, and replacing solid fuel furnaces. This risk has a medium probability and impact. To address this, the action will invest in

developing a user-friendly platform to enhance communication between the Eco-Fund and citizens. Additionally, a large-scale campaign will be launched to present the benefits of the model to the local population, local enterprises, and the financial sector, including commercial banks.

IMPLEMENTATION ARRANGEMENT

This Action will be directly implemented by UNDP (DIM implementation modality). The Project (Action) will be administered by UNDP according to the Financial and Administrative Framework Agreement between the European Commission and the United Nations (FAFA) and UNDP rules and procedures. The implementation will be done in line with the requirements laid down in the EU-UNDP Contribution Agreement.

The organizational structure is based on strong Government ownership and alignment with the existing practices of Project Board compositions. The Project Board will be established at the outset of the Project implementation. It will be comprised of the representatives of the Ministry of Energy and Mining, Eco-Fund and a representative of UNDP. In addition, the Project Board will include the EUD Task Manager(s) and key project staff. The Project Board will be co-chaired by the representatives of the Ministry of Energy and Mining and UNDP. Project Board will operate in line with their official Terms of Reference. The Project Board will be responsible for providing general oversight and guidance to ensure the achievement of the Project objectives and results. The Project Board shall approve a detailed plan of project activities and, if necessary, approve its adjustments in accordance with the circumstances, as well as approve reports on implemented activities. The Board will meet on a quarterly basis.

Financial contribution to this action will be provided from the EU, as indicated in Annex III of the Contribution Agreement. Additional UNDP technical support will be provided through access to external expertise pools locally and internationally, regional experts or institutions from the region. UNDP will provide support, particularly for compiling lessons learned and sharing experiences with other stakeholders locally and internationally.

ACTION GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Governance Arrangements

All UNDP projects must be governed by a multi-stakeholder board or committee established to review performance based on established monitoring and evaluation metrics and high-level implementation issues to ensure quality delivery of results. For the purpose of this Action and to ensure standardization, henceforth, as regards project documentation, such a body shall only be referred to as 'Project Board.' The Project Board is the most senior, dedicated oversight body for a UNDP 'Development Project', which is defined in the [UNDP's rules and regulations](#), as an instrument where UNDP "Delivers outputs where UNDP has accountability for design, oversight and quality assurance of the entire project."

Duties and Responsibilities

The two prominent (mandatory) roles of the Project Board are as follows:

1) High-level oversight of the project (as explained in the "Provide Oversight" section of the Programme and Project Management - PPM). This is the primary function of the Project Board. The latter reviews evidence of project performance based on monitoring, evaluation and reporting, including progress reports, monitoring missions' reports, evaluations, risk logs, quality assessments, and the combined delivery report. The Project Board is the main body responsible for taking corrective actions as needed to ensure the project achieves the desired results. And its function includes oversight of annual (and as-needed) assessments of any major risks to the programme or project, and related decisions/agreements on any management actions or remedial measures to address them effectively.

The Project Board also carries the role of quality assurance of the project taking decisions informed by, among other inputs, the project quality assessment. In this role the Board is supported by the Quality Assurer, whose function is to assess the quality of the project against the corporate standard criteria. This function is performed by a UNDP

programme or monitoring and evaluation officer to maintain independence from the project manager regardless of the project 's implementation modality.

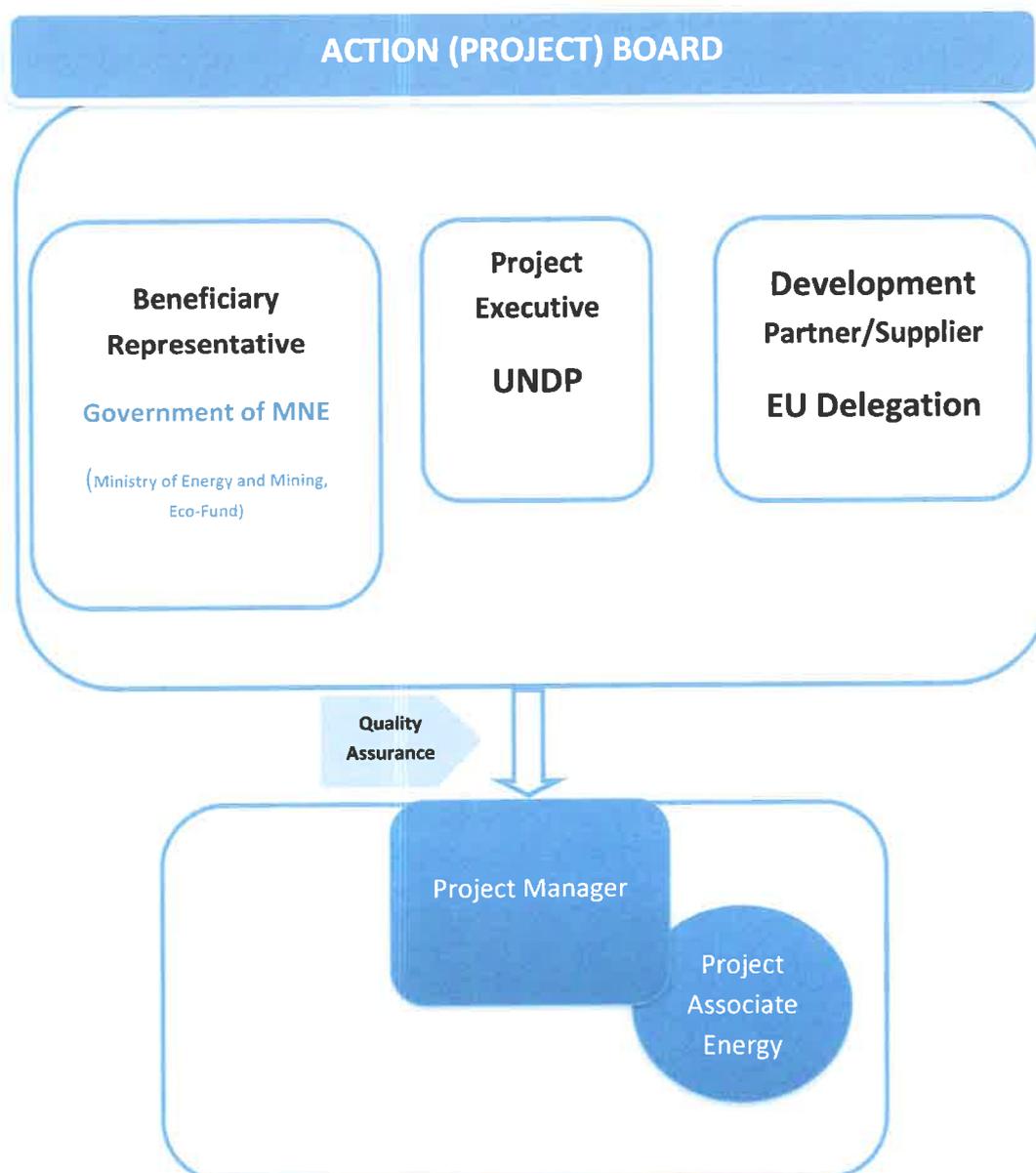
The Project Board reviews updates to the project risk log.

2) Approval of key project execution decisions (as explained in [the "Manage Change" section of the PPM](#)). The Project Board has an equally important, secondary role in approving certain adjustments above provided tolerance levels, including substantive programmatic revisions (major/minor amendments), budget revisions, requests for suspension or extension and other major changes (subject to additional funding partner/donor requirements).

The Project Board is responsible for making management decisions by consensus when required, including the approval of Action (Project) plans and revisions, and the project manager's tolerances. The Project Board approves annual work plans and reviews updates to the Action (Project) risk log.

Within the overall governance and management arrangements of the project, the role of the Project Board as regards these two key functions ('High-level oversight of the project' and 'Approval of key project execution decisions') is distinct from the roles of entities involved in the implementation of the project, namely the implementing partner (IP), responsibilities parties (if applicable), service providers and project staff.

The diagram below outlines the main entities involved (and their respective responsibilities) in the 'oversight/approval of key execution decisions' layer and the 'implementation' layer of the project structure.



Action Management Structure

Action (Project) Management Team will consist of: (1) Project Manager, 80%; (2) Project Associate, 25%, under the supervision of the Team Leader, with strong engagement of all involved counterparts and stakeholders.

The Project Team will have the following role:

1. Plan and coordinate technical, administrative and financial activities of the action
2. Ensure monitoring and control of activities
3. Financially manage the action (including effecting disbursements)
4. Prepare substantive and financial reports for the Project Board and UNDP.

UNDP will be responsible for: (i) providing project assurance services (ii) recruitment of project staff and contracting of consultants and service providers; (iii) overseeing financial expenditures against action budgets; and (iv) ensuring that all activities including procurement and financial services are carried out in strict compliance with UNDP procedures.

A UNDP Project Manager will be assigned with the responsibility for day-to-day management and control over action finance. Besides, Project Assistant will be engaged on the action to keep track on all administrative and finance related activities operationally.

Project team will deliver programme interventions in line with their official Terms of Reference and in line with in the Financial and Administrative Framework Agreement between the European Union and the United Nations (FAFA) and UNDP rules and procedures. All project staff will work closely with Government counterparts and other stakeholders to ensure maximum of effort invested to reach goals set. All procurement and recruitment procedures will be conducted in accordance with UNDP rules and regulations.

UNDP Country Office Montenegro will provide full support to the action and will assume full responsibility and accountability for the overall management of the action budget, efficient and effective use of resources, monitoring of the action implementation and timely reporting on the progress.

The UNDP country office shall provide support services for the Action as follows: (i) HR activities including recruitment of the personnel, external consultants, etc.; (ii) process of undertaking procurement processes for acquiring of goods and services; (iii) financial transactions; etc.

Furthermore, it will support the co-ordination and networking with other related initiatives and institutions on the country, regional and global level.

Quality Assurance

Action (Project) assurance is the responsibility of each Project Board member. However, UNDP has a distinct and critical assurance role for all UNDP projects, involving objective and independent project oversight and monitoring functions. This includes:

- a) UNDP ensures that the Action adheres to its planned objectives and standards. This includes applying UNDP's Social and Environmental Management System (SES) throughout the project cycle to guarantee compliance with social and environmental safeguards.
- b) UNDP provides an independent assessment of Action performance. This includes regular checks to ensure that the project meets quality standards and adheres to the planned timeline and budget.

- c) UNDP assists the Project Board and the Project Management Team by carrying out these independent oversight and monitoring functions. This support helps inform the Project Board's decisions and ensures that the project remains on track.

The Project Board, while holding overall responsibility for quality assurance, cannot delegate any of its assurance responsibilities to the project manager. This separation ensures unbiased quality assessments, as the assurance function is distinct from project execution.

A designated UNDP representative, specifically the Data, Monitoring, and Evaluation Analyst, will play the primary role in project assurance. This representative will attend the Project Board meetings and support board processes as a non-voting member, ensuring that all assurance activities are performed impartially and objectively. This structured approach ensures the project is executed effectively, transparently, and in accordance with UNDP standards and procedures.

Project Office Costs

A small Project team necessary for the implementation of the Action will be set up, and the capital and operating costs of the structure will accordingly be supported directly by the action's budget:

- **Personnel:** 1 Project Manager (80%) and Project Associate (25%) x 24 months.
- **Other project office costs:** The project envisages costs for the HR/Admin Associate up to 15% and the Communication Associate up to 10%. These costs will be charged as direct project costs for the time spent directly attributable to the implementation of the Action. The Action will offer extensive technical support to our partners, necessitating efficient and effective management of numerous contracts. The HR/Admin Associate will provide crucial support to the Project Team by managing recruitment and a significant number of contractual arrangements with individual consultants and companies, including energy efficiency experts, which is essential for the project's success. Additionally, achieving a higher scale of visibility and raising awareness of the benefits of adopting energy efficiency is crucial for the Action. The Communication Associate, engaged at 10% of their time, will support the Project Team and stakeholders to enhance the project's visibility and outreach through strategic communication and campaigns, raising awareness and educating stakeholders and the general public about the importance of energy efficiency.
- **Transportation & car rental:** To adequately implement and also ensure monitoring of implementation of activities within this Action occasional travel of the Project Team is planned. These activities include, but are not limited to, outreach activities in various Municipalities where "Energy Efficiency Incentive Programme for Households" is being implemented, capacity development activities taking place outside of Podgorica, visiting sites where Eco-Fund is implementing the project to document project results and develop promotional materials, and other.
- **Equipment and Furniture:** Procurement of IT and other equipment for Project Manager and Project Assistant is essential to ensure the smooth and efficient implementation of the project. This includes laptops, monitors, operating software, and any other necessary subscriptions / tools that will enable the Project Team to manage, coordinate, and monitor project activities effectively.
- **Rental, Consumables & Maintenance of Other Equipment:** The allocation for rental, consumables, and maintenance of other equipment is vital for the effective management and operational continuity of the Action. These costs are charged proportionally per staff member and cover expenses such as rent, utilities, internet, water supply, communication and telephones, security, reception, building maintenance and cleaning, maintenance of the ICT and other equipment, and stationary, office supplies and consumables pertaining to effective action management.

MONITORING AND EVALUATION FRAMEWORK

The logical framework for the Action is presented in Appendix 1. In accordance with the programming policies and procedures outlined in the UNDP's Results based Management, Monitoring and Evaluation standards, the Action will be regularly monitored through the following:

An Annual Progress Report shall be prepared by the Project Manager and shall be done based on the same structure and level of details as Annex I and III and shared with the Project Board Members and submitted to the EU Delegation for approval.

Final Evaluation: An external independent evaluation will be organized following the UNDP procedures in the final three months of the action. Programme-related evaluations will be undertaken in accordance with the Financial and Administrative Framework Agreement (FAFA) and Article 9 of the General Conditions forming Annex 2 to the EU-UNDP Agreement. Summary of key M&E activities for the Action.

Monitoring Activity	Purpose	Frequency	Expected Action	Owner
Track results progress	Progress data against the results indicators in the Results and Resource Framework (RRF) will be collected and analyzed to assess the progress of the action in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by action management.	UNDP
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by action management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	UNDP, Ministry of Energy and Mining, Eco-Fund
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other actions and partners and integrated back into the action.	Semi-annually	Relevant lessons are captured by the project team and used to inform management decisions.	UNDP, Ministry of Energy and Mining, Eco-Fund
Annual Action/Project Quality Assurance	The quality of the action will be assessed against UNDP's quality standards to identify action strengths and weaknesses and to inform management decision making to improve the action.	At the end of the action (final annual report)	Areas of strength and weakness will be reviewed by action management and used to inform decisions to improve action performance.	UNDP, Ministry of Energy and Mining, Eco-Fund
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	Quarterly	Performance data, risks, lessons and quality will be	UNDP, Ministry of

			discussed by the project board and used to make course corrections.	Energy and Mining, Eco-Fund
Annual Action/Project Report	A progress report will be presented to the Project Board and key stakeholders and submitted to the EU Delegation for approval.	Annually	Annual report consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual action quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Ministry of Energy and Mining, Eco-Fund & UNDP
Action Review (Project Board)	The action's governance mechanism (i.e., project board) will hold regular action reviews to assess the performance of the action and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the action. In the action's final year, the Project Board shall hold an end-of action review to capture lessons learned and discuss opportunities for scaling up and to socialize action results and lessons learned with relevant audiences.	At the end of the action (final report)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	UNDP, Ministry of Energy and Mining, Eco-Fund

COMMUNICATION AND VISIBILITY

In alignment with Annex III, communication and visibility activities will be undertaken within each outlined result. A suite of visibility and communication activities will be undertaken to ensure the effective dissemination of action goals and outcomes. Strategic engagement with media is a vital aspect, involving the issuance of media advisories to guide coverage, different types of stories and press releases distributed to local and national outlets to secure extensive media coverage. The Action's approach encompasses a diverse set of activities designed to effectively disseminate action goals and outcomes, fostering broad engagement and impact.

Moreover, Result 2 of the action is specifically focused on increased awareness and understanding across Montenegrin society regarding the benefits of investing in energy efficiency and uptake of renewable energy sources actions. The main objective is to develop an innovative campaign aligned with the Government's Energy Efficiency Programme for household, aiming to effectively communicate the benefits of enhancing energy efficiency in households, thereby increasing awareness and knowledge. Additionally, it seeks to promote the utilization of renewable energy sources and energy efficiency in line with the country's strategic vision for energy and climate future. The ultimate goal is to inspire action by encouraging citizens to apply for Government's Energy Efficiency Programme for households.

For the purpose of this Action, the target groups have been broadly categorised as follows:

- Citizens, End Beneficiaries
- Opinion Makers (government, media, key influencing people in the communities, CSOs, private sector, etc)
- Key Stakeholders (national and International), and
- Development community and donors.

Specific objectives for each target group:

Citizens, End Beneficiaries:

- Inform about the main objectives, progress, and outcomes of the project, highlighting the EU support.
- Increase awareness and understanding of energy efficiency and renewable energy benefits.
- Encourage participation in the Energy Efficiency Programme for households.

Opinion Makers (government, media, key influencing people in the communities, CSOs, private sector, etc.)

- Inform about the context, result areas, and activities of the project, as well as EU support in the sector to promote and strengthen energy efficiency and resilience to climate change in Montenegro.
- Leverage their networks to amplify the project's messages and impact.

Key Stakeholders (national and International)

- Inform about key results and the impact of the EU support, together with the successes and best practices emanating from the project.
- Leverage their networks to amplify the project's messages and impact.

Development community and donors

- Highlight key achievements of the project made possible through the support of the EU.
- Showcase the effectiveness and positive outcomes facilitated by EU support.

The following tools and modes of engagement are envisaged:

Traditional Media Engagement:

- Press Releases: Regularly issue press releases to local and national media outlets, summarizing key action milestones and outcomes.
- Media Interviews: Arranging interviews to provide in-depth insights and perspectives on specific topics of interest
- Op-Eds and Articles: Contribute articles and opinion pieces to newspapers and magazines to share thought leadership and action impacts.

Multimedia Content Creation:

- Creating dynamic multimedia content, including photos, and visuals, adds depth to the Action's communication efforts, enhancing the action's reach and impact.
- Video material: Producing compelling videos highlighting success stories, challenges, and the overall impact of the action.
- Infographics: Designing visually appealing infographics to distil complex information into easily digestible visuals.

Social Media Engagement:

- Leveraging popular social media platforms like Facebook, Instagram, Twitter, and LinkedIn stands as a key communication strategy, enabling the broad dissemination of action messages, event details, and interactive

content. Live Q&A Sessions: Conduct live question-and-answer sessions on platforms like Facebook or Instagram to directly engage with the audience.

- Hashtag Campaigns: Create and promote action-related hashtags to encourage user-generated content and community engagement.

Online Presence:

- Webinars and Virtual Events: Host webinars to delve into specific thematic aspects and organize virtual events for broader participation.
- Interactive Maps: Develop interactive online maps to visually represent topics of interest, achievements, and assure community involvement.
- Collaborations with influencers: spanning local and international spheres, amplify the Action's messages, leveraging the influence of activists, academics, and cultural figures to diversify the Action's audience reach.
- Website: Our action's online hub is the UNDP official website, acting as a centralized source for information, event schedules, resource sharing, and audience interaction.

Strategic Partnerships:

- Collaborative Events: Co-host events with partner organizations to leverage their networks and broaden the action's impact.
- Joint Publications: Publish joint reports, articles, or case studies with partner organizations for increased visibility.

Advocacy Campaigns:

- Innovative campaign to increase awareness about the benefits of investing in energy efficiency measures for improving the quality of life for people in Montenegro and safeguarding the environment.
- Innovative multi-media campaign to encourage active participation of citizens in the Government's Energy Efficiency Programme for households, thereby fostering sustainable practices and contributing to Montenegro's overall energy goals.

Media Engagement:

- Strategic interaction with media is pivotal. We will issue media advisories, deploy various types of stories, and distribute press releases to local and national outlets, guiding coverage to secure extensive media visibility.
- Establishing partnerships with both local and international entities foster resource-sharing and cross-promotion, utilizing established networks to broaden the action's influence.

APPENDIX 1 - ACTION RESULTS FRAMEWORK

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	
<p>Contribute to strengthening the resilience of the people of Montenegro by improving household energy efficiency, contributing to energy savings and reduced greenhouse gas emissions.</p>	<p>Progress made towards meeting accession criteria</p>	<p>EC Progress and Final Report</p>	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>Strengthened capacities of the Eco-Fund to become reliable institution skilled to design and manage implementation of programmes and projects improving energy efficiency, environment protection and other sustainability projects, in line with national priorities, ensuring that investments yield maximum environmental and economic benefits.</p>	<p>The number of new Eco-Fund large scale projects/programmes successfully designed, complying with national energy efficiency and sustainability policies.</p>	<p>Eco-Fund reports Government reports</p>	<p>Established horizontal coordination between relevant institutions.</p> <p>The commitment of leadership to invest time and effort in capacity development of Eco-Fund,</p> <p>The commitment of the Government to invest time, effort and resources in programmes and projects improving energy efficiency, environment protection and other sustainability projects.</p>

RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p>RESULT 1: Eco-Fund's capacities for managing decarbonization programmes and projects strengthened</p>	<p>✓ Indicator 1.1: Number of people directly benefitting from mechanisms and programmes implemented by the Eco-Fund, of whom %, women % men Baseline 2024: 0 Target Year 2: 1500, 30% women</p> <p>✓ Indicator 1.2: Number of staff members of the Eco-Fund trained, of whom % of women Baseline 2024: 0 Target Year 2: 10, of which 30% women</p>	<p>Action Report Government reports Eco-Fund reports / admin data EC Progress Reports Media</p>	<p>The government is firmly committed to fulfilling its obligations related to greenhouse gas (GHG) reduction and the green transition.</p> <p>The leadership of the Eco-Fund is fully committed to strengthening the organization's capacities, providing clear direction and support.</p> <p>The Eco-Fund staff is highly motivated and interested in enhancing their skills and knowledge related to decarbonization.</p>
<p>RESULT 2: Raised awareness and understanding across Montenegrin society about the benefits of investing in energy efficiency, uptake of renewable energy sources and adopting eco-friendly behaviours.</p>	<p>✓ Indicator 2.1: Number of advocacy campaigns implemented to raise awareness about benefits of investing in energy efficiency Baseline 2024: 0 Target Year 2: at least 2</p>		<p>There is a collaborative effort among different stakeholders to jointly raise awareness on the benefits of investing in energy efficiency and uptake of renewable energy sources.</p> <p>The public can see tangible benefits and success stories from decarbonization actions, which helps to build trust and credibility.</p>

RISKS AND RISK MANAGEMENT

#	Description	Date Identified	Type ¹	Impact & Probability	Countermeasures / Management response	Owner	Submitted, updated by	Last Update	Status
	Limited capacities of the Eco-Fund to implement the Subsidy Model	June 2024	Strategic	Medium	The Action envisages peer to peer learning and on the job training of selected Eco-Funds' staff members so as to enable them to continuously design, implement, monitor and report on this support programme and all others in the future	UNDP Eco-Fund	UNDP		
	Insufficient interest of households to invest in energy efficiency measures such as thermal insulation on residential facades, installing solar panels, modern systems for cooling & heating, installing energy efficient facade joinery and replacing furnaces powered by solid fuels, used for heating etc.	June 2024	Operational	Medium	The action will invest in the comprehensive communications campaign to present the benefits of the Programme towards the local population and local businesses	UNDP Eco-Fund	UNDP		

¹ Organizational, Financial, Operational, Environmental, Strategic, Regulatory, Security, Political, Other

ANNEX II - General Conditions for Contribution Agreements

Article 1: Definitions.....	2
Article 2: General obligations	4
Article 3: Obligations regarding information and reporting	6
Article 4: Liability towards third parties	8
Article 5: Conflict of interests	8
Article 6: Confidentiality	8
Article 7: Visibility.....	9
Article 8: Right to use results and transfer of equipment.....	10
Article 9: Monitoring and evaluation of the Action.....	10
Article 10: Amendment to the Agreement	11
Article 11: Suspension	12
Article 12: Termination.....	13
Article 13: Applicable law and settlement of disputes.....	14
Article 14: Recovery	15
Article 15: Archiving, access and financial checks.....	16
Article 16: Eligibility of costs	17
Article 17: Payments	19
Article 18: Final amount of the EU Contribution	20
Article 19: Financing not linked to costs	20
Article 20: Contracting and Early Detection and Exclusion System	21

Article 1: Definitions

- Action:** the cooperation programme or project partly or wholly financed by the EU, which is carried out by the Organisation as described in Annex I. Where reference is made to the Action or part of the Action financed by the EU Contribution, this refers both (i) to activities exclusively financed by the EU Contribution and (ii) to activities jointly co-financed by the EU.
- Contractor:** a natural or legal person with whom a Procurement Contract has been signed.
- Days:** calendar days.
- Early Detection and Exclusion System:** a system set up by Regulation (EU, Euratom) No 2015/1929 of 28 October 2015 on the financial rules applicable to the general budget of the Union (OJ L 286/1, 30.10.2015), which includes information on the early detection of risks threatening the EU financial interests, on the cases of exclusion from EU funding of legal and natural persons and on the cases of imposition of financial penalties.
- End Date:** the date by which the Agreement ends, i.e. the moment of the payment of the balance by the Contracting Authority in accordance with Article 17 or when the Organisation repays any amounts paid in excess of the final amount due pursuant to Article 18. If any of the Parties invokes a dispute settlement procedure in accordance with Article 13, the End Date shall be postponed until the completion of such procedure.
- EU Financial Regulation** Regulation (EU, Euratom) No. 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Council Regulation (EC, Euratom) No 996/2012 (OJ L 193, 30.7.2018, p. 1).
- Ex-ante Pillar-Assessment:** an assessment of the systems, rules and procedures carried out in order to check whether such entity demonstrates a level of protection of the EU financial interests equivalent to that existing when the European Commission implements the budget itself.
- Final Beneficiary:** a natural or legal person ultimately benefitting from the Action.
- Force Majeure:** any unforeseeable and exceptional situation or event beyond the Parties' control which prevents either of them from fulfilling any of their obligations under the Agreement, which may not be attributed to error or negligence on either part (or on the part of the Grant Beneficiaries, Partners, Contractors, agents or staff), and which could not have been avoided by the exercise of due diligence. Defects in equipment or material or delays in making them available cannot be invoked as force majeure, unless they stem directly from a relevant case of force majeure. Labour disputes, strikes or financial problems of the Organisation cannot be invoked as force majeure by the defaulting Party.
- Grant:** a direct financial contribution by way of donation given by the Organisation or a Partner to finance third parties activities, including sub-granting and procurement for the implementation of these activities.

Grant Beneficiary:	a natural or legal person to whom a Grant has been awarded.
Grave Professional Misconduct:	any of: <ul style="list-style-type: none"> a violation of applicable laws or regulations, in particular the Organisation's Regulations and Rules, or ethical standards of the profession to which a person or entity belongs, including any conduct leading to sexual or other exploitation or abuse, or any wrongful conduct of a person or entity which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence.
Impact:	the overall objective of the Action entailing positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.
Indicator:	the quantitative and/or qualitative factor or variable that provides a simple and reliable means to measure progress in the achievement of the relevant Results of the Action. An indicator must have an agreed baseline, target and source of data.
Internal Control System:	a process applicable at all levels of management designed to provide reasonable assurance of achieving the following objectives: <ul style="list-style-type: none"> a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; e) adequate management of the risks relating to the legality and regularity of the financial operations, taking into account the multiannual character of programmes as well as the nature of the payments concerned.
International Organisation:	an international public-sector organisation set up by international agreement (including specialised agencies set up by such organisations), or an organisation assimilated to international organisations in accordance with the EU Financial Regulation.
Member State Organisation:	an entity established in a Member State of the European Union as a public law body or as a body governed by private law entrusted with a public service mission and provided with adequate financial guarantees from the Member State.
Multi-Donor Action:	an Action co-financed by the EU Contribution (whether or not earmarked) and other donor(s).
Outcome:	the specific objective of the Action entailing the likely or achieved short-term and medium-term effects of an Action's Outputs. For non-EU external actions "Outcomes" are synonymous of Results.
Output:	the products, capital goods and services which result from an Action's activities.
Partner:	an entity implementing part of the Action and being a party to the relevant Contribution Agreement together with the Organisation.
Procurement Contract:	a contract signed between the Contractor and either the Organisation or a Partner under which the Contractor provides services, supplies or works.

Regulations and Rules: regulations, rules, organisational directives, instructions and other parts of the regulatory framework of the Organisation.

Result: the Output, Outcome or Impact of an Action.

Sound Financial Management: a principle overarching the implementation of this Agreement, namely economy, effectiveness and efficiency (including all aspects of internal control). The principle of economy requires that resources used in the pursuit of the implementation of the Action shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of effectiveness concerns the attainment of the specific objectives and the achievement of the intended results. The principle of efficiency concerns the best relationship between resources employed and results achieved.

Article 2: General obligations

Implementation of the Action

- 2.1 The Organisation is responsible for the implementation of the Action described in Annex I, regardless of whether the activities are performed by the Organisation itself, a Contractor or a Grant Beneficiary. Both Parties will endeavour to strengthen their mutual contacts with a view to foster the exchange of information throughout the implementation of the Action. To this end, the Organisation and the Contracting Authority shall participate in coordination meetings and other jointly organised common activities, and the Organisation shall invite the European Commission to join any donor committee which may be set up in relation to the Action.
- 2.2 In the performance of the activities and subject to ad-hoc provisions stipulated in the Special Conditions, if any, the Organisation shall apply its own rules and procedures, which have been subject to the Ex-ante Pillar-Assessment, as regards:
- a) internal control;
 - b) accounting system;
 - c) independent external audit;
 - d) exclusion from access to funding;
 - e) publication of information on recipients;
 - f) protection of personal data.

The Organisation may apply its own rules and procedures as regards the award and management of Grants and/or Procurement Contracts only if and to the extent provided for by the Special Conditions, including any ad hoc measures.

As regards the publication of information on recipients, the Organisation shall authorise the publication of the website where it publishes the information referred to in Article 3.8 d) on the European Commission's website.

- 2.3 Where the Organisation has been fully or partially exempted, by the European Commission, from undergoing the Ex-ante Pillar Assessment, it may apply its own rules and procedures in the areas provided for under Article 2.2, subject to ad-hoc provisions stipulated in the Special Conditions, if any.
- 2.4 The Organisation may use any Regulations and Rules which have not been subject to an Ex-ante Pillar Assessment to the extent that these Regulations and Rules are not in conflict with the provisions of this Agreement and with the rules and procedures which have been subject to the Ex-ante Pillar-Assessment.

Responsibility

- 2.5 The Organisation shall be responsible for the performance of the obligations under this Agreement with a due degree of professional care and diligence, which means that it shall apply the same level of duty and care which it applies in managing its own funds. The Organisation shall respect the principles of Sound Financial Management, transparency, non-discrimination and visibility of the European Union in the implementation of the Action.
- 2.6 The Organisation shall have full financial responsibility towards the Contracting Authority for all funds, including those unduly paid to or incorrectly used by Contractors or Grant Beneficiaries. The Organisation shall take measures to prevent, detect and correct irregularities and fraud when implementing the Action. To this end, the Organisation shall carry out, in accordance with the principle of proportionality and its positively assessed Regulations and Rules, ex-ante and/or ex-post controls including, where appropriate, on-the-spot checks on representative and/or risk-based samples of transactions, to ensure that the Action financed by the EU Contribution is effectively carried out and implemented correctly. The Organisation shall inform the European Commission and the Contracting Authority of irregularities and fraud detected in the management of the EU Contribution and the measures taken. Where funds have been unduly paid to or incorrectly used by Contractors or Grant Beneficiaries, the Organisation shall take all applicable measures in accordance with its own Regulations and Rules to recover those funds, including, where appropriate, by bringing legal proceedings and by endeavouring to assign claims against its Contractors or Grant Beneficiaries to the Contracting Authority or the European Commission. Where the Organisation has exhausted such measures and the non-recovery is not the result of error or negligence on the part of the Organisation, the Contracting Authority will consider the amounts that could not be recovered from Contractors and/or Grant Beneficiaries as eligible costs.

Other obligations

- 2.7 The Organisation undertakes to ensure that the obligations stated in this Agreement under Articles 2.9-Other obligations, 5-Conflict of interests, 7- Visibility, and Article 15-Archiving, access and financial checks apply, where applicable, to all Contractors and Grant Beneficiaries.

In addition, the Organisation also undertakes to require Contractors and Grant Beneficiaries to: (i) comply with the relevant national laws and regulations as regards protection of personal data and (ii) ensure accurate and regular records and accounts.

- 2.8 The Organisation shall notify the Contracting Authority and the European Commission without delay of any substantial change in the rules, procedures and systems applied in the implementation of the Action. This obligation concerns in particular (i) substantial changes affecting the Ex-ante Pillar Assessment undergone by the Organisation or affecting the rules and procedures which have been assessed by the European Commission for the purpose of granting an exemption from the obligation to undergo an Ex-ante Pillar Assessment, or (ii) those that may affect the conditions for eligibility provided for in the applicable legal instruments of the EU. The Parties shall use their best efforts to resolve amicably any issues resulting from such changes. The Contracting Authority reserves the right to adopt or require additional measures in response to such changes. In the event an agreement on such measures or other solutions cannot be reached between the Parties, either Party may terminate the Agreement in accordance with Article 12.3.
- 2.9 The Organisation shall promote the respect of human rights and respect applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labour standards. The Organisation shall not support activities that contribute to money laundering, terrorism financing, tax avoidance, tax fraud or tax evasion.
- 2.10 Where the European Commission is not the Contracting Authority, it shall not be a party to this Agreement, with the consequence that rights and obligations are conferred upon it only

where explicitly stated. This is without prejudice to the European Commission's role in promoting a consistent interpretation of the terms of this Agreement.

Article 3: Obligations regarding information and reporting

General issues

- 3.1 The Organisation shall provide the Contracting Authority with full information on the implementation of the Action. To that end, the Organisation shall include in Annex I a work plan at least for the first year of the Implementation Period (or the whole Implementation Period where it is less than one (1) year). The Organisation shall submit to the Contracting Authority progress report(s) and a final report in accordance with the provisions below. These reports shall consist of a narrative part and a financial part.
- 3.2 Every report, whether progress or final, shall provide a complete account of all relevant aspects of the implementation of the Action for the period covered. The report shall describe the implementation of the Action according to the activities envisaged in Annex I as well as the degree of progress towards the achievement of its Results (Outputs, Outcomes and if possible, Impact) as measured by corresponding Indicators. The report shall be drafted in such a way as to allow monitoring of the Results, the means envisaged and employed. The level of detail in any report shall match that of Annexes I and III.
- 3.3 Where the overall action of the Organisation lasts longer than the Implementation Period of this Agreement, the Contracting Authority may request – in addition to the final reports to be submitted pursuant to Article 3.8 - the final reports of the overall action, once available. The Special Conditions shall lay down the rules concerning any remaining funds.
- 3.4 Any alternative or additional reporting requirement shall be set out in the Special Conditions.
- 3.5 The Contracting Authority may request additional information at any time, providing the reasons for that request. Subject to the Organisation's Regulations and Rules, such information shall be supplied within thirty (30) Days of receipt of the request. The Organisation may submit a duly motivated request to extend the 30-Day deadline.
- 3.6 The Organisation shall notify the Contracting Authority without delay of any circumstances likely to adversely affect the implementation and management of the Action, or to delay or jeopardise the performance of the activities.

Content of the reports

- 3.7 The progress report(s) shall relate directly to this Agreement and shall at least include:
- a) summary and context of the Action;
 - b) actual Results: an updated table based on a logical framework matrix (as included in Annex I) including reporting of Results achieved by the Action (Outputs, Outcomes, and if possible, Impact) as measured by their corresponding Indicators, against agreed baselines and targets, and relevant data sources;
 - c) information on the activities directly related to the Action as described in Annex I and carried out during the reporting period;
 - d) information on the difficulties encountered and measures taken to overcome problems and eventual changes introduced;
 - e) information on measures taken to identify the EU as source of financing, in accordance with Article 7;
 - f) a breakdown of the total costs, following the structure set out in Annex III, incurred from the beginning of the Action as well as the legal commitments entered into by the Organisation during the reporting period;

- g) a summary of controls carried out and available final audit reports in line with the Organisation's policy on disclosure of such controls and audit reports. Where errors and weaknesses in systems were identified, an analysis of their nature and extent, as well as information on corrective measures taken or planned, shall also be provided;
- h) where applicable, a request for payment;
- i) work plan and budget forecast for the next reporting period.

3.8 The final report shall cover the entire Implementation Period and include:

- a) all the information requested in Article 3.7 a) to h);
- b) a summary of the Action's receipts, payments received and of the eligible costs incurred;
- c) where applicable, an overview of any funds unduly paid or incorrectly used which the Organisation could or could not recover itself;
- d) the exact link to the website referred to in last subparagraph of Article 2.2;
- e) if relevant, details of transfers of equipment, vehicles and remaining major supplies mentioned in Article 8;
- f) where the Action is a Multi-Donor Action and the EU Contribution is not earmarked, a confirmation from the Organisation that an amount corresponding to that paid by the Contracting Authority has been used in accordance with the obligations laid down in this Agreement and that costs that were not eligible for the EU Contribution have been covered by other donors' contributions;
- g) where applicable, a request for payment.

3.9 The Organisation shall submit a report for every reporting period as specified in the Special Conditions starting from the commencement of the Implementation Period, unless otherwise specified in the Special Conditions¹. Reporting, narrative as well as financial, shall cover the whole Action, regardless of whether this Action is entirely or partly financed by the EU Contribution. Unless otherwise specified in the Special Conditions, progress reports shall be submitted within sixty (60) Days after the period covered by such report and the final report shall be submitted, at the latest, six (6) months after the end of the Implementation Period.

Management declaration

3.10 Every progress and final report shall be accompanied by a management declaration in accordance with the template included in Annex VI, unless Article 1.5 of the Special Conditions states that a global management declaration shall be sent annually to the European Commission headquarters, separately from the reports provided under this Agreement.

Audit or control opinion for organisations other than International Organisations/Member State Organisations

3.11 In case the Organisation is neither an International Organisation, nor a Member State Organisation, the Organisation shall provide an audit or control opinion in accordance with internationally accepted audit standards, establishing whether the accounts give a true and fair view, whether the control systems in place function properly, and whether the underlying transactions are managed in accordance with the provisions of this Agreement. The opinion shall also state whether the audit work puts in doubt the assertions made in the management declaration mentioned above.

3.12 Such audit or control opinion shall be provided up to one (1) month following the management declaration sent with every progress or final report, unless Article 1.5 of the Special Conditions states that the global management declaration and the global audit or control opinion shall be

¹ By default, the reporting period is every twelve (12) months as from the commencement of the Implementation Period.

sent annually to the European Commission headquarters separately from the reports provided under this Agreement.

Currency for reporting

- 3.13 The reports shall be submitted in the Currency of the Agreement as specified in Article 3 of the Special Conditions.
- 3.14 The Organisation shall convert legal commitments, the Action's receipts and costs incurred in currencies other than the accounting currency of the Organisation according to its usual accounting practices.

Failure to comply with reporting obligations

- 3.15 If the Organisation is unable to present a progress or final report, together with the accompanying documents, by the deadline set out in Article 3.9, the Organisation shall inform the Contracting Authority in writing of the reasons. The Organisation shall also provide a summary of the state of progress of the Action and, where applicable, a provisional work plan for the next period. If the Organisation fails to comply with this obligation for two (2) months, following the deadline set out in Article 3.9, the Contracting Authority may terminate the Agreement in accordance with Article 12, refuse to pay any outstanding amount and recover any amount unduly paid.

Article 4: Liability towards third parties

- 4.1 The European Commission shall not, under any circumstances or for any reason whatsoever, be held liable for damage or injury sustained by the staff or property of the Organisation while the Action is being carried out, or as a consequence of the Action. The European Commission shall not therefore accept any claim for compensation or increase in payment in connection with such damage or injury.
- 4.2 The European Commission shall not, under any circumstances or for any reason whatsoever, be held liable towards third parties, including liability for damage or injury of any kind sustained by them in respect of or arising out of the implementation of the Action.
- 4.3 The Organisation shall discharge the European Commission of all liability associated with any claim or action brought as a result of an infringement of the Organisation's Regulations and Rules committed by the Organisation or Organisation's employees or individuals for whom those employees are responsible, or as a result of a violation of a third party's rights in the context of the implementation of the Action.

Article 5: Conflict of interests

- 5.1 The Organisation shall refrain, in accordance with its Regulations and Rules, from any action which may give rise to a conflict of interests.
- 5.2 A conflict of interest shall be deemed to arise where the impartial and objective exercise of the functions of any person implementing the Agreement is compromised.

Article 6: Confidentiality

- 6.1 The Contracting Authority and the Organisation shall both preserve the confidentiality of any document, information or other material directly related to the implementation of the Action that is communicated as confidential. The confidential nature of a document shall not prevent it from being communicated to a third party on a confidential basis when the rules binding the Parties, or the European Commission when it is not the Contracting Authority, so require. In no case can disclosure put in jeopardy the Parties' privileges and immunities or the safety and security of the Parties' staff, Contractors, Grant Beneficiaries or the Final Beneficiaries of the Action.

- 6.2 The Parties shall obtain each other's prior written consent before publicly disclosing such confidential information unless:
- a) the communicating Party agrees in writing to release the other Party from the earlier confidentiality obligations; or
 - b) the confidential information becomes public through other means than in breach of the confidentiality obligation by the Party bound by that obligation; or
 - c) the disclosure of confidential information is required by law or by Regulations and Rules established in accordance with the basic constitutive document of any of the Parties.
- 6.3 The Parties shall remain bound by confidentiality for five (5) years after the End Date of the Agreement, or longer as specified by the communicating Party at the time of communication.
- 6.4 Where the European Commission is not the Contracting Authority, it shall nonetheless have access to all documents communicated to the Contracting Authority, and shall maintain the same level of confidentiality.

Article 7: Visibility

Visibility

- 7.1 Unless the European Commission requests or agrees otherwise, the Organisation shall take all appropriate measures to publicise the fact that the Action has received funding from the EU. Such measures shall be carried out in accordance with the Visibility Requirements for EU External Action², as in effect at the time of entry into force of this Agreement or with any other guidelines agreed between the European Commission and the Organisation.
- 7.2 If, during the implementation of the Action, equipment, vehicles or major supplies are purchased using the EU Contribution, the Organisation shall display appropriate acknowledgement on such vehicles, equipment or major supplies, including the display of the EU emblem (twelve yellow stars on a blue background). Where such display could jeopardise the Organisation's privileges and immunities or the safety of the Organisation's staff or of the Final Beneficiaries, the Organisation shall propose appropriate alternative arrangements. The acknowledgement and the EU emblem shall be of such a size and prominence as to be clearly visible in a manner that shall not create any confusion regarding the identification of the Action as an activity of the Organisation, nor the ownership of the equipment, vehicles or major supplies by the Organisation.
- 7.3 If, pursuant to Article 8.5, the equipment, vehicles or remaining major supplies purchased with the EU Contribution have not been transferred to the local authorities, local Grant Beneficiaries or Final Beneficiaries when submitting the final report, the visibility requirements as regards this equipment, vehicles or major supplies (in particular display of the EU emblem) shall continue to apply between submission of the final report and the end of the overall action, if the latter is longer. Where the Organisation retains ownership in accordance with Article 8.6, the visibility requirements shall continue to apply as long as the relevant equipment, vehicles or remaining major supplies are used by the Organisation.
- 7.4 Unless otherwise provided in the Special Conditions, if disclosure risks threatening the Organisation's safety or harming its interests, the European Commission and the Contracting Authority (if other than the European Commission) may publish in any form and medium, including on its websites, the name and address of the Organisation, the purpose and amount of the EU Contribution.
- 7.5 The Organisation shall ensure that reports, publications, press releases and updates relevant to the Action are communicated to the addresses stated in the Special Conditions upon their issuance.

² Visibility in EU-financed external actions – Requirements for implementing partners (Projects), available at: https://ec.europa.eu/intpa/comm-visibility-requirements_en.

- 7.6 The Parties will consult immediately and endeavour to remedy any detected shortcomings in implementing the visibility requirements set out in this Article. This is without prejudice to measures the Contracting Authority may take in case of substantial breach of an obligation.

Communication

- 7.7 In addition to the obligations stipulated under Article 7.1 to 7.6, the Organisation shall implement, if applicable, communication activities as described in Annex I.

Article 8: Right to use results and transfer of equipment

Right to use

- 8.1 Ownership of the results of the Action shall not vest in the Contracting Authority. Subject to Article 6, the Organisation shall grant, and shall act to ensure that any third party concerned grants the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use free of charge the results of the Action, including the reports and other documents relating to it, which are subject to industrial or intellectual property rights.
- 8.2 Where the results mentioned in Article 8.1 include pre-existing rights and the Organisation cannot warrant the Contracting Authority (and the European Commission where it is not the Contracting Authority) the right to use such results, the Organisation shall inform in writing the Contracting Authority (and the European Commission, where it is not the Contracting Authority) accordingly.

Transfer

- 8.3 The equipment, vehicles and remaining major supplies purchased with the EU Contribution shall be transferred to or remain with local authorities, local Grant Beneficiaries or Final Beneficiaries, at the latest when submitting the final report.
- 8.4 The documentary proof of those transfers shall not be presented with the final reports, but shall be kept for verification for the duration and along with the documents mentioned in Article 15.1.
- 8.5 By way of derogation from Article 8.3, the equipment, vehicles and remaining major supplies purchased with the EU Contribution in the framework of actions which continue after the end of the Implementation Period may be transferred at the end of the overall action. The Organisation shall use the equipment, vehicles and remaining major supplies for the benefit of the Final Beneficiaries. The Organisation shall inform the Contracting Authority on the end use of the equipment, vehicles and remaining major supplies in the final report.
- 8.6 In the event that there are no local authorities, local Grant Beneficiaries or Final Beneficiaries to whom the equipment, vehicles and remaining major supplies could be transferred, the Organisation may transfer them to another action funded by the EU or - exceptionally - retain ownership of the equipment, vehicles and remaining major supplies at the end of the Action or the overall action. In such cases, it shall submit a justified written request with an inventory listing of the items concerned and a proposal concerning their use in due course and - at the latest - together with the submission of the final report. In no event may the end use jeopardize the sustainability of the Action.

Article 9: Monitoring and evaluation of the Action

- 9.1 Keeping in mind the commitment of the Parties to the effective and efficient operation of the Agreement, the Organisation shall invite representatives of the European Commission and the Contracting Authority (if other than the European Commission) to participate at their own costs to the main monitoring missions and evaluation exercises related to the performance of the Action. Participation in evaluation exercises should be ensured by requesting comments

from the European Commission and the Contracting Authority on the terms of reference before the exercise takes place, and on the different deliverables related to an evaluation exercise prior to their final approval (as a minimum, on the final report). The Organisation shall send all monitoring and evaluation reports relating to the Action to the European Commission and the Contracting Authority once issued, subject to confidentiality.

- 9.2 Article 9.1 is without prejudice to any monitoring mission or evaluation exercise, which the European Commission as a donor, or the Contracting Authority, at their own costs, may wish to perform. Monitoring and evaluation missions by representatives of the European Commission or the Contracting Authority shall be planned ahead and completed in a collaborative manner between the staff of the Organisation and the European Commission's (or Contracting Authority's) representatives, keeping in mind the commitment of the Parties to the effective and efficient operation of the Agreement. The European Commission (or the Contracting Authority) and the Organisation shall agree on procedural matters in advance. The European Commission (or the Contracting Authority) shall make available to the Organisation the terms of reference of the evaluation exercise before it takes place, as well as the different deliverables (as a minimum, the draft final report) for comments prior to final issuance. The European Commission (or the Contracting Authority) shall send the final monitoring and evaluation report to the Organisation once issued.
- 9.3 In line with the spirit of partnership, the Organisation and the European Commission (and the Contracting Authority, if applicable), may also carry out joint monitoring and/or evaluation. Such arrangements will be discussed and agreed in due time, planned ahead and completed in a collaborative manner.
- 9.4 Representatives of the relevant partner country may, whenever possible, be invited to participate at their own costs in the main monitoring missions and evaluation exercises, unless such participation would be detrimental to the objectives of the Action or threaten the safety or harm the interests of Partners, Grant Beneficiaries or Final Beneficiaries.

Article 10: Amendment to the Agreement

- 10.1 Without prejudice to Articles 10.3 to 10.6, any amendment to this Agreement, including its annexes, shall be set out in writing in an addendum signed by both Parties. This Agreement can only be amended before the End Date.
- 10.2 The requesting Party shall request in writing any amendment at least thirty (30) Days before the amendment is intended to enter into force and no later than thirty (30) Days before the End Date, unless there are special circumstances, duly demonstrated by it, and accepted by the other Party. The other Party shall notify its decision regarding the amendment proposed in due time and in any case no later than thirty (30) Days after the date when the amendment request was received.
- 10.3 By way of derogation from Articles 10.1 and 10.2, where an amendment to Annex I and/or Annex III does not affect the main purpose of the Action and the financial impact is limited to a transfer within a single budget heading, including cancellation or introduction of an item, or a transfer between budget headings involving a variation (as the case may be in cumulative terms) of 25 % or less of the amount originally entered (or as amended by a written addendum) in relation to each concerned heading, the Organisation may unilaterally amend Annex I and/or Annex III and shall inform the Contracting Authority accordingly in writing, at the latest in the next report.
- 10.4 The method described in Article 10.3 shall be used neither to amend the contingency reserve referred to under Article 16.2, the rate for remuneration, nor the agreed methodology or fixed amounts/rates of simplified cost options.
- 10.5 The Organisation may, in agreement with the Contracting Authority and before the modification takes place, change the following without a formal addendum to the Agreement:

(a) Outputs, the Indicators and their related targets, baselines and sources of verification described in Annex I and in the logical framework if the change does not affect the main outcome of the Action;

(b) Communication activities described in Annex I.

Approved changes must be explained in the next report.

10.6 Changes of address and of bank account shall be notified in writing to the Contracting Authority. Where applicable, changes of bank account must be specified in the request for payment, using the financial identification form attached as Annex IV.

Article 11: Suspension

Suspension of the time limit for payment

11.1 The Contracting Authority may suspend the time limit for payment following a single payment request by notifying the Organisation that either:

- a) the amount is not due; or
- b) the appropriate supporting documents have not been provided and therefore the Contracting Authority needs to request clarifications, modifications or additional information to the narrative or financial reports. Such clarifications or additional information may notably be requested by the Contracting Authority if it has doubts about compliance by the Organisation with its obligations in the implementation of the Action; or
- c) credible information has come to the notice of the Contracting Authority that puts in doubt the eligibility of the reported expenditure; or
- d) credible information has come to the notice of the Contracting Authority that indicates a significant deficiency in the functioning of the Internal Control System of the Organisation or that the expenditure reported by the Organisation is linked to a serious irregularity and has not been corrected. In this case, the Contracting Authority may suspend the payment deadline if it is necessary to prevent significant damage to the EU's financial interests.

11.2 In the situations listed in Article 11.1, the Contracting Authority shall notify the Organisation as soon as possible, and in any case within thirty (30) Days from the date on which the payment request was received, of the reasons for the suspension, specifying - where applicable - the additional information required. Suspension shall take effect on the date when the Contracting Authority sends the notification stating the reasons for the suspension. The remaining payment period shall start to run again from the date on which the requested information or revised documents are received or the necessary further checks are carried out. If the requested information or documents are not provided within the deadline fixed in the notification or are incomplete, payment may be made on the basis of the partial information available.

Suspension of the Agreement by the Contracting Authority

11.3 The Contracting Authority may suspend the implementation of the Agreement, fully or partly, if:

- a) the Contracting Authority has proof that irregularities, fraud or breach of substantial obligations have been committed by the Organisation in the procedure of its selection, in its Ex-ante Pillar Assessment or in the implementation of the Action;
- b) the Contracting Authority has proof that irregularities, fraud or breach of obligations have occurred which call into question the reliability or effectiveness of the Organisation's Internal Control System or the legality and regularity of the underlying transactions;
- c) the Contracting Authority has proof that the Organisation has committed irregularities, fraud or breaches of obligations under other agreements funded by EU funds provided that

those irregularities, fraud or breaches of obligations have a material impact on this Agreement.

- 11.4 Before suspension, the Contracting Authority shall formally notify the Organisation of its intention to suspend, inviting the Organisation to make observations within ten (10) Days from the receipt of the notification. If the Organisation does not submit observations, or if - after examination of the observations submitted by the Organisation - the Contracting Authority decides to pursue the suspension, the Contracting Authority may suspend all or part of the implementation of this Agreement serving seven (7) Days' prior notice. In case of suspension of part of the implementation of the Agreement, upon request of the Organisation, the Parties shall enter into discussions in order to find the arrangements necessary to continue the part of the implementation that is not suspended. Any expenditures or costs incurred by the Organisation during the suspension and related to the part of the Agreement suspended shall not be reimbursed, nor be covered by the Contracting Authority. Following suspension of the implementation of the Agreement, the Contracting Authority may terminate the Agreement in accordance with Article 12.2, recover amounts unduly paid and/or, in agreement with the Organisation, resume implementation of the Agreement. In the latter case, the Parties will amend the Agreement where necessary.

Suspension for exceptional circumstances

- 11.5 The Organisation may decide to suspend the implementation of all or part of the Action if exceptional and unforeseen circumstances beyond the control of the Organisation make such implementation impossible or excessively difficult, such as in cases of Force Majeure. The Organisation shall inform the Contracting Authority immediately and provide all the necessary details, including the measures taken to minimise any possible damage, and the foreseeable effect and date of resumption.
- 11.6 The Contracting Authority may also notify the Organisation of the suspension of the implementation of the Agreement if exceptional circumstances so require, in particular:
- a) when a relevant EU Decision identifying a violation of human rights has been adopted; or
 - b) in cases such as crisis entailing a change of EU policy.
- 11.7 Neither of the Parties shall be held liable for breach of its obligations under the Agreement if Force Majeure or exceptional circumstances as set forth under Articles 11.5 and 11.6 prevent it from fulfilling said obligations, and provided it takes any measures to minimise any possible damage.
- 11.8 In the situations listed in Articles 11.5 and 11.6, the Parties shall minimise the duration of the suspension and shall resume implementation once the conditions allow. During the suspension period, the Organisation shall be entitled to the reimbursement of the minimum costs, including new legal commitments, necessary for a possible resumption of the implementation of the Agreement or of the Action. The Parties shall agree on such costs, including the reimbursement of legal commitments entered into for implementing the Action before the notification of the suspension was received which the Organisation cannot reasonably suspend, reallocate or terminate on legal grounds. This is without prejudice to any amendments to the Agreement that may be necessary to adapt the Action to the new implementing conditions, including, if possible, the extension of the Implementation Period or to the termination of the Agreement in accordance with Article 12.3. In case of suspension due to Force Majeure or if the Action is a Multi-Donor Action, the Implementation Period is automatically extended by an amount of time equivalent to the duration of the suspension.

Article 12: Termination

- 12.1 Without prejudice to any other provision of these General Conditions or penalties foreseen in the EU Financial Regulation, where applicable, and with due regard to the principle of proportionality, the Contracting Authority may terminate the Agreement if the Organisation:

- a) fails to fulfil a substantial obligation incumbent on it under the terms of the Agreement;
- b) is guilty of misrepresentation or submits false or incomplete statements to obtain the EU Contribution or provides reports that do not reflect reality to obtain or keep the EU Contribution without cause;
- c) is bankrupt or being wound up, or is subject to any other similar proceedings;
- d) is guilty of Grave Professional Misconduct proven by any justified means;
- e) has committed fraud, corruption or any other illegal activity to the detriment of the EU's financial interests on the basis of proof in the possession of the Contracting Authority;
- f) fails to comply with the reporting obligations in accordance with Article 3.15;
- g) has committed any of the failings described in Article 11.3 on the basis of proof in the possession of the Contracting Authority.

12.2 Before terminating the Agreement in accordance with Article 12.1, the Contracting Authority shall formally notify the Organisation of its intention to terminate, inviting the Organisation to make observations (including proposals for remedial measures) within thirty (30) Days from the receipt of the notification. During this period, and until the termination takes effect, the Contracting Authority may suspend the time limit for any payment in accordance with Article 11.2 as a precautionary measure informing the Organisation immediately in writing. If the Organisation does not submit observations, or if, after examination of the observations submitted by the Organisation, the Contracting Authority decides to pursue the termination, the Contracting Authority may terminate the Agreement serving seven (7) Days' prior notice. During that period, the Organisation may refer the matter to the responsible director in the European Commission. Where the Contracting Authority is the European Commission, the termination will take effect if and when confirmed by the director. Where the Contracting Authority is not the European Commission, the referral to the responsible director in the European Commission will not suspend the effects of the decision of the Contracting Authority. In case of termination, the Contracting Authority may demand full repayment of any amounts paid in excess of the final amount determined in accordance with Article 18 after allowing the Organisation to submit its observations. Neither Party shall be entitled to claim indemnity by the other Party on account of the termination of this Agreement.

12.3 If, at any time, either Party believes that the purpose of the Agreement can no longer be effectively or appropriately performed, it shall consult the other Party. Failing agreement on a solution, either Party may terminate the Agreement by serving sixty (60) Days written notice. In this case, the final amount shall cover:

- a) payment only for the part of the Action carried out up to the date of termination;
- b) in the situations described in Articles 11.5 and 11.6, the unavoidable residual expenditures incurred during the notice period; and,
- c) in the situations described in Articles 11.5 and 11.6, reimbursement of legal commitments the Organisation entered into for implementing the Action before the written notice on termination was received by it and which the Organisation cannot reasonably terminate on legal grounds.

The Contracting Authority shall recover the remaining part in accordance with Article 14.

12.4 In the event of termination, a final report and a request for payment of the balance shall be submitted in accordance with Articles 3 and 17. The Contracting Authority shall not reimburse or cover any expenditure or costs which are not included or justified in a report approved by it.

Article 13: Applicable law and settlement of disputes

13.1 The Parties shall endeavour to settle amicably any disputes or complaints relating to the interpretation, application or validity of the Agreement, including its existence or termination.

- 13.2 Where the Organisation is not an International Organisation, and the European Commission is the Contracting Authority, this Agreement is governed by EU law, complemented - if necessary - by the relevant provisions of Belgian law. In the absence of an amicable settlement in accordance with Article 13.1 above, the General Court, or on appeal the Court of Justice of the European Union, has sole jurisdiction. Such actions must be brought under Article 272 of the Treaty on the Functioning of the EU (TFEU). Notwithstanding the foregoing sentence, where the Organisation is not established or incorporated in the EU, any of the Parties may bring before the Brussels courts any dispute between them concerning the interpretation, application or validity of the Agreement, if such dispute cannot be settled amicably. Where one party has brought proceedings before the Brussels courts, the other party may not bring a claim arising from the interpretation, application or validity of the Agreement in any other court than the Brussels courts before which the proceedings have already been brought.
- 13.3 Where the Organisation is not an International Organisation and the European Commission is not the Contracting Authority, the Agreement shall be governed by the law of the country of the Contracting Authority and the courts of the country of the Contracting Authority shall have exclusive jurisdiction, unless otherwise agreed by the Parties. The dispute may, by common agreement of the Parties, be submitted for conciliation to the European Commission. If no settlement is reached within one hundred and twenty (120) Days of the opening of the conciliation procedure, each Party may notify the other that it considers the procedure to have failed and may submit the dispute to the courts of the country of the Contracting Authority.
- 13.4 Where the Organisation is an International Organisation:
- a) nothing in the Agreement shall be interpreted as a waiver of any privileges or immunities accorded to any Party by its constituent documents, privileges and immunities agreements or international law;
 - b) in the absence of an amicable settlement pursuant to Article 13.1 above, any dispute, controversy or claim arising out of or in relation to this Agreement, or the existence, interpretation, application, breach, termination, or invalidity thereof, shall be settled by final and binding arbitration in accordance with the 2012 Permanent Court of Arbitration Rules for Arbitration, as in effect on the date of entry into force of this Agreement. The appointing authority shall be the Secretary General of the Permanent Court of Arbitration. The arbitration proceedings must take place in the Hague and the language used in the arbitral proceedings will be English. The arbitrator's decision shall be binding on all Parties and there shall be no appeal.

Article 14: Recovery

- 14.1 Where an amount is to be recovered under the terms of the Agreement, the Organisation shall repay the amount due to the Contracting Authority.
- 14.2 Before recovery, the Contracting Authority shall formally notify the Organisation of its intention to recover any undue amount, specifying the amount and the reasons for recovery and inviting the Organisation to make any observations within 30 Days from the date of receipt of the notification. If, after examination of the observations submitted by the Organisation or if the Organisation does not submit any observations, the Contracting Authority decides to pursue the recovery procedure, it may confirm recovery by formally notifying the Organisation. If there is a disagreement between the Organisation and the Contracting Authority on the amount to be repaid, the Organisation may refer the matter to the responsible director in the European Commission within thirty (30) Days. Where the Contracting Authority is the European Commission, a debit note specifying the terms and the date for payment may be issued after the deadline for the referral to the director. Where the Contracting Authority is not the European Commission, the referral to the responsible director in the European Commission will not prevent the Contracting Authority from issuing the debit note.
- 14.3 If the Organisation does not make the payment by the date specified in the debit note, the Contracting Authority shall recover the amount due:

- a) by offsetting it against any amounts owed to the Organisation by the EU;
 - b) by taking legal action pursuant to Article 13;
 - c) in exceptional circumstances justified by the necessity to safeguard the financial interests of the EU, the Contracting Authority may, when it has justified grounds to believe that the amount due would be lost, recover by offsetting before the deadline specified in the debit note without the Organisation's prior consent.
- 14.4 If the Organisation fails to repay by the due date, the amount due shall be increased by late payment interest calculated at the rate indicated in Article 17.7(a). The interest shall be payable for the period elapsing from the day after the expiration of the time limit for payment up to and including the date when the Contracting Authority actually receives payment in full of the outstanding amount. Any partial payment shall first cover the interest.
- 14.5 Where the European Commission is not the Contracting Authority, it may, if necessary, proceed itself to the recovery.
- 14.6 The European Commission may waive the recovery in accordance with the principle of Sound Financial Management and proportionality or it shall cancel the amount in the event of a mistake.

Article 15: Archiving, access and financial checks

- 15.1 For a period of five (5) years from the End Date and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim or investigation by the European Anti-Fraud Office (OLAF), if notified to the Organisation, has been disposed of, the Organisation shall keep and make available according to Article 15 all relevant financial information (originals or copies) related to the Agreement and to any Procurement Contracts and Grant agreements financed by the EU Contribution.
- 15.2 The Organisation shall allow the European Commission, or any authorised representatives, to conduct desk reviews and on-the-spot checks on the use made of the EU Contribution on the basis of supporting accounting documents and any other document related to the financing of the Action.
- 15.3 The Organisation agrees that OLAF may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions laid down by EU law for the protection of the financial interests of the EU against fraud, corruption and any other illegal activity.
- 15.4 The Organisation agrees that the execution of this Agreement may be subject to scrutiny by the Court of Auditors when the Court of Auditors audits the European Commission's implementation of EU expenditure. In such case the Organisation shall provide to the Court of Auditors access to the information that is required for the Court to perform its duties.
- 15.5 To that end, the Organisation undertakes to provide officials of the European Commission, OLAF and the European Court of Auditors and their authorised agents, upon request, information and access to any documents and computerised data concerning the technical and financial management of operations financed under the Agreement, as well as grant them access to sites and premises at which such operations are carried out. The Organisation shall take all necessary measures to facilitate these checks in accordance with its Regulations and Rules. The documents and computerised data may include information that the Organisation considers confidential in accordance with its own established Regulations and Rules or as governed by contractual agreement. Such information once provided to the European Commission, OLAF, the European Court of Auditors, or any other authorised representatives, shall be treated in accordance with EU confidentiality rules and legislation and Article 6. Documents must be accessible and filed in a manner permitting checks, the Organisation being bound to inform the European Commission, OLAF or the European Court of Auditors of the exact location at which they are kept. Where appropriate, the Parties may agree to send copies of such documents for a desk review.

- 15.6 Where applicable, the desk reviews, investigations, on-the-spot checks and inspections referred to in Article 15.2 to 15.5 shall refer to a verification that shall be performed in accordance with the verification clauses agreed between the Organisation and the European Commission. This is without prejudice to any cooperation arrangement between OLAF and the Organisation's anti-fraud bodies.
- 15.7 The European Commission shall inform the Organisation of the planned on-the-spot missions by agents appointed by the European Commission in due time in order to ensure adequate procedural matters are agreed upon in advance.
- 15.8 Failure to comply with the obligations set forth in Article 15 constitutes a case of breach of a substantial obligation under this Agreement.

Article 16: Eligibility of costs

- 16.1 Direct costs are eligible for EU financing if they meet all the following criteria:
- a) they are necessary for carrying out the Action, directly attributable to it, arising as a direct consequence of its implementation and charged in proportion to the actual use;
 - b) they are incurred in accordance with the provisions of this Agreement;
 - c) they are actually incurred by the Organisation, i.e. they represent real expenditure definitely and genuinely borne by the Organisation, without prejudice to Article 16.6;
 - d) they are reasonable, justified, comply with the principle of Sound Financial Management and are in line with the usual practices of the Organisation regardless of their source of funding;
 - e) they are incurred during the Implementation Period with the exception of costs related to final report, final evaluation, audit and other costs linked to the closure of the Action which may be incurred after the Implementation Period;
 - f) they are identifiable and backed by supporting documents, in particular determined and recorded in accordance with the accounting practices of the Organisation;
 - g) they are covered by one of the sub-headings indicated in the estimated budget in Annex III and by the activities described in Annex I; and
 - h) they comply with the applicable tax and social legislation taking into account the Organisation's privileges and immunities.
- 16.2 A reserve for contingencies and/or possible fluctuations in exchange rates - not exceeding 5 % of the direct eligible costs - may be included in Annex III to allow for adjustments necessary in the event of unforeseeable changes of circumstances on the ground. In such case, the reserve can be used only with the prior written authorisation of the Contracting Authority, upon a duly justified request from the Organisation.
- 16.3 The following costs may not be considered eligible direct costs, but may be charged as part of the remuneration: all eligible costs that, while necessary and arising as a consequence of implementation, are supporting the implementation of the Action and not considered part of the activities that the European Union finances as described in Annex I, including corporate management costs or other costs linked to the normal functioning of the Organisation, such as horizontal and support staff, office or equipment costs (except when duly justified and described in Annex I, such as a project office).
- 16.4 The remuneration shall be declared on the basis of a flat-rate which shall not exceed 7% of the total eligible direct costs to be reimbursed by the Contracting Authority. The remuneration does not need to be supported by accounting documents. For Multi-Donor and comparable actions, the remuneration shall not be higher than that charged by the Organisation to comparable contributions.

16.5 The following costs are ineligible for EU financing:

- a) bonuses, provisions, reserves or non-remuneration related costs. Employers' contributions to pension or to any other employee insurance funds run by the Organisation shall only be eligible to the extent they do not exceed the cost incurred during the reporting period, calculated following applicable international accounting standards;
- b) full-purchase cost of equipment and assets unless the asset or equipment is specifically purchased for the Action and ownership is transferred in accordance with Article 8;
- c) duties, taxes and charges, including VAT, that are recoverable/deductible by the Organisation;
- d) return of capital;
- e) negative remuneration (otherwise referred to as 'negative interest') charged by banks or other financial institutions;
- f) debts and debt service charges;
- g) provision for losses, debts or potential future liabilities;
- h) banking charges for the transfers from and to the Contracting Authority³;
- i) costs incurred during the suspension of the implementation of the Agreement except the minimum costs agreed on in accordance with Article 11.8;
- j) costs declared by the Organisation under another agreement financed by the European Union budget (including through the European Development Fund);
- k) in-kind contributions. The cost of staff assigned to the Action and actually incurred by the Organisation is not an in-kind contribution and may be declared as a direct eligible cost if it complies with the conditions set out in Article 16.1; and
- l) costs of purchase of land or buildings, unless otherwise provided in the Special Conditions.

Simplified cost options

16.6 Direct eligible costs may also be declared by using any or a combination of unit costs, lump sums and flat-rate financing.

16.7 The methods used by the Organisation to determine unit costs, lump sums or flat-rates shall comply with the principles provided in Articles 16.1, 16.3 and 16.5, be clearly described and substantiated in Annex III, shall avoid double funding of costs and shall respect the principle of Sound Financial Management. These methods shall be based on the Organisation's historical or actual accounting data, its usual accounting practices, an expert judgment or on statistical or other objective information where available and appropriate.

16.8 Costs declared under simplified cost options do not need to be backed by accounting or supporting documents except if they are necessary to demonstrate that the costs have been declared according to the declared method or cost accounting practices and that the qualitative and quantitative conditions defined in Annex I and III have been respected.

³ The party causing a repetition of a transfer bears all costs of the repeated transfer.

- 16.9 Simplified cost options not linked to the achievement of concrete Results shall only be eligible if they have been ex ante-assessed by the European Commission.
- 16.10 If a verification reveals that the methods used by the Organisation to determine unit costs, lump sums or flat-rates are not compliant with the conditions established in this Agreement, the Contracting Authority shall be entitled to recover proportionately up to the amount of the unit costs, lump sums or flat-rate financing.

Article 17: Payments

17.1 Payment procedures shall be as follows:

- a) the Contracting Authority shall provide a first pre-financing instalment as set out in Article 4.1 of the Special Conditions within thirty (30) Days of receiving the Agreement signed by both Parties;
- b) the Organisation may submit a request for further pre-financing instalment for the following reporting period in accordance with Article 4 of the Special Conditions: the following provisions apply:
 - i) the reporting period is intended as a twelve-month period, unless otherwise provided for in the Special Conditions. When the remaining period to the end of the Action is up to eighteen (18) months, the reporting period shall cover it entirely;
 - ii) if at the end of the reporting period less than 70% of the last payment (and 100% of previous payments, if any) has been paid by the Organisation to its staff or otherwise subject to a legal commitment with a third party, the further pre-financing payment shall be reduced by the amount corresponding to the difference between the 70 % of the immediately preceding pre-financing payment (and 100% of previous payments, if any) and the part of the previous pre-financing payments which has been paid by the Organisation to its staff or has been subject to a legal commitment with a third party;
 - iii) the Organisation may submit a request for further pre-financing payment before the end of the reporting period, once more than 70 % of the immediately preceding payment (and 100% of previous payments, if any) has been paid by the Organisation to its staff or otherwise subject to a legal commitment with a third party. In this case, the following reporting period starts anew from the end date of the period covered by this payment request;
- c) at the end of the Implementation Period, the Organisation shall submit a payment request for the balance, where applicable, together with the final report. The amount of the balance shall be determined according to Article 18 and following approval of the request for payment of the balance and of the final report; and
- d) the Contracting Authority shall pay the further pre-financing instalments and the balance within ninety (90) Days of receiving a payment request accompanied by a progress or final report, unless the time limit for payment was suspended according to Article 11 or 12.

17.2 Payment requests shall be accompanied by narrative and financial reports presented in accordance with Article 3. The requests for pre-financing payments and the request for the balance shall be drafted in the Currency of the Agreement as specified in the Special Conditions. Except for the first pre-financing instalment, the payments shall be made upon approval of the payment request accompanied by a progress or final report. The final amount shall be established in line with Article 18. If the balance is negative, the payment of the balance takes the form of recovery.

17.3 Approval of the requests for payment and of the accompanying reports shall not imply recognition of the regularity or of the authenticity, completeness and correctness of the declarations and information contained therein.

- 17.4 The Contracting Authority shall make payments in the Currency of the Agreement as specified in the Special Conditions to the bank account referred to in the financial identification form in Annex IV.
- 17.5 Payment arrangements for financing not linked to costs in accordance with Article 19 shall be set out in Article 4 of the Special Conditions and Annex I.
- 17.6 If no payment has been made by the Contracting Authority within two (2) years of the entry into force of the Agreement, the Agreement shall be terminated.

Late payment interest

- 17.7 In case of late payment of the amounts stated in Article 4 of the Special Conditions the following conditions apply:
- a) upon expiry of the time limits for payments specified in Article 17.1, if the Organisation is not a Member State Organisation, it shall receive interest on late payment based on the rate applied by the European Central Bank for its main refinancing operations in Euros (Reference Rate), increased by three and a half percentage points. The Reference Rate shall be the rate in force on the first day of the month in which the time limit for payment expires, as published in the C series of the Official Journal of the EU;
 - b) the suspension of the time limit for payment by the Contracting Authority in accordance with Article 11 or 12 shall not be considered as late payment;
 - c) interest on late payment shall cover the period running from the day following the due date for payment, up to and including the date of actual payment as established in Article 17.1. Any partial payment shall first cover the interest;
 - d) by way of exception to point (c), when the interest calculated in accordance with this provision is lower than or equal to EUR 200, the Contracting Authority shall pay such interest to the Organisation only upon request from the Organisation submitted within two (2) months of it receiving late payment;
 - e) by way of exception to point (c), when the Contracting Authority is not the European Commission, and the European Commission does not make the payments, the Organisation shall be entitled to late payment interest upon its request submitted within two (2) months of it receiving late payment.

Article 18: Final amount of the EU Contribution

- 18.1 The Contracting Authority shall determine the final amount of the EU Contribution when approving the Organisation's final report. The Contracting Authority shall then determine the balance:
- a) to be paid to the Organisation in accordance with Article 17 where the final amount of the EU Contribution is higher than the total amount already paid to the Organisation; or
 - b) to be recovered from the Organisation in accordance with Article 14 where the final amount of the EU Contribution is lower than the total amount already paid to the Organisation.
- 18.2 The final amount shall be the lower of the following amounts:
- a) the maximum EU Contribution referred to in Article 3.1 of the Special Conditions in terms of absolute value;
 - b) the amount obtained after reduction of the EU Contribution in accordance with Article 18.3.
- 18.3 Where the Action (i) is not implemented, (ii) is not implemented in line with the Agreement or (iii) is implemented partially or late, the Contracting Authority may, after allowing the Organisation to submit its observations, reduce the EU Contribution in proportion to the

seriousness of the above mentioned situations. If there is a disagreement between the Organisation and the Contracting Authority on the reduction, the Organisation may refer the matter to the responsible director in the European Commission.

Article 19: Financing not linked to costs

- 19.1 The payment of the EU Contribution may be partly or entirely linked to the achievement of Results measured by reference to previously set milestones or through performance Indicators. Such financing not linked to costs is not subject to Article 16. The relevant Results and the means to measure their achievement shall be clearly described in Annex I.
- 19.2 The amount to be paid per achieved Result shall be set out in Annex III.
- 19.3 The Organisation shall not be obliged to report on costs linked to the achievement of Results. However, the Organisation shall submit any necessary supporting documents, including where relevant accounting documents, to prove that the Results triggering the payment as defined in Annex I and III have been achieved.
- 19.4 Articles 3.7 f), 3.8 b), 3.8 f), 10.3 and 10.5 do not apply to the part of the Action supported by way of financing not linked to costs.

Article 20: Contracting and Early Detection and Exclusion System

Contracting

- 20.1 Unless otherwise provided for in the Special Conditions, the origin of the goods and the nationality of the organisations, companies and experts selected for carrying out activities in the Action shall be determined in accordance with the Organisation's relevant rules. However, and in any event, goods, organisations, companies and experts eligible under the applicable regulatory provisions of the European Union shall be eligible. Without prejudice to the foregoing or to the Organisation's assessed Regulations and Rules, the Organisation shall promote the use of local contractors when implementing the Action.

Early Detection and Exclusion System

- 20.2 The Organisation shall inform the European Commission if, in relation to the implementation of the Action, it has detected a situation of exclusion pursuant to its rules and procedures referred to in Article 2.2 d) and any ad hoc measure stipulated in the Special Conditions or if it has detected a fraud and/or an irregularity pursuant to Article 2.6. This information may be used by the European Commission for the purpose of the Early Detection and Exclusion System. The Organisation shall inform the European Commission when it becomes aware that transmitted information needs to be rectified updated or removed. The Organisation shall ensure that the entity concerned is informed that its data was transmitted to the European Commission and may be included in the Early Detection and Exclusion System and be published on the website of the European Commission. These requirements cease at the end of the Implementation Period.
- 20.3 Without prejudice to the power of the European Commission to exclude a person or an entity from future procurement contracts and grants financed by the EU and/or to impose financial penalties according to the EU Financial Regulation, the Organisation may impose sanctions on third parties according to its own Regulations and Rules ensuring, where applicable, the right of defence of the third party.
- 20.4 The Organisation may take into account, as appropriate and on its own responsibility, the information contained in the Early Detection and Exclusion System, when implementing the EU Contribution. Access to that information can be provided through the authorised persons

or via consultation with the European Commission as referred in Article 5.6 of the Special Conditions.

Annex III: Budget of the Action
Title of the Action: Strengthening capacities for increasing energy efficiency in residential sector in Montenegro

OUTCOME	RESULTS	Account Code/Budget description	TOTAL budget for 24 months (USD)	DESCRIPTION		
<p>The Overall Objective: Contribute to enhancing Montenegro's resilience to climate change through improved energy efficiency in residential buildings and increased uptake of renewable energy sources</p>	<p>Result 1: Eco-Fund's capacities for managing decarbonization programmes and projects strengthened</p>	Technical expertise	\$235,000.00	Engagement of experts to provide support to Eco-Fund and to enhance their capacities.		
		Travel	\$10,000.00	Travel costs related to Result 1.		
		Contractual services	\$33,000.00	Engagement of companies to support Eco-Fund related to activities under the Result 1.		
		Visibility, communication, printing	\$10,000.00	Visibility, communications, design and printing of publications related to activities under the Result 1.		
		Project evaluation [iv]	\$5,000.00	Engagement of independent evaluator to conduct evaluation of the project and identify lessons learnt & recommendations.		
		Total Result 1		\$293,000.00		
	<p>Result 2: Raised awareness and understanding across Montenegro's society about the benefits of investing in energy efficiency, uptake of renewable energy sources and adopting eco-friendly behaviours</p>	Technical expertise		\$6,000.00	Engagement of experts to provide support related to Result 2.	
		Training, workshops and conferences		\$22,000.00	Engagement of service providers to support Result 2.	
		Travel		\$10,000.00	Travel costs related to Result 2.	
		Visibility, communication, printing		\$38,000.00	Engagement of service providers for visibility, communication & printing related to activities under Result 2	
		Contractual services		\$29,000.00	Engagement of companies to support activities under the Result 2.	
			Total Result 2		\$105,000.00	
		<p>Project management</p>	Personnel		\$85,000.00	Project Manager 80% and Project Associate 25% x 24 months.
			Other project office costs		\$12,000.00	HR/Admin Associate up to 15% and Communication Associate up to 10% x 24 months. These will be charged through direct project costs for the time spent directly attributable to the implementation of the Action.
			Transportation & car rental Equipment and Furniture		\$2,000.00	Official travel and car rental expenditures for 24 months
Rental & Consumables & Maint of Other Equipment				\$2,000.00	IT equipment for Project Manager & Project Assistant	
			\$6,373.83	Rent, utilities, internet, water supply, telephones, security, reception, building maintenance and cleaning, maintenance of the ICT and other equipment, and stationary, office supplies and consumables for project management and project team for the period of 24 months.		
	Total Project Management		\$107,373.83			
	B. Total Indirect Eligible Cost (GMS) [ii]		\$5,976.17			

Budget Note:

- [i] The total cost of the Action in EUR is 500,000.00. Based on the inforeuro EUR/USD exchange rate of June 2024 the total cost of the Action in USD is 540,750.
- [ii] Indirect Cost is charged only against donor contributions, i.e. 7% for EU as per Art 3.2 of the Special Conditions
- [iii] For the purpose of interpreting article 10.3 of the General Conditions, the budget heading is understood as Subtotal For Results 1.2 and Project Management
- [iv] Project evaluation will directly contribute to evaluation of the concept and making recommendations for further strengthening the capacity of the ECO fund and the Ministry of Energy and Mining thus is integrated in the Result 1.



FINANCIAL IDENTIFICATION

PRIVACY STATEMENT

http://ec.europa.eu/budget/contracts_grants/info_contracts/financial_id/financial_id_en.cfm#en

Please use CAPITAL LETTERS and LATIN CHARACTERS when filling in the form.

BANKING DETAILS ①

ACCOUNT NAME ②	UNDP CONTRIBUTIONS ACCOUNT		
IBAN/ACCOUNT NUMBER ③	36349562		
CURRENCY	US DOLLAR		
BIC/SWIFT CODE	CITIUS33	BRANCH CODE ④	NY-940
BANK NAME	CITIBANK		
ADDRESS OF BANK BRANCH			
STREET & NUMBER	399 PARK AVENUE		
TOWN/CITY	NEW YORK/NEW YORK	POSTCODE	1022-4617
COUNTRY	UNITED STATE OF AMERICA		

ACCOUNT HOLDER'S DATA

AS DECLARED TO THE BANK

ACCOUNT HOLDER	UNITED NATIONS DEVELOPMENT PROGRAMME		
STREET & NUMBER	ONE UNITED NATIONS PLAZA		
TOWN/CITY	NEW YROK/ NEW YORK	POSTCODE	10017
COUNTRY	UNITED STATE OF AMERICA		

REMARK

BANK STAMP + SIGNATURE OF BANK REPRESENTATIVE ⑤

Tiffany A. Moran, AVE
NA Corporate & Institutional Bank
100 Wall Street, 10th Floor
New York, NY 10038

DATE (Obligatory)

20-Jul-2020

SIGNATURE OF ACCOUNT HOLDER (Obligatory)
Paul Gravenese, Treasurer

- ① Enter the final bank data and not the data of the intermediary bank.
- ② This does not refer to the type of account. The account name is usually the one of the account holder. However, the account holder may have chosen to give a different name to its bank account.
- ③ Fill in the IBAN Code (International Bank Account Number) if it exists in the country where your bank is established
- ④ Only applicable for US (ABA code), for AU/NZ (BSB code) and for CA (Transit code). Does not apply for other countries.
- ⑤ It is preferable to attach a copy of RECENT bank statement. Please note that the bank statement has to confirm all the information listed above under 'ACCOUNT NAME', 'ACCOUNT NUMBER/IBAN' and 'BANK NAME'. With an attached statement, the stamp of the bank and the signature of the bank's representative are not required. The signature of the account-holder and the date are ALWAYS mandatory.



Legal Entity 6000055554

Summary Information

Legal Type :PUBLIC LAW BODY
Account Group :INTERNATIONAL ORGANISATIONS
Country :ETATS-UNIS
Legal Form :
Legal Form FPO Type :
Language :English (Anglais)
NUP Number :
VAT Number :
Per Id :
Responsible User :

Blocked (Y/N) :N
Early Warning (Y/N) :N
Status :VALID
NGO (Y/N) :

Organisation Type :
Audit Records Linked :Y
ID Number :

Resp. Organisation : -

Official NamesName : UNITED NATIONS DEVELOPMENT PROGRAMM
First Name :
2 : E*UNDP PROGRAMME DES NATIONS UNIES
3 : POUR LE DEVELOPPEMENT PNUD
4 :

Address

Name :UNITED NATIONS DEVELOPMENT PROGRAMM
Streets1 : UNITED NATIONS PLAZA 1
2 :
3 :
PO Box :000
City :10017 - NEW YORK
County :
Country :ETATS-UNIS
R.O Mailing Address :Optional

Workflow Summary

Workflow Status :FIN
Workflow Level Id :100

Current Workflow Organisation :IEEA
Workflow Center :IEEA_DEFAULT

ANNEX V

Request for payment for Contribution Agreement

Date of the request for payment <.....>

For the attention of
<Address of the Contracting Authority>
<Financial unit indicated in the Contribution Agreement>¹

Reference number of the Contribution Agreement: ...

Title of the Contribution Agreement: ...

Name and address of the Organisation: ...

Request for payment number: ...

Period covered by the request for payment: ...

Dear Sir/Madam,

I hereby request payment of pre-financing/interim payment/balance² under the Contribution Agreement mentioned above.

The amount requested is [in accordance with Article 4 of the Special Conditions of the Contribution Agreement/the following: ...]³

Please find attached the following supporting documents:

- narrative and financial progress report (for pre-financing / interim payments)
- final narrative and financial report (for payment of the balance)⁴

The payment should be made to the following bank account: .⁵

Please when making the payment indicate the following communication: ...

I hereby certify on honour that the information contained in this request for payment is full, reliable and true, that the costs incurred can be considered eligible in accordance with the Agreement and that this request for payment is substantiated by adequate supporting documents that can be checked.

Yours faithfully, <signature>

¹ If applicable, please do not forget to address a copy of this letter to the European Union Delegation mentioned in Article 5 of the Special Conditions of the Contribution Agreement.

² Delete the options which do not apply.

³ Delete the option which does not apply.

⁴ Delete the items which do not apply.

⁵ Indicate the account number shown on the financial identification form annexed to the Contribution Agreement. In the event of change of bank account, please complete and attach a new financial identification form as per model.

N.B.: Instalments of pre-financing, interim payments and final payments shall be made upon approval of the payment request accompanied by a progress or final report (see Articles 17 of the General Conditions of Contribution Agreement).

I, the undersigned, <insert forename and surname>, in my capacity as <insert function in the entrusted entity or person>, confirm that in relation to the Insert/complete in case an individual Management Declaration for one Contribution / Guarantee Agreement is submitted: [[Contribution Agreement] [Contribution Agreement for Financial Instruments] [Guarantee Agreement] <insert reference of the concrete Agreement>, (the “Agreement”)] Insert in case a global Management Declaration covering all the Contribution Agreements and/or Contribution Agreements for Financial Instruments and/or Guarantee Agreement(s) between the Contracting Authority¹ and the Organisation is presented: [Agreements listed below], based on my own judgement and on the information at my disposal, including, inter alia, the results of the audits and controls carried out:

1. The information submitted For Contribution Agreements/Contribution Agreements for Financial Instruments insert: under Article 3 of the General Conditions of the Agreement[s] For Guarantee Agreements, if applicable, insert: [and] pursuant to the financial reporting requirements of the Guarantee Agreement[s]] for the financial period dd/mm/yyyy to dd/mm/yyyy is properly presented, complete and accurate Insert/complete in case a global Management Declaration covering all the Contribution Agreements and/or Contribution Agreements for Financial Instruments and/or Guarantee Agreement(s) between the Contracting Authority and the Organisation is presented: [for the following Agreements:

1. <insert references of the Agreement>; add below as necessary
2. <...>.]

If at the time of signature of this Management Declaration, there were ongoing Agreements for which there was not yet reporting obligation; insert: [To be noted that at the time of signature of this Management Declaration, the following Agreements were not yet subject to submission of reporting in accordance with the contractual conditions:

1. <insert references of the Agreement>; add below as necessary
2. <...>.]

2. In case this Management Declaration covers Contribution Agreement(s) and/or Contribution Agreement(s) for Financial Instruments, insert: The [expenditure] [and] In case this Management Declaration covers Guarantee Agreement(s), insert: [amounts made available under the Guarantee] [were] [was] used for [its] [their] intended purpose as defined in the Agreement[s];
3. The control systems put in place give the necessary assurances that the underlying transactions were managed in accordance with the provision of the Agreement[s].
4. The Organisation performed the activities in compliance with the obligations laid down in the Agreement[s] and applying its own rules and procedures, where applicable, subject to the ad hoc measures agreed upon with the European Commission, as regards:
 - a) internal control;
 - b) accounting system;
 - c) independent external audit;
 - d) exclusion from access to funding;
 - e) publication of information on recipients;
 - f) protection of personal data;
 - Add one or more of the following options, as applicable:
 - g) [award and management of Grants;]

¹ For the avoidance of doubt, references to ‘Contracting Authority’ in this annex shall be understood as referring to the European Commission for the purpose of Contribution Agreements for Financial Instruments and Guarantee Agreements.

h) [award and management of Procurement Contracts;]

i) [Financial Instruments] In case any the optional sub pillars 6b and/or 6c have been assessed and if applicable, add as required: [, including [Tax Avoidance and Non-Cooperative Jurisdictions][and][Anti-Money Laundering and Countering Terrorism Financing]].

5. No substantial changes, which have not already been communicated to the European Commission, affect the rules and procedures which have been [subject to the Ex-ante Pillar-Assessment] / [assessed by the European Commission for the purpose of granting an exemption to the obligation to undergo the Ex-ante Pillar Assessment].

6. The Organisation has informed the European Commission and the Contracting Authority, in relation to the management of the EU Contribution provided under the Agreement[s], if it has detected irregularities or fraud and, if so, of the measures taken.

7. The Organisation has informed the European Commission, in relation to the implementation of the Agreement[s] and during [its] [their] implementation period, if it has detected a situation of exclusion, pursuant to its rules and procedures and any ad hoc measure stipulated in the Agreement[s], or become aware that transmitted information needs to be rectified, updated, or removed.

Furthermore, I confirm that I am not aware of any undisclosed matter which could harm the interests of the European Union.

[However, the following reservation(s) should be noted:

<present and explain reservation(s)>²

<insert place and date>

.....
(signature)

<Insert forename and surname>

² Option to be used in case of reservations.