



NATIONAL ENERGY EFFICIENCY PROGRAMME MONTENEGRO

Progress Report

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CONTENT	
CONTEXT	3
EXECUTIVE SUMMARY OF THE ACTION.....	3
EXPECTED RESULTS AND ACTIVITIES	4
RESULT 1: Eco-Fund’s capacities for managing decarbonization programmes and projects strengthened.	4
Activities:.....	5
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.....	8
Activities:.....	8

CONTEXT

Rising population and urbanization have led to increased energy consumption in buildings, which now account for one-third of global energy use and one-fifth of CO₂ emissions. Without intervention, these figures could double by 2050. Recognizing this, the EU has strengthened its energy policies, including the Energy Efficiency Directive (EU/2023/1791) and the Energy Performance of Buildings Directive (EU/2024/1275), to accelerate energy-saving measures, improve air quality, and enhance sustainable mobility. Energy-efficient buildings not only lower emissions and energy costs but also improve health, boost the economy, and create jobs, particularly in the EU construction sector.

Montenegro's building sector has low energy efficiency, with households and services consuming nearly half of the country's final energy use in 2022. Strategic documents, such as the Energy Development Strategy and the National Sustainable Development Strategy, emphasize improving building efficiency, particularly in the northern and central regions where solid fuels contribute to severe air pollution. To address this, targeted actions are needed, including reducing coal and wet wood usage, promoting cleaner heating alternatives, and implementing high-efficiency heating systems to improve air quality and public health.

To support this transition, Montenegro has received €30 million from the EU's Energy Support Package, with €8 million allocated to the Household Energy Efficiency Incentive Programme. Led by the Ministry of Energy and Mining and implemented by the Eco-Fund, this program promotes energy-efficient upgrades such as insulation, biomass heating, heat pumps, and solar systems. The UNDP is providing technical assistance to enhance the Eco-Fund's capacity for large-scale implementation, ensuring long-term environmental and economic benefits. A national awareness campaign will further encourage energy efficiency, renewable energy adoption, and sustainable practices across Montenegro.

EXECUTIVE SUMMARY OF THE ACTION

Global urbanization is increasing energy demand in buildings, which currently account for a third of energy use and a fifth of CO₂ emissions. These figures could double by 2050. Montenegro faces particular challenges due to low energy efficiency in residential buildings, especially in heating, which significantly contributes to air pollution and health risks, particularly in the northern and central regions.

To address this, Montenegro secured €30 million from the EU's Energy Support Package, with €8 million allocated to the Household Energy Efficiency Incentive Programme, complemented by €300,000 from the Municipality of Pljevlja and €500,000 from the Eco-Fund. Led by the Ministry of Energy, the program encourages households to adopt energy-saving measures and renewable energy sources, supporting a just, green transition and preventing energy poverty.

Recognizing the Eco-Fund's role in implementing decarbonization and renewable energy programs, the Government of Montenegro sought additional technical assistance for effective program delivery. UNDP has previously supported the establishment of the Eco-Fund and assisted in implementing energy efficiency subsidy programs, including a €1.5 million initiative in Pljevlja benefiting over 150 households. Also, over the past two decades, the Government of Montenegro and UNDP have achieved significant reforms in public administration, social welfare, digitalization, gender equality, and climate adaptation with UNDP's expertise and global standards driving development and focusing on capacity building to empower national

institutions. Building on this experience, UNDP is now supporting the Ministry and Eco-Fund in implementing the Household Energy Efficiency Incentive Programme.

This Action focuses on enhancing its human, administrative, and technical capacities of the Eco Fund 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.

Overall Objective of this Action is to contribute to enhancing Montenegro's resilience to climate change through improved energy efficiency in residential buildings and increased uptake of renewable energy sources, while **Specific Objective** is 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.

The Action envisages the following key results:

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

EXPECTED RESULTS AND ACTIVITIES

[RESULT 1: Eco-Fund's capacities for managing decarbonization programmes and projects strengthened.](#)

The Action aims to strengthen the Eco-Fund's capacities through tailored technical assistance, expert exchanges, practical training, digital solutions, and a focus on inclusivity. Immediate support will enable the efficient implementation of the "Energy Efficiency Incentive Programme for Households," including hiring technical experts and enhancing monitoring and reporting systems. Knowledge exchange through trainings, workshops, and expert consultations will foster continuous improvement, while on-the-job training will equip staff with essential skills for managing large-scale decarbonization programs. Digital solutions will streamline operations, improve data management, and ensure transparent service delivery. Additionally, capacity-building efforts will promote inclusivity and gender responsiveness, integrating human rights and equality principles into Eco-Fund's programs, communications, and management. This comprehensive approach will enhance Eco-Fund's ability to design and implement effective, sustainable, and equitable energy efficiency initiatives.

Activities:

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

At the beginning of project implementation, a dedicated team was formed to oversee daily operations, streamline decision-making processes, and ensure efficient coordination among stakeholders. The unit includes a project manager, project coordinator, and project assistant from UNDP, whose responsibilities include administrative and operational oversight, financial planning, and progress monitoring. Meanwhile, representatives from the Eco-Fund and the Ministry formed a commission for reviewing and approving applications for energy efficiency subsidies, ensuring that submitted documentation meets all technical and regulatory requirements.

To enhance the unit's and commission's effectiveness, a senior technical expert has been engaged to provide specialized guidance and capacity-building support. This expert plays a key role in knowledge transfer, helping team members improve their technical competencies and adopt best practices for project implementation. The expert's insights have not only optimized verification and approval processes but have also strengthened institutional capacities for managing large-scale energy efficiency initiatives in the long term.

Additionally, the regular communication and coordination established within the team have ensured swift problem-solving, adaptability to emerging challenges, and alignment of project activities with strategic objectives. The proactive collaboration between project stakeholders has facilitated efficient workflow, timely decision-making, and the smooth execution of tasks, ultimately enhancing the impact and sustainability of the project.

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

The development and deployment of a roster of technical experts is playing a vital role in strengthening the Eco-Fund's capacities and ensuring the smooth implementation of the Energy Efficiency Incentive Programme. This initiative has provided specialized expertise, enabled efficient and transparent processing of subsidy applications while reinforcing institutional knowledge and operational capabilities.

A comprehensive roster of 53 engineers from various fields was established in UNDP, covering diverse technical specializations relevant to energy efficiency improvements. Among them, 27 engineers were actively engaged in fieldwork across Montenegro, conducting on-site verifications and assessments to ensure that applicants met the technical criteria of the subsidy program. The roster is managed by UNDP, and the engagement procedure between UNDP and Eco-Fund has been agreed upon. In addition to UNDP's oversight, Eco-Fund also conducts random quality checks on their work. This structured and professional approach has significantly improved the efficiency of the verification process and enhanced transparency in the approval of subsidies.

Over a period of five months, these 27 experts conducted nearly 3,000 household visits, preparing detailed assessment reports that formed the basis for subsidy approvals. As a result, 2,342 applicants signed contract with the Eco-Fund for the subsidies, while more than 2,500 of the applications are approved so far. The total amount of the investments for these 2,342 households is €8.4 mil, out of which the subsidies are €4.7 mil. The engineers' work not only facilitated timely decision-making and precise technical evaluations but also provided applicants with guidance on implementing energy efficiency measures effectively.

Beyond the immediate impact on the Energy Efficiency Incentive Programme, the engagement of technical experts has strengthened Eco-Fund's internal capacities, by getting more knowledge on best practices within similar programmes, on the regulatory compliance, and project management techniques.

Technical experts brought in specialized knowledge and experience in civil engineering, architecture, electrical and mechanical engineering—expertise not currently available within the Eco-Fund team. They contributed to the development of standardized reporting templates for each energy efficiency measure under the program and played a key role in evaluating applications submitted for non-repayable financial support. Their responsibilities included on-site assessments of houses and apartments, comparing vendor offers with actual conditions, verifying the feasibility of proposed measures, and validating the full scope of beneficiary applications. This hands-on support ensured that each application met the requirements of the public call and was aligned with relevant regulations, which ensured fraud risks mitigation.

Through close collaboration, Eco-Fund employees enhanced their skills in managing, assessing, and verifying subsidy applications. The experts' contribution is seen not only as a quality assurance mechanism but also as a meaningful investment in human capital, as the engineers are on disposal to Eco Fund in future programs of a similar nature.

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

UNDP has played a key role in enhancing the implementation of the Energy Efficiency Incentive Programme for Households by developing and digitalizing a comprehensive co-financing model. By integrating digital tools into the process, the programme has achieved greater efficiency, transparency, and accessibility for both applicants and implementing institutions.

A fully digitalized system now supports the entire application lifecycle, covering submission, evaluation, approval, and monitoring of subsidies. This streamlined approach has eliminated the need for manual processing, reducing administrative burdens and accelerating the decision-making process. As a result, applicants experience faster response times, while Eco-Fund and other implementing partners benefit from enhanced data management and real-time tracking of programme progress.

The digital platform enables secure and transparent processing, ensuring compliance with programme criteria and minimizing the risk of errors or delays. It also allows for efficient communication between applicants, technical experts, and decision-making bodies, fostering better coordination and more informed decision-making.

The online platform can be accessed at the following link: [Eco-Fund Online Platform](#).

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

To ensure greater accessibility and inclusivity, a community-based support system has been successfully established in collaboration with the municipalities. This initiative enhances citizen participation in Eco-Fund programs, by providing direct support and guidance on the application process for energy efficiency subsidies.

Building on the experience of the UNDP and the Municipality of Pljevlja in implementing their joint energy efficiency program, help desks have been established in 19 municipalities as dedicated information centers. Each information center is staffed by one trained employee who received specialized training from the Eco-Fund. These staff members help citizens understand the eligibility criteria, guide them through the application process, and support them in using the digital platform to apply for subsidies. The goal is to remove potential barriers to participation and ensure that all interested applicants receive the necessary support to successfully access the financial incentives available to them.

To further facilitate outreach, contact details for municipal help desks have been made publicly available on the Eco-Fund's official website ([Eco-Fund Help Desk Information](#)). This ensures that citizens can easily find assistance, regardless of their location. By offering personalized assistance, this initiative fosters a more inclusive approach to energy efficiency support, empowering citizens from remote and vulnerable communities to take advantage of available subsidies. The interventions not only provide for improved living comfort but also to Montenegro's broader sustainability and decarbonization efforts.

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 Based on a gender-responsive gap analysis, design and implement a tailored training programme for selected Eco-Fund's personnel

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

These three activities will be undertaken in the coming period.

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

The progress has been made in expanding the Eco-Fund's network of strategic partners to enhance its institutional capacity, resource mobilization, and programmatic reach. Collaboration with key stakeholders, including the Ministry of Energy, Ministry of Ecology, Sustainable Development and Northern Region Development, Ministry of Tourism, Ministry of Agriculture, Forestry and Water Management the Union of Municipalities, and tourism sector operators, like hotels, led to the implementation of a several energy efficiency subsidy programs. These are: co-financing energy efficiency measures for individuals providing hospitality services in households and rural households, with a total budget of €500,000, subsidies for the implementation of energy efficiency measures for businesses and entrepreneurs, with a total budget of €200,000, and co-financing energy efficiency measures for businesses in the hotel sector, with a total budget of €2.7 million.

Building on this momentum, Eco-Fund has partnered with Pljevlja Municipality to co-finance local energy efficiency initiatives, with them contributing €300,000 to expand the Household Energy Efficiency Incentive Programme.

Additionally, NGOs and technical experts have been engaged to support implementation efforts, such as the NGO KSAN, which successfully conducted on-site verifications of air-conditioning systems in the Municipality of Pljevlja. What made this collaboration especially valuable is that KSAN mobilized young engineers originally from Pljevlja, making this not only a contribution to project delivery but also an investment in local human capital. By gaining hands-on experience in the field and working within familiar terrain, these young

professionals strengthened their skills, built self-confidence, and gained references that will support their future careers in engineering.

The Eco-Fund has also expanded its public outreach by partnering with NGOs like CEMOI, which led creative awareness-raising initiatives focused on engaging the youngest population. Their original play, *"Energy and Me,"* was performed in 10 municipalities, using artistic storytelling to teach children about sustainable energy. This approach—raising awareness through culture and performance—represents a novel practice in Montenegro. By involving artists who have a unique ability to emotionally connect with audiences, the initiative achieved high impact and visibility, setting a new standard for public engagement in environmental education.

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. The successful implementation of the Household Energy Efficiency Incentive Programme has been supported by a robust and strategic communication approach. The implementation of key communication activities has ensured widespread awareness and engagement, particularly among women, youth, and marginalized communities. Through targeted outreach and continuous monitoring, the programme has effectively promoted the benefits of co-investing in energy efficiency, green practices, and sustainability.



Activities:

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

A detailed and well-structured Communication Strategy and Action Plan were developed to enhance the programme's implementation. The strategy outlined key objectives, messaging, target audiences, and the most effective communication channels to reach them. It was designed to ensure clear, consistent, and engaging messaging tailored to different demographics. The Action Plan provided a step-by-step roadmap for executing outreach efforts, ensuring alignment with programme goals and national sustainability priorities. The Communication Strategy has been adopted by the Eco-Fund and it Ministry of Energy, EUD through European House it successfully set the foundation for impactful awareness-raising activities.



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

The implementation of customized outreach campaigns played a crucial role in increasing awareness of the benefits of energy efficiency and green practices. Campaigns were designed to be inclusive and accessible, with a special focus on reaching women, youth, and marginalized groups. A variety of communication tools were utilized, including:

- Social media campaigns featuring 6 testimonials of the subsidy recipients, infographics, and 3 educational videos.
- Television and radio segments discussing energy efficiency benefits and available incentives during November and December 2024:
 - TVCG 1 - 1 time/day x 44 days - 44 airings
 - TV Vijesti - 2 times/day x 44 days - 88 airings
 - RTV Nikšić - 5 times/day x 44 days – 220 airings
 - RTV Pljevlja - 5 times/day x 44 days - 220 airings
 - TV Sun Bijelo Polje - 5 times/day x 44 days - 220 airings
 - RTV Glas Plava - 5 times/day - 220 airings
 - RTV Rožaje - 5 times/day - 220 airings
 - Radio DRS - 5 airings/day x 57 days - 285 airings
 - Radio Crne Gore - 5 airings/day x 57 days - 285 airings
 - Radio Cetinje - 8 airings/day x 57 days - 456 airings
 - Radio Nikišć - 10 airings/day x 57 days - 570 airings
 - Radio Petnjica - 10 airings/day x 57 days - 570 airings
 - Radio Pljevlja - 10 airings/day x 57 days - 570 airings
 - Radio Glas Plava - 10 airings/day x 57 days - 570 airings
 - Radio Berane - 10 airings/day x 57 days - 570 airings
- Events organized in the community, like “Energy Efficiency Day” in Bijelo Polje on March 5th 2025, directly engaged residents.
- School-based initiatives, like theatre play “Energy and me”, introducing young people to sustainable energy concepts. The play has been performed in the following municipalities:
 - Andrijevica – 12 December 2024
 - Berane – 16 December 2024
 - Bijelo Polje – 17 December 2024
 - Plav – 18 December 2024
 - Kolasin – 20 December 2024
 - Mojkovac – 10 February 2025
 - Pluzine – 17 February 2025
 - Pljevlja – 19 February 2025
 - Podgorica – 20 March 2025
 - Bar – 21 March 2025

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

Given that citizen interest in the subsidies programme exceeded expectations at the start of the campaign, it was decided to shift the focus of planned activities from attracting applicants to communicating the entire process—from applying for the subsidy to the final decision. The intention was to inform the public on the duration of the process and to provide answers to the anticipated frequently asked questions. Additionally, the campaign's educational component was strengthened by performing theatre play for children “Energy and me” in 10 different municipalities and by creating a short online quiz on energy efficiency measures, published on Instagram stories, specifically targeting the youngest population. A data-driven approach allowed Eco-Fund to communicate the programme and the process behind to all interested parties.



2.4 Regular monitoring and reporting of the campaign's impact

To ensure effective implementation and impact, a dedicated communication team was formed, composed of representatives from UNDP, the Eco-Fund, and the implementing companies. The team held weekly coordination meetings to monitor progress, share feedback, and guide necessary adjustments.

The campaign was continuously monitored through field data, beneficiary feedback, and analytics. Based on the actual situation on the ground—including the uptake by citizens and the level of engagement of implementing companies—the campaign was strategically redirected to better reflect real needs and improve its effectiveness.

Results of promotional activities on social media:

- Facebook

Posts: (48 static posts and 15 reels)

- Reach: 191,737
- Views: 2 million
- Link clicks: 10,443

- Instagram

Posts: (48 static posts and 15 reels)

- Reach: 193,909
- Views: 1.1 million
- Content interactions: 3,800
- Profile visits: 12,600
- Link clicks: 5,207

- Meta Ads

We recorded a total of 13,259 link clicks generated through paid promotions. After completing one segment of the paid campaign, the results included a reach of 251,646 people. Additionally, the campaign delivered 1,134,606 impressions and generated 107,147 engagements.

Steering Committee meetings review

During the reporting period Steering Committee was formally established. The members include the following Draško Boljević, Eko_Fund Director, Božidar Pavlović General Director of the Directorate for Energy Efficiency, Aleksandra Kiković, UNDP Team Leader, Slađan Maslać – EU Task Manager. On behalf of implementing team, meetings were attended by Nemanja Peković, Eko-Fund deputy Director and Maja Kustudić Ašanin, UNDP Programme Manager. In this reporting period three Steering Committee meetings were organized.

The first Steering Committee meeting of the "Strengthening Capacities for Increasing Energy Efficiency in the Residential Sector in Montenegro" project, organized on 18 September 2024, reviewed the project's progress, challenges, and next steps. Key achievements include the establishment of a Project Management Team, recruitment of a Lead Technical Advisor, formation of a roster of experts, and contracting a service provider for awareness raising. The discussion highlighted concerns over the growing number of subsidy applications, budget constraints for site inspections, and the need for efficient verification processes. Eco-Fund reported that approximately 500 applications would soon be ready for verification and acknowledged the need to optimize site visits. The Committee adopted key conclusions, including temporarily pausing new subsidy applications after reaching 4,000 to assess resource allocation, ensuring cost-effective initial on-site verifications, recruiting additional technical experts, enhancing the awareness campaign, and strengthening collaboration with the EU Delegation for communication efforts.

The second Steering Committee meeting, organized on 4 October 2024, focused on improving verification processes and refining the awareness-raising campaign. To address high verification costs, the Steering Committee approved engaging NGO KSAN to conduct initial on-site verifications for air-conditioning system applications in Pljevlja, with training provided by the Eco-Fund and the Ministry. Regarding residential buildings, the Committee decided that requests for verification would be handled on a case-by-case basis. On awareness-raising, they approved NGO CEMOI's theatre plays for children on energy efficiency and adjusted the campaign to focus on explaining the program's implementation process rather than general outreach, as awareness had grown organically. Additionally, given the low expected participation from rural households, a dedicated campaign for this group was deemed not cost-effective.

The third Steering Committee meeting, organized on 8 November 2024, focused on the progress of initial on-site verifications for air-conditioning systems and the implementation of the awareness-raising campaign. NGO KSAN successfully completed most of the 350 verifications in Pljevlja, prompting the Committee to extend their contract and explore similar partnerships in other municipalities to optimize resources. The Steering Committee also discussed cybersecurity concerns delaying the campaign launch and adopted Eco-Fund's proposal to retain full control over content publication, ensuring its vendor follows the approved content plan. Additionally, Steering Committee members agreed to prioritize processing applications for verification during the upcoming national holiday and scheduled a meeting with technical teams to resolve issues of the landing page for the campaign.

