

Pursuant to Article 12, paragraph 1, item 9 of the Decision on the Incorporation of the Environmental Protection Fund (Official Gazette of Montenegro, No. 81/18, 5/20), the Board of Directors, at its session on September 17, 2020, issued the following

RULEBOOK  
ON THE MANNER OF MONITORING THE INTENDED USE OF FUNDS OF THE ENVIRONMENTAL  
PROTECTION FUND

Article 1

Subject

This Rulebook regulates the manner of monitoring and controlling the intended use of funds for the preparation, implementation and development of programs, projects and other activities in accordance with the decision on the allocation of funds and the concluded agreement on the use of funds of the Environmental Protection Fund (hereinafter: Eco-Fund) with the beneficiary of funds, regardless of the form of allocation of funds, the manner of monitoring the contractual rights and obligations of the beneficiary.

Article 2

Intended use of funds

Legal and natural persons to whom Eco-Fund funds have been approved (hereinafter: beneficiaries of funds) are obliged to use the allocated funds for the intended purpose, in the manner and within the deadlines determined by the decision on allocation of funds and the agreement on the use of Eco-Fund funds.

Article 3

Contractual provisions on monitoring the intended use of funds

The Eco-Fund monitors the use of funds allocated for financing the preparation, implementation and development of projects, programs and other activities and controls their intended use based on the decision on the allocation of funds and contracts for the use of funds, depending on their purpose.

The contract on the allocation of fund of the Eco-Fund, among other things, must contain:

- provisions on the manner of monitoring and controlling the intended use of funds allocated to beneficiaries of funds,
- the manner and deadlines for submitting reports to the Eco-Fund,
- measures that may occur due to non-fulfillment of contractual obligations and misuse of Eco-fund funds.

Article 4

Rights and obligations of the Eco-Fund in the process of monitoring the intended use of funds

The Eco-Fund monitors and controls the intended use of funds and the execution of contractual rights and obligations by beneficiaries of funds:

- by direct inspection, through an authorized person of the Eco-Fund,
- on the basis of reports and documentation submitted by the beneficiary,
- in some other way defined by the decision, or the contract, depending on the type of program, project or other activities.

## Article 5

### Insight into documentation, monitoring and control of work

Through authorized persons, the Eco-Fund is entitled at any time to monitor and control the intended use of funds and the execution of rights and obligations of beneficiaries of funds on the basis of the decision on the allocation of funds, or the contract on the use of funds of the Eco-Fund.

When the authorized person of the Eco-Fund performs a direct inspection at the site of the program, project or other activities, the beneficiary shall provide such person with access to all documentation related to the program, project or activity that is subject to monitoring and control.

Intended use of funds of the Eco-Fund and execution of rights and obligations of beneficiaries of funds of the Eco-Fund are monitored and controlled by the competent services of the Eco-Fund.

If in the process of monitoring and controlling the intended use of funds of the Eco-Fund and execution of contractual rights and obligations, the need for special professional knowledge and experience that the Eco-Fund does not possess, is determined, the Executive Director of the Eco-Fund may entrust this task to one or more experts or an expert organization.

## Article 6

### Rights and obligations of beneficiaries of funds

The beneficiaries of funds are obliged to submit reports to the Eco-Fund on the implementation of the program, project, or other activities within the deadlines determined by the decision on the allocation of funds or established by the contract on the use of funds, and at the request of the Eco-Fund, while the final report is submitted no later than 30 days after the completion of the investment.

The report form referred to in paragraph 1 of this Article shall be prescribed by the Eco-Fund and shall obligatorily contain:

- description of performed works (total and by phases),
- financial resources spent,
- description of changes in the implementation of the project, program, or other activities that affect the implementation costs,
- indication of difficulties in the implementation of the program, project, or other activity, with the operational plan for their resolution, or a description of the applied solution in the case of the final report,
- deviations from the defined (term) plan for the implementation of the program, project, or other activity,
- other data relevant to the implementation of the program, project, or other activities and fulfillment of contractual obligations, at the request of the Eco-Fund.

The reports referred to in paragraph 1 of this Article shall be checked by the competent service of the Eco-Fund and, after their adoption, the Eco-Fund shall issue an order for the payment of approved funds to the beneficiary.

## Article 7

### Report on changes and the need to amend the contract

The beneficiary of funds is obliged to immediately inform the Eco-Fund about:

- status changes of beneficiaries,
- change of the person authorized to represent the beneficiaries of funds,
- inability of the beneficiary of funds to fulfill the assumed financial obligations defined by the contract on the use of funds,
- the intention to change the contractor or subcontractor,
- the occurrence of unforeseen circumstances that affect the technical, organizational or financial part of the implementation programs, or projects,

- deviations from the implementation plan, or project and reasons for deviation,
- all other circumstances that require amendment to the contract on the use of funds of the Eco-Fund.

The Eco Fund may terminate the contract if it assesses that the changes referred to in paragraph 1 of this Article make it impossible to perform the contractual obligations.

#### Article 8

##### Suspension of allocation of funds in case of misuse

The Eco-Fund may cancel or postpone the payment of the contracted funds to the beneficiary and request a refund if the beneficiary:

- allocates part or all of the allocated funds inappropriately,
- fails to provide accurate information to the Eco-Fund when allocating funds or concluding a contract,
- fails to achieve the expected effects of the investment, or fails to respect the provisions of the contract or general acts of the Eco-Fund if the contract refers to its provisions,
- improperly uses the funds of the Eco-Fund and deviates from the assumed contractual obligations,
- fails to settle contractual obligations, or fails to monitor the investments in the manner determined by the contract,
- ceases regular operations or becomes financially incapable of following the further course of investment,
- causes by its operations the introduction of bankruptcy proceedings, enforcement proceedings, or other proceedings that prevent the implementation of the contracted investment.

In case of minor deviation of the beneficiary of the Eco-Fund from the contractual obligations, the Executive Director or the Board of Directors, depending on the amount of funds allocated to the beneficiary by the contract on the use of funds, may decide to review the contract on the use of funds of the Eco-Fund and through changes and amendments to the contract allow continued investment if such an amendment enables the objectives of the program and the project to be achieved, or the public interest in environmental protection and energy efficiency to be achieved.

If the beneficiary of funds fails to accept the amendments to the contract referred to in paragraph 2 of this Article, the contract shall be terminated.

#### Article 9

##### Suspension of allocation of funds

If the beneficiary of funds fails to use the allocated funds in the manner and for the purposes specified in the contract on the use of funds, or fails to fulfill the contractual obligations, the Eco-Fund shall suspend the allocation of funds, and the beneficiary of funds shall return the funds spent within 15 days from the receipt of a written request for refund, together with statutory default interest running from the date of receipt of funds until the date of refund to the Eco-Fund account, or compensate the Eco-Fund in accordance with the provisions of the Law on Obligations.

#### Article 10

##### Reporting after the implementation of the investment program

The Eco-Fund may require the beneficiary to report to the Fund once a year after the completion of the program, project or other activities on its effects in the period specified in the contract on the use of funds of the Eco-Fund, for a maximum period of 5 years.

If the beneficiary fails to act in accordance with paragraph 1 of this Article, the Eco-Fund is entitled to deny any possible further financial assistance (support) from the Eco-Fund, as well as the opportunity to

participate in competitions on similar projects within the scope of the Eco-Fund.

Article 11  
Entry into force

This Rulebook shall enter into force on the day of its adoption and shall be published on the website of the Eco-Fund.

Number: 01-040/20-136-3  
Podgorica, October 29, 2020

BOARD OF DIRECTORS  
Chairman  
Prof. Dr. Darko Vuksanović  
S.r.