

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 February 2, 2022, issued the following

**RULEBOOK ON AMENDMENTS TO THE RULEBOOK
ON THE PROCEDURE OF ANNOUNCING A PUBLIC COMPETITION, EVALUATION OF APPLICATIONS
AND DECISION-MAKING IN THE SELECTION OF BENEFICIARIES OF FUNDS OF THE ENVIRONMENTAL
PROTECTION FUND OF MONTENEGRO**

Article 1

Subject

This Rulebook prescribes the content and procedure for announcing a public competition, the procedure for deciding on the selection of legal and natural persons (hereinafter: beneficiaries of funds) to which the Environmental Protection Fund of Montenegro (hereinafter: Eco-Fund) approves funds for preparation, implementation and development of programs, projects and other activities in the field of environmental protection and energy efficiency.

Article 2

Public competition

The public competition for exercising the right to the Eco-Fund's funds is announced by the Executive Director of the Eco-Fund (hereinafter: the Executive Director).

The Executive Director announces a public competition on the basis of the annual program of public competitions, in accordance with the work program and financial plan of the Fund, based on priorities determined in accordance with national strategic and planning documents in the field of environmental protection, energy efficiency and renewable energy sources.

The public competition is announced at least once in a calendar year. If, on the basis of the accepted applications, not all financial resources planned for the programs and projects determined by the public competition are allocated, a new public competition may be announced for the same purpose during the year.

The Fund may announce a public competition in partnership with other institutions, based on the cooperation agreement and established co-financing conditions.

Article 3

Content of the public competition

The text of the public competition in accordance with the annual program of public competitions referred to in Article 2, paragraph 3 of this Rulebook shall be prepared by the internal organizational unit of the Eco-Fund (hereinafter: organizational unit) in whose scope of work the public competition is.

The text of the public competition contains:

1. subject of public competition,
2. beneficiaries of funds who have the right to submit applications,
3. conditions that the beneficiaries of funds must meet,
4. type and amount of funds awarded through a competition,
5. list of documents that need to be attached to the application,
6. criteria for allocation of funds,
7. forms and instructions for applying to the public competition,
8. place and deadline for submission of application,

9. deadline for making the decision on selection, and

10. other necessary information depending on the specifics of the public competition.

The text of the public competition is published on the website of the Eco-Fund and in at least one daily print media published in Montenegro.

Article 4

Application for a public competition

The application for the public competition must contain:

- duly completed and certified application form,
- information on the applicant,
- name and description of the project,
- data on the authorized person who is directly in charge of the project implementation,
- the total estimated value of the project and the Fund's participation in project financing,
- purpose and goals of the project,
- overview of basic activities in the project,
- data on the degree of project readiness and analysis of potential risks,
- information on public procurement that may be required for the implementation of the project,
- time required for project implementation,
- results and positive impact on environmental protection and achievement of climate and energy goals at the project level.

The application for a public competition may contain other elements, in accordance with the conditions of the public competition.

Article 5

Applying for a public competition

The application for the public competition is submitted in written or electronic form on the prescribed form.

The content and appearance of the application form are prescribed by the Executive Director of the Eco-Fund.

The application form referred to in paragraph 1 of this Article shall be displayed on the website of the Eco-Fund.

Applications are submitted in a sealed envelope with the name and address of the Eco-Fund, the name and address of the applicant, the indication of the subject of the public competition to which the application refers and the indication 'Do not open before the official opening of applications'.

Applications are submitted by registered mail or by submission to the Eco-Fund protocol and electronic application. They are recorded in the incoming mail log according to the order of receipt, with an indication of the protocol number and date of receipt, while in the case of electronic application, each application is assigned a unique identification number. The incoming mail log is an integral part of the minutes on the opening of applications for the public competition, which is made by the Commission for opening and evaluation of applications.

Article 6

Deadline for submission of applications for public competition

The deadline for submitting applications for the public competition may not be shorter than 15 days from the day of the announcement of the competition.

In the case where public competition defines the deadline for submission of applications, the Executive Director may extend the deadline for submission of applications if necessary.

Within the deadline for submission of applications, the applicant may supplement or amend the application, in the manner described in the terms of the competition, or it shall otherwise not be considered.

After the deadline for submission of applications, the application may not be changed.

The application received after the delivery deadline shall not be opened and shall be marked as a late application.

Applications received for the public competitions shall be opened in the order in which they were received in the Eco-Fund.

Article 7

Decision on suspension of the tender procedure

The Eco-Fund may suspend the competition procedure if, after the deadline for submission of applications, the number of applications determined by the announcement of the public competition has not been submitted.

The Eco-Fund may also suspend the tender procedure for objective and provable reasons that could not have been foreseen at the time of initiating the procedure, which make it impossible to end the started procedure.

For the reasons stated in paragraph 2 of this Article, the Eco-Fund may suspend the tender procedure only in the period of the first half of the deadline for submission of applications.

The decision on the suspension of the tender procedure with the explanatory note is delivered by the Eco-Fund to the applicants of the tender within 3 days from the day of making the decision.

Article 8

Application evaluation procedure

The procedure of evaluation of applications in the public competition is segmented into simple and complex, or investment projects.

Simple projects are projects that have at least one standard climate-energy indicator or environmental indicator.

Investment projects are an integral part of the Investment Program, which apply for Eco Fund funds in the amount of over 10,000 EUR.

The investment program includes:

- basic information about the project,
- project description,
- main goals and tasks/activities of the project,
- specific objectives and contribution of the project (including the human resources of the beneficiaries and the projected impact on employment growth),
- technical and technological designs of the project,
- location analysis,
- expected results and effects of the project (environmental effects and economic and financial effects) with performance indicators,

- economic and financial evaluation of the project,
- dynamics of project implementation,
- the total estimated value of the project and the expected participation of the Fund in its financing,
- analysis of potential risks of the project.

Environmental protection indicators are quantitative/quantitative indicators of the project's contribution to environmental protection, defined according to the types of projects or investment programs and calculated in accordance with international standards adopted by the relevant regulations.

Environmental indicators in a reliable and measurable way indicate the degree of positive effects of the project on the environment and the procedure regulated by this Rulebook, and may relate to:

- reduction of emissions of gases that pollute the environment,
- reduction of greenhouse gas emissions,
- reduction of hazardous waste generation,
- improving energy efficiency,
- increasing the share of renewable energy sources,
- more efficient use of water,
- reduction of soil pollution,
- nature protection,
- introduction and application of best available techniques in energy and industrial plants,
- reduced waste generation, and others.

Economic and financial indicators are indicators that show the economic and financial sustainability of the project and its profitability expressed through:

- net present value (NPV),
- internal rate of return (IRR),
- benefit-cost ratio (B/CR).

Article 9

Application evaluation procedure for simple projects

The evaluation of applications for simple projects consists of two phases:

- assessments of fulfillment of formal and legal requirements
- expert analysis and evaluation of applications.

The procedure of evaluation of simple projects is carried out by the Public Competition Commission (hereinafter: the Commission) consisting of representatives of the Eco-Fund services (chairman and members with the right to vote in odd composition), except in situations where the project is implemented in cooperation with other institutions, when members of the commission, in addition to the existing composition, also include representatives of these institutions.

The commission referred to in paragraph 2 of this Article shall be appointed by the Executive Director of the Eco-Fund by a special decision.

The Commission is obliged to:

- applications with a precisely specified deadline for submission of applications within 15 to 30 days from the expiration of the deadline
- applications that are not limited by the deadline for submission of applications, within 5 to 15 days from the submission of applications

In accordance with paragraph 1, open all received applications, determine whether they were submitted in a timely manner, whether they relate to the subject of public competition, whether they were submitted by the beneficiary of the funds to which the public tender refers, whether the documentation requested by the public competition was submitted with the application.

Applications that do not meet the formal and legal requirements referred to in paragraph 3 of this Article shall be rejected. The Commission shall prepare a Report on the fulfillment of the requirements for participation in the public competition.

The Commission shall evaluate the timely received applications, signed by the applicants to which the competition refers, on the basis of the criteria determined in the public competition, in accordance with the criteria for evaluation of applications. Upon completion of the procedure, the Commission shall prepare a Report on the evaluation of applications.

The members of the Commission shall sign a Statement of Impartiality and Confidentiality in order to ensure the impartial evaluation of applications (without any kind of conflict of interest or favoring of individual bidders), as well as the confidentiality of the evaluation procedure and the content of submitted applications.

Article 10

Application evaluation procedure for investment projects

The evaluation of applications for investment projects consists of two phases:

- assessments of fulfillment of formal and legal requirements, and
- expert analysis and evaluation of applications (with the possibility of hiring an external consultant)

The procedure of evaluation of investment projects is carried out by the Commission, in accordance with Article 9, as well as the criteria prescribed by Article 11.

The engagement of an external consultant in the investment project evaluation process is regulated in such a way that the executive director, who established the Commission, shall be entitled, on his own or on the Commission's initiative, to hire an external consultant for cases where the nature of the project requires additional specific technical or specialized knowledge not available within the Eco-Fund.

An external consultant engaged in this way shall not have the right to vote, he shall not be a member with the right to vote in the Commission for evaluation of project proposals, but shall have a special status of a member without the right to vote, who shall give a written recommendation to the Commission. Where the Commission fails to accept the recommendations of the external consultant, they shall explain their decision in writing.

The Commission compiles a score list for the evaluation of projects that meet the professional criteria. The hired external consultant is required to sign a Statement of Impartiality and Confidentiality as attachment to the consulting services contract.

The minutes with the proposal on the selection of the beneficiary according to the score list with regard to the total number of points shall be submitted to the Executive Director of the Eco-Fund, signed by all members of the Commission, within the deadline referred to in Article 9, paragraph 4.

The Board of Directors, at the proposal of the Executive Director, within 15 days, makes a decision on the selection of beneficiaries and the allocation of Eco-Fund funds through a public competition.

Exceptionally, in the process of assessing the ability to invest in projects, the Eco-Fund may cooperate with financial and other institutions.

Article 11

Criteria for evaluation of applications

For each public competition, the basic and other criteria for the evaluation of applications are determined individually, and the scoring rules are prescribed.

The basic criteria and scoring rules in the application evaluation process are:

1. Degree of favorable impact on the environment (e.g. reduction of CO2 emissions, reduction of emissions of other pollutants, improvement of environmental quality, reduction of energy consumption, reduction of consumption of other natural resources, use of renewable energy sources, etc.) - up to 40 points
2. Technical characteristics of the project (e.g. applied measures and technologies) - up to 10 points
3. Financial characteristics of the project (e.g. simple return on investment period, net present value, benefit-cost ratio, etc.) - up to 20 points
4. Readiness of the project for execution (e.g. preparation of documentation, required permits and approvals, etc.) - up to 5 points

The maximum number of points in the application evaluation procedure pursuant to paragraph 2 is up to 75 points.

Other criteria and scoring rules in the application evaluation process are:

1. If the project is implemented in the municipalities of the Northern region
2. Amount of share in project financing provided by the beneficiary (over 20% - 5 points, over 30% - 8 points, over 40% - 10 points).
3. If the project employs at least 3 people
4. If the applicant is a legal entity that is on the White Tax List of the Tax Administration
5. Amount of share in project financing provided by the beneficiary (over 15% - 1 point, over 30% - 3 points, over 40% - 5 points)

The maximum number of points in the application evaluation procedure pursuant to paragraph 4 is up to 25 points.

The maximum number of points that can be awarded to the beneficiary of the Eco-fund under this Rulebook is 100 points.

The project evaluated with 0 points for criterion 1 from paragraph 2 of this Article shall not be taken into consideration.

Applications with a higher number of points earned have priority in the allocation of funds.

The information and documentation related to criterion 4 referred to in paragraph 2, necessary for the assessment of the readiness of the project for execution, may be supplemented in accordance with the requirements of the Eco-Fund during the assessment of the fulfillment of the formal and legal requirements of the application.

In the event that zero (0) points are awarded according to any of the criteria referred to in paragraph 2, items 2, 3, and 4 established by the public competition, the Commission may reject the bid or, in accordance with the requirements of the competition, request a supplement within the specified deadline.

Article 12

Criteria for awarding performance-based subsidies

Special conditions for the award of performance-based subsidies for projects or investment programs are defined by the competition.

Performance-based subsidies can be approved as:

- special support to companies and other legal and natural persons for the implementation of projects or investment programs that, in addition to economic, also have positive effects on environmental protection, i.e. the achievement of certain climate and energy goals at the project level;
- as co-financing of investment programs on approved loans of commercial banks, for the implementation of those programs, which, in addition to economic, also have positive effects on environmental protection, i.e. the implementation of certain climate and energy goals at the project level.

The basic climate and energy goals at the project level relate to annual energy savings, the reduction of greenhouse gas emissions and the use of green energy.

Performance-based subsidies are linked to proposed projects or investment programs that have positively assessed economic indicators of future investment provided for in Article 8, paragraph 6 of this Rulebook, regardless of the structure of funding sources (financial sustainability).

The basic criterion for evaluating the requirements and determining the advantages in the allocation of Eco-Fund funds is the degree of implementation of the criteria of positive impact on the environment, or the implementation of established climate and energy goals at the project level. In the process of deciding on the amount of approved funds, this criterion carries up to 100 points. The number of points is determined on the basis of the achieved performance and is proportional to the amount of approved funds.

Following the evaluation of applications, a performance-based grant agreement is concluded between the Eco Fund and the grant beneficiary.

The payment of approved funds depends on the degree of implementation of the set climate and energy and environmental goals at the project level, which are listed in the application for the competition in a detailed description of the project or investment program.

The agreed amount of the subsidy is transferred to the beneficiary only if the set goals are fully achieved.

The amount of the performance-based subsidy is determined by visiting the project location after the implementation of the investment program, and after submitting a report of an authorized person of the Eco Fund or a report by an independent institution on the degree of achievement of climate and energy goals at the project level.

The amount of the subsidy is approved after the implementation of the project or investment program through a payment scheme based on the achieved set climate and energy goals at the project level.

Article 13

Proposal of decision on selection of the beneficiary of funds

Based on the evaluation of applications according to the criteria referred to in Article 9 of this Rulebook, the Executive Director determines the proposal on the selection of beneficiaries and the allocation of Eco-Fund funds.

The Executive Director makes a decision on the selection of beneficiaries and the allocation of Eco-Fund funds for decisions on the use of funds worth up to EUR200,000.00.

Upon the proposal referred to in paragraph 1 of this Article of the Executive Director of the Fund, the Board of Directors shall make a decision on the selection of beneficiaries and allocation of Eco-Fund funds, for decisions on the use of funds exceeding EUR 200,000.00.

Article 14

Proposal of decision on selection of beneficiaries and allocation of funds

The Fund shall inform all applicants of the public competition about the decision on the selection of the beneficiary of the Fund's resources according to the published public competition within 7 to 15 days from the decision.

The Fund shall publish the decision on the selection of beneficiaries on the official website of the Eco-Fund and in one print media.

The applicant of the public competition who has not been approved funds may file a complaint to the Fund against the decision on the selection of the beneficiary of the Fund's funds according to the announced public competition, within 5 to 8 working days from the receipt of the notification.

The complaint may request a review of the conducted procedure in terms of omissions in the formal and legal assessment of the application of the beneficiary of funds, or a review of the fulfillment of the minimum requirements of the application as well as the total number of points won.

The decision on the complaint is made by the Executive Director for the amount of funds of up to €200,000, and for amounts exceeding €200,000 by the Board of Directors within 15 days from the day of submitting the complaint referred to in paragraph 3 of this Article.

The decision on the complaint referred to in paragraph 5 of this Article shall be delivered to the complainant by mail by hand.

Article 15

Administrative dispute

If the applicant is not satisfied with the decision on the complaint referred to in Article 14, paragraph 5, it may initiate an administrative dispute by filing a lawsuit before the Administrative Court of Montenegro within 20 days from the day of its receipt.

Article 16

Conclusion of a contract with the beneficiary of funds

Based on the Decision on the selection of beneficiaries and allocation of funds, the Executive Director of the Eco-Fund concludes a contract with the beneficiary of the Fund's funds.

The contract referred to in paragraph 1 of this Article regulates the amount of approved funds of the Fund and the dynamics of their allocation, conditions and manner of use of allocated funds, manner of monitoring the intended use of allocated funds, documentation that the beneficiary is obliged to submit to the Fund, the term of validity of the contract which will be determined in accordance with the updated dynamic plan submitted by the beneficiary of funds, and other mutual rights and obligations of the beneficiaries of funds and the Fund.

Article 17

Program co-financing

The Fund shall not announce a public competition in cases where the Fund, as a contracting party, directly co-finances projects or programs (according to the decision of the Government of Montenegro).

Article 18

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.

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Podgorica, February 2, 2022

Chairman of the Board of Directors
Ana Pivljanin