

Broj: 08-337/25-237/61
Datum: 12.12.2025

**AMENDMENT NO. 1
TO THE CONTRIBUTION AGREEMENT
BETWEEN THE UNITED NATIONS,
AS REPRESENTED BY THE
UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE (UNECE)
AND
MONTENEGRO,
AS REPRESENTED BY THE MINISTRY OF SPATIAL PLANNING, URBANISM AND
STATE PROPERTY**

WHEREAS, Montenegro, as represented by the Ministry of Spatial Planning, Urbanism and State Property, and the United Nations as represented by the United Nations Economic Commission for Europe (UNECE), (hereinafter: "Parties"), entered into **Contribution Agreement between the United Nations, as represented by the United Nations Economic Commission for Europe (UNECE) and Montenegro, as represented by the Ministry of Spatial Planning, Urbanism and State Property, for the purpose of strengthening implementation of urban related SDGs in Montenegro through a Country Profile on Urban Development, Housing and Land Management (hereinafter: "Agreement")** on 28 February 2025, and,

WHEREAS, the Parties now wish to amend the Agreement, hereby agree as follows:

1. The „Activities end date” set forth in Article XII.3. of Agreement, namely the duration of the Agreement shall extend from the date of signature by the last party until 30 September 2026.
2. Deadline set forth in Article IV.1.c of the Agreement, shall change so that a final narrative report and financial report will be provided within three (3) months following the date of expiration or termination of the Agreement.
3. Except as expressly modified herein, all other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

For THE UNITED NATIONS

Name: Alan Esser
Title: Executive Officer
Executive Office
UNECE

Date: 16.12.2025

Signature: [Signature]


**For THE GOVERNMENT OF
MONTENEGRO**

Name: Slaven Radunović
Title: Minister
Ministry of Spatial Planning
Urbanism and State Property

Date: 12.12.2025

Signature: [Signature]


12.12.2025
[Signature]



Broj: 08-337/25-237/9

Datum: 28.02.2025

CONTRIBUTION AGREEMENT

BETWEEN

THE UNITED NATIONS,

AS REPRESENTED BY THE

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

AND

MONTENEGRO,

AS REPRESENTED BY THE MINISTRY OF SPATIAL PLANNING, URBANISM

AND STATE PROPERTY AGENCY

THIS AGREEMENT (“**Agreement**”) is entered by and between the United Nations, an international inter-governmental organization founded by its Member States pursuant to the Charter of the United Nations, signed in San Francisco on 26 June 1945, and having its Headquarters in New York, New York 10017, as represented by the United Nations Economic Commission for Europe (hereinafter the “**United Nations**”), and the **Government of Montenegro**, (hereinafter the “**Government**”), with regards to a cash contribution to be donated by the Government to the United Nations for the purpose of “**Strengthening implementation of urban related SDGs in Montenegro through a Country Profile on Urban Development, Housing and Land Management**” (hereinafter the “**Project**”), as set out in **ANNEX A** of this Agreement. The United Nations and the Government are hereinafter collectively referred to as “**Parties**” and individually, as a “**Party**”.

ARTICLE I – The Contribution

1.1 The Government shall place at the disposal of the United Nations the sum of EUR 248,826 (hereinafter the “**Contribution**”) to cover the costs of the Project, as set forth in detail in **ANNEX B** of this Agreement.

1.2 The Government shall deposit the Contribution, which shall be applied to the institutional and operational costs of the Project, in convertible currencies of unrestricted use, to the following trust fund (the “**Trust Fund**”), in accordance with the schedule of payments specified in **ANNEX C**:

Account name:	United Nations (CHUB7)
Account currency:	EUR
Account number:	240-FP100381.0
IBAN:	CH85 0024 0240 FP10 0381 0
Bank name:	UBS AG
Bank address:	Rue du Rhône 8, CH-1211 Geneva 2
Bank number:	240
SWIFT:	UBSW CH ZH 80A
Reference:	ECE/E350

1.3 The Trust Fund shall be administered by the United Nations in accordance with applicable United Nations regulations, rules, policies and procedures. The Contribution, which shall be deposited in the Trust Fund, shall be held in trust and shall be solely used for the

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purposes of the Project as set out herein. Accordingly, any personnel that may be engaged, any equipment, supplies or services which may be purchased, and any contracts that may be entered using the Contribution shall be done in accordance with the provisions of such regulations, rules, policies and procedures.

1.4 The Trust Fund shall be charged with:

- (a) Expenditures incurred by the United Nations in the performance of the United Nations' activities in connection with the Project;
- (b) A standard thirteen (13%) percent of all expenditures from the Trust Fund shall be a charge for programme support services provided by the United Nations in the implementation of activities in connection with the Project, as financed from the Trust Fund;
- (c) An amount equivalent to one (1%) percent of the remuneration or net salary of persons engaged by the United Nations, and whose engagement is financed by the Trust Fund, to provide a reserve for coverage of any claim for service-incurred death, injury or illness, under the applicable United Nations regulations and rules or contracts, which reserve cannot be refunded to the Government;
- (d) Pursuant to paragraph 10(a) of United Nations General Assembly Resolution A/RES/72/279 (31 May 2018), the Government of Montenegro agrees that an amount corresponding to 1% of the contribution to UNECE shall be paid to finance the United Nations Resident Coordinator System. This amount, hereinafter referred to as the "coordination levy" will be held in trust by UNECE until transfer to the United Nations Secretariat for deposit into the United Nations Special Purpose Trust Funds, which has been established to finance the United Nations Resident Coordinator System and is managed by the United Nations Secretariat.

The Government of Montenegro acknowledges that once the coordination levy has been transferred by the UNECE to the United Nations Secretariat, the UNECE is not responsible for the use of the coordination levy and does not assume any liability. The fiduciary responsibility lies with the United Nations Secretariat as the manager of the Resident Coordinator system.

The coordination levy does not form part of the UNECE cost recovery and is additional to the costs of the UNECE to implement the activity or activities covered by the contribution. Accordingly, there is no normal obligation for the UNECE to refund the levy, in part or in full, even where the activities covered by the contribution are not carried out in full by UNECE. As deemed necessary by the donor however, especially where the scale of the resources concerned or reputational risk justify the refund transaction costs, the donor can submit a request for refund to the United Nations Secretariat directly or through the United Nations entity. The responsibility to refund the levy lies with the Secretariat, and not with the United Nations entities.

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The coordination levy for this agreement is EUR 2,463.62. This amount will be transferred in full to the UNECE at the bank account below within 30 days of signing this agreement.

1.5 The United Nations will not make any commitments above the amounts specified for expenditure in ANNEX B, which shall not be in excess of the Contribution. If unforeseen expenditures arise, the United Nations will submit a supplementary budget to the Government showing the further financing that will be necessary. If no such further financing is available, the activities to be performed by the United Nations under this Agreement and in-connection with the Project may be reduced or, if necessary, terminated by United Nations. In no event will the United Nations assume any liability in excess of the Contribution provided by the Government.

1.6 Nothing in this Agreement shall compel the Government to provide any funds in excess of the Contribution under this Agreement.

1.7 The United Nations shall be entitled, after informing the Government, but without the need for prior authorization of the Government, to spend up to 20% more than the budget class amount specified in ANNEX B for any budget class (except for programme support costs) provided that the actual costs are reduced by the same amount in one or more of the other budget classes (except for programme support costs).

1.8 The United Nations shall commence and continue to conduct operations under this Agreement upon the receipt of the Contribution, in accordance with the schedule of payments set out in ANNEX C.

1.9 Any funds that are undisbursed and uncommitted on the completion of the Project or termination shall be held in the Trust Fund pending consultations with the Government.

1.10. All financial accounts and statements shall be expressed in United States dollars.

ARTICLE II - Evaluation, Monitoring, and Review

2.1 The Government and the United Nations shall promptly inform each other about any condition, event, or situation which interferes or threatens to interfere with the successful implementation of the Project.

2.2 The United Nations shall be responsible for the monitoring and regular review of the Project. The cost of monitoring and review shall constitute a direct cost to the Project and will, therefore, be covered by the budget.

2.3 The evaluation of the Project hereunder shall be subject to the provisions of the United Nations' Evaluation Policy as set out in the relevant Financial Regulations and Rules as well as its financial policies and procedures. The costs will be included in the budget and will constitute a direct cost to the Project.

2.4 The United Nations shall forward without undue delay to the Government any review and/or evaluation report pertaining to the Project or inform the Government that such report is available on the United Nations' website.

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2.5 The foregoing provisions regarding evaluation of the Project shall not preclude that the Government may, separately or jointly with other partners, take the initiative to evaluate or review the Project, with a view to determining whether results are being or have been achieved and whether the contribution has been used for its intended purpose. It is understood that evaluations by the Government of the Project as referred to in the preceding sentence are distinct and separate from evaluations of the Project as referred to in Paragraph 3 of this Article, which is subject exclusively to the authority of the independent Evaluation Office of the United Nations. The United Nations shall be informed about such initiatives and may be invited to join. The United Nations shall upon request assist in providing relevant information within the limits of its regulations, rules, policies and procedures. All major costs shall be borne by the Government, unless otherwise agreed. Such evaluations or reviews shall not constitute an audit of the United Nations which shall be subject to Article III of the Agreement.

ARTICLE III - Audit

3.1 The Contribution transferred hereunder shall be subject exclusively to the provisions on external and internal audit provided for in the United Nations Financial Regulations and Rules as well as its financial policies and procedures.

3.2 External audit reports prepared by the United Nations Board of Auditors on the audit of the financial statements of the United Nations are available on its website at:
<http://www.un.org/en/auditors/board/auditors-reports.shtml>.

3.3 Internal audit reports shall be disclosed publicly, in accordance with General Assembly resolution 69/253.

3.4 The Government may reasonably request additional explanations or consultations at any time. Additional explanations shall be provided in a timely manner and, to the extent possible, within 30 days of the request, subject to the United Nations' regulations, rules, policies and procedures.

ARTICLE IV - Reporting

4.1 The Government will be provided with the following annual statements and reports prepared in accordance with the United Nations' accounting and reporting procedures:

- (a) An annual substantive progress report;
- (b) An annual financial statement reflecting at aggregate level, the opening cash balance as at 1 January, additional contributions received, total expenditure, programme support and ending fund balance as of 31 December each year;
- (c) A final narrative report and financial report within six (6) months following the date of expiration or termination of this Agreement.

4.2 All reports will be provided by the United Nations Economic Commission for Europe.

ARTICLE V – Property Ownership

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5.1 Ownership of the equipment, supplies and other property financed from the Contribution will vest in the United Nations.

5.2 The United Nations shall be entitled to all intellectual property and other proprietary rights with regards to any materials that will be developed using the Contribution.

ARTICLE VI – Prohibited Conduct, Misuse of Funds, and Sanctions

6.1 The Parties are firmly committed to take all necessary precautions to avoid and address corrupt, fraudulent, collusive, coercive and obstructive practices.

6.2 With respect to credible allegations of corrupt, fraudulent, collusive, coercive or obstructive practices, the United Nations shall take timely action as it determines to be appropriate. Where such action involves the conduct of an investigation, such investigation will be conducted by the United Nations, in accordance with its regulations, rules, policies and procedures, and the relevant resolutions or decisions of the General Assembly and in a manner consistent with its privileges and immunities. Where such action involves the conduct of an audit, the terms of Article III shall apply.

6.3 The United Nations shall, in accordance with its relevant regulations, rules, administrative issuances, policies and procedures, bring credible allegations of corrupt, fraudulent, collusive, coercive or obstructive practices in relation to the Project, of which it has been informed or has otherwise become aware, and which, following an investigation, promptly to the attention of the Government, provided however that such notification will not, in the opinion of the United Nations, jeopardize any further action by the United Nations regarding such credible allegations or the due process rights of the individuals involved. The United Nations shall, in accordance with its relevant regulations, rules, administrative issuances, policies and procedures, keep the Government informed of the progress and outcome of investigations concerning prohibited conduct, provided that such information does not jeopardize the proper conduct of the investigation or the due process rights of the individuals involved.

6.4 Where an investigation has concluded that misconduct has occurred, the United Nations shall:

- (a) Use reasonable efforts to recover any part of the Contribution, which the United Nations has established on the basis of its investigation as having been lost as a result of prohibited conduct;
- (b) Give proper consideration to referring matters deemed appropriate by the United Nations to the appropriate Member State authorities, in-connection with subparagraph (a) of this Paragraph; and
- (c) Ensure repayment to Government as provided for in, and subject to, the provisions of Paragraph 6.5, below.

6.5 In the event that any part of the Contribution is determined by the United Nations to have been lost due to prohibited conduct, such loss will be dealt with in accordance with the applicable financial regulations, rules, administrative issuances, policies and procedures of the United Nations. Furthermore, in respect of such amount which the United Nations has been able to recover, such amount will be returned to the Project for which the Contribution was intended, and where the Project for which the Contribution was intended has been concluded





or terminated, the Parties shall consult to decide whether the amount shall be re-programmed at the Government's instructions or returned to the Government at such bank account as determined by the Government, on a pro rata basis as applicable. In respect of such amount that has not been recovered, the United Nations shall do its utmost efforts to recover such funds.

6.6 The United Nations declares that:

- (a) it is firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism;
- (b) it is not nor will it knowingly work with any party and entity appearing on the New Consolidated List of Entities and Individuals established and maintained by the UN Security Council's 1267 Committee (the "Security Council List");
- (c) where applicable, it will include in any subsequent funding arrangements, agreements or contracts using the Governments' funds a clause requiring any party not to use the funding provided hereunder to benefit terrorism; and,
- (d) in the event that a party is not included in the Security Council List, but during the course of the implementation of the Project is deemed by the Government to conduct terrorist activities, it will consult with the Government to determine the appropriate course of action, which may include termination of this Contribution Agreement, for cause.

6.7 The Parties agree to take all necessary precautions to avoid conflicts of interest and corrupt practices. To this end, the United Nations shall maintain standards of conduct that govern the performance of its staff, including the prohibition of conflicts of interest and corrupt practices in-connection with the award and administration of contracts, grants, or other benefits, as set forth in the Staff Regulations and Rules of the United Nations, the United Nations Financial Regulations and Rules, and the United Nations' procurement procedures.

ARTICLE VII – Implementing Partners

7.1 The selection of any implementing partners in-connection with the Project shall be in accordance with UN rules, policies and procedures. The Government may not play a role in the vetting of such implementing partners.


ARTICLE VIII – Dispute resolution

8.1 The Parties shall use their best efforts to discuss and resolve amicably by negotiation in a spirit of cooperation their differences arising from the application of this Agreement.

ARTICLE IX – Privileges and Immunities

9.1 Nothing in or relating to the provisions of any Article in this Agreement shall be deemed a waiver of the privileges and immunities of the United Nations, including its subsidiary organs.



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ARTICLE X – Publicity

10.1 The United Nations shall provide appropriate acknowledgement of the Government's contribution provided under this Agreement.

10.2 Any further public statement regarding this Agreement or the activities carried out thereunder will be agreed upon by the Parties prior to its publication or dissemination.

10.3 The Government shall not issue any press releases or other public statements including the UN name and emblem without the prior written approval of the United Nations.

ARTICLE XI – Notices

11.1 Any notice, action or request required or permitted to be given or made in this Agreement shall be in writing. Such notice or request shall be deemed to be duly given or made when it shall have been delivered by hand, mail, cable or facsimile to the Party to which it is required to be given or made, at such Party's address specified below or at such other address as the Party shall have specified in writing to the Party giving such notice or making such request:

For the United Nations:

Alan Esser
Executive Officer
Executive Office, PMSSD, UNECE
Palais des Nations
8-14 avenue de la Paix
CH-1211 Geneva 10
Switzerland
+41 (0) 22 917 79 05
essera@un.org

For the Government of Montenegro:

Slaven Radunović
Minster
Ministry of Spatial Planning, Urbanism and State Property
IV Proleterske 19
81000 Podgorica
+382 20 446 200
kabinet@mdup.gov.me

ARTICLE XII – Amendment, Termination, Entry into Force

12.1 This Agreement may only be amended by written agreement between the duly authorized Representative of Parties, as set forth in Article XI.

12.2 This Agreement may be terminated by either Party by written notice to the other Party and shall terminate sixty (60) days after receipt of such notice. The obligations assumed by Parties under this Agreement shall survive the termination of the Agreement to the extent

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necessary to permit the orderly conclusion of activities, the withdrawal of personnel, funds and property, the settlement of accounts between the Parties hereto and the settlement of contractual liabilities that are required in respect of any subcontractors, consultants or suppliers.

12.3 The duration of this Agreement shall be from the date of signature by the last party until December 31, 2025.

IN WITNESS WHEREOF, this Agreement has been executed by authorized representatives of the Parties on the date(s) set forth below.

**For THE UNITED NATIONS
OF**

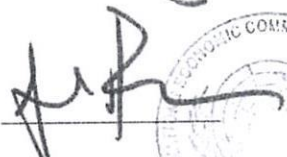
Name: Alan Esser
Title: Executive Officer
Executive Office
Planning
UNECE
Property

**For THE GOVERNMENT
MONTENEGRO**

Name: Slaven Radunović
Title: Minister
Ministry of Spatial
Urbanism and State

Date: 21 February 2025

Date: 28. 02. 2025.

Signature: 

Signature: 


ANNEX A – PROJECT DOCUMENT

COUNTRY PROFILE ON URBAN DEVELOPMENT, HOUSING AND LAND-MANAGEMENT OF MONTENEGRO

I. Background and main objectives

Montenegro is in the process of negotiating the terms of its accession to the European Union (EU), as part of its broader efforts to further its reform and development efforts across all sectors, including housing, land administration and land management. It aims to align these sectors with the requirements of the EU Acquis as well as internationally recognized standards and best practices, with a view to scaling up sustainable urbanization and improving quality of life of its population. The main challenges towards this end include: the country's poor-quality housing; the lack of adequate and affordable housing; and the persistent problem of informal settlements.

The achievement of these challenges is complicated by the growing pressure on the country's housing and basic infrastructure, further exacerbated by climate change and the significant burden on the Government's financial resources from the lingering effects of the COVID-19 pandemic. The adverse conditions are undermining Montenegro's ability to achieve sustainable, inclusive growth as envisaged in the 2030 Agenda for Sustainable Development (2030 Agenda).

The primary objective of the project is the development the Country Profile on Urban Development, Housing and Land Management of Montenegro to address the challenges identified.



It will be carried out by the United Nations Economic Commission for Europe (UNECE) at the request of the Government of Montenegro. It will draw from experience gained from previous country profiles on housing and land management.

The Country Profile will analyze the country's urban development, housing and land management policies, strategies, institutional and financial frameworks and compares the progress made internationally, while drawing on UNECE's principles and guidelines such as, the Geneva UN Charter on Sustainable Housing, the Regional Action Plan "Place and Life", and the Smart Sustainable Cities methodology.

Building on the analysis, the Country Profile will provide action-oriented recommendations for addressing the identified immediate and long-term improvement and capacity needs at the planning and implementation levels for improving the country's performance in the fields it covers, including proposals for legislative and policy reforms, and programmes and projects for capacity building. Based on the lessons learned, the policy recommendations aim to be: (i) context specific and action-oriented; (ii) based on broad consultations with relevant authorities and representatives of civil society. To the extent feasible, the country profiles will include concrete proposals for financing the implementation of the agreed upon recommendations.

In 2023, UNECE completed an assessment of the housing strategy of Montenegro and the results of that assessment will be integrated into the country profile.

The second project objective will be based on the development of the Country Profile, consisting of the conduct of the following two pre-feasibility studies for:

- (a) A follow-up project on affordable mortgage to the 1000+ Project - Affordable housing project in cooperation with The Council of Europe Development Bank (CEB), implemented by the Ministry of Ecology, Spatial Planning and Urbanism: and
- (b) Social and energy efficient housing project.

The appendix 1 to the present project document includes a preliminary structure of the Country Profile.

II. Preparatory steps and procedures of the Country Profile and other project deliverables

The Country Profile will be prepared according to the Guidelines for the preparation of UNECE Country Profiles on Urban Development, Housing and Land Management involving three main phases and the following steps:

Phase I. The preparation of the country profile of Montenegro on Urban Development, Housing and Land Management including a need assessment

1. **Request from the Government:** The Ministry of Ecology, Spatial Planning and Urbanism of Montenegro requested assistance from UNECE for the development of the Country Profile in its letter of 24 January 2022. The UNECE Committee on Urban Development, Housing and Land-Management approved the request at its 83rd session in October 2022.
2. **Nomination of a focal point:** The country assigned Ms. Radmila Lainović, Director General for Housing and Legalization at the Ministry of Ecology, Spatial Planning and Urbanism of Montenegro as the national focal point for the project – to coordinate the national efforts and to facilitate the country profile preparation process.
3. **Establishment of a national team of experts:** The national team of experts is established by the host government to support the international team once the funding is confirmed.
4. **Preliminary mission:** The secretariat will undertake a preliminary mission to the country, preliminarily in early 2025, to establish contacts with the national, regional and local organization stakeholders involved in housing, urban development and land administration and management and to collect information materials that could be useful to the international experts. After the mission, the structure of the country profile is drafted and a list of national experts with contact data is established.
5. **Establishment of an international team of experts and collection of background data and information:** The secretariat establishes a team of international experts for the drafting of the chapters, including professionals in housing policy, housing finance, urban planning and management, land administration and land management. The international consultants are contracted competitively according to the UN rules.
6. **Research mission:** The research or the fact-finding mission is conducted by the secretariat and the



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international team of experts. The experts are requested to submit a two-page draft outline of their chapters, with the main points to be covered by the chapters, to the secretariat at least one month prior to the research mission. The mission is initially scheduled for spring 2025. It will consist of: (a) a meeting with the government representatives; (b) individual interviews with national and local stakeholders; and (c) stakeholder consultations – one or more workshops with relevant stakeholders, including representatives of women and youth organizations; and the organizations representing other vulnerable groups.

7. **Preliminary chapter drafts:** International experts prepare comprehensive first drafts of their chapters after the research mission; the expected length of a chapter is 7-10 pages (in 10-point Times New Roman with single line spacing). Each chapter includes proposed policy recommendations. The timeline for the draft chapters is 6-8 weeks after the research mission.

8. **Revised draft:** The secretariat and the international experts cooperate to create a revised and harmonized draft with the recommendations, which is sent to the country authorities for acknowledgement and verification. They should be prepared by early summer 2025.

9. **Peer review process** with experts of the Committee and with the government representatives: This procedure is conducted to discuss findings and draft recommendations of the country profile. The peer-review is to take place in summer/early Autumn 2025.

10. **Development of the two pilot projects** based on the policy recommendations (in Autumn 2025 - in parallel with the drafting of the Country Profile profile).

11. **Final draft of the Country Profile:** The secretariat and the lead consultant will produce a final draft by mid-September, incorporating all the comments; to be presented to the Committee for approval (of its publishing as an official UN publication)

Phase II. The preparation of two feasibility studies

12. **Two feasibility studies** are drafted in parallel with the development of the country profile during the first phase, with the drafts presented to the Committee in October 2025; The final draft reports of the two feasibility studies are prepared by December 2025.

Phase III. The publishing of the Country Profile and its presentation to stakeholders in Montenegro, together with the feasibility studies (beyond the end of the project).

13. **Publication:** After the draft country profile is approved (for publishing) by the Committee at its 86th session (initially in October 2025), and upon the preparation of its final layout by the UN secretariat, it is submitted for publishing in English as an official UN publication in 2026. It would be possible thereafter to prepare an informal translation of the Country Profile to Montenegro (by the Government of Montenegro).

14. **Launch event:** Once the publication is available as a hard copy, it, together with the final feasibility studies, will be presented to the Montenegrin stakeholders in the first half of 2026, at a launch event to be held in the country with the participation of a wide range of international and national actors. The publication and the feasibility studies will also be presented to the Committee at its 87th session in October 2026 (The date is to be agreed with the Government after the availability of the printed publication).

15. **Distribution:** Hard copies of the official UN publication are sent to the government of Montenegro further to the distribution list made available by the Government beforehand and to the Council of Europe Development Bank.

III. Deliverables

The project will provide the following quantified and non-quantified deliverables:

1. Country Profile of Montenegro with the analysis and specific policy recommendations to the Government - Please see the Country Profile initial structure outline in appendix 1 to the present project document.
2. Establishment of a national and an international, teams of experts;
3. UNECE actor-oriented questionnaires;
4. A draft report on the feasibility study for the support of the new phase of the 100Plus programme or a new affordable housing program which would target underserved municipalities and/or including rental housing, which will use some preliminary inputs from the country profile



5. A draft report on the feasibility study for the design of a new programme for social, including rental, and energy efficient housing.
6. Report of the stakeholder workshops to identify needs of vulnerable groups in Montenegro, including women and youth organizations;
7. Report of the launch event/workshop in Montenegro where findings and recommendations will be presented and discussed with the government, international organizations and investors;

IV. Contribution to SDG implementation

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
N	Y	Y	N	Y	Y	Y	Y	Y	N	Y	N	N	N	N	Y	Y

- The Country Profile's in-depth analysis of the housing, urban development and land management sectors will focus on ensuring the achievement of Sustainable Development Goal (SDG) 11, with a special focus on target 11.1. The aim is also to bolster the rule of law and access to information (SDG 16); support policy coherence (SDG 17), use science and technology for developing urban planning capacity (SDG 17), and establish a National Housing Agency, which will be a modern agency fit for spearheading housing reforms, thereby contributing to the achievement of SDG 17. Moreover, by focusing on improving the quality, safety and climate resilience of construction activities, the country profile will contribute to SDGs 3, 6, 7 and 9.
- The Country Profile will address issues emerging from the UNECE's assessment of the country's housing strategy, supporting thereby the achievement of the New Urban Agenda, and contributing to the achievement of SDG 11.
- The Country Profile will feature a special focus on public and private enterprises involved in construction activities, with a view to capture the requirements for developing their innovative capacity and bringing them up to international best practices and regulatory requirements in regard to the energy efficiency in buildings, with a special focus on residential buildings, and use of construction materials. Further, an assessment of both, the role of the Government and the framework for construction will identify potential challenges, formulate recommendations for actions and thereby contribute the achievement of SDGs 8 and 9.
- The Country Profile will also focus on the challenges faced by low-income and other vulnerable household groups, especially targeting female-headed households belonging to low-income groups, as well as other vulnerable groups of the population, including migrants, young people, people with disability, thereby contributing to SDG 5.
- By focusing on improving housing affordability, the Country Profile will contribute to SDG 2.
- The Country Profile will be prepared by the UNECE in cooperation with UN agencies including UN-Habitat, thereby contributing to SDG 17.

V. Beneficiary governmental bodies and target group

- Direct beneficiaries: National government agencies, including line Ministries and specialized bodies, and local authorities.
- Indirect beneficiaries: households, representatives of civil society organizations and enterprises engaged in construction.
- The Country Profile will address the challenges facing low-income householding groups, especially targeting female-headed households belonging to low-income groups, drawing on available statistics and interviews with national and international women's organizations and NGOs.

VI. Implementing partners

The Country Profile will be conducted in cooperation the Ministry of Ecology, Spatial Planning and Urbanism and involving other relevant Government entities. An intersectoral Steering Committee will be established to ensure broad-based consultations and responsiveness to the country's needs.

Local stakeholders, including academia, private sector (in the fields of construction, energy efficiency, homeowner associations) and relevant civil society organizations will be involved in the project.

Coordination in the implementation of the project will be ensured with the UN Residents Coordinators' office, CEB, UNDP and UNEP.

VII. Project scope

The project will focus on: the housing sector, the housing finance model, with a special emphasis on sustainability and affordability, the recommendation for establishment of a national housing fund, establishing a national housing agency (which currently does not exist in Montenegro), recommendations in the development of smart and sustainable cities, energy efficiency in housing, legalization of informal settlements; housing will be considered as part of the urban development process – please see the UNECE Regional Action Plan "Place and Life" for the conceptual framework.

The Country Profile will include a comprehensive analysis of the legal and institutional frameworks for housing and urban development in Montenegro as well as topics of housing management and financing. The Country Profile will be an analytical study of the housing and urban development policies situation in Montenegro, with all available comprehensive data and information available in this one publication. The preparation of the Country Profile aims to support the improvement of the national and local level data collection and analysis. The Country Profile Montenegro will include a chapter with a case study of the housing market of Podgorica.

It will also provide a mapping of ongoing initiatives in the housing sector implemented in cooperation with relevant international institutions, including the Council of Europe Development Bank-CEB, such as the social housing project - Project 1000+ apartments.

Moreover, as part of the project two follow up proposals for technical assistance projects will be developed:


- (1) a pre-feasibility study for the support of the new phase of the 100Plus programme or a new affordable housing programme which would target underserved municipalities and/or including rental housing, which will use some preliminary inputs from the country profile; and
- (2) a pre-feasibility study for designing a new programme on social and energy efficient housing.

VIII. Expected project impact

The conduct of the Country Profile supports sustainable national policy and legislative development in the sectors covered. It will also provide evidence on the status of access of the population to affordable and decent housing and urban infrastructure. This will allow the development of arguments for specific policy reforms of the housing sector and implementation of specific projects, including on social housing, building and refurbishing residential housing and related urban infrastructure.

The Country Profile's specific recommendations will pave the way for the preparation of new innovative projects in the housing and urban sectors. Therefore, the analysis and the related policy recommendations provided will facilitate public and private investments in the housing sector.

Following the completion of the Country Profile, the Committee on Urban Development, Housing and Land Management may also develop concrete project proposals for investments into affordable and energy efficient housing. The proposals will reflect the Country Profile recommendations for technical assistance projects.



IX. Relationship to the UNECE Programme of Work

The project is directly linked to the achievement of the UNECE Strategic Frameworks 2023, 2024 and 2025 Housing and Land Management Component of Sub-programme 08: Housing, Land Management and Population expected accomplishments, such as (b) Strengthened implementation of ECE guidelines on housing, urban development and land management.

It also supports the implementation of the New Urban Agenda, the Geneva United Nations Charter on Sustainable Housing, and the Ministerial Declaration on Sustainable Housing and Urban Development.

X. Payment requirements and steps

UNECE and the Ministry will sign a donor agreement which will stipulate the payment, project implementation and reporting requirements. The budget and the schedule of payment are annexed to the agreement.

The use of the funds is governed by the UN and UNECE rules and procedures. Consultants and individual contractors will be hired according to these rules.

Travel and other expenses are to be covered for the experts directly by UNECE according to the UN rules.

The UNECE administrative overhead is 13 per cents.

At the end of the project, UNECE will provide with the narrative and financial report in addition to the publication of the Country Profile and other deliverables.

XI. Expected outcomes

EO1. The Country Profile of Montenegro with relevant comprehensive data and information; analysis and concrete recommendations for revisions of policies and development of new programmes and projects. The analysis will include the topics of housing affordability, energy efficiency, needs of low-income and vulnerable groups in Montenegro with regards to the housing market, climate risks relevant for housing and land management in Montenegro and measures for disaster risk reduction; market responses to housing solutions and construction market.

EO2. Two specific project proposals for follow up activities: (1) a draft project proposal for the support of the new phase of the 100Plus programme or a new affordable housing programme which would target underserved municipalities and/or including rental housing, which will use some preliminary inputs from the country profile (see appendix 2); and (2) a draft project proposal for designing a new programme on social and energy efficient housing – (see appendix 3).

XII. Indicators of achievement

IA1. The Country Profile developed and feeds into the development of the new Montenegro Housing Policy 2022 – 2030.

IA2. Two specific reports on pre-feasibility studies for follow up activities are produced and supported for funding by the Government: (1) a draft pre-feasibility study report for the support of the new phase of the 100Plus programme or a new affordable housing programme which would target underserved municipalities and/or including rental housing, which will use some preliminary inputs from the country profile; and (2) a draft pre-feasibility study report for designing a new programme on social and energy efficient housing.

XIII. Main activities

The following specific activities will be implemented:

Set up the Steering Committee in Montenegro and an advisory for the local stakeholders

A1.1. Establish a technical group of experts and Steering Committee at National Level

Fact-finding missions

A1.2 A preliminary mission to the country in order to establish contacts with the national, regional and local organization stakeholders involved in housing, urban development and land administration and management

A1.3. A fact finding/research mission to Montenegro, to discuss the main elements of the Country Profile on housing, urban development and land policy and agree on the outline and collect relevant data

Desk research and interviews

A1.5 Desk research followed by online interviews with relevant local and national agencies as well as those involved in the construction sector and housing association using the UNECE actor-oriented questionnaires, including analysis of the following: Energy Efficiency, Disaster Risk Reduction, Climate Risks, Market Response to Housing Solutions and Construction Market.

A1.6 Drafting of the different chapters and preparation of a zero draft

A1.7 Review of the zero draft by national and international stakeholders.

A1.8 National stakeholder meeting to validate the zero draft and agree on the recommendations

A1.9. Drafting the Country Profile and its recommendations.

Consultations with the stakeholders, finalization of the profile and follow up activities

A2.1. A national workshop to present findings to the government and discuss recommendations; also, to engage investors in financing the implementation

A2.2. Finalization of the study, including drafting and editing of the Country Profile

A2.3. Finalizing and publishing of the Country Profile, including distribution of hard copies to the government of Montenegro and stakeholders

A2.4. Preparation of two reports on the pre-feasibility studies for follow up activities based the Country Profile study and its recommendations.

IX. Monitoring and evaluation

The UNECE project manager will be responsible for regular monitoring of project implementation and will keep the Steering Committee of the project abreast of progress. A final report will be prepared upon completion of the project.



Appendix 1. Country profile initial draft outline

1. General overview of the country

Political system, including decentralization and local governance
Population and demography
Economic performance and regional development
Environment, disaster risks and climate change
Infrastructure and public services

2. Housing sector and housing construction

Housing sector legal and institutional framework, incl. assessment of the role of the Government and the framework for construction
Data for evidence-based housing policy, including target 11.1 of SDG11
Construction: planning of construction; building standards – also for the use of sustainable construction materials
Housing stock and ownership
Housing conditions
Energy efficiency in buildings
Management, maintenance and repairs of multi-unit residential buildings
Housing climate neutrality and resilience
Housing market, including a case study – e.g. of the city of Podgorica and of another city of Montenegro

3. Housing affordability

National housing affordability policies
Housing price index: drivers and trends
Access to affordable housing and challenges
Social profile and inequalities in access to housing, incl. challenges faced by low-income household groups, female-headed households belonging to low-income groups, and other vulnerable groups

4. Land administration and management

Land policy and governance
Regulatory, legal, institutional and technical framework for land management
Land administration
Geospatial information and data

5. Urban development

Administrative and institutional governance structure, capacities and plans (incl. dependencies between national and local level)
Local reforms and urban development efforts
Local economy
Urban development and planning challenges

- Informal settlements and legalization
- Climate change and disaster risk preparedness and response
- Green spaces, water systems – blue and green
- Urban cadaster and monitoring
- Refurbishment of existing housing stock and EE measures
- Case study – of the city of Podgorica
- Case study – of another city of Montenegro

6. Financial framework for urban development, housing and land management

Government sources and SDG budgeting for urban development
Foreign direct investment
Official development assistance
Venture capital
Affordable housing finance schemes and revising the role of the National Housing Agency

- PPP schemes, private bank financing, sovereign guaranty, land banking
- Business model for National Housing Agency
- Other mechanisms for financing housing
- Financialization of housing, impact on young people, women, vulnerable groups

7. Conclusions and recommendations

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Appendix 2. Proposed feasibility study for affordable mortgages outline

1. Introduction

The National Housing Strategy of Montenegro (2020) has established the legal and institutional framework for housing policy and programmes in Montenegro at the national and local levels. As part of the implementation of the National Housing Strategy 2020two affordable **housing programmes** were implemented by the Ministry of Ecology, Spatial Planning and Urbanism, in cooperation with the Council of Europe Development Bank (CEB), one of which was the 1000+ Affordable housing project. The project consisted in providing affordable mortgages to 1,186 households. The 1000+ housing was considered as one of the most efficient projects.

Given the success of the previously implemented mortgage subsidy project, the Government of Montenegro is looking to develop a new phase of the project. For such a purpose, the Government has asked UNECE to support the preparation of a feasibility study that will provide most cost-effective solution for the use of a loan from the Council of Europe Development Bank (CEB) to develop the affordable housing programme based on housing ownership and for reaching the target population.

2. The scope of the project

The project scope is to prepare a feasibility study for affordable housing loans to first-time homebuyers that are the target groups of Montenegro housing policy. The final aim is to enhance the accessibility to affordable, adequate and energy efficient housing for target groups that are in priority list. For this purpose, the feasibility study will consider and will analyse in-depth the use of the CEB loan for affordable housing loans from the commercial banks.

The project experts may suggest possible models that can ensure both the most efficient use of public funds (including CEB loans) and the most effective reach of targeted beneficiaries. The experts will assess the possibility for developing multi-stakeholder partnership which would include developers, commercial banks, future beneficiaries and public sector.

The models will be discussed with the responsible Ministries for their relevance and applicability. In analysing the models, it will be essential the analysis of the legal framework that allows, facilitates or hinders the implementation.

Impact and beneficiaries of the project

The feasibility study will develop a viable and sustainable model for affordable housing loans in Montenegro. Moreover, by identifying the capacity, institutional/organizational and legislative gaps, it will contribute to the improvement of the whole project.

Direct beneficiary of the project is the government of Montenegro. Indirect beneficiaries are local authorities and families in need. The project will also benefit the private banking sector and the housing market, although it has to be addressed and monitored carefully for any inflation of the housing prices due to increase of effective demand.

3. Objectives of the project

The main objective of the project is to develop a feasibility study for affordable loans in Montenegro. Within this objective, the following tasks will be addressed:

- a. Analysis of the previously implemented project to identify strength and weaknesses
- b. Analysis of the housing mortgage market
- c. Proposing policy standards, including, but not limited at:

- interest to be paid by beneficiaries

- amount of loan to be subsidies

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- income limits of beneficiaries
- methods for establishing the average house price for the beneficiaries from the project in different cities.
- d. Model of partnership agreement between the ministries responsible for finance, the ministry responsible for housing and the bank(s)
- e. Terms of Reference for a call for competition between the banks
- f. Method for monitoring and responsible institution(s)
- g. Needs for capacity building and for legal amendments if this will be case.

The feasibility study should include analysis of the factors below:

Political factors including risks that can hamper the implementation of the project and commitment to long-term engagement in the project. The analysis will determine Government's intentions and determination to enhance the affordable housing loans project and their commitment to co-finance and support all stages of the project

Institutional arrangements, including division of responsibilities, cooperation and coordination between line ministries responsible for finance and that responsible for housing and local authorities. Identification of the internal administrative/legal steps to be followed in order to have the project submitted to CEB for approval. Conditions for management of the loan repayment to CEB, i.e., relationship between municipalities and Government, should be appraised

Analysis of the **legal** framework, including: (a) legislation on affordable housing, categories of beneficiaries, income limits, legal and technical provisions for housing affordability, other criteria that beneficiary families should fulfil in order to benefit from the Project; (b) Public financing, budget planning and implementation rules; (c) Public procurement; (d) Decentralization, including local taxes and other income sources; (e) Registration of properties, in particular, registration of municipal properties; (f) Technical and housing standards, including standards for energy efficiency, accessibility for disabled and seismicity.

Social factors, including assessment of the needs for affordable housing loans and financial assets of households, housing conditions and income of households that have applied for housing support. Availability of data on income and on housing expenditures for different income-groups

Financial analysis of the model(s) for affordable housing loans proposed. Risk analysis for different scenarios based on the fluctuation of the interest of the Treasury Bonds and mitigation strategies

Outline of the project, including overall goals and specific objectives, expected results, approximate costs, phasing of implementation, cities that the project will include, implementation strategy including roles of stakeholders and management unit(s), financial scheme, subsidy policy, and other elements needed to develop a sound proposal ready for financing.

4. Type of expertise and duration

For preparing the feasibility study, two international consultants will be engaged:

- One consultant with financial background and with experience in feasibility study
- One consultant with professional experience in developing, analysing and implementing housing policy and programmes in particular in developing affordable housing loans programs.

5. Expected outcomes

EO1. Feasibility study on the model agreed with Montenegro Government and the Bank

EO2. Method for monitoring and responsible institution(s)

EO3. Identification of the need for legal support or amendments

6. Indicators of achievement

IA1. Feasibility study approved by the Bank and the Government

IA2. Institutional set-up for monitoring approved

IA3. Legal amendments identified and proposed

7. Main activities of the project (will be closely coordinated with work on the Country Profile)

Fact-finding missions

A1. A fact finding/research mission to Montenegro, to discuss the main elements of the feasibility study and collect relevant data. The mission will include meetings with the Minister or Deputy Minister responsible for housing, the Minister or Deputy Minister responsible for finance to understand the level of engagement and commitment. Meetings with commercial banks, developers, local authorities, and potential beneficiaries. Consultants will identify other stakeholders as needed to meet and discuss, such as Institute of Statistics, Universities, etc..

A2. Conducting a survey with the commercial banks and developers

A3. Organize a workshop with public and private stakeholders to discuss on affordable housing in general and on affordable housing loans in particular

Desk research and interviews

A4. Desk research for analysing reports, findings from other projects and research as needed by consultants.

A5. Drafting of the feasibility study, including also topics mentioned in the objectives

A6. Consultation with the Ministry responsible for housing and Ministry of Finance of the draft feasibility study

A7. Meeting with the national stakeholders identified as responsible for different phases of the project cycle to present the study.

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Appendix 3. Pre-feasibility study for social and energy efficient rental housing in Montenegro outline

1. Introduction

The Social Housing Law of Montenegro (2013) and the National Housing Strategy (2020) have established a legal framework for the national housing policy in Montenegro where the key elements are:

- Entitlement of persons from vulnerable groups eligible for the support to housing
- Division of competences between the state and the local level
- An obligation of the government to adopt the Social Housing Programme which sets out the goals of social housing development, as well as the sources and manner of securing funds for its implementation;
- obligation of local governments to adopt local social housing programmes aligned with the state programme adopted by the government.

As part of the implementation of the National Housing Strategy 2020 and the 2017-2020 Social Housing Programme, two affordable **housing programmes** were realized which, mostly addressed homeownership through affordable mortgage loans. A brief analysis of housing policy and programmes, conducted with the support of UNECE in 2022, showed among others, that there is an excessive reliance on market, which in its turn, does not provide affordable housing. The government of Montenegro has requested UNECE to provide technical assistance for developing a feasibility study for social/public rental housing to be financed by Council of Europe Development Bank (CEB).

2. The scope

The pre-feasibility study will consider a range of options for developing social or public rental housing including, but not limited to:

- a. Investing in new buildings
- b. Buying and renovating properties from the market
- c. Adapting state-owned buildings not in use.

The pre-feasibility study will analyse and compare 2 – 3 different models of social housing provision and management:

- a. Public housing provided by national or local authorities
- b. Public-Private partnership model
- c. Social housing provided by non-for-profit agencies.

The models for social housing will be discussed with the responsible Ministry for their relevance and applicability. In analysing the models, it will be essential the analysis of the legal framework that allows or impedes their implementation. The social housing legislation has to be consulted for the legal requirements on rent setting, as it will be important, in particular for the PPP and social housing models.

Impact and beneficiaries of the project

The feasibility study will develop a viable and sustainable model for social rental housing in Montenegro. Moreover, by identifying the capacity, institutional/organizational and legislative gaps, it will contribute to the improvement of the whole project management cycle. Direct beneficiary of the project is the Government of Montenegro. Indirect beneficiaries are local authorities and families in need.

Objectives of the project



AE

The main objective of the project is to develop a feasibility study for social and energy-efficient rental housing in Montenegro. In doing so, the project will also address the needs for capacity building as well as the need for legal amendments if this will be case. The feasibility study should include analysis of the factors below, but could use an alternative framework that will be specified in the Inception Report

Political factors including risks that can hamper the implementation of the project and commitment to long-term engagement in the project. The analysis will determine Government's intentions and determination to develop a social housing project and their commitment to co-finance and support all stages of the project

Institutional arrangements, including division of responsibilities in urban planning and housing, technical capacities and gaps. Identification of the internal administrative/legal steps to be followed in order to have the project submitted to CEB for approval. Conditions for management of the loan repayment to CEB, i.e., relationship between municipalities and Government, should be appraised

Analysis of the **legal** framework, including:

- a. Legislation on social housing, categories of beneficiaries, income limits, other criteria that beneficiary families should fulfil in order to benefit from the Project;
- b. Public financing, budget planning and implementation rules;
- c. Public procurement
- d. Decentralization, including local taxes and other income sources
- e. Registration of properties, in particular, registration of municipal properties;
- f. Technical and housing standards, including standards for energy efficiency, accessibility for disabled and seismicity;
- g. Urban planning legislation and responsibilities;

Social factors, including assessment of housing needs and financial assets of households, housing conditions and income of households that have applied for housing support. Availability of data on income and on housing expenditures for different income-groups

Financial analysis of one of three different models of social housing as mentioned in section 2 (Scope), as by agreement with the Ministry

Outline of the project, including overall goals and specific objectives, expected results, approximate costs, phasing of implementation, cities agreed, implementation strategy including roles of stakeholders and management unit(s), financial scheme, rental policy, and other elements needed to develop a sound proposal ready for financing.

4. Type of expertise and duration

For preparing the feasibility study, two international consultants will be engaged:

- One consultant with economic background and with experience in feasibility study
- One consultant with professional experience in developing, analysing and implementing housing policy and programmes

Their tasks also include identification of the needs for capacity building both at national and local levels.

5. Expected outcomes

EO1. Pre-feasibility study report on the model agreed with Montenegro Government and the Bank

EO2. Increased capacities at national and local levels

EO3 Improved legal framework for social housing

6. Indicators of achievement

IA1. Pre-feasibility study approved by the Government

IA2. Capacity building needs assessed and identified

IA3. Amendments to the legal framework (if needed) developed and adopted

7. Main activities of the consultants

Fact-finding missions

A1. A fact finding/research mission to Montenegro, to discuss the main elements of the feasibility study and collect relevant data (joint with the Country Profile). The mission will include meetings with the Minister or Deputy Minister responsible for housing, the Minister or Deputy Minister responsible for finance to understand the level of engagement and commitment. Meetings with responsible persons at the responsible ministry for building standards, urban planning and social welfare. Other meetings with national institutions and organizations, private companies, non-for-profit organizations, and local authorities. Consultants will identify other stakeholders as needed to meet and discuss, such as Institute of Statistics, Universities, etc..

A3. A workshop with main stakeholders to discuss possible models for social housing development and other issues that they will identify

A4. Conduct two surveys:

- a. one for households, to understand their housing needs and constraints
- b. one for local authorities, to identify their capacity gaps

Desk research and interviews

A4. Desk research for analysing reports, findings from other projects and research as needed by consultants. Preparation of a report with the compilation of international best practices in affordable housing provision in Europe.

A5. Drafting of the pre-feasibility study report, including needs assessment for capacity building and for legal amendments (if necessary)

A6. Consultation with the Ministry responsible for housing and Ministry of Finance of the draft feasibility study

A7. Meeting with the national stakeholders identified as responsible for different phases of the project cycle to present the study.



ANNEX B – BUDGET

Code	Budget class	Activity/ Purpose	Total amount (EUR)
10	Staff and personnel (consultants)	Consultants to organize and coordinate the work on the country profile, to collect data and conduct interviews, analyze the information and draft chapters; and to prepare the two pre-feasibility studies	140,000
160	Travel of consultants and staff	Travel of consultants and UNECE secretariat staff to Montenegro: a preliminary mission and a research mission, including a back-to-back stakeholder meeting; and a workshop to present outcomes	49,000
125	Operating and other direct costs	Operating and other direct costs towards workshops; and other costs related to the project (e.g. rental of premises/equipment; local transportation rental; communication (tel/internet) costs; payment of freight/postal costs for shipment of materials; visa costs; office supply costs)	10,000
120	Contractual services (individual contractors)	Editor and interpretation and translation services	19,020
Budget Sub-total			218,020
UN Programme Support Costs			28,343
Coordination levy 1%			2,464
Budget total			248,826

ANNEX C – SCHEDULE OF PAYMENTS

Payment terms and schedule:

The donor will transfer 50 % of the total agreed amount upon signature of the Contribution Agreement by both parties. This ensures that the necessary funds are available for the immediate commencement of project activities without any delays. The exact date will be documented in the final signed agreement.

The donor will transfer the remaining 50% of the total agreed amount for the completion of the project upon the delivery of the following deliverables.

- Establishment of the Country Profile team of national experts (Phase I, point 3)
- Outline of the Country Profile prepared and agreed upon by Montenegro
- Preliminary mission to Montenegro undertaken (phase I, point 4)
- Team of international experts established (Phase I, point 5)
- Research mission with a stakeholder workshop undertaken (Phase I, point 6)
- Report of the stakeholder workshop delivered (deliverable 6)

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Crna Gora
MINISTARSTVO PROSTORNOG PLANIRANJA, URBANIZMA
I DRZAVNE IMOVINE
IV proleterske brigade br. 19, Podgorica

Broj: 08-337/25-237/11

Datum: 07.03.2025.



Government of Montenegro
Ministry of Spatial Planning,
Urbanism and State Property

SIGA-24-TA-MNE
(FIP 20746)

GRANT AGREEMENT

between

MONTENEGRO

and

COUNCIL OF EUROPE DEVELOPMENT BANK

Technical Assistance for "Social housing needs assessment and project preparation in Montenegro"

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The parties to this grant agreement (hereinafter, the “**Agreement**”) are MONTENEGRO (hereinafter, the “**Beneficiary**”) and the COUNCIL OF EUROPE DEVELOPMENT BANK, acting as administrator of the Slovak Inclusive Growth Account (hereinafter, the “**CEB**” and jointly with the Beneficiary referred to hereinafter as the “**Parties**”, and each a “**Party**”).

WHEREAS

- A. The Slovak Republic (“**Slovak Donor**”), a Member of the CEB, in accordance with Article VII section 3 of the CEB’s Articles of Agreement, supports the CEB in accomplishing its social mandate by making a voluntary contribution to fund technical assistance in favour of projects eligible to financing by the CEB.
- B. At its 300th meeting held on 17-18 November 2016 the Administrative Council of the CEB approved through resolution 1585 (2016) the establishment of a fiduciary account at the CEB, named the Slovak Inclusive Growth Account to fund such technical assistance, in accordance with Article VII section 3 of its Articles of Agreement.
- C. The Slovak Donor and the CEB entered into an agreement dated 7 December 2016, as amended from time to time, in respect of the establishment and the operation of the Slovak Inclusive Growth Account (the “**SIGA Agreement**”).
- D. On 24 January 2022, Montenegro, acting through its Minister of Ecology, Spatial Planning and Housing, submitted to United Nations Economic Commission for Europe a request for support in development of the national profile in the field of housing, urban development and land management (the “**Technical Assistance**”).
- E. On 26 February 2024, having regard to the provisions of the SIGA Agreement, the Donor approved the use of funds from SIGA for the purpose of financing of the Technical Assistance.
- F. On 20 March 2024, having regard to the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe of March 6, 1959, the CEB’s Articles of Agreement, the CEB’s rules and regulations issued pursuant to the Articles of Agreement and the SIGA Agreement, the CEB approved the grant in a total amount of up to EUR 248,826 (two hundred forty-eight thousand eight hundred twenty-six Euros, in order to provide funding for the Technical Assistance (the “**Grant**”);
- G. The purpose of the Agreement between the Beneficiary and the CEB is to set out the terms and conditions concerning *inter alia* (i) the transfer and utilisation of the Grant; (ii) the implementation of the Technical Assistance, (iii) the reporting and monitoring, and (iv) the auditing on the use of the Grant.

NOW THEREFORE the Parties hereby agree as follows:

Article I Interpretation

1.1 Definitions

The following terms and expressions shall have the meaning indicated below, except as the context requires otherwise:

“Articles of Agreement” means the Articles of Agreement of the Council of Europe Development Bank, as approved by the Committee of Ministers in Resolution (56) 9, or as amended by the aforesaid Committee, or by the Governing Body acting within the limits laid down in Article IX (h) of the said Articles of Agreement.

“Beneficiary’s Account(s)” refers to the euro denominated account(s) specified in Article 2.3 hereunder held by the Beneficiary and dedicated to receiving and managing the funds disbursed by the CEB for the purpose of the Technical Assistance.

“Completion Date” means the completion date as specified in Annex A-1 by which date no further costs can accrue under the Grant, for the avoidance of doubt, all invoices related to the services, supplies or works under the Technical Assistance shall have been either (i) received or (ii) received and paid by the Beneficiary.

“Data Protection Regulations” means the CEB’s Data Protection Regulations, as adopted by the CEB’s Administrative Council Resolution 1639 (2022).

“Eligible Costs” has the meaning ascribed to it in Article 3.1(b) hereinafter.

“Environmental and Social Safeguards Policy” means the CEB’s Environmental and Social Safeguards Policy, as adopted by the CEB’s Administrative Council Resolution 1588 (2016).

“Euro” or **“EUR”** means the lawful currency of the Member States of the European Union which from time to time adopt it as their currency in accordance with the relevant provisions of the Treaty of the EU and the Treaty on the Functioning of the EU or their succeeding treaties.

“European Convention on Human Rights” means the Convention for the Protection of Human Rights and Fundamental Freedoms dated 4 November 1950, CETS n° 5.

“European Social Charter” means the European Social Charter dated 3 May 1996, CETS n°163.

“Fiduciary Account” or **“SIGA”** means the CEB-held account in which the CEB holds the SIGA funds for the purpose of the Technical Assistance.

“Final Report Date” means the final report date by which all invoices related to the services, supplies or works under the Technical Assistance shall have been paid by the Beneficiary and the Beneficiary shall submit the Completion Report to the CEB and such date shall not fall later than three (3) months after the Completion Date.

“Implementation Period” means the period from the date of entry into force of this Agreement until the Completion Date.

“Loan and Project Financing Policy” means the CEB’s Loan and Project Financing Policy adopted by CEB’s Administrative Council Resolution 1646 (2022).

“Non-Eligible Costs” has the meaning ascribed to it in Article 3.1(b) hereinafter.

“Public Information Policy” means the CEB’s Public Information Policy adopted by the CEB’s Administrative Council in July 2020.

“Procurement Guidelines” means the CEB’s Procurement Guidelines, as adopted by the CEB’s Administrative Council Resolution 1655 (2023).

“Sanctioned Person” means any individual or entity listed in and/or otherwise subject to one or more Sanction Lists.

"Sanction List" means (i) any economic, financial and trade restrictive measures and arms embargoes issued by the EU pursuant to Chapter 2 of Title V of the Treaty on European Union as well as Article 215 of the Treaty on the Functioning of the European Union as amended and supplemented from time to time; or, (ii) any economic, financial and trade restrictive measures and arms embargoes issued by the United Nations Security Council pursuant to Article 41 of the UN Charter as amended and supplemented from time to time.

Any other terms used herein with initial capital letters shall bear the meaning specified in the Agreement, unless the context requires otherwise.

1.2 Construction

Unless the context otherwise requires, references to:

- (a) this Agreement shall be construed as references to this Agreement as supplemented, amended or restated from time to time;
- (b) This Agreement consists of the following parts:
 - (i) Articles in main body of this Agreement;
 - (ii) Annex A-1: Description of the Technical Assistance;
 - (iii) Annex A-2: Technical Assistance budget
 - (iv) Annex B: Disbursement Request (Template)
 - (v) Annex C: UNECE Project Document
 - (vi) Annex D: Dispute Settlement
 - (vii) Annex E: Form of Legal Opinion
- (c) The Annexes, as listed herein above, form an integral part of the Agreement. In the event of discrepancies, inconsistencies and/or conflicts between the terms of the provisions of any part forming this Agreement, the parts of the Agreement shall take the following order of precedence:
 - (i) Articles in main body of this Agreement;
 - (ii) Annex D: Dispute Settlement
 - (iii) Annex A-1: Description of the Technical Assistance;
 - (iv) Annex A-2: Technical Assistance budget
 - (v) Annex B: Disbursement Request (Template)
 - (vi) Annex E: Form of Legal opinion
 - (vii) Annex C: UNECE Project Document
- (d) In case of contradiction or inconsistency between the provisions of this Agreement and any plan, specification, investment schedule, budget, regulations, or other relevant document of the Technical Assistance approved by the CEB, the provisions of this Agreement shall prevail over those documents.
- (e) References herein to Articles, Paragraphs, Recitals and Annexes are references respectively to articles, paragraphs, recitals and annexes of this Agreement, unless indicated otherwise; and
- (f) Words importing the singular shall include the plural and vice-versa.

1.3 Headings

Headings in this Agreement have no legal significance and do not affect its interpretation.

1.4 Rounding

For the purposes of any calculations referred to in this Agreement, all currency amounts used in or resulting from the above calculations will be rounded, unless otherwise specified in the relevant currency definition, to the nearest two decimal places in the relevant currency (with .005 being rounded upwards (e.g., .674 being rounded down to .67 and .675 being rounded up to .68).

Article 2 The Grant

2.1 Amount

The total cost of the Technical Assistance is estimated to be the equivalent of two hundred forty-eight thousand eight hundred twenty-six Euros (EUR 248 826). Under the terms and conditions set out hereinafter in this Agreement, the CEB is willing to make available to the Beneficiary, and the Beneficiary so accepts, the Grant in an aggregate amount of up to two hundred forty-eight thousand eight hundred twenty-six Euros (EUR 248 826).

2.2 Payment Procedures

- (a) The Grant shall be disbursed to the Beneficiary upon request and subject to the conditions of Article 2.5 (*Conditions precedent for disbursements*).
- (b) The CEB shall disburse the Grant in two tranches (the "**Tranches**"). The amount of the first Tranche shall constitute an advance payment in the amount of one hundred and twenty-four thousand, four hundred and thirteen Euros (EUR 124 413).
- (c) Prior to any disbursement, the Beneficiary must provide a disbursement request, substantially in the form set out in Annex B (the "**Disbursement Request**") together with any evidence required under Article 2.5 (*Conditions precedent for disbursements*) to the CEB, it being specified that:
 - (i) disbursement of the first Tranche is subject to the terms outlined in Article 2.5 (a) (*Conditions precedent for the disbursement of the first tranche*),
 - (ii) disbursement of each subsequent Tranche is subject to the terms outlined in Article 2.5 (b) (*Conditions precedent to any further disbursement*).
- (d) The Beneficiary acknowledges that payment made to it in accordance with the provisions of article 2.3 below shall constitute disbursement hereunder.

2.3 Account

The CEB shall deposit the relevant disbursed Tranche of the Grant to the Beneficiary's Account with the following account details:

Account with Institution: DEUTSCHE BUNDESBANK FRANKFURT
SWIFT BIC: MARKDEFF

Beneficiary Institution: Acc.number: /DE04504000005040040278
CENTRAL BANK OF MONTENEGRO
SWIFT BIC: CBCGMEPG

The CEB shall notify the Beneficiary of the following: (a) the amount transferred; (b) the value date of the transfer; (c) that the transfer is from the CEB pursuant to this Agreement.

2.4 Currency

The Grant shall be disbursed in Euro. Any amount due by the Beneficiary to the CEB under this Agreement shall be paid in Euro. All financial accounts and statements shall be expressed in Euro.

2.5 Conditions precedent for disbursements

- (a) Conditions precedent to the disbursement of the first Tranche:

The disbursement of the first Tranche of the Grant pursuant to Article 2.2 (*Payment Procedures*) is conditional upon receipt by the CEB in form and substance satisfactory to it of:

- (i) evidence in English to the CEB's satisfaction of the person(s) authorised to execute the Agreement and the Disbursement Request on behalf of the Beneficiary, together with the authenticated specimen of the signature(s) of such person(s);
- (ii) a legal opinion in English issued by the Beneficiary's Protector of Property and Legal Interests of Montenegro, substantially in the form set forth in Annex E, confirming to the CEB's satisfaction, that the Agreement has been duly executed by authorised representatives of the Beneficiary and that the Agreement is valid, binding and enforceable in accordance with its terms in the Beneficiary country's jurisdiction; and
- (iii) evidence that the Donor Agreement, accurately reflecting the terms of Technical Assistance agreed upon between the Beneficiary and the CEB, between the United Nations, as represented by the United Nations Economic Commission for Europe, and the Beneficiary, for the implementation of the Technical Assistance, is in full force and effect.

- (b) Conditions precedent to any further disbursement:

The disbursement of each subsequent Tranche of the Grant pursuant to Article 2.2 (*Payment Procedures*) is conditional upon receipt by the CEB in form and substance satisfactory to it of:

- (i) written confirmation that there has been no change regarding the persons authorised to execute Disbursement Requests on behalf of the Beneficiary, or updated evidence of the person(s) authorised to execute the corresponding Disbursement Requests on behalf of the Beneficiary, together with the authenticated specimen of the signature(s) of such person(s); and
- (ii) Progress Report as defined in Article 8 (Monitoring and Reports) of the Agreement.

2.6 Obligation to pay

It is expressly acknowledged and agreed that the CEB shall not be obliged to make any payment under and/or pursuant to this Agreement, except to the extent that an amount in respect of, and equal to, such payment is available in the Fiduciary Account and has been allocated by the CEB for the purpose of the Technical Assistance.

Article 3 Conditions for use of the Grant

3.1 Use of the Grant

- (a) The Grant made available by the CEB shall be used exclusively to finance the components and activities of the Technical Assistance (as described in Annex A-1).
- (b) The Grant may only finance the costs that meet the criteria described in Annex A-1 in order to be eligible for financing under the Grant (hereinafter, "**Eligible Costs**"). The Grant may not be used to finance non-eligible costs as listed in Annex A-1 (the "**Non-Eligible Costs**").
- (c) The Beneficiary Account's credit balance cannot accrue negative interest and any positive interest earned shall be used exclusively to fund the Technical Assistance.

3.2 Repayment

Any balance remaining on the Completion Date, and which is unpaid by the Beneficiary on the Final Report Date or any repayment of the Grant in accordance with the Agreement shall be refunded to the CEB in Euros and deposited in Euros in the following account, unless otherwise agreed by the Parties:

Holder name: Council of Europe Development Bank
Holder address: 55, avenue Kléber 75116 Paris, France
Holder swift code: CEFP FRPP
Bank name: Deutsche Bank AG, Frankfurt
Bank address: Taunusanlage 12
D-60325 Frankfurt am Main
Bank swift code: DEUT DE FF
IBAN: DE44 5007 0010 0928 7384 00
Reference: SIGA-24-TA-MNE – Unused funds

The Beneficiary shall notify the CEB by email of the following: (a) the amount refunded; (b) the value date of the refund; (c) that the refund is from the Beneficiary pursuant to this Agreement.

3.3 Visibility and use of the name, logo, emblem and official seal of the CEB

- (a) The Beneficiary shall take all appropriate measures to always acknowledge and make public that the Technical Assistance received funding from the Slovak Inclusive Growth Account of the CEB.
- (b) In particular, information given to the Technical Assistance's stakeholders, to the media, as well as any promotional materials, shall acknowledge that the Technical Assistance was carried out "with funding from the Slovak Inclusive Growth Account of the Council of Europe Development Bank". The acknowledgement of CEB and of the SIGA, including the corresponding logo and the Slovak Republic flag, shall be given clear visibility in terms of size and prominence. In addition, when the logo of the Beneficiary is displayed in publications, the CEB logo and the Slovak Republic flag shall be displayed at least as prominently.
- (c) Specific reports on the implementation of the Technical Assistance prepared by the Beneficiary, and funded with the Grant proceeds must carry the following statement:
"This document has been produced with the financial assistance of the Slovak Inclusive Growth Account of the Council of Europe Development Bank. The views expressed herein are those of [name of author] and can therefore in no way be taken to reflect the official opinion of the CEB."
- (d) The Progress Report and the Completion Report defined in Article 8 (*Monitoring and Reports*) of the Agreement shall include the measures taken by the Beneficiary to ensure the visibility of the CEB, the SIGA and the Slovak Republic.

Article 4

Responsibility for the implementation of the Technical Assistance

- 4.1 The Beneficiary, through the Ministry of Spatial Planning, Urbanism and State Property shall be responsible for the implementation of the Technical Assistance in accordance with the Agreement.
- 4.2 The Donor Agreement signed between the Beneficiary and the United Nations Economic Commission for Europe shall define their respective roles and responsibilities in the implementation of the Technical Assistance. The Donor Agreement may be modified in consultation with the CEB.

- 4.3 The Beneficiary shall keep the CEB informed of the progress of the Technical Assistance, providing to the CEB the information and reports required under Articles 7 and 8 of the Agreement.
- 4.4 Failure to comply with the implementation of Technical Assistance undertakings set forth under this Article 4 would constitute, irrespective of any other applicable provision of the Agreement, a breach of obligations under Article 10 hereunder.

Article 5

Particular undertakings

5.1 Use of the Grant

The Beneficiary undertakes that it will use the proceeds of the Grant solely for the financing of the Technical Assistance, as further described in Articles 3.1 and 3.2 hereinabove.

5.2 Care and Diligence

The Beneficiary shall apply all care and diligence, and shall exercise all typically used means (including, but not limited to, legal, financial, managerial and technical means) required for the proper implementation of the Technical Assistance.

5.3 Procurement

Procurement of supplies, works and services to be financed under the Technical Assistance shall comply with the Procurement Guidelines.

5.4 Environmental and Social Safeguards

The Beneficiary shall implement the Technical Assistance in conformity with the requirements set forth in the Environmental and Social Safeguards Policy.

5.5 Human Rights

The implementation of the Technical Assistance shall not lead to a violation of the European Convention on Human Rights and of the European Social Charter.

5.6 Increased Costs

Should the cost of completing the Technical Assistance exceed the original budget as set out in Annex A-2, the Beneficiary shall obtain the additional financial resources to fund the excess cost without recourse to the CEB. The plans to finance the increased costs shall be communicated to the CEB without delay. In any event, the CEB does not undertake to cover any expenses in excess of the Grant amount defined under Article 2.1 of the Agreement.

5.7 Completion

- (a) The Beneficiary shall ensure that the Technical Assistance is carried out and completed within the Completion Date, unless otherwise agreed by the CEB in writing.
- (b) The aforementioned deadline and any others that may be stipulated in this Agreement may be extended only when duly justified, and with the prior written consent of the CEB.

5.8 Ownership, right to use results and transfer of equipment

- (a) To the extent legally possible, ownership, title and industrial and intellectual property rights of the results of the Technical Assistance including the reports and other documents relating to it shall vest in the Beneficiary, as the case may be together with third parties or as otherwise agreed by the CEB.
- (b) Notwithstanding the provisions of the Paragraph (a) above, the Beneficiary shall grant, and shall act to ensure that the third party concerned grants the CEB the right to use free of charge those results referred to in the Paragraph (a) of this Article 5.8 which are subject to industrial or intellectual property rights.

5.9 Donor Agreement

Should there be any inconsistency between the Donor Agreement and the terms of the Technical Assistance, the latter shall prevail.

Article 6 Integrity

6.1 The Beneficiary undertakes that:

- (a) it will institute and thereafter comply with internal policies, procedures and controls, in line with applicable legislation and international best practices, for the purpose of preventing the Grant to become, in connection with the implementation of the Technical Assistance or otherwise, an instrument for money laundering, terrorism financing, tax avoidance, tax fraud or tax evasion;
- (b) it will not make any Grant proceeds available to or for the benefit of, directly or indirectly, any Sanctioned Person; and
- (c) it will not commit, and no person, with its consent or prior knowledge, will commit, in connection with the implementation of the Technical Assistance or the execution of any contract under the Technical Assistance, a Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice or Obstructive Practice (hereinafter, together with money laundering, terrorism financing, tax avoidance, tax fraud or tax evasion and making available any Grant proceeds to Sanctioned Persons referred as "**Prohibited Practices**").

For the purposes of the Agreement:

"**Corrupt Practice**" means any act of offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;

"**Fraudulent Practice**" means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit, or to avoid an obligation;

"**Coercive Practice**" means any act of impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;

"**Collusive Practice**" means any arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party;

"**Obstructive Practice**" meaning in relation to an investigation into a Coercive Practice, Collusive Practice, Corrupt Practice or Fraudulent Practice in connection with this Grant or the Technical Assistance, (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation; (b) any act of threatening, harassing or intimidating any party to

prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, and/or (c) any act intending to materially impede the exercise of the contractual rights of audit or access to information.

6.2 The Beneficiary undertakes:

- (a) to inform CEB should it become aware of any alleged or suspected failure to comply with the above undertakings;
- (b) to take such action as CEB may reasonably request to investigate and/or terminate any alleged or suspected act or failure to comply with the above undertakings;
- (c) to facilitate any investigation that CEB may make in relation to any such act or failure to comply with the above undertakings;
- (d) to inform CEB of the measures taken to seek damages from the persons responsible for any loss resulting from any such act or failure to comply with the above undertakings; and
- (e) to inform the CEB during the implementation of the Technical Assistance, when it becomes aware that transmitted information needs to be rectified, updated or removed.

6.3 The Director General for Housing of the Ministry of Spatial Planning, Urbanism and State Property shall be responsible for contacts with the CEB for the purposes of this Article 6.

Article 7

Information requirements

7.1 *Documents to be retained*

The Beneficiary undertakes (i) to retain, at its premises, for inspection during six (6) years following the Completion Date, each contract financed by means of the Grant the full terms of the contract itself, as well as all material documents pertaining to the procurement process and to the execution of the contract, and (ii) to procure that CEB may inspect the contractual documents that the suppliers, contractors and/or service providers are obliged to retain under the relevant contracts.

7.2 *Accounting records to be retained*

The Beneficiary shall keep accounting records concerning the Technical Assistance during six (6) years following the Completion Date, which shall be in conformity with international standards, showing, at any point, the Technical Assistance's state of progress, and which shall record all operations made and identify the goods, works and services financed with the support of the Grant.

7.3 *Obligation to respond to request for information*

The Beneficiary undertakes to promptly respond to any request for information from the CEB and to provide it with any documentation that CEB should consider necessary and may reasonably request for the proper implementation of the Technical Assistance, including, among others, audit reports, accounting statements as well as information concerning the monitoring of the Technical Assistance and the use of the Grant.

7.4 *Obligation to inform*

The Beneficiary shall inform the CEB immediately of any legislative or regulatory change in the sectors relevant to the Technical Assistance, and, in a general sense, of any event which may have a material adverse impact on the execution of its obligations under this Agreement or of any fact or event that might prevent the fulfilment of any of its obligations hereunder. Any such event or the

failure to inform the CEB thereof may give rise to the suspension, cancellation or immediate repayment of the Grant.

Article 8 **Monitoring and Reports**

8.1 Concerning the Technical Assistance

(a) Progress Report

The Beneficiary shall confirm in writing to the CEB and provide written evidence where applicable that the following has been delivered (hereinafter, a "**Progress Report**"), during the Implementation Period and prior to second Disbursement Request:

- Establishment of the Country Profile team of national experts (Phase I, point 3 of Annex C)
- Outline of the Country Profile prepared and agreed upon by Beneficiary
- Preliminary mission undertaken by UNECE (Phase I, point 4 of Annex C)
- Team of international experts established (Phase I, point 5 of Annex C)
- Research mission with stakeholder workshop undertaken (Phase I, point 6 of Annex C)
- Report of the stakeholder workshop delivered (Deliverable 6 of Annex C).

(b) Completion Report

Upon completion of the Technical Assistance and no later than on the Final Report Date, the Beneficiary shall submit to the CEB a Completion Report deemed satisfactory by the CEB confirming in writing that the deliverables under the Annex C have been delivered and provide CEB the Country Profile of Montenegro and two pre-feasibility studies as set out in Annex C hereto (hereinafter, a "**Completion Report**").

8.2 Visits

The Beneficiary shall:

- (a) invite CEB to participate in any of its evaluation missions to be conducted during or upon completion of the Technical Assistance; and
- (b) favourably receive any monitoring, technical or evaluation visits carried out by the CEB's staff members, designated third parties and/or the Donor, and provide all the necessary co-operation thereof, including by facilitating on-site visits.

8.3 Financial Management/Audit

If deemed necessary by the CEB, the Beneficiary undertakes to favourably receive any on-site audit carried out by the CEB or a designated third party and to provide all the necessary co-operation thereof, including by facilitating any possible on-site visits. Costs of outside consultants contracted by the CEB for purposes of financial management/audit will be borne by CEB.

Article 9 Charges

9.1 Stamp Duties and Registration Fees

The Beneficiary shall pay all charges or fees of whatever nature including stamp duty and registration fees, arising out of the execution or implementation of this Agreement and documents relating thereto, in accordance with the applicable local laws.

9.2 Other Charge

The Beneficiary shall bear their own professional and banking charges as well as any transfer or exchange charges, incurred for the execution of this Agreement or the implementation of the Technical Assistance.

Article 10

Breach of obligations and other grounds to suspend, cancel or demand repayment

10.1 Right to suspend, cancel or demand repayment

The CEB reserves the right to suspend disbursements, cancel the undisbursed portion or request immediate repayment of all or a portion of the Grant, as the case may be, in any of the following circumstances:

- (a) *Breach of obligation under this Agreement.* Where the Beneficiary fails to comply with any obligation imposed on them hereunder within a time reasonably specified in a notice served by the CEB on the Beneficiary requiring compliance;
- (b) *Breach of obligation.* Where the Beneficiary fails to fulfil, within a time reasonably specified in a notice served by the CEB on the Beneficiary requiring compliance, an obligation arising out of any grant agreement, loan agreement or guarantee agreement entered into between the CEB and the Beneficiary, and where CEB deems that its interests and objectives are prejudiced thereby;
- (c) *Non-payment.* where the Beneficiary (as borrower or guarantor) fails to pay any amount of principal, interest or other sum payable under any loan agreement or guarantee agreement between the CEB and the Beneficiary on the date upon which the amount is due and payable;
- (d) *Material adverse change.* Without prejudice to Article 11 of this Agreement (*Force majeure*), in any circumstance which, in the CEB's opinion, may render unlikely the attainment of the objectives of the Technical Assistance. Under these circumstances, the CEB shall notify in writing the Beneficiary so that it may present its points of view before suspending the disbursement, or cancelling the undisbursed portion of the Grant.
- (e) *CEB membership.* Where the Beneficiary ceases to be a Member State of the CEB.

10.2 Other Rights at Law

Paragraph 10.1 of this Article shall not restrict any other right of the CEB to demand repayment of the Grant.

Article 11
Force majeure

The Beneficiary shall not be liable for any delay in performing or failure to perform any of its obligations under this Agreement if such delay or failure is caused by force majeure, such as civil disorder, military action, natural disaster and other circumstances which are beyond the control of the Beneficiary. In such event, the Beneficiary will give immediate notice in writing to the CEB of the existence of such cause or event and of the likelihood of delay.

Article 12
Indemnity

The Beneficiary shall indemnify the CEB against all damages, losses, costs and expenses suffered or incurred by the CEB, *inter alia*, as a result of any act or omission committed by it from their failure to comply with any of their obligations set out in this Agreement, for their gross negligence, for any act of wilful malfeasance and for any fraudulent act.

Article 13
Confidentiality and Data Protection

The CEB will treat any information provided to it by the Beneficiary pursuant to this Agreement, in accordance with CEB's Public Information Policy. The Beneficiary shall preserve the confidentiality of any document, information or other material directly related to the implementation of the Technical Assistance that is communicated by the CEB as "confidential". The confidential nature of a document shall not prevent it from being communicated to a third party when the law binding on the Beneficiary so requires.

The processing of any personal data in connection with the Agreement shall be carried out by the CEB in accordance with the CEB's Data Protection Regulations.

Article 14
Representations and warranties

14.1 The Beneficiary represents and warrants:

- (a) that it is duly authorised to enter into the Agreement and it has given the signatory(ies) the authorisation therefor, in accordance with the laws, decrees, regulations and other texts applicable to it;
- (b) that the preparation and execution of the Agreement does not contravene the laws, decrees, regulations and other texts applicable to it; in particular, that it complies with the laws on fraud, corruption, money laundering and financing of terrorism, prevention of tax avoidance, tax fraud or tax evasion and does not enter into business relationships with Sanctioned Persons;
- (c) it is not and none of its officers, directors, agent or employees is a Sanctioned Person or is the subject of a final and irrevocable court ruling in connection with Prohibited Practices perpetrated in the exercise of its professional duties and none of them did or does enter into business relationships with Sanctioned Persons;
- (d) that it has received a copy of and is aware of the following rules and policies of the CEB: Loan and Project Financing Policy, Procurement Guidelines, Environmental and Social Safeguards Policy, the Data Protection Regulations and Public Information Policy.

- 14.2 If any of the above representations and warranties is or proves to have been incorrect or misleading in any respect during the life of the Grant, the CEB may exercise any of its rights under Article 10.

Article 15 **Notices**

15.1 Any notice to be given to either Party and any other communication with respect to the Agreement (other than such as arise out of litigation) shall be effectively made or sent by registered letter or letter with recorded delivery to the Parties as addressed below. The address of either Party may be changed by notices in the manner set out in Article 16.2 hereunder.

15.2 Any notice to CEB shall be addressed to:

Council of Europe Development Bank
55, avenue Kléber
75784 Paris Cedex 16 – France

Attention: Deputy Director, Directorate for Loans and Social Development
Copy to: Head, Grant Operations & New Instruments Division

E-mail: rainer.lovato@coebank.org; jasmina.glisovic@coebank.org

Any notice to The Beneficiary shall be addressed to:

Ministry of Spatial Planning, Urbanism and State Property of Montenegro
IV Proleterske 19
81000 Podgorica, Montenegro

Attention: Radmila Lainović, Director General for Housing

E-mail: radmila.lainovic@mdup.gov.me

Article 16 **Modifications**

16.1 Any modifications to the terms and conditions of this Agreement shall be made through a formal written amendment to the Agreement, duly signed by the authorised representatives of the Parties. Such amendment shall enter into force in accordance with the same modalities as described under Article 19 (Entry into force).

16.2 By way of derogation from paragraph 16.1:

- (a) the Beneficiary may proceed, after a prior consultation of the CEB, with budget revisions purporting to reallocate no more than twenty per cent (20%) of the amount initially allocated between budgetary components as agreed between the Beneficiary and United Nations Economic Commission for Europe and subsequently agreed by CEB, as set out in Annex A-2 (Technical Assistance Budget), and
- (b) changes of address may simply be notified in writing to the Parties.

Article 17

Illegality

If it is or becomes unlawful in any jurisdiction for the CEB to make, maintain or fund the Grant or perform any of its obligations under this Agreement, the CEB may exercise any of its rights under Article 10.

Article 18

Dispute settlement

- 17.1 Any dispute arising out of or in connection with the Agreement, including its existence, validity, interpretation or termination shall be settled amicably by negotiation between the Parties.
- 17.2 In default of amicable settlement, disputes between the Parties with respect to the Agreement shall be subject to arbitration under the terms and conditions laid down in Annex D hereto. The Parties agree not to take advantage of any privilege, immunity or legislation before any jurisdictional or other authority, whether domestic or international, in order to object to the enforcement of an award handed down under the conditions laid down in Annex D hereto.
- 17.3 Nothing in or relating to this Agreement shall be deemed a waiver (express or implied) of any of the privileges and immunities accorded to the CEB.

Article 19
Entry into force and validity

This Agreement shall enter into force on the date of the last signature by the Parties.

IN WITNESS WHEREOF, the undersigned, being duly authorised thereto, have signed the Agreement in the English language in four (4) originals.

Signed in Podgorica

on 07.03.2025.

Signed in Paris

on 4. III. 2025

For Montenegro

Name: *Slaven Radenković*
Title: *minister*



For the Council of Europe Development Bank

Name:
Title:

Cristian TABACARU
L&D Director



Name:
Title:

Rafael Ruiz Sánchez
Director R&C



APPENDICES

- (i) Annex A-1: Description of the Technical Assistance
- (ii) Annex A-2: Technical Assistance budget
- (iii) Annex B-1: Disbursement Request (Template)
- (iv) Annex C: UNECE Project Document
- (v) Annex D: Dispute Settlement
- (vi) Annex E: Form of Legal Opinion

ANNEX A-1

Description of the Technical Assistance

Technical Assistance	Development of a country profile for Montenegro, including the country's social housing needs assessment and the feasibility studies for housing purchase and rental housing programs, with the aim of supporting vulnerable populations in Montenegro.
Beneficiary	Montenegro
Implementing Entity	Ministry of Spatial Planning, Urbanism and State Property, who in turn will contract United Nations Economic Commission for Europe (UNECE) to carry out the Technical Assistance.
Approval by the CEB's Governor	20 March 2024
Grant amount	EUR 248 826
Location	Montenegro
Planned activities	Technical Assistance includes: (i) the development of a country profile on urban development, housing and land management policies, strategies, institutional and financial frameworks, (ii) a feasibility study on a new program supporting access to property for first time owners with limited income, (iii) a feasibility study on a new program supporting rental social housing.
Indicative Implementation Schedule	November 2024 – June 2026
Completion Date	31 December 2026
Eligible costs	As according to the Budget in Annex A-2, including: Staff and personnel (consultants) remuneration; Travel costs of consultants and staff to missions, meetings and presenting outcomes; Operating and direct costs related to workshops and other project related costs; Contractual services for editing and translations; UN programme support costs and coordination levy.
Non-Eligible Costs	Financial costs or charges (payment of debts, refinancing, interest charges, negative interest rates, etc.); All direct taxes, duties, levies, and other charges.
Monitoring and reporting	As per Article 8.
Social effects	Country profiles are important tools to analyse the countries' urban development, housing and land management policies, strategies, institutional and financial frameworks and to compare the progress made internationally. The Country profiles also include concrete policy recommendations for policy reforms, revisions or development of new laws and regulations as well as proposals for new programs and projects. The country profile will feed into the Housing Strategy of Montenegro for the period 2024-2034 and its Action Plan. Furthermore, based on the state of play drawn by the country profile,

the assignment will provide preparatory work on programs supporting rental and purchase of homes for vulnerable population, which struggles in a situation of high interest rates, high inflation and greater real estate costs.

**ANNEX A-2
TECHNICAL ASSISTANCE BUDGET**

Code	Budget class	Activity/ Purpose	Total amount (EUR)
10	Staff and personnel (consultants)	Consultants to organize and coordinate the work on the country profile, to collect data and conduct interviews, analyze the information and draft chapters; and to prepare the two pre-feasibility studies	140,000
160	Travel of consultants and staff	Travel of consultants and UNECE secretariat staff to Montenegro: a preliminary mission and a research mission, including a back-to-back stakeholder meeting; and a workshop to present outcomes	49,000
125	Operating and other direct costs	Operating and other direct costs towards workshops; and other costs related to the project (e.g. rental of premises/equipment; local transportation rental; communication (tel/internet) costs; payment of freight/postal costs for shipment of materials; visa costs; office supply costs)	10,000
120	Contractual services (individual contractors)	Editor and interpretation and translation services	19,020
Budget Sub-total			218,020
UN Programme Support Costs			28,343
Coordination levy 1%			2,464
Budget total			248,826

ANNEX B
DISBURSEMENT REQUEST
(Template)

<Date, place>

To the attention of:

CEB

Council of Europe Development Bank

55 avenue Kléber

75116 Paris, France

Reference number:

Dear Sir/Madam,

We hereby request disbursement of the *<Enter number of the tranche>* Tranche under the Grant Agreement referred above dated [*•*] between the Council of Europe Development Bank and [].

The amount requested is EUR *<...>*.

Please find attached the following supporting documents:

The disbursement of the Tranche should be made to the Special Account referred to in Article 2.3 of the Grant Agreement.

We hereby certify that the information contained in this Disbursement Request is complete and reliable and that this Disbursement Request is substantiated by appropriate and verifiable supporting documents.

Yours faithfully,

<Authorised Signatories>

ANNEX C
UNECE Project Document

COUNTRY PROFILE ON URBAN DEVELOPMENT, HOUSING AND LAND-MANAGEMENT OF MONTENEGRO

I. Background and main objectives

Montenegro is in the process of negotiating the terms of its accession to the European Union (EU), as part of its broader efforts to further its reform and development efforts across all sectors, including housing, land administration and land management. It aims to align these sectors with the requirements of the EU Acquis as well as internationally recognized standards and best practices, with a view to scaling up sustainable urbanization and improving quality of life of its population. The main challenges towards this end include: the country's poor-quality housing; the lack of adequate and affordable housing; and the persistent problem of informal settlements.

The achievement of these challenges is complicated by the growing pressure on the country's housing and basic infrastructure, further exacerbated by climate change and the significant burden on the Government's financial resources from the lingering effects of the COVID-19 pandemic. The adverse conditions are undermining Montenegro's ability to achieve sustainable, inclusive growth as envisaged in the 2030 Agenda for Sustainable Development (2030 Agenda).

The primary objective of the project is the development the Country Profile on Urban Development, Housing and Land Management of Montenegro to address the challenges identified.

It will be carried out by the United Nations Economic Commission for Europe (UNECE) at the request of the Government of Montenegro. It will draw from experience gained from previous country profiles on housing and land management.

The Country Profile will analyze the country's urban development, housing and land management policies, strategies, institutional and financial frameworks and compares the progress made internationally, while drawing on UNECE's principles and guidelines such as, the Geneva UN Charter on Sustainable Housing, the Regional Action Plan "Place and Life", and the Smart Sustainable Cities methodology.

Building on the analysis, the Country Profile will provide action-oriented recommendations for addressing the identified immediate and long-term improvement and capacity needs at the planning and implementation levels for improving the country's performance in the fields it covers, including proposals for legislative and policy reforms, and programmes and projects for capacity building. Based on the lessons learned, the policy recommendations aim to be: (i) context specific and action-oriented; (ii) based on broad consultations with relevant authorities and representatives of civil society. To the extent feasible, the country profiles will include concrete proposals for financing the implementation of the agreed upon recommendations.

In 2023, UNECE completed an assessment of the housing strategy of Montenegro and the results of that assessment will be integrated into the country profile.

The second project objective will be based on the development of the Country Profile, consisting of the conduct of the following two pre-feasibility studies for:

- (a) A follow-up project on affordable mortgage to the 1000+ Project - Affordable housing project in cooperation with The Council of Europe Development Bank (CEB), implemented by the Ministry of Ecology, Spatial Planning and Urbanism; and
- (b) Social and energy efficient housing project.

The appendix I to the present project document includes a preliminary structure of the Country Profile.

II. Preparatory steps and procedures of the Country Profile and other project deliverables

The Country Profile will be prepared according to the [Guidelines for the preparation of UNECE Country Profiles on Urban Development, Housing and Land Management](#) involving three main phases and the following steps:

Phase I. The preparation of the country profile of Montenegro on Urban Development, Housing and Land Management including a need assessment

- 1. Request from the Government:** The Ministry of Ecology, Spatial Planning and Urbanism of Montenegro requested assistance from UNECE for the development of the Country Profile in its letter of 24 January 2022. The UNECE Committee on Urban Development, Housing and Land-Management approved the request at its 83rd session in October 2022.
- 2. Nomination of a focal point:** The country assigned Ms. Radmila Lainović, Director General for Housing at the Ministry of Spatial Planning, Urbanism and State Property of Montenegro as the national focal point for the project – to coordinate the national efforts and to facilitate the country profile preparation process.
- 3. Establishment of a national team of experts:** The national team of experts is established by the host government to support the international team once the funding is confirmed.
- 4. Preliminary mission:** The secretariat will undertake a preliminary mission to the country, preliminarily in early 2025, to establish contacts with the national, regional and local organization stakeholders involved in housing, urban development and land administration and management and to collect information materials that could be useful to the international experts. After the mission, the structure of the country profile is drafted and a list of national experts with contact data is established.
- 5. Establishment of an international team of experts and collection of background data and information:** The secretariat establishes a team of international experts for the drafting of the chapters, including professionals in housing policy, housing finance, urban planning and management, land administration and land management. The international consultants are contracted competitively according to the UN rules.
- 6. Research mission:** The research or the fact-finding mission is conducted by the secretariat and the international team of experts. The experts are requested to submit a two-page draft outline of their chapters, with the main points to be covered by the chapters, to the secretariat at least one month prior to the research mission. The mission is initially scheduled for spring 2025. It will consist of: (a) a meeting with the government representatives; (b) individual interviews with national and local stakeholders; and (c) stakeholder consultations – one or more workshops with relevant stakeholders, including representatives of women and youth organizations; and the organizations representing other vulnerable groups.
- 7. Preliminary chapter drafts:** International experts prepare comprehensive first drafts of their chapters after the research mission; the expected length of a chapter is 7-10 pages (in 10-point Times New Roman with single line spacing). Each chapter includes proposed policy recommendations. The timeline for the draft chapters is 6-8 weeks after the research mission.
- 8. Revised draft:** The secretariat and the international experts cooperate to create a revised and harmonized draft with the recommendations, which is sent to the country authorities for acknowledgement and verification. They should be prepared by early summer 2025.
- 9. Peer review process** with experts of the Committee and with the government representatives: This procedure is conducted to discuss findings and draft recommendations of the country profile. The peer-review is to take place in summer/early Autumn 2025.
- 10. Development of the two pilot projects** based on the policy recommendations (in Autumn 2025 - in parallel with the drafting of the Country Profile profile).
- 11. Final draft of the Country Profile:** The secretariat and the lead consultant will produce a final draft by mid-September, incorporating all the comments; to be presented to the Committee for approval (of its publishing as an official UN publication)

Phase II. The preparation of two feasibility studies

- 12. Two feasibility studies** are drafted in parallel with the development of the country profile during the first

phase, with the drafts presented to the Committee in October 2025; The final draft reports of the two feasibility studies are prepared by December 2025.

Phase III. The publishing of the Country Profile and its presentation to stakeholders in Montenegro, together with the feasibility studies (beyond the end of the project).

13. **Publication:** After the draft country profile is approved (for publishing) by the Committee at its 86th session (initially in October 2025), and upon the preparation of its final layout by the UN secretariat, it is submitted for publishing in English as an official UN publication in 2026. It would be possible thereafter to prepare an informal translation of the Country Profile to Montenegro (by the Government of Montenegro).

14. **Launch event:** Once the publication is available as a hard copy, it, together with the final feasibility studies, will be presented to the Montenegrin stakeholders in the first half of 2026, at a launch event to be held in the country with the participation of a wide range of international and national actors. The publication and the feasibility studies will also be presented to the Committee at its 87th session in October 2026 (The date is to be agreed with the Government after the availability of the printed publication).

15. **Distribution:** Hard copies of the official UN publication are sent to the government of Montenegro further to the distribution list made available by the Government beforehand and to the Council of Europe Development Bank.

III. Deliverables

The project will provide the following quantified and non-quantified deliverables:

1. Country Profile of Montenegro with the analysis and specific policy recommendations to the Government - Please see the Country Profile initial structure outline in appendix 1 to the present project document.
2. Establishment of a national and an international, teams of experts;
3. UNECE actor-oriented questionnaires;
4. A draft report on the feasibility study for the support of the new phase of the 100Plus programme or a new affordable housing program which would target underserved municipalities and/or including rental housing, which will use some preliminary inputs from the country profile
5. A draft report on the feasibility study for the design of a new programme for social, including rental, and energy efficient housing.
6. Report of the stakeholder workshops to identify needs of vulnerable groups in Montenegro, including women and youth organizations;
7. Report of the launch event/workshop in Montenegro where findings and recommendations will be presented and discussed with the government, international organizations and investors;

IV. Contribution to SDG implementation

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
N	Y	Y	N	Y	Y	Y	Y	Y	N	Y	N	N	N	N	Y	Y

- The Country Profile's in-depth analysis of the housing, urban development and land management sectors will focus on ensuring the achievement of Sustainable Development Goal (SDG) 11, with a special focus on target 11.1 The aim is also to bolster the rule of law and access to information (SDG 16); support policy coherence (SDG 17), use science and technology for developing urban planning capacity (SDG 17), and establish a National Housing Agency, which will be a modern agency fit for spearheading housing reforms, thereby contributing to the achievement of SDG 17. Moreover, by focusing on improving the quality, safety and climate resilience of construction activities, the country profile will contribute to SDGs 3, 6, 7 and 9.

- The Country Profile will address issues emerging from the UNECE's assessment of the country's housing strategy, supporting thereby the achievement of the New Urban Agenda, and contributing to the achievement of SDG 11.
- The Country Profile will feature a special focus on public and private enterprises involved in construction activities, with a view to capture the requirements for developing their innovative capacity and bringing them up to international best practices and regulatory requirements in regard to the energy efficiency in buildings, with a special focus on residential buildings, and use of construction materials. Further, an assessment of both, the role of the Government and the framework for construction will identify potential challenges, formulate recommendations for actions and thereby contribute the achievement of SDGs 8 and 9.
- The Country Profile will also focus on the challenges faced by low-income and other vulnerable household groups, especially targeting female-headed households belonging to low-income groups, as well as other vulnerable groups of the population, including migrants, young people, people with disability, thereby contributing to SDG 5.
- By focusing on improving housing affordability, the Country Profile will contribute to SDG 2.
- The Country Profile will be prepared by the UNECE in cooperation with UN agencies including UN-Habitat, thereby contributing to SDG 17.

V. Beneficiary governmental bodies and target group

- Direct beneficiaries: National government agencies, including line Ministries and specialized bodies, and local authorities.
- Indirect beneficiaries: households, representatives of civil society organizations and enterprises engaged in construction.
- The Country Profile will address the challenges facing low-income householding groups, especially targeting female-headed households belonging to low-income groups, drawing on available statistics and interviews with national and international women's organizations and NGOs.

VI. Implementing partners

The Country Profile will be conducted in cooperation the Ministry of Ecology, Spatial Planning and Urbanism and involving other relevant Government entities. An intersectoral Steering Committee will be established to ensure broad-based consultations and responsiveness to the country's needs.

Local stakeholders, including academia, private sector (in the fields of construction, energy efficiency, homeowner associations) and relevant civil society organizations will be involved in the project.

Coordination in the implementation of the project will be ensured with the UN Residents Coordinators' office, CEB, UNDP and UNEP.

VII. Project scope

The project will focus on: the housing sector, the housing finance model, with a special emphasis on sustainability and affordability, the recommendation for establishment of a national housing fund, establishing a national housing agency (which currently does not exist in Montenegro), recommendations in the development of smart and sustainable cities, energy efficiency in housing, legalization of informal settlements; housing will be considered as part of the urban development process – please see the [UNECE Regional Action Plan "Place and Life"](#) for the conceptual framework.

The Country Profile will include a comprehensive analysis of the legal and institutional frameworks for housing and urban development in Montenegro as well as topics of housing management and financing. The Country Profile will be an analytical study of the housing and urban development policies situation in Montenegro, with all available comprehensive data and information available in this one publication. The preparation of the Country Profile aims to support the improvement of the national and local level data collection and analysis. The Country Profile Montenegro will include a chapter with a case study of the housing market of Podgorica.

It will also provide a mapping of ongoing initiatives in the housing sector implemented in cooperation with relevant international institutions, including the Council of Europe Development Bank-CEB, such as the social housing project - Project 1000+ apartments.

Moreover, as part of the project two follow up proposals for technical assistance projects will be developed:

(1) a pre-feasibility study for the support of the new phase of the 100Plus programme or a new affordable housing programme which would target underserved municipalities and/or including rental housing, which will use some preliminary inputs from the country profile; and

(2) a pre-feasibility study for designing a new programme on social and energy efficient housing.

VIII. Expected project impact

The conduct of the Country Profile supports sustainable national policy and legislative development in the sectors covered. It will also provide evidence on the status of access of the population to affordable and decent housing and urban infrastructure. This will allow the development of arguments for specific policy reforms of the housing sector and implementation of specific projects, including on social housing, building and refurbishing residential housing and related urban infrastructure.

The Country Profile's specific recommendations will pave the way for the preparation of new innovative projects in the housing and urban sectors. Therefore, the analysis and the related policy recommendations provided will facilitate public and private investments in the housing sector.

Following the completion of the Country Profile, the Committee on Urban Development, Housing and Land Management may also develop concrete project proposals for investments into affordable and energy efficient housing. The proposals will reflect the Country Profile recommendations for technical assistance projects.

IX. Relationship to the UNECE Programme of Work

The project is directly linked to the achievement of the UNECE Strategic Frameworks 2023, 2024 and 2025 Housing and Land Management Component of Sub-programme 08: Housing, Land Management and Population expected accomplishments, such as (b) Strengthened implementation of ECE guidelines on housing, urban development and land management.

It also supports the implementation of the New Urban Agenda, the Geneva United Nations Charter on Sustainable Housing, and the Ministerial Declaration on Sustainable Housing and Urban Development.

X. Payment requirements and steps

UNECE and the Ministry will sign a donor agreement which will stipulate the payment, project implementation and reporting requirements. The budget and the schedule of payment are annexed to the agreement.

The use of the funds is governed by the UN and UNECE rules and procedures. Consultants and individual contractors will be hired according to these rules.

Travel and other expenses are to be covered for the experts directly by UNECE according to the UN rules.

The UNECE administrative overhead is 13 per cents.

At the end of the project, UNECE will provide with the narrative and financial report in addition to the publication of the Country Profile and other deliverables.

XI. Expected outcomes

EO1. The Country Profile of Montenegro with relevant comprehensive data and information; analysis and concrete recommendations for revisions of policies and development of new programmes and projects. The analysis will include the topics of housing affordability, energy efficiency, needs of low-income and vulnerable groups in Montenegro with regards to the housing market, climate risks relevant for housing and land management in Montenegro and measures for disaster risk reduction; market responses to housing solutions and construction market.

EO2. Two specific project proposals for follow up activities: (1) a draft project proposal for the support of the new phase of the 100Plus programme or a new affordable housing programme which would target underserved municipalities and/or including rental housing, which will use some preliminary inputs from the country profile (see appendix 2); and (2) a draft project proposal for designing a new programme on social and energy efficient housing – (see appendix 3).

XII. Indicators of achievement

IA1. The Country Profile developed and feeds into the development of the new Montenegro Housing Policy 2022 – 2030.

IA2. Two specific reports on pre-feasibility studies for follow up activities are produced and supported for funding by the Government: (1) a draft pre-feasibility study report for the support of the new phase of the 100Plus programme or a new affordable housing programme which would target underserved municipalities and/or including rental housing, which will use some preliminary inputs from the country profile; and (2) a draft pre-feasibility study report for designing a new programme on social and energy efficient housing.

XIII. Main activities

The following specific activities will be implemented:

Set up the Steering Committee in Montenegro and an advisory for the local stakeholders

A1.1. Establish a technical group of experts and Steering Committee at National Level

Fact-finding missions

A1.2 A preliminary mission to the country in order to establish contacts with the national, regional and local organization stakeholders involved in housing, urban development and land administration and management

A1.3. A fact finding/research mission to Montenegro, to discuss the main elements of the Country Profile on housing, urban development and land policy and agree on the outline and collect relevant data

Desk research and interviews

A1.5 Desk research followed by online interviews with relevant local and national agencies as well as those involved in the construction sector and housing association using the UNECE actor-oriented questionnaires, including analysis of the following: Energy Efficiency, Disaster Risk Reduction, Climate Risks, Market Response to Housing Solutions and Construction Market.

A1.6 Drafting of the different chapters and preparation of a zero draft

A1.7 Review of the zero draft by national and international stakeholders.

A.1.8 National stakeholder meeting to validate the zero draft and agree on the recommendations

A1.9. Drafting the Country Profile and its recommendations.

Consultations with the stakeholders, finalization of the profile and follow up activities

A2.1. A national workshop to present findings to the government and discuss recommendations; also, to engage investors in financing the implementation

A2.2. Finalization of the study, including drafting and editing of the Country Profile

A2.3. Finalizing and publishing of the Country Profile, including distribution of hard copies to the government of Montenegro and stakeholders

A2.4. Preparation of two reports on the pre-feasibility studies for follow up activities based the Country Profile study and its recommendations.

IX. Monitoring and evaluation

The UNECE project manager will be responsible for regular monitoring of project implementation and will keep the Steering Committee of the project abreast of progress. A final report will be prepared upon completion of the project.

Appendix 1. Country profile initial draft outline

1. General overview of the country

Political system, including decentralization and local governance
Population and demography
Economic performance and regional development
Environment, disaster risks and climate change
Infrastructure and public services

2. Housing sector and housing construction

Housing sector legal and institutional framework, incl. assessment of the role of the Government and the framework for construction
Data for evidence-based housing policy, including target 11.1 of SDG11
Construction: planning of construction; building standards – also for the use of sustainable construction materials
Housing stock and ownership
Housing conditions
Energy efficiency in buildings
Management, maintenance and repairs of multi-unit residential buildings
Housing climate neutrality and resilience
Housing market, including a case study – e.g. of the city of Podgorica and of another city of Montenegro

3. Housing affordability

National housing affordability policies
Housing price index: drivers and trends
Access to affordable housing and challenges
Social profile and inequalities in access to housing, incl. challenges faced by low-income household groups, female-headed households belonging to low-income groups, and other vulnerable groups

4. Land administration and management

Land policy and governance
Regulatory, legal, institutional and technical framework for land management
Land administration
Geospatial information and data

5. Urban development

Administrative and institutional governance structure, capacities and plans (incl. dependencies between national and local level)
Local reforms and urban development efforts
Local economy
Urban development and planning challenges

- Informal settlements and legalization
- Climate change and disaster risk preparedness and response
- Green spaces, water systems – blue and green
- Urban cadaster and monitoring
- Refurbishment of existing housing stock and EE measures
- Case study – of the city of Podgorica
- Case study – of another city of Montenegro

6. Financial framework for urban development, housing and land management

Government sources and SDG budgeting for urban development
Foreign direct investment
Official development assistance
Venture capital
Affordable housing finance schemes and revising the role of the National Housing Agency

- PPP schemes, private bank financing, sovereign guaranty, land banking
- Business model for National Housing Agency
- Other mechanisms for financing housing

- Financialization of housing, impact on young people, women, vulnerable groups

7. Conclusions and recommendations

Appendix 2. Proposed feasibility study for affordable mortgages outline

1. Introduction

The National Housing Strategy of Montenegro (2020) has established the legal and institutional framework for housing policy and programmes in Montenegro at the national and local levels. As part of the implementation of the National Housing Strategy 2020two affordable **housing programmes** were implemented by the Ministry of Ecology, Spatial Planning and Urbanism, in cooperation with the Council of Europe Development Bank (CEB), one of which was the 1000+ Affordable housing project. The project consisted in providing affordable mortgages to 1,186 households. The 1000+ housing was considered as one of the most efficient projects.

Given the success of the previously implemented mortgage subsidy project, the Government of Montenegro is looking to develop a new phase of the project. For such a purpose, the Government has asked UNECE to support the preparation of a feasibility study that will provide most cost-effective solution for the use of a loan from the Council of Europe Development Bank (CEB) to develop the affordable housing programme based on housing ownership and for reaching the target population.

2. The scope of the project

The project scope is to prepare a feasibility study for affordable housing loans to first-time homebuyers that are the target groups of Montenegro housing policy. The final aim is to enhance the accessibility to affordable, adequate and energy efficient housing for target groups that are in priority list. For this purpose, the feasibility study will consider and will analyse in-depth the use of the CEB loan for affordable housing loans from the commercial banks.

The project experts may suggest possible models that can ensure both the most efficient use of public funds (including CEB loans) and the most effective reach of targeted beneficiaries. The experts will assess the possibility for developing multi-stakeholder partnership which would include developers, commercial banks, future beneficiaries and public sector.

The models will be discussed with the responsible Ministries for their relevance and applicability. In analysing the models, it will be essential the analysis of the legal framework that allows, facilitates or hinders the implementation.

Impact and beneficiaries of the project

The feasibility study will develop a viable and sustainable model for affordable housing loans in Montenegro. Moreover, by identifying the capacity, institutional/organizational and legislative gaps, it will contribute to the improvement of the whole project.

Direct beneficiary of the project is the government of Montenegro. Indirect beneficiaries are local authorities and families in need. The project will also benefit the private banking sector and the housing market, although it has to be addressed and monitored carefully for any inflation of the housing prices due to increase of effective demand.

3. Objectives of the project

The main objective of the project is to develop a feasibility study for affordable loans in Montenegro. Within this objective, the following tasks will be addressed:

- a. Analysis of the previously implemented project to identify strength and weaknesses
- b. Analysis of the housing mortgage market
- c. Proposing policy standards, including, but not limited at:
 - interest to be paid by beneficiaries
 - amount of loan to be subsidies
 - income limits of beneficiaries
 - methods for establishing the average house price for the beneficiaries from the project in different cities.

- d. Model of partnership agreement between the ministries responsible for finance, the ministry responsible for housing and the bank(s)
- e. Terms of Reference for a call for competition between the banks
- f. Method for monitoring and responsible institution(s)
- g. Needs for capacity building and for legal amendments if this will be case.

The feasibility study should include analysis of the factors below:

Political factors including risks that can hamper the implementation of the project and commitment to long-term engagement in the project. The analysis will determine Government's intentions and determination to enhance the affordable housing loans project and their commitment to co-finance and support all stages of the project

Institutional arrangements, including division of responsibilities, cooperation and coordination between line ministries responsible for finance and that responsible for housing and local authorities. Identification of the internal administrative/legal steps to be followed in order to have the project submitted to CEB for approval. Conditions for management of the loan repayment to CEB, i.e., relationship between municipalities and Government, should be appraised

Analysis of the **legal** framework, including: (a) legislation on affordable housing, categories of beneficiaries, income limits, legal and technical provisions for housing affordability, other criteria that beneficiary families should fulfil in order to benefit from the Project; (b) Public financing, budget planning and implementation rules; (c) Public procurement; (d) Decentralization, including local taxes and other income sources; (e) Registration of properties, in particular, registration of municipal properties; (f) Technical and housing standards, including standards for energy efficiency, accessibility for disabled and seismicity.

Social factors, including assessment of the needs for affordable housing loans and financial assets of households, housing conditions and income of households that have applied for housing support. Availability of data on income and on housing expenditures for different income-groups

Financial analysis of the model(s) for affordable housing loans proposed. Risk analysis for different scenarios based on the fluctuation of the interest of the Treasury Bonds and mitigation strategies

Outline of the project, including overall goals and specific objectives, expected results, approximate costs, phasing of implementation, cities that the project will include, implementation strategy including roles of stakeholders and management unit(s), financial scheme, subsidy policy, and other elements needed to develop a sound proposal ready for financing.

4. Type of expertise and duration

For preparing the feasibility study, two international consultants will be engaged:

- One consultant with financial background and with experience in feasibility study
- One consultant with professional experience in developing, analysing and implementing housing policy and programmes in particular in developing affordable housing loans programs.

5. Expected outcomes

EO1. Feasibility study on the model agreed with Montenegro Government and the Bank

EO2. Method for monitoring and responsible institution(s)

EO3. Identification of the need for legal support or amendments

6. Indicators of achievement

IA1. Feasibility study approved by the Bank and the Government

IA2. Institutional set-up for monitoring approved

7. Main activities of the project (will be closely coordinated with work on the Country Profile)

Fact-finding missions

A1. A fact finding/research mission to Montenegro, to discuss the main elements of the feasibility study and collect relevant data. The mission will include meetings with the Minister or Deputy Minister responsible for housing, the Minister or Deputy Minister responsible for finance to understand the level of engagement and commitment. Meetings with commercial banks, developers, local authorities, and potential beneficiaries. Consultants will identify other stakeholders as needed to meet and discuss, such as Institute of Statistics, Universities, etc..

A2. Conducting a survey with the commercial banks and developers

A3. Organize a workshop with public and private stakeholders to discuss on affordable housing in general and on affordable housing loans in particular

Desk research and interviews

A4. Desk research for analysing reports, findings from other projects and research as needed by consultants.

A5. Drafting of the feasibility study, including also topics mentioned in the objectives

A6. Consultation with the Ministry responsible for housing and Ministry of Finance of the draft feasibility study

A7. Meeting with the national stakeholders identified as responsible for different phases of the project cycle to present the study.

Appendix 3. Pre-feasibility study for social and energy efficient rental housing in Montenegro outline

1. Introduction

The Social Housing Law of Montenegro (2013) and the National Housing Strategy (2020) have established a legal framework for the national housing policy in Montenegro where the key elements are:

- Entitlement of persons from vulnerable groups eligible for the support to housing
- Division of competences between the state and the local level
- An obligation of the government to adopt the Social Housing Programme which sets out the goals of social housing development, as well as the sources and manner of securing funds for its implementation;
- obligation of local governments to adopt local social housing programmes aligned with the state programme adopted by the government.

As part of the implementation of the National Housing Strategy 2020 and the 2017-2020 Social Housing Programme, two affordable **housing programmes** were realized which, mostly addressed homeownership through affordable mortgage loans. A brief analysis of housing policy and programmes, conducted with the support of UNECE in 2022, showed among others, that there is an excessive reliance on market, which in its turn, does not provide affordable housing. The government of Montenegro has requested UNECE to provide technical assistance for developing a feasibility study for social/public rental housing to be financed by Council of Europe Development Bank (CEB).

2. The scope

The pre-feasibility study will consider a range of options for developing social or public rental housing including, but not limited to:

- a. Investing in new buildings
- b. Buying and renovating properties from the market
- c. Adapting state-owned buildings not in use.

The pre-feasibility study will analyse and compare 2 – 3 different models of social housing provision and management:

- a. Public housing provided by national or local authorities
- b. Public-Private partnership model
- c. Social housing provided by non-for-profit agencies.

The models for social housing will be discussed with the responsible Ministry for their relevance and applicability. In analysing the models, it will be essential the analysis of the legal framework that allows or impedes their implementation. The social housing legislation has to be consulted for the legal requirements on rent setting, as it will be important, in particular for the PPP and social housing models.

Impact and beneficiaries of the project

The feasibility study will develop a viable and sustainable model for social rental housing in Montenegro. Moreover, by identifying the capacity, institutional/organizational and legislative gaps, it will contribute to the improvement of the whole project management cycle. Direct beneficiary of the project is the Government of Montenegro. Indirect beneficiaries are local authorities and families in need.

Objectives of the project

The main objective of the project is to develop a feasibility study for social and energy-efficient rental housing in Montenegro. In doing so, the project will also address the needs for capacity building as well as the need for legal

amendments if this will be case. The feasibility study should include analysis of the factors below, but could use an alternative framework that will be specified in the Inception Report

Political factors including risks that can hamper the implementation of the project and commitment to long-term engagement in the project. The analysis will determine Government's intentions and determination to develop a social housing project and their commitment to co-finance and support all stages of the project

Institutional arrangements, including division of responsibilities in urban planning and housing, technical capacities and gaps. Identification of the internal administrative/legal steps to be followed in order to have the project submitted to CEB for approval. Conditions for management of the loan repayment to CEB, i.e., relationship between municipalities and Government, should be appraised

Analysis of the **legal** framework, including:

- a. Legislation on social housing, categories of beneficiaries, income limits, other criteria that beneficiary families should fulfil in order to benefit from the Project;
- b. Public financing, budget planning and implementation rules;
- c. Public procurement
- d. Decentralization, including local taxes and other income sources
- e. Registration of properties, in particular, registration of municipal properties;
- f. Technical and housing standards, including standards for energy efficiency, accessibility for disabled and seismicity;
- g. Urban planning legislation and responsibilities;

Social factors, including assessment of housing needs and financial assets of households, housing conditions and income of households that have applied for housing support. Availability of data on income and on housing expenditures for different income-groups

Financial analysis of one of three different models of social housing as mentioned in section 2 (Scope), as by agreement with the Ministry

Outline of the project, including overall goals and specific objectives, expected results, approximate costs, phasing of implementation, cities agreed, implementation strategy including roles of stakeholders and management unit(s), financial scheme, rental policy, and other elements needed to develop a sound proposal ready for financing.

4. Type of expertise and duration

For preparing the feasibility study, two international consultants will be engaged:

- One consultant with economic background and with experience in feasibility study
- One consultant with professional experience in developing, analysing and implementing housing policy and programmes

Their tasks also include identification of the needs for capacity building both at national and local levels.

5. Expected outcomes

EO1. Pre-feasibility study report on the model agreed with Montenegro Government and the Bank

EO2. Increased capacities at national and local levels

EO3 Improved legal framework for social housing

6. Indicators of achievement

IA1. Pre-feasibility study approved by the Government

IA2. Capacity building needs assessed and identified

IA3. Amendments to the legal framework (if needed) developed and adopted

7. Main activities of the consultants

Fact-finding missions

A1. A fact finding/research mission to Montenegro, to discuss the main elements of the feasibility study and collect relevant data (joint with the Country Profile). The mission will include meetings with the Minister or Deputy Minister responsible for housing, the Minister or Deputy Minister responsible for finance to understand the level of engagement and commitment. Meetings with responsible persons at the responsible ministry for building standards, urban planning and social welfare. Other meetings with national institutions and organizations, private companies, non-for-profit organizations, and local authorities. Consultants will identify other stakeholders as needed to meet and discuss, such as Institute of Statistics, Universities, etc..

A3. A workshop with main stakeholders to discuss possible models for social housing development and other issues that they will identify

A4. Conduct two surveys:

a. one for households, to understand their housing needs and constraints

b. one for local authorities, to identify their capacity gaps

Desk research and interviews

A4. Desk research for analysing reports, findings from other projects and research as needed by consultants. Preparation of a report with the compilation of international best practices in affordable housing provision in Europe.

A5. Drafting of the pre-feasibility study report, including needs assessment for capacity building and for legal amendments (if necessary)

A6. Consultation with the Ministry responsible for housing and Ministry of Finance of the draft feasibility study

A7. Meeting with the national stakeholders identified as responsible for different phases of the project cycle to present the study.

ANNEX D

DISPUTE SETTLEMENT

Settlement of disputes in respect of grants from the CEB

ARTICLE 1.1

Arbitration

Any dispute between the Parties to the Grant Agreement in respect of the interpretation or execution of such agreement or in respect of a claim by one of the said parties against another arising out of the Grant Agreement, which has not been settled by agreement between the Parties shall be submitted for arbitration in the manner prescribed below.

ARTICLE 1.2

Commencement of arbitration proceedings

Arbitration proceedings may be instituted by any one of the Parties specified in the preceding section by means of a request notified to all the other Parties; the request shall state the nature and subject of the dispute and set forth the claims to be submitted for arbitration.

ARTICLE 1.3

Appointment of the arbitral tribunal

In any arbitration proceedings instituted in pursuance of this article, each of the Beneficiary and the CEB may be a party.

For any dispute submitted for arbitration in pursuance of this article, an arbitral tribunal shall be set up. It shall consist of three arbitrators appointed as follows:

- (a) one arbitrator shall be appointed by the CEB;
- (b) a second arbitrator shall be appointed by the Beneficiary;
- (c) a third arbitrator, called the umpire, who shall act as President of the arbitral tribunal, shall be appointed by common consent between the Parties or, failing such consent, by the President of the European Court of Human Rights or, should the latter have the nationality of the Beneficiary, by the Vice-President of the Court or, if the latter is in the same situation, by the senior of those Judges of the Court who does not have the nationality of the Beneficiary;
- (d) the procedure described in the preceding paragraph shall take place, at the instance of one of the Parties to the dispute, if, within one month after notice has been given of the request for arbitration, no agreement has been reached regarding the appointment of an umpire;
- (e) where one of the Parties appoints no arbitrator, the umpire shall appoint the said arbitrator.

ARTICLE 1.4

Place of arbitration

The arbitral tribunal shall hold its first sitting on such date and at such place as shall be appointed by the umpire. Thereafter, the tribunal shall decide itself where and when it shall sit.

ARTICLE 1.5

Law applicable to arbitration proceedings

The arbitral tribunal shall decide all questions relating to its competence. It shall lay down its own rules of procedure and shall choose the law which shall be applicable, unless that law is specified in the contracts or in the arbitration agreement, bearing in mind the provisions of Article 1 (3) of the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe. All decisions of the tribunal shall be by majority vote.

Domestic law may apply in a particular case provided that it does not derogate from the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe and from the Articles of Agreement.

ARTICLE 1.6

Award of the arbitral tribunal

All awards of the arbitral tribunal shall set out the grounds for the decision. They shall be final and binding upon all the Parties referred to in Article 1.3 of the present Appendix. They may be rendered in default of submissions.

ARTICLE 1.7

Cost of arbitration

The party against whom the award is made shall bear the costs of the arbitration proceedings unless the arbitral tribunal decides otherwise or the Parties have agreed otherwise by a clause in the Grant Agreement. The arbitral tribunal shall give a final ruling on any dispute in respect of costs.

ARTICLE 1.8

Enforcement of arbitral awards

The Grant Agreement shall contain whatever provisions are required to ensure, in respect of the CEB and in respect of the Beneficiary, compliance with any awards made in pursuance of the present Appendix.

If, within one month after the originals of the award have been delivered to the Parties, the award has not been complied with, any of the Parties specified in Article 1.3 may institute proceedings for the enforcement of the award. The court which shall have jurisdiction for such proceedings shall be that designated by the rules of civil procedure of the State concerned.

ANNEX E
Form of Legal Opinion

Council of Europe Development Bank
55, avenue Kléber
F-75116 Paris

Attn: Projects Department
Cc: Office of the General Counsel

[INSERT DATE]

Re: Grant Agreement between the Council of Europe Development Bank and [●] (Ref: [●])

Dear Sir or Madam,

I, [●], in my condition of [INSERT TITLE (e.g., Minister of Justice)], have acted as legal advisor as to matters of [INSERT JURISDICTION] law to [●] (the "Beneficiary") in relation to the grant agreement between the Council of Europe Development Bank (the "CEB") and the Beneficiary dated [●] and effective as of [●] (the "Agreement") and deliver this opinion pursuant to Article [●] of the Agreement.

For the purposes of this opinion, we have examined an original copy of the Agreement and such other documents, acts or treaties as we have considered necessary or desirable to examine in order to give this opinion.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Based on the foregoing, I am of the opinion that:

1. **Capacity, power and authority.** The Beneficiary has the legal capacity, power and authority to enter into the Agreement and perform its obligations thereunder.
2. **Internal authorisations.** All action required from the Beneficiary for the execution, delivery and performance of the Agreement, including any required authorisation from its competent bodies, has been duly and effectively taken. In particular, no further action is required from the Beneficiary, apart from execution by a duly empowered representative of the Beneficiary, in order to issue a Disbursement Request under the Agreement.
3. **Constitutive documents.** The execution by the Beneficiary of the Agreement does not, and the performance by the Beneficiary of the obligations to be assumed by it thereunder will not, violate or conflict with any provision of its [INSERT NAME OF CONSTITUTIVE DOCUMENT] or other constitutive documents of the Beneficiary.
4. **Due execution and validity.** The Agreement was duly executed by [INSERT NAME OF THE SIGNATORY]] as duly empowered representative(s) of the Beneficiary and gives rise to legally valid, binding and enforceable undertakings for the Beneficiary.
5. **External authorisations, public consents and filings.** No authorisations, consents, licences, exemptions, filings, notarisations or registrations are required in [INSERT JURISDICTION] in connection with the execution, delivery or performance of the Agreement in order to give rise to legally valid, binding and enforceable undertakings for the Beneficiary and for the Agreement to be admissible in evidence in [INSERT JURISDICTION].

6. **Tax/Stamp duties.** The execution of the Agreement is not subject to any tax or stamp duties in [INSERT JURISDICTION].
7. **Choice of law.** The submission by the Beneficiary to the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and secondarily to the laws of the France is legally valid and binding on the Beneficiary under the laws of [INSERT JURISDICTION].
8. **Arbitration.** The submission by the Beneficiary to the Arbitral Tribunal set forth under Appendix [D] of the Agreement with respect to any dispute arising out of the Agreement is legally valid and binding on the Beneficiary. Any award of such Arbitral Tribunal is enforceable in [INSERT JURISDICTION] in accordance with the terms of Article 3 of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949).

Yours faithfully,

[•]

[INSERT NAME AND TITLE]