

**SERBIA: SCALING UP RESIDENTIAL CLEAN ENERGY (SURCE) PROJECT**

*A project financed by the World Bank*

***Project Operations and Grant Manual***

April 2025.

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## ABBREVIATIONS AND ACRONYMS

Acronym	Meaning
CFU	Central Fiduciary Unit
E&S	Environmental & Social
EE	Energy Efficiency
EEA	Energy Efficiency Administration (Administration for Energy Efficiency Financing and Promotion)
ESCO	Energy Service Company
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
ESRS	Environmental and Social Review Summary
ESS	Environmental and Social Standard
EU	European Union
EVP	Energy Vulnerable Program
FM	Financial Management
FY	Fiscal Year
GHG	Greenhouse Gas
GoS	Government of Serbia
GRM	Grievance Redress Mechanism
IBRD	International Bank for Reconstruction and Development
IFI	International Financial Institution
LSGU	Local Self-Government Unit (including municipalities, cities, and cities with municipalities)
M&E	Monitoring & Evaluation
MAB	Multi-Apartment Building
MCTI	Ministry of Construction, Transport, and Infrastructure
MoEP	Ministry of Environmental Protection
MoF	Ministry of Finance
MoME	Ministry of Mining and Energy
NBS	National Bank of Serbia
OHS	Occupational Health and Safety
PDO	Project Development Objective
PIU	Project Implementation Unit
POGM	Project Operations and Grant Manual
PPSD	Project Procurement Strategy Document
PSC	Project Steering Committee
PV	Photovoltaics
RE	Renewable Energy
RSD	Serbian Dinar
SEP	Stakeholder Engagement Plan
SFH	Single-Family House
SH	Sustainable Heating
SURCE	Scaling Up Residential Clean Energy
TA	Technical Assistance
WB	World Bank

## 1. INTRODUCTION

### 1.1. Scope and Purpose

The World Bank (hereinafter: “Bank”) and the Republic of Serbia have agreed for an **€ 44,9 million loan (US\$ 50 million equivalent)** to finance the **Scaling up Residential Clean Energy (SURCE) Project** (hereinafter: “Project”). The Bank will make the loan available to the Republic of Serbia as per conditions set forth in the Loan Agreement (hereinafter: LA) signed on November, 11, 2022. The Law on the Ratification of this LA has been published in the “Official Gazette of Republic of Serbia” – International Agreements, **6/22**. The Project became effective on 21.12, 2022.

As defined in the project documents, the Project Closing Date is November 30, 2027 which is final deadline to meet the requirements for withdrawal of the loan proceeds and fulfilment of the consultants’ contractual obligations.

This Project Operations and Grant Manual (hereinafter:POGM) defines Project policies and procedures including implementation rules, management, roles and responsibilities of the institutions involved in the implementation, guidelines, specific development plans, etc. including:

- (a) Detailed description of all Project activities, their sequencing and the prospective timetable and benchmarks;
- (b) Project administrative, financial, accounting, auditing, procurement and disbursement procedures, including all relevant standard documents; and
- (c) Protocols and operative procedures of the policy planning, monitoring and coordination framework pertaining to the Project.

Rules and procedures described herein are aligned with the provisions of the LA and other documents governing the Project implementation. In case of any discrepancy between the terms of the POGM and the terms of the LA, the terms set forth in LA shall prevail, and POGM shall be adjusted accordingly.

The POGM is subject to occasional revisions and modifications, in consultation and in agreement with the Bank. The Project Implementation Unit (PIU), in collaboration with other institutions involved in the Project implementation, will review the POGM periodically and suggest possible changes, as/if necessary, including the adjustment of project-related activities and expected results.

All Project beneficiaries, by adoption of the POGM are committed to its implementation and proactive involvement in improving the procedures provided herewith.

### 1.2. Project Overview

Project development objective (PDO) is to increase the uptake of energy efficiency, sustainable heating, and rooftop solar PV by households in participating local self-government units in Serbia.

#### **PDO-level results indicators:**

- Projected lifetime energy savings stemming from energy efficiency and sustainable heating investments in residential buildings (target: 20,000,000,000 MJ).

- Number of households that have implemented energy efficiency and sustainable heating investments (target: 25,000 households), of which:
  - i. Number of households benefiting from MoME's social inclusion top-up grants (target: 2,500 households).
  - ii. Number of households switching away from traditional solid fuel heating solutions (target: 3. 000 households).
- Renewable energy capacity installed (through rooftop solar PV installations; target: 4 MW).

Table 1: Project development Objective Indicators:

Indicator Name	Baseline	End Target
<b>Increased uptake of energy efficiency and sustainable heating by households in participating LSGUs</b>		
Projected energy or fuel savings (CRI, Mega Joules (MJ))	0.00	20,000,000,000.00
Number of households that have implemented energy efficiency and sustainable heating investments (Number)	0.00	25,000.00
Number of households benefiting from MoME's social inclusion top-up grants (Number)	0.00	2,500.00
Number of households switching away from traditional solid fuel heating solutions (Number)	0.00	3,000.00
<b>Increased uptake of rooftop solar PV by households in participating LSGUs</b>		
Generation capacity of energy constructed or rehabilitated (CRI, Megawatt)	0.00	4.00
Renewable energy generation capacity (other than hydropower) constructed under the project (CRI, Megawatt)	0.00	4.00

Table 2: Intermediate Results Indicators by Components

Indicator Name	Baseline	End Target
<b>Financing energy efficiency, sustainable heating, and solar PV investments in residential buildings</b>		
Share of program beneficiaries that report being satisfied with the thermal comfort levels of their house (Percentage)	0.00	75.00
Net greenhouse gas (GHG) emissions (CRI, Metric tons/year)	0.00	150,000.00
Private sector capital mobilized through household contributions (including own funds and commercial loans) (Amount(USD))	0.00	50,000,000.00
<b>Technical assistance and implementation support</b>		
Share of beneficiaries reporting satisfaction with consultation process under the program (Percentage)	0.00	75.00
Share of Serbian municipalities participating in the program (Percentage)	40.00	80.00
Number of capacity building workshops provided (Number)	0.00	20.00
Share of female home-owning beneficiaries of the clean energy and energy efficiency grants program (Percentage)	35.00	41.00

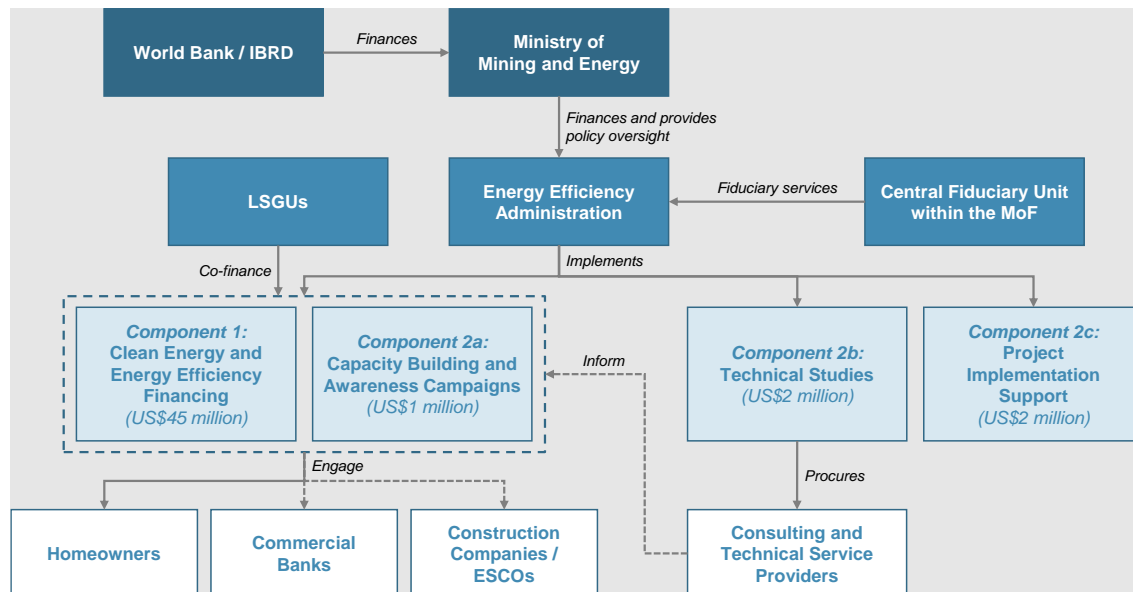
## The SURCE project consists of two components:

**Component 1:** Financing energy efficiency, sustainable heating, and rooftop solar investments in residential buildings (€ 40.41 million<sup>1</sup>).

**Component 2:** Technical assistance and implementation support, with the overall aim to support the development of scalable financing mechanisms and remove market barriers (US\$5 million), with three subcomponents: (a) enhancing local market capacity, improving enabling environment, and strengthening public awareness; (b) technical studies informing program design and implementation; (c) project implementation support. (€4.377.750)

**Components 1 and 2 will be implemented simultaneously.** Pilot investments will be financed under Component 1 and scaled up relying on the analytical insights, institutional structures, and financing mechanisms developed under Component 2. Figure 1 demonstrates the project components and fund allocation under the project.

**Figure 1: Envisioned project structure and implementation arrangements.**



Source: World Bank Staff.

### 1.3. Beneficiaries

SURCE targets several groups of beneficiaries.

**Final beneficiaries** are households living in single family houses (SFH) and apartments in multi-apartment buildings (MAB). The project will prioritize investments in SFHs that use solid fuels (e.g., coal, firewood) for heating. Through its focus on SFHs and solid fuel users, the project is designed to ensure that lower-income households are well

<sup>1</sup> The MoME might be interested in providing additional funds from the government budget to expand the scope of the project. However, any additional public funds from the MoME will be considered parallel financing rather than IBRD-GoS co-financing.



represented among the potential beneficiaries of the program. In order to further strengthen the focus on vulnerable and lower-income households and enhance their participation in the program, the project may include social inclusion top-up grants. In the first call financed by SURCE, these top-ups would be provided to lower-income LSGUs, covering part of their contribution to the program and thereby increasing the share of this group of municipalities. For future calls, the program will explore options to also target the social inclusion top-up grants on a household-level; for example, through cross-eligibility for homeowners who are also recipients of social assistance benefits or receive energy bill discounts under the Energy Vulnerable Program<sup>2</sup> (EVP).

**Direct beneficiaries** are businesses such as construction companies, equipment suppliers and installers, energy service companies (ESCOs) and other service providers, referred to as “**Contractors**”. Direct beneficiaries (Contractors) will implement the energy efficiency measures and will receive grant payments upon successful completion of works. The project will monitor the emergence of potential ESCOs, although it will not seek to support the development of local contractors into full-fledged ESCOs. No ESCOs are currently operating in the Serbian residential energy efficiency market. If prospective ESCOs emerge during implementation, the project will assess the possibility to involve them into the program as an additional source of financing.

Local self-government units, are also considered indirect beneficiaries of the SURCE project because they receive and channel grants to citizens in their jurisdictions. As a base principle, grant allocations to LSGUs will be proportional to their populations. However, the project will seek to ensure that poorer LSGUs (where energy vulnerable households are likely to be overrepresented) and LSGU-s which are recognize to have particularly polluted air are included in the program, e.g., by providing more favorable conditions for their participation (see above), as well as technical assistance.

The project will seek to establish further partnerships with **local commercial banks** to establish additional sources of financing for beneficiary households to cover their share of the investment cost. The project will maintain the partnership established with Banka Poštanska Štedionica under the pilot energy efficiency program run by MoME. In addition, the project will seek to involve other local commercial banks in the program to allow beneficiary households to complement the grant financing offered by the MoME and the LSGUs. Credit lines or other forms of on-lending will not be pursued under the project. This model is meant to introduce a sustainability element into the program and support the transition to private financing for clean energy and energy efficiency investments in residential buildings in Serbia.

#### 1.4. Key Project Documents

Key documents for the Project include:

- 1) Loan Agreement (9346-YF) between the IBRD and the Republic of Serbia, signed on November 16, 2022.
- 2) Project Appraisal Document (PAD, dated on March 1, 2022
- 3) Project Operations and Grant Manual (POGM)

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<sup>2</sup> Because not all households that are eligible for the Energy Vulnerable Program actually apply to it, cross-eligibility could be expanded to all households that are eligible for it, instead of just those that are recipients of the energy bill discounts. The household would, however, still need to receive the certificate of status from the local center of social assistance that confirms eligibility for the EVP.

- 4) Project Procurement Strategy for Development (PPSD)
- 5) Procurement Plan (PP)
- 6) Environmental and Social Safeguards Management (ESMF) Plan
- 7) Stakeholders Engagement Plan
- 8) Grievance Redress Mechanism

## **2. PROJECT MANAGEMENT ARRANGEMENTS**

### **2.1. Implementation Entities**

#### **2.1.1 MoME and Project Implementation Unit (PIU)**

The project implementation unit (PIU) will be set up under the Ministry of Mining and Energy (MoME) and will be responsible for managing the day-to-day implementation, monitoring, and evaluation of the SURCE program. The main tasks of the PIU are outlined in Annex 1.

The PIU is responsible for coordination and day-to-day implementation of Project activities on behalf of MoME/EEA. Coordination of overall Project implementation activities implies that the Project activities, including the activities of international and local consultants, are implemented in a technically and timely harmonized manner. The PIU staffing adequately reflects capacities to manage the Project. The MoME has assigned senior official as the Project Director/Coordinator to oversee Project implementation at the highest level. The PIU could include Project Director, Technical Experts, Environmental & Social Assessment Expert, IT Expert, Economists for monitoring financial flows and processing payments with LSGU, Legal Expert, Communication Specialist, Administrative Assistant, Interpreter. These will be supported by local and international consultants, as and when needed. The PIU will be responsible for preparing Project reports, will assist the MoME in Project activities, such as preparation of ToRs, will support Project monitoring and evaluation (M&E) and perform other functions as needed. PIU will help prepare technical specifications for any services, equipment/goods or hardware/software purchases needed under the Project.

SURCE implementation will be also facilitated by the new Administration for Energy Efficiency Financing and Promotion (hereinafter Energy Efficiency Administration, EEA) which has a coordinating role for clean energy and energy efficiency programs across government. The adoption of the new Law on Energy Efficiency and Rational Use of Energy in April 2021 laid the foundation for the establishment of EEA. As of January 2022, the EEA is established as an administrative authority within the MoME, a semi-independent body with its own legal personality and clearly defined mandate for planning and implementing energy efficiency and clean energy investment projects defined in the Law Energy Efficiency and Rational Use of Energy.<sup>3</sup> The EEA is managed by a Director (civil servant) appointed by the Government for a period of five years and directly reporting to the Minister of Mining and Energy. As a state administration body, the EEA is linked to the Ministry's annual budget planning process but has a separate budget line. To make the EEA operational, plans are to increase staffing to 12 full-time employees in 2023.

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<sup>3</sup> The Government of Serbia approved the Rulebook on Internal Organization and Systematization of Ministry of Mining and Energy on November 10, 2021, introducing the EEA in the Ministry's organizational structure.

### **2.1.2 Ministry of Finance and Central Fiduciary Unit (CFU)**

The Ministry of Finance (MoF) will provide SURCE Loan Agreement oversight and serve as the financial guarantor for all IFI-funded projects.

The Central Fiduciary Unit (CFU), housed within the Ministry of Finance, provides fiduciary support (procurement and financial management activities) to all World Bank supported projects in Serbia. It will assist the SURCE PIU in the implementation of the procurement activities and financial management arrangements of the project including planning and budgeting, accounting, financial reporting, flow of funds (including disbursement), internal controls, and external auditing, ensuring that these activities are carried out in line with the World Bank procedures.

The CFU is responsible for: (a) **Procurement**, which includes (i) preparation of annual procurement plans agreed with the MoME/PIU approved by the Bank, (ii) support to the MoME /PIU, in preparation of the procurement documents and conducting of procurement procedures in accordance with the agreed procurement plan, and World Bank procurement regulations (b) **Financial management**, which includes organization and operation of the Project financial management system acceptable to the Bank (formal control of invoices against contract provisions, verification of financial documents, preparation of Overview of costs for payment, preparation of required financial reports, bank reconciliations, etc.) The system will be established for the Project on the basis of similar systems used in other Bank financed projects. The system is to include an accounting and control module with the capability to record and retrieve in a timely manner all financial transactions under the project; (c) **Auditing**, which includes external annual audit of Project statements, accounts and financial records in accordance with the World Bank requirements; and (d) **Reporting**, which includes establishment of regular reporting system that is able to produce information about the Project procurement and Financial Management as stipulated in the LA, in this POGM or as may be from time to time requested by the World Bank or MoME/EEA.

The CFU, established within the MoF in October 2017, has an Operational Manual (finalized on November 9, 2018 and regularly updated) which describes all fiduciary responsibilities of CFU staff. The CFU is currently comprised of the following staff: Director, Head of Operations, four Procurement Specialists and four Financial Management Specialists. The MoF provides office and equipment for the staff while salary of CFU staff, reimbursable expenses, training and operating costs incurred under the project are paid from the investment projects it supports in accordance with the rotation model for CFU financing, which is updated regularly.<sup>4</sup>

### **2.1.3 PIU/CFU Division of Responsibilities and Code of Conduct**

The MoME is responsible for the overall implementation of the Project and coordination between all institutions involved. MoME/EEA/PIU is responsible for the technical activities while CFU is responsible for financial management and procurement activities. MoME/EEA/PIU is responsible for preparation of semi-annual Progress Reports. Close

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<sup>4</sup> The CFU is currently responsible for financial management and procurement for eleven ongoing investment projects..

coordination and collaboration with MoME, EEA, PIU and the CFU on Project implementation is essential.

MoM/EEA/PIU and CFU have experienced and qualified staff with the ultimate task to successfully implement the Project. The MoM/EEA/PIU staff are directly subordinated to the Project Coordinator in MoME while the CFU staff are subordinated to the CFU Director. The PIU Project Director, under supervision of MoME Project Coordinator, is the only authorized person to issue work instructions to PIU staff while the CFU Head of Operations, under supervision of CFU director, is the only authorized person to issue work instructions to CFU staff.

In implementing their tasks, the MoME/PIU and CFU will adopt the following code of conduct:

- a) act by the principles of professional impartiality, responsibility, honesty, transparency, openness, efficiency and effectiveness in relations with third parties (i.e. consultants, suppliers of goods, persons or institutions involved in any way in activities or results of those activities), and may not practice any form of discrimination or preferential treatment;
- b) accord equal and fair treatment to the users of the services supplied by the Project;
- c) use the available resources in the manner of a good host, and maximum cost-effectiveness in relation to the general objectives of the Project, maximum cost-effectiveness should always be sought in decision-making within the MoME and in the practical application of its procedures;
- d) shall not use available official information for private purposes;
- e) may not directly, or through an intermediary, hold any interest in companies, or have responsibilities in public or private institutions having commercial relations with the Ministry or benefiting from its activities, and they may not receive any gifts, remuneration, commission or fee of any kind from such companies or institutions. Compliance with this obligation is an express condition of engagement with the Ministry;
- f) should not be engaged in political propaganda;
- g) do not permit the employment of a relative in any situation;
- h) keep evidence of working time and attendance of the staff for payroll;
- i) process and keep all management documentation.

#### **2.1.4 Local Self-government Units**

Local self-government units (LSGU), i.e. cities and municipalities participating in the project, are **Indirect beneficiaries**. They will play a key role in the SURCE implementation at the local level. For this purpose, each participating LSGU will establish an Energy Refurbishment Commission (the Commission) who will administer public calls for co-financing of energy efficiency and clean energy measures, on their behalf. Annex 1 lists key responsibilities of the Commission.

Rights and responsibilities of the LSGU and the Commission shall be further specified in the Finance contract signed between Ministry of Mining and Energy and LSGU and the Rulebook on co-financing measures for energy rehabilitation of residential buildings, family houses and apartments.

### **2.1.5 Project Steering Committee**

A Project Steering Committee (PSC) will be established as an advisory body and maintained throughout the duration of the project to ensure overall coordination, information sharing and strategic guidance functions. The MoME will act as Chair and PIU will act as Secretariat of the PSC. The members of the PSC will be nominated by the GoS and will include representatives from relevant ministries and government agencies. PSC meetings will be organized by the MoME on a semi-annual basis unless additional ad-hoc meetings are deemed necessary.

## **2.2. Correspondence**

Correspondence management comprises receiving, opening, reading and distribution of mails and acts, grouping and forwarding for processing, administrative-technical processing, sending, classification by subject and archiving.

Every act for official communication will have the common interface, with memo of the MoME/EEA, name and address of recipient, title, text and signature. Mails sent from the staff individual address have to be copied to the MoME/EEA/PIU Project Director and CFU Directors/CFU Head of Operations address.

The use of electronic mail is encouraged. Emails should be copied to all interested staff inside the MoME, EEA, PIU and CFU.

Management of correspondence includes receiving, opening, reading, and distributing mail and documents, grouping and forwarding them for processing, administrative and technical handling, dispatching, classification by subject, and archiving.

Every official communication document shall follow a standardized format, including the MoME/EEA memorandum, the name and address of the recipient, the subject, the main text, and the signature. Any mail sent from an individual staff member's address must be copied to the Project Manager of MoME/EEA/PIU and the Director/Head of Operations of CFU.

The use of electronic mail is strongly recommended. All relevant staff within MoME, EEA, PIU, and CFU should be copied in electronic correspondence.

The PIU, supported by MOME will develop a technical database design and architecture, as discussed with the Bank team during the project preparation. Technical database will serve as project management tool and main Monitoring & Evaluation (M&E) instrument. The database will allow for standardization of input and output data, tracking of implementation progress, tracking of disbursement (grants, shares, co-financing, overall investments) and monitoring of results. Section 6 below provides more details on M&E..

Each document used for official communication will have a standardized interface, including the MoME/EEA memorandum, the recipient's name and address, a title, text, and a signature. Mail sent from an individual staff member's address must also be copied to the Project Manager of MoME/EEA/PIU and the Director/Head of Operations of CFU.

The use of email is recommended. Electronic correspondence should be copied to all relevant personnel within MoME, EEA, PIU, and CFU.

## **DETAILED COMPONENT DESIGN**

### **2.3. Component 1: Financing energy efficiency, sustainable heating, and rooftop solar investments in residential buildings**

#### **2.3.1. Overview**

SURCE will build upon the legal and regulatory framework, and operational and contractual arrangements of the existing residential energy efficiency program, which was piloted by the MoME in 2021. SURCE will be a revised and scaled up version of this existing program. It will be implemented by MoME, supported by the EEA, and with significant involvement of local self-government units (LSGUs), i.e. cities and municipalities.

Grant funds provided under SURCE will be allocated through public calls for proposals in two phases. In the first phase, LSGUs will be selected by MoME through a public call. This process will be in accordance with procedures prescribed in this document. Once the public call is completed, selected cities and municipalities will sign a financing [contract](#) with MoME. In the second phase, selected LSGUs adopt/amend local rulebooks, if necessary, that will govern implementation of the grant program on the territory under their jurisdiction. After the rulebook is adopted by the local Council/Assemblies,<sup>5</sup> the implementation of the program continues with issuance of the public call for selection of contractors, who will implement the EE measures. This is followed by a public call for selection of households, who are the final beneficiaries of the program. Selected companies (Contractors), homeowners and LSGUs sign a tripartite agreement that governs the implementation of individual EE measures and financial arrangements. Both procedures are closely monitored by the Commissions on the local level, established for the purpose of program implementation.

#### **2.3.2. Regulatory Provisions and Contractual Arrangements between the Parties**

The project operational arrangements will be governed by the following indicative list of the regulatory and contractual documents (all of them can be amended during project implementation as needed):

- 1) The Law on the Ratification of LA;
- 2) POGM
- 3) Model Public call for participation of LSGU's in the Energy Renovation Program (SURCE Program) and supporting documentation (Annex 3).
- 4) Model Rulebook on Co-financing Measures for Energy Rehabilitation of Residential Buildings, Family Houses and Apartments. This rulebook is developed by MoME and is used by the LSGUs as the template for developing the local rulebooks. If applicable, rulebooks could be used for several public calls within the same LSGU.

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<sup>5</sup> The same rulebook can be used for consecutive public calls unless amendments/adjustments are needed.

- 5) Model contract between MoME and LSGUs on co-financing the program of energy rehabilitation of residential buildings, family houses and apartments (Annex 4).
- 6) Model public call for participation of commercial entities in implementation of energy rehabilitation measures in households and supporting documentation (Annex 3).
- 7) Model public call for co-financing energy efficiency measures in family houses and apartment buildings and supporting documentation (Annex 3).
- 8) Model contract between LSGU, commercial entity, and household on co-financing of energy rehabilitation measures of a family house / apartment. (Annex 5).

### **2.3.3. Eligibility Criteria**

#### ***Indirect beneficiaries and Implementing Intermediaries Eligibility Criteria***

Any local self-government unit located in the territory of the Republic of Serbia is eligible for participation in SURCE.

The pilot residential program implemented by MoME in 2021 required participating LSGUs to finance up to 50% percent of the grant. In SURCE, these co-financing requirements are modified so that underdeveloped municipalities with below average income per capita as per official categorization of municipalities in Serbia are not obligated to participate with their own funds and for most air polluted according to relevant strategic documents and reports to 40% of their own funds.

#### ***Direct Beneficiaries Eligibility Criteria***

Direct beneficiaries (Contractors) have to meet the following eligibility criteria:

- 1) To be registered with the Serbian Business Registers Agency as businesses or sole traders for at least six months prior to applying;
- 2) Not being subject to insolvency or liquidation procedure; and
- 3) Possess a certification for the materials and products supplied, especially in terms of minimum energy performance characteristics prescribed by the public call.

#### ***Final Beneficiaries Eligibility Criteria***

Household applicants living in single family houses and individual apartments in multiapartment buildings have to meet the following eligibility criteria:

1. **Ownership.** The applicant must be the owner or resident of a single-family house or individual flat in the area of the City/Municipality (as indicated in a Cadaster).
2. **Proof that the house is inhabited:** e.g., electricity bill from the previous month showing a consumption above 80kWh each month in the last 12 months.
3. **Technical soundness of the building.** SURCE will limit investments to buildings that are technically sound and fully finished (i.e., constructions with finished roof and façade and adequate access to primary infrastructure such as electricity, sewage, and water supply). The applicants will report the technical state of the building by submitting a checklist/questionnaire (to be developed during

implementation); and the LSGU's Commission will do on-site spot checks to discourage fraud (see section 3.1.11).

4. **Legality of the Structure.** The structure must meet the legal requirements in accordance with the Law on Planning and Construction ("Official Gazette of the Republic of Serbia," No. 72/2009, 81/2009 - corr., 64/2010 – Constitutional Court decision, 24/2011, 121/2012, 42/2013 - Constitutional Court decision, 50/2013 - Constitutional Court decision, 98/2013 - Constitutional Court decision, 132/2014, 145/2014, 83/2018, 31/2019, 37/2019 - other law, 9/2020, 52/2021, and 62/2023), as well as in accordance with the by-laws derived from it and other laws governing the construction of structure.
5. **Other criteria.** LSGUs can introduce additional criteria or conditions, e.g that all the local taxes they owed are paid. Any additional criteria or conditions set by the LSGU must be approved by the Ministry of Mining and Energy (MoME) before they can be implemented.

Owners of separate non-residential units in mixed-use buildings are not eligible to become final beneficiaries

A beneficiary receiving support under the SURCE program must not apply for and benefit from grant support from other sources (government, municipality, donors and similar) for the activities or investments, which are supported by SURCE grants.

#### **2.3.4. Eligible Investments and eligible cost levels (grant amount)**

SURCE project will support eligible investments in energy efficiency (EE) and clean energy measures grouped in the following three renovation packages (basic standard, and advanced):

“Basic package” will include:

- Windows and doors replacement
- Facade insulation
- Roof covering insulation

“Standard package” will include:

- Windows and doors replacement
- Facade insulation
- Roof covering insulation
- Boiler replacement
- Heat network renewal

“Advanced package” will include:

- Windows and doors replacement
- Facade insulation
- Roof covering insulation
- Heat network renewal
- Heat pump installation
- Solar PV system installation
- Solar collector for sanitary hot water installation.



Over the course of project implementation, efforts will be made to ensure prioritization of “basic”, “standard” and „advanced“ packages but SURCE will not exclude households (HHs) willing or able to finance only one or two measures (e.g., window replacements).

In order to prioritize certain investments over others, the possibility to offer different grant shares depending on the type of intervention being financed will be assessed (the grant level will be set in the public calls for proposal and adjusted during implementation). The project will place a specific emphasis on the replacement of traditional solid fuel boilers with cleaner, more efficient boilers. The replacement of existing coal boilers with more efficient coal boilers will not be financed, in order to avoid carbon dioxide emissions.

SURCE will provide partial grants for households that install rooftop solar PV, either as a separate measure or as a joint measure with energy efficiency improvements.

During the first phase of the SURCE implementation, grant support will be given in the amount of up to 65% percent of the eligible investment cost; the grant share may be adjusted in the future. Minimum and maximum value of investments, maximum grant amount for each individual energy efficiency and clean energy measure, and maximum unit price for individual measure, where applicable, shall be defined in the public calls issued by LSGUs for the selection of the households. Grant support amount and eligible investments – including works and equipment required to implement energy efficiency and clean energy measures – will be specified in the public calls and supporting documentation issued by LSGUs (“Public call for co-financing energy efficiency and clean energy measures in family houses and apartment units), and confirmed in the tripartite contracts signed on the basis of such public calls (“Contract between LSGU, commercial entity, and household on co-financing of energy rehabilitation measures of a family house / apartment”).

### **2.3.5.Ineligible Costs and Activities**

The following costs and activities will be ineligible for support under the SURCE program:

- Costs of works and procurement of materials and equipment incurred prior to an initial visit of the Energy Refurbishment Commission;
- Customs and administrative costs incurred in connection with procurement of equipment;
- Loan approval, interest, creditworthiness assessment, loan insurance, and similar costs incurred in connection with loan approval and disbursement;
- Refunds of costs for equipment or services previously purchased or performed (either paid for or delivered);
- Procurement of equipment manufactured or services performed by the applicant; and
- Other costs not compliant with the requirements of energy refurbishment measures.
- Customs and import duties, or any other charges (TBC);
- Any other activities that are not supported by World Bank Group projects (see Annex 6).

### **2.3.6. Co-financing Requirements**

Specific conditions for grant share and co-financing requirements are prescribed in the public call and Finance Contract.

Selected final beneficiaries are required to co-finance EE improvement measures/package as per proforma invoice received from the selected Contractors in the percentage/amount specified in by Tripartite agreement. Specific conditions for grant share and co-financing requirements are prescribed in the public call and supporting documentation.

### **2.3.7. Issuance of calls for applications**

Deadline for submitting applications at national and local levels will be determined in the respective public calls.

Organization of public calls may be adjusted over the course of project implementation based on the results achieved after the first public call and feedback received from the LSGUs, direct and final beneficiaries.

### **2.3.8. Selection (Scoring and Ranking) Criteria**

Applications that are not compliant with the requirements stated in the section Eligibility Criteria are not accepted. The eligible applications are assessed according to the following procedures.

#### ***LSGU applications***

The Minister will adopt the decision on financing for all applications that meet all requirements set in Public Call.

The MOME/EEA/PIU will implement activities related to allocation of financial incentives for implementing energy efficiency measures and other activities for the purpose of promoting energy efficiency

#### ***Direct beneficiary (contractor) applications***

For all applications from businesses that meet all requirements set, the company name will be placed on the list of eligible contractors by the decision of the Local Commission.

#### ***Final beneficiaries (households) applications***

For all applications that meet the requirements set in public call, funds will be allocated by the decision of the Local Commission.

During the process of determining the fulfilment of the conditions, the Commission conducts a field visit to inspect the condition of the residential structure and verify the data stated in the application to the Public Call. Each approved applicant will get a personalized decision which stipulates his/her right for subsidy

### **2.3.9. Rejections of households' applications**

All applications that do not meet the requirements of public call will be rejected by the decision of the Commission with explanation. The applicants who are rejected have right to appeal.

Procedure for rejection of household applications including notification, complaints handling and justification, shall be prescribed by the local Rulebook on co-financing measures for energy rehabilitation of residential buildings, family houses and apartments. Procedure shall be aligned with GRM requirements prescribed in the ESMF and ESCP.

### **2.3.10. Transfer of Funds**

Specific roles, responsibilities, and requirements related to the processing of payment requests, including adjustments to payment schedules, will be governed by the Financing Agreement for LSGUs' payment requests, and Tripartite Agreement for direct beneficiaries' (Contractors') payment requests.

### **Documentation for the Transfer of Funds**

1. Request for the First Transfer of Funds, in an amount up to and equal to 50% of the total funds allocated by MoME under the financing agreement, containing the record sub-account number in accordance with the Rulebook on conditions and manner of keeping accounts for payment of public revenues and distribution of funds from those accounts ("Official Gazette of the Republic of Serbia", No. 16/16, 49/16, 107/16, 46/17, 114/17, 36/18, 44/18 – other law, 104/18, 14/19, 33/19, 68/19, 151/20 19/21, 10/22, 144/22, 83/23, 118/23, 26/24, 55/24 and 105/24), to which the MoME will transfer allocated funds and the reference number created in accordance with Article 22 of the aforementioned Rulebook.
2. Statement from the LGSU's budget for the current fiscal year with allocated funds for co-financing
3. Any other documents to be defined in the contract between MoME and LGSU.

Along with the request for the transfer of remained funds, the LSGUs shall submit to the MoME report on the Expenditure of Funds from the First Tranche of the Subsidy for the Project "SCALING UP RESIDENTIAL CLEAN ENERGY", containing data on the payments from the previous tranche(s) and scanned tripartite agreements...

In the case where the transfer is executed in more than two tranches, the documentation for each subsequent transfer shall be the same as for the second transfer, except that it shall include data on the expenditure of the previous tranche.

A requirement for the second transfer is the approval of the final report on the implementation of the previous public call in which the LSG participated, granted by MoME.

Prior to the transfer of funds, the MoME can request from the LGSU to submit additional documentation or an explanation, without delay. After submission, reviewing and accepting the stated documentation and explanations, the MoME shall transfer the funds in accordance with the LGSU's valid request.

Additional funding, for the same PC, will be acceptable for those LGSUs who will allocate additional funds for cofinancing with the same percentage of subsidy stipulated in the application on the PC. The exceptions are LSGUs that completed the PC last year without

extending the deadline will be awarded a 100% subsidy. For all LSGUs, applications from citizens belonging to socially vulnerable categories, for which municipalities did not have funds under the basic agreement, will also be financed at 100%.

Specification of payment procedure for LSGUs shall be aligned with the project financial management requirements.

### ***Approval of the Tripartite Agreements***

LSGUs shall submit by email the drafts of the Agreements, accompanied with proforma invoices, signed lists of final beneficiaries and corresponding EE measures to PIU for approval.

EEA/PIU will perform random checks of selected applications of final beneficiaries and direct beneficiaries in each LSGU.

### ***Payment request submitted by the direct beneficiaries (Contractors)***

The Contractor shall notify the Commission that the EE and clean energy works have been completed and will issue a certificate that the works were performed in accordance with the pro forma invoice issued to the final beneficiary.

Commission will carry out a field visit of the household at the latest, within 5 working days from the receipt of the Contractor's notification and make a report that the works were performed in accordance with the specification of works specified in the pro forma invoice

At the next step, the Contractor shall submit a request for transfer of funds to the address of the city/municipality specified in the Tripartite Agreement or through the city/municipal registration office. The request shall be accompanied by:

- final invoice for performed works;
- confirmation of payment of the entire amount; Final beneficiary(bank statement or other proof of payment(s) made);
- Report from the Commission that the works were performed in accordance with the specification of works specified in the pro forma invoice;

The LSGU will submit to MoME/PIU, after the completion of all works and the transfer of funds to the contractors, the final report, which will specifically include:

- Financial report for all tripartite contracts;
- Data on energy savings and reduction of harmful gas emissions;
- Report on the grievance mechanism.

Along with the report, the LSG will submit supporting documentation, including invoices, statements, and records.

PIU shall provide the LSGUs with a uniform final report template.

The LSGUs shall transfer the funds to the Contractor after the Contractor duly submits the request for transfer of funds, within a period that may not be longer than 45 days from the date of submission of the request.

Specification of payment procedure for the direct beneficiaries shall be aligned with the project financial management requirements.

#### **2.3.11. Field visits**

The Commission will make at least two scheduled field visits. The first one is carried out prior to any works commencing, to assess the initial condition of the building. The second one, after completion of the works, is to assess the condition of the building following energy refurbishment. The PIU will develop models of the Reports for pre and post renovation visits.

#### **2.3.12. Grant Completion**

Once the individual grant-financed investment is completed and funds are fully paid to the account of the direct beneficiary (Contractor), the individual grant must be marked as COMPLETED in the grant registration system. All individual grant records, including application forms, must be kept for a minimum of 5 years from the day of project completion.

#### **2.3.13. Contract between MoME and LSGUs**

Contract between MoME and LSGUs on co-financing the program of energy rehabilitation of residential buildings, family houses and apartments (Annex 4) shall set forth conditions and circumstances that may lead to suspension or termination of disbursements and eventual termination of the contractual relationship.

The Tripartite Agreement between LSGU, Contractor, and household on co-financing of energy rehabilitation measures of a family house / apartment (Annex 5) shall set forth conditions and circumstances that may lead to suspension or termination of disbursements and eventual termination of the contractual relationship. The Contractor, as the ultimate recipient of the grant funding, must observe all Articles of and Annexes to the Tripartite Agreement. The failure to implement the investment according to the Tripartite Agreement will result in rejection of payment request and termination of the Agreement.

The LSGU can submit a request for additional funds under the same contract.

### **2.4. Component 2: Technical assistance and implementation support**

#### **2.4.1. Subcomponent 2a: Enhancing Local Market Capacity, Improving Enabling Environment and Strengthening Public Awareness**

This sub-component will be implemented by PIU, in coordination with World Bank and other IFIs and donors.

### ***Policy, legal and regulatory development.***

The EEA will monitor policy, legal and regulatory development related to energy efficiency, sustainable heating, and rooftop solar, and will propose actions that can facilitate residential investments in these areas, e.g. new regulations or amendments to the existing legal/regulatory framework. The proposed actions will be reviewed by the MoME and World Bank

### ***Market development***

PIU will implement market development and capacity building activities for LSGUs, local energy commissions, contractors, and commercial banks, to screen, design, evaluate, appraise/finance, implement, and measure clean energy and energy efficiency investments in the residential sector. The content and frequency of capacity building events will be determined and adjusted during implementation. At the same time, the project will adopt a forward-looking approach to actively engage commercial banks and further stimulate the development of the local energy efficiency market. These efforts aim to lay the foundation for a self-sustaining clean energy and energy efficiency sector that will continue to grow even after the completion of the World Bank project and the gradual phase-out of government subsidies.

### ***Communication and outreach***

PIU will implement activities to raise awareness among the Serbian population of the benefits of energy efficiency and clean energy investments and available support programs. A communication campaign will be developed in the implementation period with the support of communication specialists (consulting company) procured by the MoME. This campaign will be implemented and adjusted, as needed, with support of consultants procured by the PIU.

### **2.4.2.Subcomponent 2b: Technical Studies Informing Program Design and Implementation**

PIU will procure consultants to carry out technical studies that are needed to implement investment projects, if it is necessary, such as:

- **Monitoring and evaluation (M&E).** Hiring of contractor(s) responsible for carrying out M&E activities based on inputs provided by the LSGUs. Development of a database and a program management support tool to be made available to the PIU and the LSGUs for the collection of data required for M&E, e.g.: (i) energy savings from investments, (ii) disbursed, committed, and invested amounts, (iii) repayments, (iv) social surveys, (v) periodic program evaluations, and (vi) annual stakeholder consultations.

### **2.4.3. Subcomponent 2c: Project Implementation Support**

This component will support activities related to the implementation of the project, such as: (a) hiring of PIU staff (project director, technical experts, environmental and social experts, IT experts, legal experts, and so on); (b) hiring of technical experts within the LSGUs (or at the regional level) if it is necessary; (c) audits; and (d) operating costs (equipment, logistics, and so forth).

Detailed breakdown of supported activities and costs will be specified in the project Procurement Plan.

### **3. ENVIRONMENTAL AND SOCIAL MANAGEMENT**

The World Bank Environmental and Social Framework (ESF) requires the Borrowers to manage environmental and social risks compliant to the ESF and improve development outcomes. As of October 1, 2018, the ESF applies to all new World Bank investment project financing.

The SURCE project aims to increase the uptake of clean energy and energy efficiency investments in the residential sector in Serbia, with a focus on lower-income households. Increased investments in clean energy and energy efficiency will contribute to reducing the energy and carbon intensity of the residential sector, improving air quality in urban settings, and increasing heating comfort levels of lower-income households. Thus, out of ten WB Environment and Social Standards (EES)<sup>6</sup>, the following five were identified as relevant for the SURCE project:

- ESS1: Assessment and Management of Environmental and Social Risks and Impacts
- ESS2: Labor and Working Conditions
- ESS3: Resource Efficiency and Pollution Prevention and Management
- ESS4: Community Health and Safety
- ESS10: Stakeholder Engagement and Information Disclosure

The project is not expected to have any significant adverse impacts on cultural and historic heritage, so the ESS8: Cultural Heritage is not triggered. However, if the buildings undergoing reconstruction fall under the protection by the Institute for the Protection of Cultural Monuments of Serbia or in case of any known cultural heritage resources are located in the project area, the works will be carried out in line with the ESS8, national requirements and Good International Industry Practice (GIIP), as defined in the Environmental and Social Management Framework, and Environmental and Social Commitment Plan.

The environmental and social risks of the SURCE project are classified as Moderate. Implementation of environmental and social management measures and activities will be carried out by the PIU, housed in the MoME. For this purpose, qualified Environmental and Social Expert(s) will be hired as a member(s) of the PIU. The experts shall ensure that environmental and social considerations outlined in the environmental and social safeguards documents are integrated into subprojects designs and implementation and that actions taken fully comply with the Bank's ESF policies and standards, relevant national legislation, including communication with stakeholders and the grievance mechanism.

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<sup>6</sup> Detailed information on the ESF and ten ESSs can be found at <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework> and <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards>.

Detailed guidance on environmental and social management requirements are prescribed in the Environmental and Social Management Framework, Environmental and Social Commitment Plan and complementing documents, all available at <https://www.mre.gov.rs/tekst/2206/dokumenta.php>

Section 6.2 discusses E&S monitoring and reporting.

### **3.1. Environmental and Social Documents**

The MoME has prepared four E&S documents – Environmental and Social Management Framework (ESMF), Stakeholder Engagement Plan (SEP), Labor Management Procedures (LMP) and Environmental and Social Commitment Plan (ESCP). These documents will serve as main tools to identify, avoid, minimize, or mitigate potential negative environmental and related social impacts caused by implementation of the SURCE project.

This ESMF provides general policies, guidelines, codes of practice, and procedures that will be in place during the implementation of the SURCE project. Its main objective is to ensure the implementation is in compliance with all relevant local policies and legislation, as well as the WB ESS requirements. Since the project will be implemented on the territory of the Republic of Serbia and exact locations of investments are not known yet, ESMF provides a general framework for the project and introduces screening processes to exclude any sub-project activity which could potentially have significant adverse environmental and social impacts. In addition, the ESMF also provides guidance for the environmental and social screening, the process and the content for the development of site-specific documents, such as Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Plans (ESMPs) and Environmental and Social Management Plans checklist (ESMP checklist).

The SEP sets out principles and procedures for the development and implementation of effective stakeholder engagement under the SURCE project, which are to be obligatory followed throughout the project duration. The document provides guidelines for general stakeholder identification and analysis, information disclosure procedures, and specifies the stakeholder engagement program and GRM. In addition, the document outlines the definition of responsibilities for the implementation of stakeholder engagement activities, grievance mechanisms, and reporting requirements. This document serves as the tool for implementing site-specific engagement activities and for ensuring the full participation of all stakeholders, including vulnerable and disadvantaged groups, for the duration of the project. Compliance with the main provisions of SEP will be regularly reported to the WB.

The LMP (Labor Management Procedure) is an instrument that aims to ensure that labor conditions for project workers are managed effectively, in line with legal requirements and international standards. It provides a framework for addressing labor-related risks and promoting fair and safe working conditions. The plan identifies different categories of workers who are expected to be hired or engaged under the SURCE project. This helps in understanding the specific labor requirements and needs for each category. This instrument also defines terms and conditions of employment by including aspects such as wages, working hours, leave entitlements, and other benefits. The instrument will be obligatory applied to for all project workers for the project duration. Compliance to the instrument will be regularly reported to the WB.



The ESCP sets out E&S legal obligations in the form of material measures and actions to be carried out or caused to be carried out by the MoME, acting on behalf of the Republic of Serbia as the Borrower. This includes precise definition of the timeframes of the E&S actions and measures, institutional, staffing, training, monitoring and reporting arrangements, grievance management and the environmental and social assessments and instruments to be prepared or updated, disclosed, consulted, adopted and implemented under the ESCP and following ESSs, all in a manner acceptable to the Bank. The implementation of the measures and actions outlined in the ESCP will be monitored and reported to the World Bank, as required by the ESCP and the conditions of the legal agreement. The progress and completion of these measures and actions will be continuously assessed throughout the project implementation.

ESMF, SEP, LMP, ESCP and other environmental and social documents are published on the MoME website: <https://www.mre.gov.rs/tekst/2206/dokumenta.php>. The environmental and social documents may be revised over the course of project implementation. The agreement on changes shall be documented through an exchange of letters signed between the Bank and the MoME. The MoME will promptly disclose the updated social and environmental safeguards documentation on its website.

### **3.2. Environmental and Social Assessment**

The environmental and social assessment will follow the five-step process to identify risks, potential impacts and define measures aimed to prevent or minimize negative impacts and determine the type of management instrument required to meet the project standards:

- Step 1 - Project activity screening and risk classification
- Step 2 - Project activity preparation
- Step 3 - Preparation and disclosure of ESMP, ESMP checklist and public consultations (only for ESMP)
- Step 4 - Integration of ESMP and ESMP checklist in public calls
- Step 5 - Implementation, project supervision, monitoring and reporting.

Environmental and social assessment roles, responsibilities, procedures for sub-projects are further specified in the ESMF and ESCP.

### **3.3. Climate Change Co-benefits**

100 percent of the World Bank financing is expected to count as having climate co-benefits as defined by the Joint MDB methodology, as it finances clean energy and energy efficiency investments as well as associated technical assistance and implementation support.

### **3.4. Citizen Engagement**

The project includes a feedback mechanism whereby citizens can submit complaints or requests for additional information, either by email or phone.

The project will review and — where necessary — strengthen the citizens engagement interfaces in MoME's regulatory decision making and call-for-proposal processes to ensure that beneficiaries, the public and stakeholders are engaged in a systematic and

structured manner through the use of publicly available information, feedback mechanisms and consultative processes.

Citizens Engagement will be crucial for the project to engage with local beneficiaries in two-way dialogues. The project interventions in residential objects will offer many opportunities for outreach and socially inclusive engagement with citizens, as well (potential) grant program applicants. Citizen engagement will be carried out in several ways:

- LSGUs participating in the project are required to organize public informational events in the presence of interested parties: citizens, local media, contractors, and local energy efficiency committees, at least 10 days before announcing the public calls for citizens, where they will present the public call and the benefits of the project.
- The launch of the CE Platform (for citizen engagement) for interaction with citizens, the official project information portal, and the project's social media will provide citizens with easier access to accurate and timely information about the project's activities and goals. Through interactive tools, citizens will be able to provide their suggestions, comments, and ask questions, thus strengthening their participation in the decision-making process. The official information portal will serve as a central place for all relevant content, reports, and updates related to the project. Active use of social media will enable faster and more efficient communication with the broader public, increasing the transparency and visibility of the project.
- Annual surveys with beneficiaries will include quantitative and qualitative interviews with project beneficiaries to collect their perspectives and perceptions of the program's implementation and impact.
- Roundtables and open-door days will be periodically organized to gather representatives of LSGUs, residents, and projects beneficiaries and directly discuss project activities, building improvements, and survey results.
- In addition, the project may mobilize female and male "Youth Energy Ambassadors" for local action in LSGUs, in order to engage citizens on key issues around energy efficiency and clean energy.

The project will support the introduction of an online civic engagement platform as an efficient mechanism to enhance and expand the feedback collection mechanism under the existing pilot and complement SEP measures and activities. The design of the Platform is currently discussed between MoME and the WB<sup>7</sup>. Once operational the platform is expected to allow for:

- Direct and transparent communication between the Ministry and beneficiaries.
- Provision of standardized materials to all Municipalities involved.
- Dissemination and promotion of project benefits on a large scale.
- Design and implementation adjustments based on feedback received.

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<sup>7</sup> The final layout is expected to display at least three key windows: information sharing, stakeholder/citizen engagement and monitoring window.

### **3.4.1.Citizen Engagement (CE) indicators**

#### **CE Indicator 1: Number of capacity building workshops provided.**

Monitoring progress: throughout the project duration it will be conducted Every 6 months.  
Data Availability: Ensure data availability for assessing achievements related to citizen engagement. Project database (to be developed) that will consolidate inputs from participating LSGUs. Methodology for Data Collection: MoME and LSGUs to input data on workshops organized in the project database. Responsibility for Data Collection: MoME and participating LSGUs. Objective of indicator: (Number) Baseline 0.00 / End Target 20.00

#### **CE Indicator 2: Increased uptake of energy efficiency and sustainable heating by households in participating LSGUs**

Monitoring progress: throughout the project duration it will be conducted Every 6 months.  
Data Availability: Ensure data availability for assessing achievements related to citizen engagement. Project database (to be developed) that will consolidate inputs from participating LSGUs Methodology for Data Collection: Project database (to be developed) that will consolidate inputs from participating LSGUs. Responsibility for Data Collection MoME (raw data consolidation), participating LSGUs (raw data collection).

Objective of indicator:

1. Number of households that have implemented energy efficiency and sustainable heating investments (Number) Baseline 0.00 end Target 25,000.00
2. Number of households benefiting from MoME's social inclusion top-up grants (Number) Baseline 0.00 / End Target 2,500.00

#### **CE Indicator 3: Share of Serbian municipalities participating in the program**

Monitoring progress: throughout the project duration it will be conducted Every 6 months.  
Data Availability: Ensure data availability for assessing achievements related to citizen engagement. Project database (to be developed) that will consolidate inputs from participating LSGUs. Methodology for Data Collection LSGUs to input data on investments implemented in the project database. Responsibility for Data Collection: MoME (raw data consolidation), participating LSGUs (raw data collection) Objective of indicator: (Percentage) Baseline 40.00 / End Target 80.00.

#### **CE Indicator 4: Share of beneficiaries reporting satisfaction with consultation process under the program**

Monitoring progress: throughout the project duration will be conducted Every 6 months.  
Data Availability: Ensure data availability for assessing achievements related to citizen engagement. Project database (to be developed) that will consolidate inputs from participating LSGUs. Methodology for Data Collection: Satisfaction surveys conducted among program beneficiaries Responsibility for Data Collection: MoME (raw data consolidation), participating LSGUs (raw data collection). Objective of indicator: (Percentage) Baseline 0.00 / End Target 75.00

### 3.5. Gender

**The project aims at reducing the gender gap in knowledge and awareness of clean energy and energy efficiency, with the goal of channeling said knowledge into strengthened decision-making of households around investments.** The project will thus contribute to reducing the gender gap in women's voice and agency, one of the four pillars of the World Bank Group Gender Strategy 2016-2023. A 2015 qualitative study conducted in eight ECA countries on energy efficiency reforms revealed a gap between men and women in their awareness and knowledge of energy efficiency, as well as in their ability to take actions to improve energy use in their households.<sup>8</sup> Men are generally better informed about topics related to energy efficiency investments and consequently are more involved in making decisions about which energy sources to use. This gap puts women, particularly those in female-headed households, at a disadvantage, as they are less likely to apply to and benefit from government programs. As a recent survey revealed, approximately 32 percent of households in Serbia are headed by women;<sup>9</sup> the gender gap in knowledge and awareness about energy efficiency can thus affect a substantial portion of potential project beneficiaries under the Project. Furthermore, as women are typically more likely to spend extensive periods in the domestic environment, which includes performing household activities related to maintaining the heat source, they are more exposed to harmful pollutants and poor indoor air quality. Having the knowledge about the investment options available will enable female-headed households to purchase cleaner, more energy-efficient heating technologies.

**During project preparation, a survey on air quality and energy efficiency will be conducted in several Western Balkans countries, including Serbia,** to probe knowledge and attitudes towards energy efficiency and air quality, current practices regarding energy consumption and efficiency in the household, financial ability to upgrade the energy sources in the household, knowledge of subsidies and support programs available, and the most effective communication channels to reach residents. The survey will also test the effectiveness of possible messages among respondents. The gender disaggregated findings from the survey will enable the Project to develop a set of actions aimed at addressing the gender gap in knowledge and awareness of clean energy and energy efficiency, i.e. the design of an awareness campaign with dedicated messaging targeted at women, including recommendations on energy investments and behavior changes that help save energy. The awareness campaign will therefore be calibrated to the differentiated knowledge that men and women currently have of implementing energy efficient investments, to ensure they are equally informed about the investment options and their benefits, know how to apply and implement the improvements, and are therefore motivated and equally able to benefit from the energy efficient investments available under the Project. Furthermore, research in other ECA countries has shown that female-headed households tend to have slightly lower levels of affordability than male-headed households. Should the upcoming survey on air quality and energy efficiency confirm this trend among female-headed households in Serbia, the

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<sup>8</sup> World Bank. 2015. *Toward Gender-Informed Energy Subsidy Reforms: Findings from Qualitative Studies in Europe and Central Asia*. Washington, DC: World Bank.

<sup>9</sup> Statistical Office of the Republic of Serbia and UNICEF. 2019. *Serbia Multiple Indicator Cluster Survey and Serbia Roma Settlements Multiple Indicator Cluster Survey, 2019, Survey Findings Report*. Belgrade, Serbia: Statistical Office of the Republic of Serbia and UNICEF.

program will reduce these affordability gaps through tiered subsidy levels that provide greater support to those with more limited incomes per capita. Details on how the project design and complementary awareness and citizen engagement activities will achieve the abovementioned objectives will be developed together with the EEA during project preparation.

To measure the impact of these actions, the Project will monitor the following quantitative intermediate result through following gender indicator:

**Share of female home-owning beneficiaries of the clean energy and energy efficiency grants program.**

Description: Percentage-point increase in the share of female homeowners whose homes have been approved for the program vs. the baseline value in the pilot program.

Monitoring progress: throughout the project duration will be conducted Every 6 months.

Data Availability: Will be Ensure data availability for assessing achievements toward lessening gender disparities. Project database (to be developed) that will consolidate inputs from participating LSGUs. Responsibility for Data Collection MoME (raw data consolidation), participating LSGUs (raw data collection). Objective of indicator:

(Percentage) Baseline 35.00 end Target 41.00

### **3.6. Grievance Redress Mechanism**

**Grievance redress under the current residential energy efficiency program.**

Dedicated grievance redress mechanism for direct and final beneficiaries, has been established at LSGU level. The mechanism is prescribed in the Model Rulebook on Co-financing Measures for Energy Rehabilitation of Residential Buildings, Family Houses and Apartments, adopted by each participating LSG. Residential EE program related complaints and feedback can be submitted to MoME email and telephone line, specified in the public calls.

#### **3.6.1.SURCE project level Grievance Redress Mechanism (GRM)**

Establishment of the project level GRM is the responsibility of the MoME/EEA i.e., the PIU. Given the specific decentralized and geographically dispersed activities the SURCE GRM would best serve the stakeholders interest through a Central Feedback Desk (CFD) administered by the PIU and sub-project specific Local Grievance Admission Desks (LGAD) to be established at the LSGU levels.

The CFD shall be responsible for overall grievance administration The LGAD serves as a local point for admission and resolving grievances. LGAD reports to CFD/PIU on the functioning of the GRM on a monthly basis.

The GRM is managed manually, until the IT based system becomes operational. The project will utilize the existing system (hotline, online, written and phone complaints

channels) to ensure all project-related information is disseminated and complaints and responses are disaggregated and reported. Quarterly reports in the form of Summary of complaints, types, actions taken and progress made in terms of resolving of pending issues will be submitted for the review to the Director of PIU. Once all possible avenues of redress have been proposed and if the complainant is still not satisfied then the GRM would advise of their right to legal recourse. Thus, legal remedies available under the national legislation will also be available (courts, inspections, administrative authorities etc.).

The GRM shall serve as both Project level information centre and grievance mechanism, available to those affected by implementation of all Project sub-components and be applicable to all Project activities and relevant to all local communities affected by project activities. The GRM shall be responsible for receiving and responding to grievances and comments of the following four groups:

- A person/legal entity directly affected by the project, potential beneficiaries of the Project,
- Other interested parties with interest in the project, and
- Residents/communities interested in and/or affected by project activities.

The MoME through the EEA and PIU will cooperate with LSGUs in joint efforts to establishing functioning GRM and informing stakeholders about the GRM role and function, the contact persons, admission channels, and the procedures to submit a complaint in the affected areas. Information on the GRM will be available:

- On the website of the MoME (<http://www.mre.gov.rs/>)
- On the notice boards and websites of LSGU
- Through social media campaigns.
- Information window on Citizen engagement platform which will be created with the support of WB

Detailed description of grievance redress administration, grievance logs, grievance admission, processing, monitoring and reporting, including relevant templates is provided in Chapter 12 of the ESMF and Chapter 6 of the LMP, both available at <https://www.mre.gov.rs/>.

### **3.6.2. Labor management grievance mechanism.**

The PIU will also develop and implement a grievance mechanism for direct workers to address workplace concerns. The PIU will also require third parties to develop and implement a grievance mechanism for their workforce, prior to commencing the activities they have contracted for. Detailed description of the labor management grievance mechanism requirement is provided in Chapter 12 of the LMP, available at <https://www.mre.gov.rs/>.

### **3.6.3. World Bank Grievance Redress System.**

In addition to the project-level grievance redress mechanism, communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may

submit complaints to the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

### **3.7. Behavioral Analysis**

The World Bank will support the Government in reflecting behavioural insights in the program design and communication. The use of behavioural diagnostics of household attitudes and knowledge, including among poorer and vulnerable households, will be critical for identifying barriers in transitioning towards cleaner and more efficient energy, and improve the program targeting as well as communication to its beneficiaries.. The communication and outreach strategy prepared for the project will fully integrate the survey findings and Citizens Engagement platform to facilitate information sharing and stakeholder engagement over the course of project implementation.

## **4. FIDUCIARY**

### **4.1. Financial Management**

Financial Management activities, which include accounting, financial reporting, withdrawal applications and monitoring of internal controls, flow of funds, and coordination with the external auditors, will be carried out by the CFU in coordination with the PIU and MoME/EEA.

#### **4.1.1 Financial Management Overview**

The SURCE Project is financed from the € 44.9 million (US\$ 50 million equivalent) World Bank loan to the Republic of Serbia. Financial Management of the Project will provide timely, reliable and useful information for accountability and decision-making. The principal objectives of financial management procedures are to:

- (a) Meet the World Bank requirements;
- (b) Comply with the legal covenants that "The Borrower shall maintain or cause to be maintained a financial management system and prepare financial statements ("Financial Statements") in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the Project";
- (c) Meet the requirements of the Government of the Republic of Serbia.

Accounting policies adopted by the CFU will constitute basic principles designed to ensure that the accounting records are complete, relevant, and reliable, and that the accounting

practices are followed consistently from one period to another, so that financial reporting is comparable.

#### **4.1.2 Project Implementing Entities and Staffing**

Financial management of the Project will be serviced by the CFU within the Ministry of Finance, complemented by PIU, and project implementing entity – MoME. The CFU is adequately staffed to service the financial management function and corresponding implementation arrangements of the SURCE Project.

#### **4.1.3 Designated Account**

The Designated RSD Record Account will be opened for the Project in MoME. The Designated Account (DA), in foreign currency (€), for administering the Project funds will be opened at the National Bank of Serbia (NBS) for the MoME and will be controlled by the PIU and MoME, with assistance from the CFU. The control environment at the NBS is considered to be acceptable. The DA will be funded with advances from the World Bank loan and used exclusively to cover project expenditures.

Payments out of the Designated Account is to be made exclusively for eligible expenditures in accordance with the provisions of the LA. Each payment shall be approved by an authorized person(s) within the MoME, and executed by the respective financial sector. Statement of Expenditures (SoEs) forms, prepared by CFU will include appropriate details for each aspect of the Project and, for each payment made out of the DA, are to be furnished to the World Bank, at such time as may be reasonably requested, documentary and other evidence to show that such payment was made exclusively for eligible expenditures. The CFU (and MoME/EEA) will keep all supporting documents, including contracts and procurement documentation, and evidence of payment in its files for examination by independent auditors and World Bank staff during supervision missions.

#### **4.1.4 Eligible Expenditures**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to: (a) finance Eligible Expenditures; and (b) pay the Front-end Fee; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in EUR)</b>	<b>Percentage of Expenditures to be financed</b>
(1) Goods, works, non-consulting services, consulting services, Trainings and Operating Costs for the Project	4,377,750	100% (inclusive of taxes other than value added tax and customs duties for works, goods and non-consulting services)



(2) Grants under Part 1 of the Project	40,410,000	100% (inclusive of taxes)
(3) Front-end Fee	112,250	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>44,900,000</b>	

For the purpose of this table, the custom duties and value added tax for the importation and supply of works, goods and non-consulting services, within the Borrower's territory and for the purpose of the implementation of the Project, shall not be financed out of Loan proceeds. The Borrower confirms that the importation and supply of works, goods and non-consulting services, within the Borrower's territory and for the purpose of the implementation of the Project, shall be exempted from customs duties and value added tax.

**Trainings** include seminars, conferences, workshops and study visits related to the activities on the Project financed from this loan. Trainings represent expenditures (other than for consultants' services), incurred during the implementation of the Project, based on periodic training plans acceptable to the Bank for: (i) reasonable travel, room, board and per diem expenditures incurred by trainers and trainees in connection with the training; (ii) course fees; (iii) training/workshop facility and equipment rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses not otherwise covered. Procurement Regulations do not apply to Trainings.

The Project will finance **Operating costs** representing reasonable incremental expenses incurred on account of implementation of the Project, for furniture and IT equipment, office supplies and other consumable goods, office rent (in the ratio of 50% MoME and the 50% EEA), internet and communications costs, support for information systems, translation costs, bank charges, utilities, travel, transportation services, per diem, accommodation costs (lodging) for PIU and CFU, health and safety equipment, advertisements, organization of trainings, seminars and other events, interest rate for late payment, CFU salaries and other reasonable expenditures directly associated with the implementation of the Project, on the basis of semi-annual budgets acceptable to the Bank, excluding salaries of the civil service employees. Operating Costs Plans acceptable to the Bank will be prepared by the PIU and MoME/EEA for each year of the Project. Procurement Regulations do not apply to Operating Costs. Therefore, internal procedures for financing activities under the Operating Costs Plan need to be developed by the MoME/EEA/PIU. Any expenditure that will be made under the Operating Cost of the Project, as approved in the OCP, and is below 15,000 EUR can be executed by the PIU against the invoice submitted (and contract, if any). If expenditure is higher than this threshold PIU will perform selection of supplier based on 3 bids minimum, or in accordance with adopted procedure within MoME.

#### **4.1.5 Flow of Funds and Disbursement Arrangements**

Project funds will flow from: (i) the World Bank Loan Account - either as an advance, via a Designated Account, or (ii) by direct payment on the basis of direct payment withdrawal applications, and (iii) other disbursements envisaged in the Disbursement and Financial Information Letter (DFIL).

Project funds will be withdrawn and will be used only for the purpose of inflows and outflows under respective Project's components. Payments in foreign currency to suppliers/services providers based abroad will be executed directly from the LA or DA. Funds needed for payments in local currency will be transferred to a corresponding RSD Record Account opened with Serbian Treasury Administration for the same purpose.

The CFU will administer Designated Account in the following manner: (i) the CFU will prepare withdrawal applications for replenishment of the Designated Account which ought to be signed by the MoME senior officials designated as authorized signatories for the withdrawal of loan funds. Withdrawal Applications together with supporting documents will be prepared through World Bank's Client Connection web-based portal, following instructions for electronic delivery, (ii) payments from the Designated Account are executed by the means of payment orders. After all the procedures with respect to flow of documents, verifications and authorizations are applied, including confirmation by the designated MoME/EEA staff (and/or Project Coordinator) that service rendered/goods delivered are of acceptable quality and in line with respective contracts, PIU prepares Request for payment, MoME authorized Project Coordinator signs it and together with all documents for payment PIU sends it to CFU Financial Management Specialist (FMS). CFU FMS checks documents for payment, invoices against contract provisions and payment dynamics and if in order prepares Overview of costs for payment, signs it, then CFU Head of Operations approves it, and CFU delivers Overview of costs for payment to MoME/EEA PIU. PIU then submits whole package of payment documents to MoME Financial sector for payment execution. Confirmation of payment (Bank Statement(s)) is sent by the MoME Financial Sector or PIU to the CFU. In the case of Direct Payment, the application form for such payment method is submitted to the Bank with the same authorized signatories as described above.

The Ceiling for DA is defined in the DFIL that accompanies LA. Applications for replenishment of the DA will be submitted on regular basis (as defined in DFIL). Documentation requirements for replenishment would follow standard World Bank procedures as described in Disbursement Handbook. Before funds from the Loan Account may be withdrawn or committed, the authorized representative of the implementing entities, as designated in the LA, must furnish to the World Bank, electronically through the Client Connection website (<http://clientconnection.worldbank.org>), or through an authorized signatory designation letter, the names of the officials authorized (a) to sign and submit applications for withdrawal and (b) to receive Secure Identification Credentials (SIDC) from the World Bank.

Direct Payment disbursement method could be used on the basis of direct payment to suppliers or service providers. It will be fully documented and would include the original records evidencing eligible expenditures, such as invoices and receipts.

With regards to payments of grants on the Project, MoME will make payments from the RSD Record Account upon verification from designated MoME/EEA Officers and approval of the designated MoME Project Coordinator in line with the specific grant program procedures. The PIU will deliver on quarterly basis the summary table of disbursements made and expenditure documented in respect of grants to the CFU. The summary table

of grants will be signed by the PIU designated Officer (PIU Director) and MoME Project Coordinator. Relevant supporting documents for these summary tables of disbursement made and expenditures documented for grants will be kept at PIU.

#### **4.1.6 Withdrawal applications Contract Implementation and Payments**

Contract implementation will be monitored in the software and checks and controls of the total contract amount and payments which are due will be checked by CFU FMS before each approval for payment under contracts. Respective PIU technical staff will review and approve invoices and accompanying documentation against contracts provisions for quality of deliverables.

#### **4.1.7 Accounting and Financial Reports**

The Project's accounting will follow cash-based accounting (cash based, International Public Sector Accounting Standard - IPSAS), recording transactions when actual payment is done, rather than when they are incurred. Transactions should be accounted for within ten days after incurring. There should be appropriate back up of accounting records on external drives, as well as appropriate security regulation regarding access and editing rights of the financial information. The CFU acquired an acceptable financial management software which will be used to maintain accounting records for projects in its portfolio, including this Project, and prepare financial reports. The software includes features that enable appropriate analytical accounting information and generates financial reports in the agreed format automatically.

Some of the software features are:

- (a) Applying cash and accrual-based accounting, as required;
- (b) Keeping record of all Project expenditures;
- (c) Generating periodical Interim Financial Reports (IFRs);
- (d) Generating Replenishment reports;
- (e) Generating annual Project Financial Statements.

Financial Reports include:

- (a) Interim Financial Reports, quarterly, in accordance with the reporting timeline; and
- (b) Annual (separate) Financial Report, at the end of the calendar year that is a subject to the external audit.

Reports are made in accordance with cash-based IPSAS.

Interim un-audited financial reports will be prepared by the CFU on a quarterly basis, and delivered to the World Bank within 45 days after the end of the reporting period, throughout the life of the Project as per the project legal documents. The IFRs also serve as a basis for the annual audited financial statements. The supporting documentation of the Project financial statements shall be maintained by the CFU in electronic format and by PIU in original hard copies and made easily accessible to World Bank missions and to the external auditors.

The reporting currency will be Euro (€). IFRs are intended to comprise the following reports:

- (a) Cash Receipts and Payments, including comparison of budgeted versus actual amounts;
- (b) Uses of Funds by Activity;

- (c) Designated Account statement;
- (d) Breakdown of Grants;
- (e) Accounting policies and explanatory notes.

#### **4.1.8 Internal controls**

Internal controls to be applied for the Project include:

- a) appropriate authorizations and approvals of all purchases, relevant documentation, transactions of payments etc. All approvals, Payment requests and Payment orders will be signed by authorized person(s) from the MoME;
- b) segregation of duties as different persons responsible for different phases of a transaction. Invoices, consultant's reports, delivery recipes and supporting documents will be collected by PIU and will ensure approvals from authorized persons at MoME and forward documents (approved Invoices, Timesheets, Reports) to CFU. CFU FMS checks submitted invoices against contracts provisions for ceilings and dynamics of payments and if in order prepares Overview of costs for payment, signs it, CFU Head of Operations approves it, and forwards it to respective PIU staff who prepare Payment request and forwards all documents to respective Financial Department for payment execution;
- c) after payment is processed, the PIU submits an electronic copy of Bank statements to CFU showing all payments for record keeping and to be used as basis for required Reports;
- d) reconciliations between Project accounting records and other relevant sources of information (Client Connection, bank account statements, etc.) performed at least monthly by the CFU FMS;
- e) original documentation supporting all Project transactions properly filed. CFU FMS files original documentation in electronic format supporting all Project transactions. Original hard copies of documents will be kept by PIU.
- f) Invoices, timesheets and Payment requests for CFU staff salaries and/or operational costs and training as well as Statement of Expenditures (SoE) (Overview of costs) for payments will be approved by the CFU Director or CFU Head of Operations.

Key controls should include:

- a) reconciliation of the Bank's disbursement summaries with accounting records on monthly basis by the CFU FMS;
- b) reconciliation of bank statements with accounting records on monthly basis by the CFU FMS;
- c) reconciliation of SoEs with accounting records at the time of each withdrawal by the CFU FMS;
- d) segregation of duties as no one person has responsibility for all phases of transaction;
- e) specific staff authorized for signing and approving of transactions (MoME senior official or other authorized staff);
- f) transactions are properly documented.

The payment cycle would be adequately controlled. Received invoices would be verified against the contract and delivered goods/services by technical staff in the MoME/PIU. After sign off by the technical staff, the financial management staff of the CFU checks the invoiced amount against the contract ceiling. Invoices verified and signed off in such manner are forwarded for payment. A payment order signed by the authorized signatories accompanies the invoice. Original and complete documentation relating to the above process should be available.

#### **4.1.9 External Audit**

Separate annual Project financial statements will be audited by a private audit firm acceptable to the World Bank, engaged under the Terms of Reference (ToRs) approved by the World Bank. The audit report will be delivered to the World Bank within six months after the end of the audited period. The audit will be based on ToR for financial audit.

The audit of the project financial statements shall include:

- a) an assessment of the adequacy of accounting and internal control systems to monitor expenditures and other financial transactions and ensure safe custody of project-financed assets;
- b) a determination as to whether the Recipient and the CFU and PIEs have maintained adequate documentation on all relevant transactions;
- c) verification that expenditures submitted to the World Bank are eligible for financing, and identification of any ineligible expenditures;
- d) a separate opinion for the Statements of Expenditures (SoEs) against which disbursements have been made or are due to be made from the loan.
- e) as well as the audit of the use of grant funds on a sample of municipalities.

The auditor will be selected from the short list of firms pre-qualified to audit World Bank funded projects in Serbia. The auditor will be engaged not less than two months prior to the end of the fiscal year.

The Project financial statements to be audited annually include:

- (a) sources and uses of funds by disbursement category and project component;
- (b) SoE statements;
- (c) statements of Designated Account;
- (d) notes to the financial statements.

The audit will be conducted in line with International Standards on Auditing (ISA).

## **4.2. Procurement**

### **4.2.1 Introduction**

Procurement will be conducted in accordance with the World Bank's Procurement Regulations for IPF Borrowers: Procurement in Investment Project Financing – Goods, Works, Non-Consulting and Consulting Services (July 2016, revised November 2017, August 2018, and November 2020). The project will also be subject to the World Bank's Anti-Corruption Guidelines, dated July 1, 2016. The CFU and PIU staff will use the Systematic Tracking of Exchanges in Procurement (STEP) system.

The Borrower prepared the Project Procurement Strategy for Development (PPSD) and the procurement plan (Table 1) for the first 18 months of project implementation, which provides the basis for procurement methods. It includes the Bank review requirements and thresholds. A detailed procurement plan with implementation dates will be prepared and submitted to the Bank for review and no objection. The Procurement Plan will be updated as need arises and each update will require the Bank's review and no objection. In particular, an update will be prepared by the Borrower and the CFU, which shall then be submitted by the CFU to the Bank for approval. Upon approval, Bank's procurement specialist will upload it in STEP and it will be automatically visible on Bank's external website.

The General Procurement Notice (GPN) will be published after loan approval online on the UNDB website, local newspaper and on the MoMF website and will be updated based on project needs. Specific Procurement Notices (SPN) will be published as the corresponding procurement documents become available.

#### **4.2.2 Procurement Thresholds**

The prior review thresholds for moderate risk projects as provided in the ECA Regional Procurement Maximum Thresholds, effective January 2, 2014 (revised November 15, 2016) will apply: Goods, IT System and Non-Consulting Services – \$4,000,000; Consulting Firms – \$2,000,000; and Individual Consultants – \$400,000. Direct Selection will be in accordance with paras. 6.8 to 6.10 for Goods, Works and Non-Consulting Services and paras. 7.13-7.15 for Consulting Services of the Procurement Regulations. Despite the prior review status of a consulting assignment, the Bank team reserves the right to conduct due diligence on critical assignments, i.e. review the process before a contract is signed.

The above thresholds, based on the procurement risk rating, may be modified during project implementation depending on the performance of the CFU and PIU in implementing procurement activities.

All TORs are subject to prior review irrespective of prior/post review status.

#### **4.2.3 Procurement Methods**

Procurement of consulting services will use the World Bank standard procurement documents. Selection methods are: Quality-and Cost-Based Selection, Consultant's Qualifications based Selection, Least Cost Selection, Fixed Budget Selection, or Quality Based Selection following provisions of Regulations for Borrowers, Section VII. Approved Selection Methods: Consulting Services. Individual consultants are selected from those that expressed interest in response to a REOI or through limited competitive selection. For direct selection of individual consultants, due justifications under the circumstances, as specified in para. 7.39 of Section VII of the Regulations, apply. The PIU will provide technical support to CFU to develop procurement documents and to evaluate proposals.

#### **4.2.4 Entering new methods in STEP**

As a general rule, applicable to all types of procurement (CS, NCS, G, W), PIU submits the following information to the CFU Procurement Specialist in order to upload new activity in STEP and seek Bank's no objection:

- Component in PP
- Sub-component in PP
- Description of Contract Package
- Procurement Type (CS, NCS, G, W)
- Procurement Method (IC, RFP, RFB, RFQ)
- Prior/Post (review by the Bank)
- Market approach (open/limited/DS; national/international)
- Estimated Cost of the activity (USD)
- TOR/Bidding document submission date
- Duration of the assignment (days/months)

In case of modification of data previously entered, PIU will submit to the CFU data to be changed/modifies along with justification. CFU will enter subject changed/modification in STEP for Bank's no objection.

In case of cancelation of the activity, PIU will submit to the CFU justification for cancelation. CFU will cancel subject activity in STEP for Bank's no objection.

#### ***4.2.5 Selection of Individual Consultants***

Selection of Individual Consultants (IC) is conducted in accordance with Section VII of the Procurement Regulations, paras. 7.34-7.39. Selection methods are open competition, limited competition, and direct selection.

##### *Procedures for Selection of IC under Open Competition*

1. MoME/PIU prepares TOR, establishes an Evaluation Committee (EC) and submits the decision on establishment of EC and TOR to the CFU Procurement Specialist;
2. The CFU Procurement Specialist submits the TOR to the Bank for review and no objection through Systematic Tracking of Exchanges in Procurement (STEP);
3. The CFU Procurement Specialist prepares the Request for Expressions of interest (REOI) and the PIU publish it in the national newspapers of wide coverage and in case of International Consultant, the CFU places an advertisement in UNDB on line through STEP. The TOR should be published together with the REOI in MoME's website and CFU Procurement Specialist will include a link in the REOI;
4. The EC prepares a long list from candidates who responded to the published REOI and/or selects from the IC database maintained by the CFU registering any interested consultant who expressed interest in the project through either contacting the CFU or responding to GPN, REOI and other advertisement on the Project;
5. The EC will evaluate the candidates' resumes and select the one that best fulfills the qualification requirements/criteria specified in the TOR;

6. The CFU Procurement Specialist, in consultation with the EC prepares the evaluation report based on the work conducted by the EC which includes statement of strengths and weaknesses of candidates, individual evaluation sheets of EC members, and a summary of evaluation;
7. If the contract is subject to prior review, the CFU Procurement Specialist sends the evaluation report to the Bank for review and no objection through STEP, along with the CVs of the candidates;
8. Once the Bank's no objection is obtained, the selected consultant is invited for contract negotiations and the draft negotiated contract is sent to the Bank for review and no objection, through STEP;
9. Once the Bank's no objection is obtained, the contract is signed between the selected consultant and MoME;
10. For contracts subject to post review, after the preparation of evaluation report the contract is negotiated and signed between the selected consultant and MoME;
11. For all contracts, whether subject to the Bank's prior review or post review, the CFU Procurement Specialist submits the copy of the signed contract to the Bank through STEP;
12. Contract award is published in the UNDB through STEP and in MoME's website.
13. At this stage, the CFU Procurement Specialist enters the following data in the Contract Management Module (CMM), namely assigns a Contract Manager, records detail of contract signing, notifies the Bank of contract signing and prepares the roadmap of key contractual dates and milestones (planned dates).
14. PIU and designated Contract Manager are responsible for contract implementation and managing the contract. In the CMM, this includes finalizing the contract management plan and using this contract management plan to manage the contract. This means that the Contract Manager is responsible for recording actual dates of activities (KPIs, Deliverables, Payments...) as they occur and monitoring the contract from implementation to completion.
15. Upon request from the PIU providing rationale and details for modification of the contract, the CFU Procurement Specialist will prepare the amendment and if subject to the Bank's prior review, submit it to the Bank through STEP.
16. Once the Bank's no objection is obtained, the Amendment to the contract is signed between the selected consultant and MoME.
17. the CFU Procurement Specialist submits the copy of the signed Amendment to the contract to the Bank through STEP (CMM).

***Procedures for Selection of IC under Limited Competition (This selection applies only if PIU or CFU have CVs of at least 3 qualified candidates. Otherwise, selection should be done through open competition)***



1. MoME/PIU prepares TOR, list of individual consultants that are deemed qualified, establishes the Evaluation Committee (EC) and submits the decision on establishment of EC, list of consultants and TOR to the CFU Procurement Specialist;
2. The CFU Procurement Specialist submits the TOR to the Bank for review and no objection through STEP;
3. The CFU Procurement Specialist invites individual consultants that are deemed qualified (i.e. fulfills the minimum qualification requirements included in the TOR) to provide their EOIs and sends the complete TOR with the invitation;
4. The EC will evaluate the candidates' resumes from those that expressed interest in response to the invitation and select the one that best fulfills the requirements specified in the TOR;
5. The CFU Procurement Specialist prepares the evaluation report based on the work conducted by the EC, which includes statement of strengths and weaknesses of candidates, individual evaluation sheets of EC members and a summary of evaluation;
6. If the contract is subject to prior review, the CFU Procurement Specialist sends the evaluation report to the Bank for review and no objection through STEP, along with the CVs of the candidates;
7. Once the Bank's no objection is obtained, the selected consultant is invited for contract negotiations and the draft negotiated contract is sent to the Bank for review and no objection through STEP;
8. Once the Bank's no objection is obtained, the contract is signed between the consultant and MoF;
9. For contracts subject to post review, after the preparation of evaluation report the best qualified consultant is invited for negotiations and the contract is negotiated and signed between the selected consultant and MoME;
10. For all contracts, whether subject to the Bank's prior review or post review, the CFU Procurement Specialist submits the copy of the signed contract to the Bank through STEP;
11. Contract award is published in the UNDB through STEP and in MoME's website.
12. At this stage, the CFU Procurement Specialist enters the following data in Contract Management Module (CMM), namely assigns a Contract Manager, records detail of contract signing, notifies the Bank of contract signing and prepares the roadmap of key contractual dates and milestones (planned dates).
13. PIU and designated Contract Manager are responsible for contract implementation and managing the contract. In the CMM, this includes finalizing the contract management plan and using this contract management plan to manage the

contract. This means that the Contract Manager is responsible for recording actual dates of activities (KPIs, Deliverables, Payments...) as they occur and monitoring the contract from implementation to completion.

14. Upon request from the PIU providing rationale and details for modification of the contract, the CFU Procurement Specialist will prepare the amendment and if subject to the Bank's prior review, submit it to the Bank through STEP.
15. Once the Bank's no objection is obtained, the Amendment to the contract is signed between the selected consultant and MoME;
16. the CFU Procurement Specialist submits the copy of the signed Amendment to the contract to the Bank through STEP.

***Procedures for Selection of IC under Direct Selection (DS)***

1. MoME/PIU prepares TOR, justification for DS including estimated costs and relevant information on selected/identified Consultant and submits them to the CFU Procurement Specialist;
2. The CFU Procurement Specialist submits the TOR and justification for DS finalized in accordance with the requirements in para. 7.39 of the Procurement Regulations, including estimated costs, to the Bank for review and no objection through STEP;
3. Once the Bank's no objection is obtained, the selected consultant is invited for contract negotiations and the draft negotiated contract is sent to the Bank for review and no objection, if the contract is subject to prior review;
4. Once the Bank's no objection is obtained, the contract is signed between the consultant and MoME;
5. For contracts subject to post review, after the no objection for DS, the contract is negotiated and signed between the consultant and MoME
6. For all contracts, whether subject to the Bank's prior review or post review, the CFU Procurement Specialist submits the copy of the signed contract to the Bank through STEP;
7. Contract award is published in the UNDB through STEP and in MoME's website.
8. At this stage, the CFU Procurement Specialist enters the following data in Contract Management Module (CMM), namely assigns a Contract Manager, records detail of contract signing, notifies the Bank of contract signing and prepares the roadmap of key contractual dates and milestones (planned dates).
9. PIU and designated Contract Manager are responsible for contract implementation and managing the contract. In the CMM, this includes finalizing the contract management plan and using this contract management plan to manage the contract. This means that the Contract Manager is responsible for recording actual

- dates of activities (KPIs, Deliverables, Payments...) as they occur and monitoring the contract from implementation to completion.
10. Upon request from the PIU providing rationale and details for modification of the contract, the CFU Procurement Specialist will prepare the amendment and if subject to the Bank's prior review, submit it to the Bank through STEP.
  11. Once the Bank's no objection is obtained, the Amendment to the contract is signed between the selected consultant and MoME.
  12. the CFU Procurement Specialist submits the copy of the signed Amendment to the contract to the Bank through STEP.

#### **4.2.6 Selection of Consulting Firms**

The methods to be used for selection of consulting firms are those stated in Section VII. Approved Selection Methods for Consulting Services of the Regulations: QCBS, FBS, LCS, QBS and CQS.

##### **Procedures for selection of a firm under Quality and Cost-Based Selection (QCBS)**

1. MoME/PIU prepares TOR, establishes the Evaluation Committee (EC) and submits the decision on establishment of EC and TOR to the CFU Procurement Specialist;
2. The CFU Procurement Specialist submits the TOR to the Bank for review and no objection through STEP;
3. The CFU Procurement Specialist prepares the Request for Expressions of interest (REOI) in the national newspapers of wide coverage, and in case of International Consultant, the CFU places an advertisement in UNDB on line through STEP. The TOR should be published together with the REOI and published in MoME's website and CFU Procurement Specialist will include a link in the REOI;
4. The CFU Procurement Specialist collects the Expressions of Interest received and files/copies them;
5. The EC will evaluate the Expressions of Interest (EOI) and prepares the short list, i.e. minimum of 5 firms and maximum of 8 eligible firms;
6. The PIU and CFU Procurement Specialist prepare the Request for Proposal (RFP);
7. The CFU Procurement Specialist submits to the Bank the shortlisting (S/L) report of expressions of interest, the proposed shortlist, and the draft Request for Proposals for no objection through STEP;
8. After receiving the Bank's no objection to the proposed shortlist and the draft RFP, the CFU Procurement Specialist issues the RFP to the shortlisted consultants;

9. The CFU Procurement Specialist documents any questions/requests for clarifications and their respective answers, and in coordination with PIU responds to all consulting firms without identifying the name(s) of the consulting firms requesting clarification in consultation with the technical experts, as appropriate;
10. In case there is a need to modify RFP documents due to answers provided to the consultants, or due to CFU Procurement Specialist (or MoME/PIU) own initiative, such modifications shall be made through an Amendment approved by the Bank. CFU Procurement Specialist may extend the deadline for submission if an Amendment so warrants. Amendments may be sent by mail and a copy of it should be sent to the Bank;
11. Technical and financial proposals are received in separate envelopes. Each envelope is marked "original" and "copy" as appropriate. Both envelopes are sealed in an outer envelope and marked "DO NOT OPEN EXCEPT IN THE PRESENCE OF THE EVALUATION COMMITTEE". Any proposal received after the deadline shall be returned unopened;
12. The EC assisted by the CFU procurement specialist shall open the technical proposals immediately after the deadline for submission of proposals;
13. The financial proposals shall remain sealed and kept in safe;
14. The EC shall evaluate and score the technical proposals based on the points assigned in the RFP. Each member shall score independently;
15. Firms scoring points equal to or greater than the minimum technical score required (specified in the RFP) shall be considered for second stage - evaluation of financial proposals;
16. The CFU Procurement Specialist, in coordination with the EC, shall prepare the Technical Evaluation Report to be sent to Bank for no objection through STEP;
17. After receiving Bank's no objection to the Technical Evaluation Report, CFU Procurement Specialist shall notify the firms that passed the minimum technical score and will advise the date, time and address for public opening of the financial proposals. Financial proposals of firms which did not meet the minimum technical score will remain sealed and will be returned unopened after publication of contract award;
18. At the opening of financing proposals, the CFU Procurement Specialist shall announce the names of the consultants, their technical score, present the sealed envelope of the financial proposal, open the financial envelopes one by one, and read-out amounts of the financial proposals;
19. The CFU Procurement Specialist shall prepare the minutes of the opening of the financial proposals and send it to the Bank;

20. The EC shall determine if financial proposals are complete and consistent with the technical proposals;
21. The CFU Procurement Specialist shall complete the final evaluation report ranking the proposals according to their combined technical and financial scores using the RFP assigned weights, and send it to the Bank for records through STEP;
22. The CFU Procurement Specialist will invite the firm scoring the highest combined technical and financial score for negotiations informing it and outlining the negotiation topics;
23. The negotiation, carried out by the EC, will include: confirmation of availability of experts specified in the technical proposal, discussion of technical proposal, work plan, staffing and firm's suggestions to improve the TOR, MoF and firm's agreement on the final TOR to be incorporated in the description of services, including adjustment of the financial proposal where appropriate, clarification on tax issues, if any, and on how to account for them in the Contract;
24. If negotiations fail with the top ranked firm, CFU Procurement Specialist shall invite the firm with the second highest score with Bank's prior approval;
25. The CFU Procurement Specialist shall incorporate the results of the negotiations in a Draft Contract to be sent to Bank for no objection through STEP;
26. After receiving Bank's no objection to the draft negotiated contract initialized by the successful consultant, the CFU Procurement Specialist shall promptly and simultaneously provide, to each Consultant whose financial Proposal was opened, the Notification of Intention to Award the contract. Transmission of the Notification of Intention to Award begins the Standstill Period and the contract shall not be awarded either before or during the Standstill Period<sup>10</sup>;
27. The EC and CFU Procurement Specialist shall provide a debriefing within five (5) business days for any written request received within three (3) business days after the issuance of the Notification of Intention to Award;
28. The CFU Procurement Specialist shall include in the procurement records a written summary of debriefing and copy that to the Bank for contracts subject to prior review;
29. For contracts subject to prior review, when no complaints are received within the Standstill Period, the CFU Procurement Specialist shall award the contract in accordance with the award recommendation that had previously received the Bank's no objection. The CFU Procurement Specialist shall transmit the notification of award to the successful Consultant, along with other documents as specified in the request for proposals document for the contract;

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<sup>10</sup> Standstill period is not required when only one proposal was submitted.

30. For contracts subject to prior review by the Bank, the CFU Procurement Specialist shall not proceed with contract award without receiving the Bank's confirmation of satisfactory resolution of complaint;
31. For all contracts, whether subject to the Bank's prior review or post review, the CFU Procurement Specialist publishes the contract award in UNDB through STEP and through MoME's website;
32. The CFU Procurement Specialist returns the financial proposals of the firms which did not pass the technical evaluation stage.
33. At this stage, the CFU Procurement Specialist enters the following data in Contract Management Module (CMM), namely assigns a Contract Manager, records the receipt of the performance security, where applicable, records detail of contract signing and notifying the Bank of contract signing and prepares the roadmap of key contractual dates and milestones (planned dates).
34. PIU and designated Contract Manager are responsible for contract implementation and managing the contract. In the CMM, this includes finalizing the contract management plan and using this contract management plan to manage the contract. This means that the Contract Manager is responsible for recording actual dates of activities (KPIs, Deliverables, Payments...) as they occur and monitoring the contract from implementation to completion.
35. Upon request from the PIU providing rationale and details for modification of the contract, the CFU Procurement Specialist will prepare the amendment and if subject to the Bank's prior review, submit it to the Bank through STEP.
36. Once the Bank's no objection is obtained, the Amendment to the contract is signed between the selected consultant and MoF;
37. the CFU Procurement Specialist submits the copy of the signed Amendment to the contract to the Bank through STEP.

***Procedures for selection of a firm under Least-Cost Selection (LCS) <sup>11</sup>***

1. MoME/PIU establishes the Evaluation Committee (EC) and submits the decision on establishment of EC to the CFU Procurement Specialist;
2. The CFU Procurement Specialist submits the TOR to the Bank for review and no objection through STEP;
3. The CFU Procurement Specialist prepares the Request for Expressions of interest (REOI) in the national newspapers of wide coverage, and in case of International

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<sup>11</sup> In case of audit services, the shortlist will be based on the approved list of audit firms by the World Bank.

Consultant, the CFU places an advertisement in UNDB on line through STEP. The TOR should be published together with the REOI and published in MoF website and CFU Procurement Specialist will include a link in the REOI;

4. The CFU Procurement Specialist collects the Expressions of Interest received and files/copies them;
5. The EC will evaluate the Expressions of Interest (EOI) and prepares the short list, i.e. minimum of 5 firms and maximum of 8 eligible firms;
6. The PIU and CFU Procurement Specialist prepare the Request for Proposal (RFP);
7. For contracts subject to prior review by the Bank, the CFU Procurement Specialist submits to the Bank the draft Request for Proposals for no objection through STEP;
8. After receiving the Bank's no objection, the CFU Procurement Specialist issues the RFP to the approved list of firms by the World Bank;
9. The CFU Procurement Specialist documents any questions/requests for clarifications and their respective answers, and responds to all consulting firms without identifying the name(s) of the consulting firms requesting clarification in consultation with the technical experts, as appropriate;
10. In case there is a need to modify RFP documents due to answers provided to the consultants, or due to CFU Procurement Specialist own initiative, such modifications shall be made through an Amendment approved by the Bank (for contracts subject to prior review by the Bank). CFU Procurement Specialist may extend the deadline for submission if an Amendment so warrants. Amendments may be sent by mail;
11. Technical and financial proposals are received in separate envelopes. Each envelope is marked "original" and "copy" as appropriate. Both envelopes are sealed in an outer envelope and marked "DO NOT OPEN EXCEPT IN THE PRESENCE OF THE EVALUATION COMMITTEE". CFU Procurement Specialist shall mark the time and date the proposal was received. Any proposal received after the deadline shall be returned unopened;
12. The EC shall open the technical proposals immediately after the deadline for submission of proposals;
13. The financial proposals shall remain sealed and kept in safe;
14. The EC shall evaluate and score the technical proposals based on the points assigned in the RFP. Each member shall score independently;
15. Firms scoring points equal to or greater than the minimum technical score required (specified in the RFP) shall be considered for second stage - evaluation of financial proposals;

16. The CFU Procurement Specialist shall prepare the Technical Evaluation Report to be sent to Bank for no objection for contracts subject to prior review by the Bank;
17. After receiving Bank's no objection on the Technical Evaluation Report, CFU Procurement Specialist shall notify the firms that passed the minimum technical score and will advise the date, time and address for public opening of the financial proposals. Financial proposals of firms which did not meet the minimum technical score will remain sealed and will be returned unopened after publication of contract award;
18. At the opening of financing proposals, the CFU Procurement Specialist shall announce the names of the consultants, their technical score, present the sealed envelope of the financial proposal, open the financial envelopes one by one, and read-out amounts of the financial proposals;
19. The CFU Procurement Specialist shall prepare the minutes of the opening of the financial proposals and send it to the Bank through STEP for contracts subject to prior review;
20. The EC shall determine if financial proposals are complete and consistent with the technical proposals;
21. The CFU Procurement Specialist shall complete the final evaluation report awarding the contract to the consultant with the lowest evaluated cost, and send it to the Bank for records for contracts subject to prior review;
22. The CFU Procurement Specialist will invite the firm with the lowest evaluated cost for negotiations informing it and outlining the negotiation topics;
23. The negotiation, carried out by the EC, will include: discussion of technical proposal, work plan, staffing and firm's suggestions to improve the TOR, MoF and firm's agreement on the final TOR to be incorporated in the description of services, including adjustment of the financial proposal where appropriate, clarification on tax issues, if any, and on how to account for them in the Contract;
24. If negotiations with the lowest evaluated consultant fail, CFU Procurement Specialist shall invite the firm with the second lowest evaluated cost with Bank's prior approval;
25. The CFU Procurement Specialist shall incorporate the results of the negotiations in a Draft Contract to be sent to Bank for no objection for contracts subject to prior review;
26. After receiving Bank's no objection to the draft negotiated contract initialized by the successful consultant, the CFU Procurement Specialist shall promptly and simultaneously provide, to each Consultant whose financial Proposal was opened, the Notification of Intention to Award the contract. Transmission of the Notification



- of Intention to Award begins the Standstill Period and the contract shall not be awarded either before or during the Standstill Period;
27. The EC and CFU Procurement Specialist shall provide a debriefing to all unsuccessful Consultants whose request for debriefing is received;
  28. The CFU Procurement Specialist shall include in the procurement records a written summary of debriefing and copy that to the Bank for contracts subject to prior review by the Bank;
  29. For contracts subject to prior review, when no complaints are received within the Standstill Period, the CFU Procurement Specialist shall award the contract in accordance with the award recommendation that had previously received the Bank's no objection. The CFU Procurement Specialist shall transmit the notification of award to the successful Consultant, along with other documents as specified in the request for proposals document for the contract;
  30. For contracts subject to prior review by the Bank, the CFU Procurement Specialist shall not proceed with contract award without receiving the Bank's confirmation of satisfactory resolution of complaint.
  31. For all contracts, whether subject to the Bank's prior review or post review, the CFU Procurement Specialist publishes the contract award in UNDB through STEP and through the MoME's website;
  32. The CFU Procurement Specialist returns the financial proposals of the firms which did not pass the technical evaluation stage.

**Procedures for selection of a firm under Consultant's Qualifications Selection (CQS)**

1. MoME/PIU prepares TOR, establishes the Evaluation Committee (EC) and submits the decision on establishment of EC and TOR to the CFU Procurement Specialist;
2. The CFU Procurement Specialist submits the TOR to the Bank for review and no objection through STEP;
3. The CFU Procurement Specialist prepares the REOI to be published by the PIU in the national newspapers of wide coverage. The TOR should be published together with the REOI in MoF website and CFU Procurement Specialist will include a link in the REOI. Advertisement of REOIs is not mandatory;
4. From the firms that have submitted an EOI, the EC selects the firm with the best qualifications and relevant experience;
5. The CFU Procurement Specialist prepares the evaluation report based on the work conducted by the EC;

6. The CFU Procurement Specialist prepares the Request for Proposals and invites the firm with the best qualifications and relevant experience to submit its technical and financial proposals which will be the basis for negotiations;
7. The negotiation, carried out by the EC, will include: discussion of technical proposal, work plan, staffing and firm's suggestions to improve the TOR, MoME and firm's agreement on the final TOR to be incorporated in the description of services, including adjustment of the financial proposal where appropriate, clarification on tax issues, if any, and on how to account for them in the Contract;
8. If negotiations with the best qualified consultant fail, CFU Procurement Specialist shall invite for negotiations the second highest score consultant with Bank's prior approval;
9. The CFU Procurement Specialist shall incorporate the results of the negotiations in a Draft Contract to be sent to Bank for no objection through STEP for contracts subject to prior review;
10. Once the Bank's no Objection is obtained, the contract is signed between the consultant and MoF;
11. For contracts subject to post review, after the preparation of evaluation report and successful contract negotiations the contract is signed between the consultant and MoME;
12. For all contracts, whether subject to the Bank's prior review or post review, the CFU Procurement Specialist submits the copy of the signed contract to the Bank through STEP;
13. The CFU Procurement Specialist publishes the contract award in UNDB through STEP if there is a foreign firm which expressed interest to the assignment. Otherwise, publication in the MoME's website would suffice.
14. At this stage, the CFU Procurement Specialist enters the following data in Contract Management Module (CMM), namely assigns a Contract Manager, records the receipt of the performance security, where applicable, records detail of contract signing and notifying the Bank of contract signing and prepares the roadmap of key contractual dates and milestones (planned dates).
15. PIU and designated Contract Manager are responsible for contract implementation and managing the contract. In the CMM, this includes finalizing the contract management plan and using this contract management plan to manage the contract. This means that the Contract Manager is responsible for recording actual dates of activities (KPIs, Deliverables, Payments...) as they occur and monitoring the contract from implementation to completion.

16. Upon request from the PIU providing rationale and details for modification of the contract, the CFU Procurement Specialist will prepare the amendment and if subject to the Bank's prior review, submit it to the Bank through STEP.
17. Once the Bank's no objection is obtained, the Amendment to the contract is signed between the selected consultant and MoF;
18. the CFU Procurement Specialist submits the copy of the signed Amendment to the contract to the Bank through STEP.

#### **4.2.7 Procurement of Goods, Works and Non-Consulting Services**

The methods to be used are in Section VI of the Procurement Regulations: Request for Bids (RFB), Request for Quotations (RFQ), and Direct Selection (DS).

#### **Procedures for Request for Bids (RFB)**

PIU prepares Technical Specification/ Specification (TS/S), establishes the Evaluation Committee (EC) and submits the decision on establishment of EC and TS/S to the CFU Procurement Specialist;

1. The PIU and CFU Procurement Specialist prepares procurement document (Request for Bids- Goods/Works);
2. In case of prior review package, the CFU Procurement Specialist submits procurement document to the Bank for no objection through STEP;
3. Once the Bank's no objection is obtained, the CFU Procurement Specialist advertises the specific procurement notice in national newspapers of wide coverage and also in the UNDB through STEP;
4. The CFU Procurement Specialist issues the RFB;
5. The CFU Procurement Specialist documents any questions/requests for clarifications and their respective answers, and responds to all firms which purchased the bidding documents in consultation with the technical experts, as appropriate;
6. In case there is a need to modify the RFB due to request for clarifications, or due to CFU Procurement Specialist own initiative, such modifications shall be made through an Amendment approved by the Bank. CFU Procurement Specialist may extend the deadline for submission if an Amendment so warrants. Amendments may be sent by mail;
7. The CFU Procurement Specialist opens the bids in public on established date in procurement document, in the presence of representatives of the EC and the bidders' representatives;

8. A copy of the record of bid opening will be prepared and sent to all bidders whose bids were opening and to the Bank if subject to prior review. The same will be uploaded in STEP;
9. The CFU Procurement Specialist prepares evaluation report and recommendations of contract award, based on the evaluation completed by the EC and submit it to the World Bank's no objection through STEP;
10. The CFU Procurement Specialist transmits the Notification of Intention to Award after receiving the Bank's no objection to the evaluation report.
11. Upon expiry of the Standstill Period and addressing any complaint that has been filed within the Standstill Period, the CFU Procurement Specialist shall transmit the notification of award (Letter of Acceptance) and prepare contract agreement for signature;
12. The CFU Procurement Specialist sends signed contract agreement to the World Bank for disbursement and filing purposes through STEP;
13. The CFU Procurement Specialist publishes contract award in UNDB through STEP and on MoF website, notifies the unsuccessful bidders and return their bid securities.
14. At this stage, the CFU Procurement Specialist enters the following data in Contract Management Module (CMM), namely assigns a Contract Manager, records the receipt of the performance security, where applicable, records detail of contract signing and notifying the Bank of contract signing and prepares the roadmap of key contractual dates and milestones (planned dates).
15. PIU and designated Contract Manager are responsible for contract implementation and managing the contract. In the CMM, this includes finalizing the contract management plan and using this contract management plan to manage the contract. This means that the Contract Manager is responsible for recording actual dates of activities (KPIs, Deliverables, Payments...) as they occur and monitoring the contract from implementation to completion.
16. Upon request from the PIU providing rationale and details for modification of the contract, the CFU Procurement Specialist will prepare the amendment and if subject to the Bank's prior review, submit it to the Bank through STEP.
17. Once the Bank's no objection is obtained, the Amendment to the contract is signed between the selected consultant and MoF;
18. the CFU Procurement Specialist submits the copy of the signed Amendment to the contract to the Bank through STEP.

### ***Procedures for Request for Quotations (RFQ)***

1. MoME/PIU prepares Technical Specification (TS), establishes the Evaluation Committee (EC) and submits the decision on establishment of EC and TS to the CFU Procurement Specialist;
2. The CFU Procurement Specialist prepares RFQ;
3. The CFU Procurement Specialist sends the RFQ to a limited number of firms or obtain quotations through advertisement with the objective to obtain a minimum of 3 quotations to guarantee competition;
4. The EC will evaluate quotations according to the criteria specified in the RFQ;
5. The Procurement Specialist prepares the evaluation report based on the work conducted by the EC;
6. The Procurement Specialist prepares purchase order or contract agreement incorporating the terms of the accepted quotation;
7. Contract award is published in MoME's website.
8. At this stage, the CFU Procurement Specialist enters the following data in Contract Management Module (CMM), namely assigns a Contract Manager, records the receipt of the performance security, where applicable, records detail of contract signing and notifying the Bank of contract signing and prepares the roadmap of key contractual dates and milestones (planned dates).
9. PIU and designated Contract Manager are responsible for contract implementation and managing the contract. In the CMM, this includes finalizing the contract management plan and using this contract management plan to manage the contract. This means that the Contract Manager is responsible for recording actual dates of activities (KPIs, Deliverables, Payments...) as they occur and monitoring the contract from implementation to completion.
10. Upon request from the PIU providing rationale and details for modification of the contract, the CFU Procurement Specialist will prepare the amendment and if subject to the Bank's prior review, submit it to the Bank through STEP.
11. Once the Bank's no objection is obtained, the Amendment to the contract is signed between the selected consultant and MoF;
12. The CFU Procurement Specialist submits the copy of the signed Amendment to the contract to the Bank through STEP.
13. The CFU procurement specialist will file in timely manner all above informatio/documents in STEP, starting from the RFP, evaluation report, etc.

### ***Procedures for Direct Selection (DS)***

1. PIU prepares Technical Specification (TS) with justification for DS including estimated costs, and submits them to the CFU Procurement Specialist;
2. The CFU Procurement Specialist submits the TS and justification for DS finalized in accordance with the requirements in para. 6.8-6.10 of the Procurement Regulations, including estimated costs, to the Bank for no objection through STEP;
3. Once the Bank's no objection is obtained for the DS, the CFU Procurement Specialist sends contract conditions to the supplier;
4. If the contract is subject to prior review, the CFU Procurement Specialist sends draft contract to the WB for no objection before contract signing;
5. Once the Bank's no objection is obtained, the contract is signed between the supplier and MoME;
6. For contracts subject to post review, after the no objection for DS, the contract is negotiated and signed between the supplier and MoF;
7. For all contracts, whether subject to the Bank's prior review or post review, the CFU Procurement Specialist submits the copy of the signed contract to the Bank through STEP;
8. Contract award is published in MoF website and through STEP.
9. At this stage, the CFU Procurement Specialist enters the following data in Contract Management Module (CMM), namely assigns a Contract Manager, records the receipt of the performance security, where applicable, records detail of contract signing and notifying the Bank of contract signing and prepares the roadmap of key contractual dates and milestones (planned dates).
10. PIU and designated Contract Manager are responsible for contract implementation and managing the contract. In the CMM, this includes finalizing the contract management plan and using this contract management plan to manage the contract. This means that the Contract Manager is responsible for recording actual dates of activities (KPIs, Deliverables, Payments...) as they occur and monitoring the contract from implementation to completion.
11. Upon request from the PIU providing rationale and details for modification of the contract, the CFU Procurement Specialist will prepare the amendment and if subject to the Bank's prior review, submit it to the Bank through STEP.
12. Once the Bank's no objection is obtained, the Amendment to the contract is signed between the selected consultant and MoF;
13. the CFU Procurement Specialist submits the copy of the signed Amendment to the contract to the Bank through STEP.

NOTE: The Procurement Regulations will always be consulted in case of situation not described above.

#### **4.2.8 Evaluation Committee**

The judgment of the EC members has to be technically sound and objective, strictly complying with the procedures and evaluation criteria specified in the RFP/RFB, and capable of providing an adequate explanation for each evaluation.

Evaluators' impartiality is as important as their professional expertise and mastery of evaluation techniques. Evaluation process must be objective, fair, and conducted strictly by the rules and procedures set out by the RFP/RFB. EC members must exhibit the highest standards of integrity, which preclude any questionable affiliation with the bidder/proposer/short-listed consultants, including as an employee, consultant, relative, or political or business affiliate. Failure to comply should disqualify the EC member candidate.

All candidates should disclose in advance any perceived, potential, or actual conflict of interest that can affect their objectivity, even if doing so could lead to his/her exclusion from the EC. All members should sign a written declaration (Annex 2.1) to abide by restrictions on transactions with invited consultants to ensure that the integrity of the evaluation process is preserved.

Before starting the evaluation, all EC members should ensure that they:

- a) have no conflict of interest;
- b) understand the evaluation system;
- c) have been provided with evaluation worksheets; and
- d) agree on how to evaluate the proposals/bids.

The EC adopts decisions in accordance with the relevant World Bank procurement procedures. The decision shall not be adopted until the Committee shall have confirmed the compliance with all procedural formalities.

The CFU Procurement Specialist is in charge of preparing the evaluation reports based on the work of the EC. The EC applies the evaluation criteria set out in the RFP/RFB. It is not authorized to change, amend, or modify the technical specifications and TORs.

#### **4.2.9 General Procurement Notice**

The GPN for the Project will be updated as needed.

#### **4.2.10 Post-review Percentages and Frequency**

Contracts not subject to Bank's prior review would be subject to post review by the Bank's procurement specialist. Post review of contracts will be carried out once per year. At a minimum, one out of five contracts will be randomly selected for post review.

For all procurement, the Bank's Standard Procurement Documents will be used.

#### **4.2.11 Confidentiality in Procurement**

Confidentiality in procurement must be maintained at all times. The contents of any bidding documents or bids/proposals must not be discussed outside of the CFU or Evaluation Committee. Documents with sensitive or confidential information should be locked in the safe at all times, unless being worked with. Confidentiality is maintained until announcement of the award of contract to the successful bidder is published.

The World Bank's Procurement Regulations stress the confidential nature of the evaluation procedures and the World Bank's Standard Procurement Documents warn consultants that any attempt to influence the Borrower in proposal evaluation may result in rejection of the bid.

#### **4.2.12 Fraud and Corruption**

It is the World Bank's policy to require that Borrowers, bidders, suppliers, contractors and their agents (whether declared or not), sub-contractors, sub-consultants, service providers or suppliers, and any personnel thereof, observe the highest standard of ethics during the procurement and execution of World Bank-financed contracts. In pursuance of this policy, the World Bank defines, for the purposes of this provision, the terms set forth below as follows:

- a) "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- b) "fraudulent practice" is 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;
- c) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
- d) "coercive practice" is 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;
- e) "obstructive practice" is:
  - deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a World Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
  - act intended to materially impede the exercise of the World Bank's inspection and audit rights.

Additionally, the World Bank:

- a) Rejects a proposal for award if it determines that the firm or individual recommended for award, any of its personnel, or its agents, or its sub-consultants, sub-contractors, service providers, suppliers and/or their



employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;

- b) In addition to the legal remedies set out in the relevant Legal Agreement, may take other appropriate actions, including declaring misprocurement, if the Bank determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices during the procurement process, selection and/or execution of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;
- c) Sanctions, pursuant to the Bank's Anti-Corruption Guidelines and in accordance with its prevailing sanctions policies and procedures as set forth in the WBG's Sanctions Framework any firm or individual – determined at any time by the Bank to have engaged in Fraud and Corruption in connection with the procurement process, selection and/or execution of a Bank-financed contract;
- d) Requires that a clause be included in request for bids/request for proposals documents and in contracts financed by a Bank loan, requiring bidders (applicants/proposers), consultants, contractors, and suppliers; and their sub-contractors, sub-consultants, agents, personnel, consultants, service providers or suppliers, permit the Bank to inspect<sup>1</sup> all accounts, records and other documents relating to the procurement process, selection and/or contract execution, and to have them audited by auditors appointed by the Bank;
- e) Requires that, for Bank-financed operations to be implemented utilizing national procurement arrangements, as well as PPPs, agreed by the Bank, bidders (applicants/proposers) and consultants submitting bids/proposals will be required to accept the application of, and agree to comply with, the Anti-Corruption Guidelines during the procurement process, selection and/or contract execution, including the Bank's right to sanction as set forth in paragraph 2.2 d., and the Bank's inspection and audit rights as set forth in paragraph 2.2 e. Borrowers shall consult and apply the World Bank Group's lists of firms and individuals suspended or debarred. In the event a Borrower signs a contract with a firm or an individual suspended or debarred by the World Bank Group, the Bank does not finance the related expenditures and may apply other remedies as appropriate; and
- f) Requires that, when a Borrower selects a United Nations (UN) agency to provide goods, works, non-consulting services and technical assistance services in accordance with paragraphs 6.47-6.48 and 7.27-7.28 of these Procurement Regulations under an agreement signed between the Borrower and the UN agency, the above provisions of paragraph 2 of this annex regarding sanctions on Fraud and Corruption shall apply in their entirety to all contractors, consultants, sub-contractors, sub-consultants, service providers, suppliers, and their employees, that signed contracts with the UN agency. As an exception to the foregoing, paragraphs 2.2 d. and 2.2 e. do not apply to the UN agency and its employees, and paragraph 2.2 e. does not apply to the contracts between the UN agency and its service providers and suppliers. In such cases, the UN agency applies its own rules and regulations for investigating allegations of Fraud and

Corruption, subject to such terms and conditions as the Bank and the UN agency may agree, including an obligation to periodically inform the Bank of the decisions and actions taken. The Bank retains the right to require the Borrower to invoke remedies such as suspension or termination. UN agencies shall consult the World Bank Group's lists of firms and individuals suspended or debarred. In the event a UN agency signs a contract or purchase order with a firm or an individual suspended or debarred by the World Bank Group, the Bank does not finance the related expenditures and may apply other remedies as appropriate.

With the specific agreement of the Bank, a Borrower may introduce in to the request for bids/request for proposals document for contracts financed by the Bank, a requirement that the bidder or consultant include in the bid or proposal an undertaking of the bidder or consultant to observe, in the Procurement Process, the country's laws against fraud and corruption (including bribery) as such laws have been identified in the request for bids/request for proposals documents. The Bank will accept the introduction of such a requirement at the request of the Borrower, provided the arrangements governing the undertaking are satisfactory to the Bank.

## **5. MONITORING AND REPORTING**

### **5.1. Overall monitoring and evaluation (M&E)**

The MoME as project implementing entity, and the World Bank will monitor the Project Development Objective (PDO) and intermediate level indicators for the Project, as well as implementation and outcomes of activities under each Project component. In addition, the Project will support building the long-term M&E capacity of the MoME through technical assistance and training.

Monitoring and evaluation (M&E) activities will be carried out by the Project Implementation Unit (PIU) staff housed within the MoME. It is envisaged that one PIU staff member will be responsible for M&E. M&E activities will be based on inputs provided by the LSGUs on the beneficiaries, projects implemented, and disbursements. In order to ensure proper monitoring of the flow of data and funds, a database for standardized data entry and outputs will be developed with assistance of the World Bank and made available to the PIU and the LSGUs as centralized program management tool. The LSGUs will monitor implementation of the SURCE project at the local level and will report to the MoME as per requirements defined in the Financing Agreement Template.

The project will support development of a database and program management support tool will be developed. Both will be made available to the Project Implementation Unit (PIU) and the LSGUs for the collection of data required for M&E: (a) energy savings from investments; (b) disbursed, committed, and invested amounts; (c) repayments; (d) social surveys; (e) periodic program evaluations; and (f) annual stakeholder consultations. In addition, an online civic engagement tool will be developed to gather feedback on program design and implementation from the beneficiaries.

Beneficiary surveys will be organized by the PIU six months after each call for proposals targeting a sample of both rejected and accepted applicants to collect feedback on: i) grant application process and the quality and effectiveness of support received by Energy Refurbishment Commission, ii) grant reporting requirements, iii) level of inclusiveness in the selection process, iv) quality of implemented EE measures. Other feedback subjects

might be specified in the survey. The survey results will be used by the MoME to refine the design and implementation arrangements of sub-sequent calls.

The PIU, together with Local Self Governments and Energy Refurbishment Commissions, will organize annual stakeholder regional workshops in which the Ministry will present the Project progress, grant disbursements figures for the region, and other progress data checked against plans to ensure transparency. At the regional workshop, the Ministry also present applicant/beneficiary survey results and aggregated grievances (see section 4.6 for description of the Grievance Redress Mechanism) and how these have informed the grant mechanism design.

A mid-term review in 2024 will systematically evaluate the project results and grant implementation modalities with the aim to steer the project towards (i) inclusive access to the program; (ii) maximum possible leveraging of private co-financing; (iii) maximum possible impact on the clean energy transition in Serbia per unit of investment; and (iv) development of a sustainable commercial market for residential clean energy and energy efficiency.

## **5.2. E&S safeguards monitoring and reporting**

The MoME PIU will monitor all individual EE projects financed under the SURCE project to ensure conformity to E&S safeguard requirements during implementation of EE measures.

The PIU will prepare and submit to the Bank via MoME regular monitoring reports on the environmental, social, health and safety (ESHS) performance of the project, including but not limited to, the implementation of the ESCP, status of preparation and implementation of E&S instruments required under the ESCP, stakeholder engagement activities and functioning of the grievance mechanism(s).

Starting from the Loan Agreement effectiveness date, E&S safeguards reports will be submitted as per following frequency: (i) every six months throughout project implementation as a part of the project's progress reports and (ii) for sub projects, at least every six months into implementation unless differently defined by the ESA (ESMP or ESMP Checklist).

The PIU will be responsible for ESMF/ESMP reporting and will:

- Record and maintain the results of project supervision and monitoring throughout the life of the project. It will present summary progress reports on ESMF/ESMP implementation and the environmental and social aspects of individual projects on a semi-annual basis to the World Bank, and as part of this reporting.
- Prepare biannual reports on the progress of implementation of measures proposed by the ESMP for selected individual projects;
- Prepare semi-annual reports on the environmental impacts originated during implementation of subprojects and analyze the efficiency of mitigation measures applied to minimize negative consequences;
- Prepare outlines and requirements for Contractors' reports on environmental protection and mitigation measures, and review Contractor's monitoring plan and reports

- Present the impact of mitigation and environmental and social protection measures for general public via specific publications or/and by annual public seminars.

Based on E&S performance of different subprojects, they will advise on the subsequent disbursements that should be done for the grantees awarded a contract to implement individual EE project under the SURCE project. If it is found that there is ESMF and/or ESF non-compliance, further disbursements will be stopped until ESSs compliance is ensured. Final payment to the direct beneficiary will be contingent on the final inspection. All investments will be monitored by the MoME during the five years after final payment is executed.

## **ANNEX 1: ROLES AND RESPONSIBILITIES OF THE KEY PROJECT PARTIES**

### **Main Tasks of the Ministry:**

- (i) Approval of the documents and overseeing the process and implementation;
- (ii) Issues decisions on award of the financing;
- (iii) Signature of the Contracts with LSGU;
- (iv) Payments of Grants to the LSGUs and any other expenditure related to the Project
- (v) Revision of the contracts between Ministry and local self-government units.

### **Main tasks of the EEA:**

- (i) Communication with LGUs and citizens;
- (ii) Giving consent to the text of the Rulebook on co-financing measures for energy rehabilitation family houses and apartments of LSGUs;
- (iii) Approval of the Public Call for Business Entities;
- (iv) Approval of the Public Call for citizens;
- (v) In cooperation with the PIU team, a review of tripartite contracts submitted by LSGUs;
- (vi) On the spot check of works, assist the PIU in the spot checks of works.

### **Main tasks of the PIU:**

- (i) Design of public calls for LSGUs and managing LSGU application processes, including screening and checking of applications against the terms and eligibility conditions, and compliance with the Project Operations and Grant Manual;
- (ii) Ensuring contracting with LSGUs and managing transfer of funds to LSGUs;
- (iii) Monitoring all aspects of project implementation by LSGUs at the local level and providing support to LSGUs on as needed basis;
- (iv) Preparing documents and other capacity building materials to facilitate project implementation at the local level, including template agreements, public calls, checklists, model reports, guidelines, etc.;
- (v) Organizing on-the-spot controls on a sample basis to ensure that the expenditure declared has actually been incurred in accordance with applicable rules, the products or services have been delivered in accordance with the approval decisions, and the payment requests by the direct beneficiaries (contractors) are correct. These checks cover financial, administrative, technical and physical aspects of operations, as appropriate;
- (vi) Planning and implementing social and environmental monitoring and reporting, including conducting regular supervision of environmental and social screening, documentation, and mitigation measures for sub-project activities, and including the summaries of these supervision activities in regular reports;
- (vii) Reviewing and approving Tripartite Agreements;

- (viii) Implementing the Stakeholder Engagement Plan, in close coordination with other key stakeholders (i.e. Local Governments (line departments included), Extension Services, and local NGOs);
- (ix) Organizing beneficiary surveys and address complaints/feedback from Project stakeholders and the public, including grievances regarding environmental/social impacts of subprojects;
- (x) Ensuring that the Project is being implemented in line with the ESMF and the ESCP requirements.
- (xi) Preparing progress reports on grants implementation, including the status of the Environmental and Social Commitment Plan and other E&S measures implementation based on the reports submitted by beneficiaries; and
- (xii) Liaising with the monitoring and evaluation (M&E) Unit of MoME in relation to SURCE project monitoring and evaluation.
- (xiii) Creation of model reports with the support of the EEA;
- (xiv) Monitoring and evaluation with the support of the EEA;
- (xv) Collection and controlling the documentation for payment to LSGUs.

**Main tasks of the LSGU's Commission:**

- (i) raise awareness about project funding opportunities and implementation arrangements;
- (ii) prepare application documentation for businesses and households (public calls, application forms, other documents);
- (iii) advertise public calls and publishing the accompanying documents on the physical notice board and official web site of the City/Municipality;
- (iv) receive and assess applications;
- (v) approving applications of eligible businesses and publish a list of selected businesses on the physical notice board and official web site of the City/Municipality ;
- (vi) adopt applications of households by decisions and publish them and/or list of selected applicants on the physical notice board and official web site of the City/Municipality;
- (vii) assess and decide on complaints;
- (viii) making field visits;
- (ix) prepare a draft Trilateral agreement on co-financing of energy rehabilitation measures of a family house / apartment.
- (x) submission of final and on demand reports

## ANNEX 2: APPLICATION SCORING CRITERIA

### LSGU Applications

Applications will be assessed against the following procedural eligibility criteria (which can be adjusted during project implementation):

Eligibility criteria	YES/NO	Status
The applicant is a unit of local self-government or city municipality(hereinafter: LSG)		
The applicant applied only with one application		
The application was submitted in electronic form		
The application was timely submitted		
The application was signed by the authorized LSGU representative		
The application form is filled in the defined form - Annex 1		
The application contains all necessary documentation: <ul style="list-style-type: none"><li>- Annex 1 - Application form/Letter of Intent</li><li>- Annex 2 - Statement on the manner of financing the project</li><li>- Letter of Intent for LSGUs/City Municipalities that participated in the previous Public Call within the Project.</li></ul>		
The applicant has reported a lower amount of participation funds than the minimum incentive amount specified in Chapter I of the Public Call.		

## ANNEX 3: PUBLIC CALL TEMPLATES

### MODEL OF THE PUBLIC CALL FOR LOCAL SELF-GOVERNMENT UNITS

Based on the Law on the Ratification of the Loan Agreement (Project "Clean Energy and Energy Efficiency for Citizens in Serbia") between the Republic of Serbia and the International Bank for Reconstruction and Development ("Official Gazette of the RS - International Agreements", No. 6/22)



**MINISTRY OF MINING AND ENERGY**  
(hereinafter referred to as the Ministry)  
**announces**  
**PUBLIC CALL**

**for the allocation of funds for financing the Energy Renovation Program of family houses and apartments implemented by local self-government units, as well as municipalities, PI \_\_\_\_\_**

A Public Call is announced for the allocation of funds for financing the Energy Renovation Program of family houses and apartments implemented by local self-government units, as well as municipalities, PI \_\_\_\_\_ (hereinafter referred to as the Public Call), which will constitute individual energy renovation projects of family houses and apartments (hereinafter referred to as the Program), implemented by local self-government units as well as municipalities (hereinafter referred to as LGSUs), with the aim of achieving energy savings, its rational use, support to socially vulnerable citizens, and achieving the objectives of the project "Clean Energy and Energy Efficiency for Citizens in Serbia" (hereinafter referred to as the Project).

#### I. SUBJECT AND CONDITIONS FOR ALLOCATION OF FUNDS

The subject of the Public Call is the financing of the Program, which includes the following energy efficiency measures:

1. Improvement of the thermal envelope through:

(1) Replacement of external windows and doors and other transparent elements of the thermal envelope. This measure includes accompanying equipment for windows/doors, such as sills, window boards, blinds, caps, etc., as well as accompanying construction works for the dismantling and proper installation of windows/doors, such as dismantling of old windows/doors and disposal at the landfill, proper installation of windows, treatment around windows/doors with gypsum boards, plastering, edge treatment, and painting around windows/doors from the inside of the wall,

(2) Installation of thermal insulation of walls, ceilings above open passages, walls, ground floors, and other parts of the thermal envelope towards unheated space,



- (3) Installation of thermal insulation under the roof cover. This measure may include, in case the roof cover and waterproofing roof system are damaged, construction works for replacing waterproofing and other layers of the roof cover, as well as roofing works, but not works for replacing structural elements of the roof;
2. Improvement of building thermal systems through the replacement of systems or parts of the system with a more efficient system by:
  - (1) Replacement of existing space heater (boiler or furnace) with a more efficient one,
  - (2) Replacement or installation of new pipeline network, heating bodies - radiators and accompanying equipment,
  - (3) Installation of heat pumps using air, water, and ground energy (space heater or combined heater),
  - (4) Installation of electronically controlled circulation pumps,
  - (5) Equipping heating systems with devices for regulation and measurement of delivered heat quantity to the object (heat meters, heat dividers, balance valves),
  - (6) Installation of heat tank
3. Installation of solar collectors in the installation for central preparation of domestic hot water.
4. (1) Installation of electronically regulated circulation pumps,
  - (2) Equipping heating systems with devices for regulation and measurement of delivered heat quantity to the object (calorimeters, heat dividers, balance valves),
  - (3) Installation of solar collectors in the installation for central preparation of domestic hot water,
  - (4) Installation of solar panels and accompanying installations for the production of electrical energy for own needs, installation of bidirectional measuring device for measuring transmitted and received electrical energy, and preparation of necessary technical documentation and reports by the contractor for the installation of solar panels and accompanying installations for the production of electrical energy, which are necessary in accordance with the law when connecting to the distribution system.
  - (5) Preparation of technical documentation.
5. The minimum amounts of incentive funds that LSGUs must allocate from their own funds in the application for the Public Call, in accordance with the number of inhabitants in the territory of LSGUs, according to the data from the Census of Population, Households, and Dwellings in 2022, are as follows:

Number of Inhabitants in LSGUs	Minimum Amount of Incentive Funds which the LSGUs/municipalities must determine.
Over 100.000	12.500.000,00
80.000-100.000	9.400.000,00
60.000 – 80.000	8.200.000,00
50.000 – 60.000	6.900.000,00
40.000 – 50.000	5.700.000,00
30.000 – 40.000	4.400.000,00
20.000 – 30.000	3.200.000,00
10.000 - 20.000	2.500.000,00
Up to 10.000	1.900.000,00

In accordance with the level of development of LSGUs, as determined by the Regulation on Determining the Unified List of Development of Regions and Local Self-Government Units for 2014 ("Official Gazette of the RS", No. 104/14), LSGUs belonging to the fourth group, whose level of development is below 60% of the republican average are not obligated to contribute with their own share in the financing of the Program. The amount they can request if they do not participate in co-financing the Program is 2,000,000 dinars. In case the LSG determines its own funds, the Ministry will provide additional funds, doubled in relation to the funds allocated by the LSGUs/municipality.

LSGUs listed in the Regulation on Determining the List of Air Quality Categories by Zones and Agglomerations in the Territory of the Republic of Serbia for 2021 ("Official Gazette of the RS", No. 144/22) and in the Program for Air Protection in the Republic of Serbia for the period from 2022 to 2030 with an action plan ("Official Gazette of the RS", No. 140/22), recognized for high air pollution and classified into the third category of air quality based on the results of monitoring emissions of PM10 and PM2.5 suspended particles in 2021, are required to participate with a minimum of 40% of the total value of the incentives allocated by the Ministry and LSGUs.

Other LSGUs cannot request incentive funds greater than the funds they participate in financing the Program with.

## II. LEGAL ENTITIES ELIGIBLE TO SUBMIT APPLICATIONS

Local self-government units and municipalities (hereinafter referred to as the Applicant) have the right to submit applications. The term "application" refers to the documents from Chapter III of the Public Call.

The applicant who has signed the co-financing agreement for the Energy Renovation Program for family houses and apartments based on the Public Call \_\_\_\_\_ is required to submit a final report and thereby justify the allocated funds.

### III. DOCUMENTATION REQUIRED FOR APPLICATION SUBMISSION

The Applicant is required to provide the following documentation:

1. Application form (Annex 1);
2. Declaration on the financing method of the Program and the earmarked use of funds, in accordance with regulations (Annex 2).

The application must be submitted exclusively by email.

The application is signed by the president of the municipality/mayor or by a person authorized by them.

### IV. DOCUMENT RETRIEVAL FOR THE PUBLIC CALL

The competition documentation for the Public Call can be downloaded from the website link: <https://www.mre.gov.rs/tekst/2207/konkursi.php> and includes:

1. Complete text of the Public Call;
2. Application Form with Declaration on the financing method of the Program;
3. Instruction for applicants-.

### V. PLACE AND DEADLINE FOR SUBMISSION OF APPLICATIONS

Applications are submitted

APPLICATION FOR THE PUBLIC CALL FOR FINANCING THE "ENERGY RENOVATION PROGRAM".

The deadline for submitting applications to the Ministry's registry is no later than \_\_\_\_\_, 2025, by 3:00 PM.

A timely submission is considered one that is received at the Ministry's registry no later than 3:00 PM on the last day of the deadline.

Late applications will be rejected by decision.

For information regarding the Public Call, you can contact the following email address:  
Email: [javnipoziv.surce@mre.gov.rs](mailto:javnipoziv.surce@mre.gov.rs)

All questions and answers will be published on the Ministry of Mining and Energy website, link: <https://mre.gov.rs/tekst/2149/projekat-cista-energija-i-energetska-efikasnost-za-gradjane-surce.php>

Local self-governments ( LSGUs) that have spent the allocated funds based on the Public Call have the right to submit a request for additional funds. At the latest, one month from the date of the completion of the public call for citizens. Attachments to the request will be regulated in the financing agreement.

## VI. DETERMINATION OF ELIGIBILITY FOR FUND ALLOCATION

The Ministry determines the eligibility for fund allocation based on the review of the submitted documentation from Chapter III, Articles 1 and 4 of the Public Call.

During the process of determining eligibility, the Ministry may, if necessary, request additional documentation and information from the Applicant.

## VII. APPROVAL OF FUNDS FOR PROGRAM FINANCING

The Ministry, by decision, determines the eligibility for fund allocation and informs the Applicant via email.

## VIII. IMPLEMENTATION OF ALLOCATED FUNDS

The Ministry will conclude a financing and program implementation agreement with the Applicant who has fulfilled the conditions for fund allocation in accordance with the decision from Chapter VII, Article 1 of the Public Call.

LSGUs select economic entities, except for LSGUs mentioned in Chapter III, Article 4 of the Public Call that have already selected and formed lists of economic entities.

Individual projects for the energy renovation of family houses and apartments are also selected through public calls issued by LSGUs.

Within the framework of the public Call for subsidizing individual projects for the energy renovation of family houses and apartments for socially vulnerable households, the subject of financing will be the measures listed in Chapter I, Article 1, points 1), (2), and point 5) of the Public Call, while for other households, energy efficiency measures listed in that chapter.

## **MODEL OF PUBLIC CALL FOR BUSINESS ENTITIES**

Pursuant to the Decision of the City/Municipal Council to issue the Public Call for the participation of business entities in the implementation of energy rehabilitation measures for family houses and apartments in the territory of the city/municipality of \_\_\_\_\_ number \_\_\_\_\_ of \_\_\_\_\_ (hereinafter referred to as the "Decision") and the Bylaw on for the Co-financing of Energy Rehabilitation Measures for Family Houses and Apartments within the Framework of the Project "Clean Energy and Energy Efficiency for Citizens in Serbia" number \_\_\_\_\_ of \_\_\_\_\_ (hereinafter referred to as the "Bylaw"), on this \_\_\_\_ day of \_\_\_\_\_, the city/municipality of \_\_\_\_\_ issues this

### **PUBLIC CALL**

#### **for the Participation of Direct Beneficiaries (Business Entities) in the Implementation of Energy Rehabilitation Measures for Family Houses and Apartments in the Territory of the City/Municipality of \_\_\_\_\_**

In accordance with Article 12 of the Bylaw, the Public Call for the Participation of Direct Beneficiaries (Business Entities) in the Implementation of Energy Rehabilitation Measures for Family Houses and Apartments in the Territory of the City/Municipality of \_\_\_\_\_ (hereinafter referred to as the "Public Call") is hereby issued. The energy rehabilitation measures shall be implemented through cooperation with business entities engaged in production, services and works on energy rehabilitation of residential facilities, while the end beneficiaries of the grants shall be households in the territory of the city/municipality of \_\_\_\_\_. Households in the Territory of the City/Municipality of \_\_\_\_\_ for the year \_\_\_\_\_ may purchase goods or services exclusively from the business entities selected through this Public Call.

The goal of energy rehabilitation measures is improved energy efficiency in the housing sector and increased use of renewable energy sources in households in the territory of the city/municipality of \_\_\_\_\_.

## I. SCOPE AND ENERGY EFFICIENCY CRITERIA

The scope of the Public Call is implementation of the following energy efficiency measures:

### **1) Replacement of external windows and doors and other transparent elements of the thermal envelope**

This measure also includes the accompanying equipment for windows/doors, such as window sills, window boards, blinds, shutters, etc., as well as accompanying construction works on dismantling and proper installation of windows/doors, such as dismantling of old windows/doors and their transport to the landfill, proper installation of windows, processing around windows/doors with drywall panels, smoothing, edge processing and painting around windows/doors on the inside of the wall.

External joinery with the following minimum technical characteristics (U-coefficient of heat transfer):

- $U \leq 1.3 \text{ W/m}^2\text{K}$  for the entire window unit (when the certification was conducted for the complete assembly of glass and frame);
- $U \leq 1.3 \text{ W/m}^2\text{K}$  for the glassing of windows and balcony doors (when the certification was conducted for transparent surfaces);
- $U \leq 1.3 \text{ W/m}^2\text{K}$  for window and balcony door profiles (when the certification was conducted for the frame);
- $U \leq 1.6 \text{ W/m}^2\text{K}$  for doors onto unheated rooms.

### **2) Installation of thermal insulation of exterior walls, floors on the ground and other parts of the thermal envelope towards unheated space.**

Within this measure, the procurement and installation of materials for the thermal insulation of external walls/floors is allowed, including all necessary layers required for proper application, such as adhesives, fiberglass mesh, vapor barriers, cement screed, waterproofing, and the final wall or floor coating.

When installing external wall insulation, it is necessary to insulate thermal bridges, i.e., sections of external walls at the junctions with inter-floor structures. The insulation of an unheated basement (plinth) is also considered an eligible expense.

The following energy efficiency criteria must be met under this measure:

- The minimum thickness for thermal insulation on exterior walls is 10 cm, unless there is no technical possibility to set that thickness of insulation.

### **3) Installation of thermal insulation under the roof covering or ceiling**

Under this measure, it is also possible to install and purchase materials for thermal insulation of roofs or ceilings above the heated space. If the roof covering and the waterproofing roof system are damaged, this measure may include construction works on the replacement of waterproofing and other layers of the roof covering, as well as sheet metal works, but not the works on the replacement of structural elements of the roof.

The following energy efficiency criteria must be met under this measure:

- The minimum thickness of the thermal insulation of the roof or ceiling above the heated area must be 20 cm, except where it is not technically feasible to install an insulating layer of this thickness.

#### **4) Replacement of an existing solid fuel space heater (boiler or furnace) with a more efficient gas boiler**

Under this measure, it is possible to purchase and install natural gas boilers or space heaters or replace the existing space heater (boiler or furnace) with a more efficient one for family houses.

The following energy efficiency criteria must be met under this measure:

- The minimum degree of utilisation of the boiler (space heater) powered by natural gas must be at least 90%. The boiler must be fitted with the security functions required by applicable regulations and automated controls, such as temperature regulation on the distribution line etc.

#### **5) Replacement of an existing solid fuel space heater (boiler or furnace) with a more efficient biomass boiler**

Under this measure, it is possible to purchase and install a boiler powered by biomass (wood pellets, briquettes, chips).

The following energy efficiency criterion must be met under this measure:

- The minimum degree of utilisation of the boiler (space heater) powered by biomass (wood pellets, briquettes, chips) must be at least 85%. The boiler must be fitted with the security functions required by applicable regulations and automated controls, such as temperature regulation on the distribution line etc.

#### **6) Installation of heat pumps**

Eligible heat pump aggregates under this measure are: air-to-air heat pumps; air-to-water heat pumps or ground-to-water heat pumps (with horizontal collectors or with ground installations).

The following energy efficiency criterion must be met under this measure:

- The minimum SCOP (Seasonal Coefficient of Performance) according to the energy source should be:
  - Air: more than 3.4;
  - Ground: more than 4.0;
  - Water: more than 4.5

#### **7) Replacement of existing or installation of new pipe network, heating bodies and accompanying accessories**

This measure comprises the (i) installation of electronically regulated circulator pumps, (ii) installation of new or replacement of heat distribution pipelines with insulation (iii) replacement of radiators including thermostat valves, (iv) equipping the heating system with regulation and control devices (balancing valves, dividers, flow controls), (v) heat measuring devices, such as calorimeters and (vi) heat tanks

**Note:** This measure can only be applied in combination with the measure involving the replacement of the existing space heater (boiler or furnace) with a more efficient one, as referred to in paragraph 1 item 4) or 5) or 6) of this Section.

#### **8) Installation of solar collectors in the installation for central preparation of consumable hot water.**

#### **9) Installation of solar panels and accompanying installations for electricity generation for own needs, installation of a bi-directional metering device for the measuring of delivered and received electricity and preparation of the necessary**

**technical documentation and reports of the contractor for the installation of solar panels and accompanying installations for electricity generation which are required under the law when connecting to the distribution system.**

#### **10) Preparation of technical documentation**

The maximum total amount of the incentive funds for each of the energy rehabilitation measures shall be capped and the end beneficiary shall be required to cover the difference up to the full amount of the total value of the individual project. The maximum share covered by the grant for the individual measures shall be set forth in the Public Call for the end beneficiaries (households).

End beneficiaries shall be eligible to apply either for maximum two individual Measures (measures included in the Basic and Standard package)” or for a “Package” comprising multiple energy rehabilitation measures.

The area of energy efficiency in residential building construction is governed by the Law on Planning and Construction and the accompanying bylaws.

## **II. ELIGIBILITY TO PARTICIPATE IN THE PUBLIC CALL**

Business entities delivering and installing materials, equipment and devices for energy rehabilitation through the energy efficiency measures referred to in Section I shall be eligible to participate in the Public Call if they meet the following conditions:

- The legal representative must not have been temporarily or permanently barred from performing the business activity by a final and enforceable order in the past two years;
- The owners/founders and legal representatives must not have been sentenced by a final and enforceable judgment for economic crimes, environmental crimes, crimes of receiving or offering bribe, crimes against labour rights, crimes committed as members of an organised criminal group, criminal offence fraud or other criminal offences ex officio and must have no pending investigations or criminal proceedings against them;
- The business entity must have been registered with the relevant register of the Serbian Business Registers Agency for minimum 2 years before the application date;
- The business entity must not be bankrupt, insolvent or undergoing liquidation;
- The business entity holds test certificates for the materials and products it sells and installs;
- The business entity meets other statutory conditions regarding the rights and obligations of employees provided for by the occupational safety and health legislation;
- The business entity has an employed or otherwise hired electrical engineer licensed in accordance with the law governing the construction of buildings, who shall be in charge of compiling reports concerning the installed solar panels for



- electricity generation (this condition applies only to business entities applying for the measure set out in Section I paragraph 1 item 9);
- The business entity provides a warranty of minimum five years on the inverter and minimum ten years on the solar panels (this condition applies only to business entities applying for the measure set out in Section I paragraph 1 item 9);
- The validity period of the quotation offered to citizens is minimum 60 days;
- The business entity is familiar with the conditions it must meet when implementing the activities, which are publicly available on the website of the Ministry of Mining and Energy ([www.mre.gov.rs](http://www.mre.gov.rs)) and include the following:
  - Project Implementation Manual;
  - Environmental and Social Management Framework (ESMF).
  - Environmental and Social Management Plan (ESMP) Checklist.
  - Grievance Redress Mechanism

### III. MANDATORY DOCUMENTATION TO BE ENCLOSED WITH THE APPLICATION

A Public Call Application submitted by a business entity (hereinafter referred to as the “Application”) shall include the Application Form, Declaration and Test Certificates/Reports of Testing of the Equipment and Goods which must meet the Minimum Energy Efficiency Criteria.

In the case of sole traders, the Application shall be signed by the person registered to carry out a business activity as a sole trader.

If the applicant business entity is a foreign legal entity, the Declaration shall be signed by the legal representative, and if the entity has multiple legal representatives, they all need to sign the Declaration.

The business entity must notify the Commission on Implementation of Energy Rehabilitation Measures (hereinafter referred to as the “Commission”) within 5 days of any changes in the information provided in the Application that arise in the course of this public call procedure.

### IV. OBTAINING THE PUBLIC CALL DOCUMENTS

The Public Call documents can be downloaded from the website \_\_\_\_\_ or obtained in person at the offices of the local self-government of \_\_\_\_\_ and contains the following:

- Public Call,
- Annex 1: Application,
- Annex 2: Declaration,
- Annex 3: Environmental and Social Management Plan Checklist.

## V. PLACE AND FINAL DATE FOR APPLICATION SUBMISSION

The Public Call will be open until the funds for implementation of the project “Clean Energy and Energy Efficiency for Citizens in Serbia” are spent, but in any case not later than 30 November 2027.

The documentation is to be submitted in a sealed envelope, labelled as follows: **“Application for the Public Call for the participation of direct beneficiaries (business entities) in the implementation of energy rehabilitation measures for family houses and apartments – DO NOT OPEN”**. The applicant’s contact details should be provided on the back of the envelope.

Applications should be delivered in person or sent by registered mail to \_\_\_\_\_.

For any further information or notices concerning the Public Call, please use the contact phone \_\_\_\_\_ or send an e-mail to: \_\_\_\_\_.

All questions and answers will be published on the website of the local self-government on the following link: \_\_\_\_\_.

## VI. DETERMINING COMPLIANCE WITH THE CONDITIONS FOR FUNDS ALLOCATION

The Commission shall determine compliance with the conditions for the selection of a business entity to implement the energy rehabilitation measures on the basis of a review of the submitted documentation referred to in Section III.

In the procedure of determining compliance with the Conditions, the Commission may demand additional documentation and information from the Applicant if necessary to verify compliance with the necessary conditions for which the Applicant opted in the Application.

## VII. ESTABLISHING A LIST OF BUSINESS ENTITIES

The Commission shall establish compliance with the conditions by means of a decision and shall notify the Applicant thereof.

The Applicant shall be entitled to lodge a complaint with the Commission against a decision referred to in paragraph 1 of this Section which established the business entity did not meet the conditions to implement the energy rehabilitation measures, within eight days of passing of such decision.

The Commission shall decide on the complaints referred to in paragraph 2 of this Section within 15 days of receiving such complaint.

If the complaint referred to in paragraph 2 of this Article is rejected or if no reply is received from the Commission within 15 days, the direct beneficiary shall be entitled to

lodge a complaint with the City/Municipal Council within 8 days of receipt of the decision pursuant to the complaint referred to in paragraph 2 of this Article and notify the Project Implementation Unit for “Clean Energy and Energy Efficiency for Citizens in Serbia” formed by the Ministry of Mining and Energy (hereinafter referred to as the “PIU”) thereof.

The City/Municipal Council shall decide on the complaints referred to in paragraph 4 of this Article within 15 days of receipt of such complaints.

The Commission shall form the initial list of business entities which met the conditions of the Public Call pursuant to the decision referred to in item 1 and shall publish such list without delay (or within one day) on the website of the local self-government of\_\_\_\_\_.

Amendments and supplements to the list referred to in paragraph 7 of this Section shall be made as and when necessary, but in any case not later than every 15 days.

The list referred to in paragraph 7 of this Section shall be valid until the completion of the project “Clean Energy and Energy Efficiency for Citizens in Serbia”, of which the Commission shall timely notify the business entities.

The households which are eligible for co-financing may purchase the goods and services exclusively from the business entities included in the list referred to in paragraph 7 of this Section.

In accordance with Article 17 of the Bylaw, the Commission reserves the right to exclude from the list referred to in paragraph 9 of this Article any business entity which fails to implement the agreement with the end beneficiary in full compliance with the quotation, until the completion of the project “Clean Energy and Energy Efficiency for Citizens in Serbia”.

## VIII. EXECUTION PROCEDURE

The Commission shall ensure active communication with the PIU and reply to any requests with a view to ensuring adherence to the standards of the International Bank for Reconstruction and Development when complying with the obligations of local self-government units (city municipalities) as set forth in the following document:

1. Project Implementation Manual;
2. Stakeholder Engagement Plan;
3. Environmental and Social Commitment Plan (ESCP);
4. Environmental and Social Management Framework (ESMF), and
5. Environmental and Social Management Plan (ESMP) Checklist.
6. Grievance Redress Mechanism

All of the above documents are available on the website of the Ministry: (<https://www.mre.gov.rs>).

The PIU shall provide professional and technical support in the course of implementation of project activities.

After the publishing of the initial list referred to in paragraph 7 of Section VII of the Public Call, the local self-government shall initiate the procedure for selecting the end beneficiaries (households) through a public call.

After the establishment of compliance with the conditions for the allocation of subsidy funds to the end beneficiary’s individual project, a tripartite agreement shall be signed between the local self-government, the business entity and the end beneficiary for the implementation of the energy rehabilitation measures.

The municipality/city shall transfer the funds exclusively to business entities, rather than households, after the individual end beneficiary has paid the full amount of its liability to the business entity and after the works have been completed.

Number \_\_\_\_\_

City/Municipality of \_\_\_\_\_, on \_\_\_\_\_  
COMMISSION

## MODEL OF PUBLIC CALL FOR CITIZENS

Based on the Law on Ratification of the Loan Agreement (Project "Clean Energy and Energy Efficiency for Citizens in Serbia") between the Republic of Serbia and the International Bank for Reconstruction and Development ("Official Gazette of RS - International Contracts", No. 6/22), the Co-Financing Agreement for the Energy Renovation Program of Family Houses and Apartments implemented by the municipality/city of \_\_\_\_\_, Article 18 of the Regulation on Co-Financing Measures for Energy Renovation of Family Houses and Apartments within the project "Clean Energy and Energy Efficiency for Citizens in Serbia", Public Call for Participation of Direct Beneficiaries (economic entities) in the implementation of energy renovation measures for family houses and apartments in the territory of the city/municipality (LSGU participating since 2023, indicating the call number from 2023) \_\_\_\_\_ and the decision of the city/municipality to announce a public call for co-financing measures for energy renovation of family houses and apartments to be implemented by economic entities according to the Public Call for Participation of Direct Beneficiaries (economic entities) in the implementation of energy renovation measures for family houses and apartments in the territory of the city/municipality \_\_\_\_\_ No. \_\_\_\_\_ dated \_\_\_\_\_, is hereby published.

### PUBLIC CALL

**for co-financing measures of energy renovation of family houses and apartments  
in the territory of the municipality/city \_\_\_\_\_**

In accordance with Article 18 of the Regulation, a Public Call for co-financing measures of energy renovation of family houses and apartments in the territory of the municipality/city \_\_\_\_\_ for the year \_\_\_\_\_ is announced (hereinafter: Public Call).

Energy renovation measures are implemented in cooperation with economic entities engaged in production, services, and works related to energy renovation of residential objects.

The aim of implementing measures of energy renovation of family houses and apartments is to improve energy efficiency in the residential sector and increase the use of renewable energy sources in single family households as well as the improvement of energy efficiency in residential units for citizens who have the status of socially vulnerable individuals within the territory of the municipality/city \_\_\_\_\_.

#### I. SUBJECT OF CO-FINANCING MEASURES OF ENERGY RENOVATION

The subject of the Public Call is the implementation of the following energy efficiency measures:

- 1. Replacement of external windows and doors and other transparent elements of the thermal envelope.** This measure includes accompanying

equipment for windows/doors, such as window sills, window boards, shutters, caps, etc., as well as accompanying construction works for dismantling and proper installation of windows/doors, such as dismantling old windows/doors and disposal, proper window installation, treatment around windows/doors with gypsum plasterboard, plastering, edge treatment, and painting around windows/doors from the inside of the wall.

External joinery with the following minimum technical characteristics (U-value for heat passage):

- $U \leq 1.3 \text{ W/m}^2\text{K}$  for the complete window (when the test was conducted for the entire glass pane and frame);
  - $U \leq 1.3 \text{ W/m}^2\text{K}$  for the glazing of windows and balcony doors (when the test was conducted for transparent surfaces);
  - $U \leq 1.3 \text{ W/m}^2\text{K}$  for window and balcony door profiles (when the test was conducted for frames);
  - $U \leq 1.6 \text{ W/m}^2\text{K}$  for doors to unheated spaces;
2. **Installation of thermal insulation of external walls, floors on the ground, and other parts of the thermal envelope towards unheated space.** Within this measure, it is possible to procure and install materials for thermal insulation of external walls/floors with all layers necessary for use, such as adhesives, edge mesh, foils, cement screed, waterproofing, finishing layer of wall or floor. When installing external wall insulation, it is also necessary to insulate thermal bridges, i.e., the sections of external walls at the junctions with inter-floor structures. The insulation of an unheated basement (plinth) is also considered an eligible expense. This measure must meet the following energy efficiency criteria:
- The minimum thickness of thermal insulation on external walls must be 10 cm unless there is a technical possibility to install that thickness of insulation;
3. **Installation of thermal insulation under the roof covering or ceiling.** Within this measure, it is possible to install and procure materials for thermal insulation of the roof or ceiling above the heated space. This measure may include, in case the roof covering and waterproofing roof system are damaged, construction works for replacing waterproofing and other layers of the roof covering, as well as sheet metal works, but not works for replacing structural roof elements. This measure must meet the following energy efficiency criteria:
- The minimum thickness of thermal insulation of the roof or ceiling above the heated space must be 20 cm unless there is a technical possibility to install that thickness of insulation.
4. **Replacement of existing space heaters powered by solid fuel, liquid fuel, natural gas\*, or electric energy (boiler or stove) with a more efficient gas boiler.**

Within this measure, it is possible to replace the existing space heater and procure and install a more efficient natural gas boiler. Financing the installation of a gas installation is not envisaged under this measure. This measure must meet the following energy efficiency criteria:

- The minimum efficiency of the natural gas boiler (space heater) must be at least 90%. The boiler must be equipped with safety functions and an automatic regulation function, such as temperature regulation in the distribution water, etc.  
\*Note:

- It is possible to replace an existing natural gas boiler installed for a period longer than 15 years from the publication of this Public Call and procure and install a condensing natural gas boiler with a minimum efficiency of 100%.

#### **5. Replacement of existing space heaters powered by solid fuel, liquid fuel, or electric energy (boiler or stove) with a more efficient biomass boiler.**

Within this measure, it is possible to replace the existing space heater and procure and install a more efficient biomass boiler (wood pellets, briquettes, wood chips). When implementing this measure, the following energy efficiency criterion must be met:

- The minimum efficiency of the biomass boiler (space heater) (wood pellets, briquettes, wood chips) must be at least 85%. The boiler must be equipped with safety functions and an automatic regulation function, such as temperature regulation in the distribution water, etc.

#### **6. Installation of heat pumps.**

Within this measure, the installation of the following heat pumps is envisaged: air-to-air heat pump; air-to-water heat pump, ground-to-water heat pump (with horizontal collectors or with geothermal wells), or water-to-water heat pump. When implementing this measure, it is not obligatory to replace existing boilers or stoves. The heat pump must have a minimum SCOP (Seasonal Coefficient of Performance) according to the heat source:

- Air, more than 3.4;
- Ground, more than 4.0;
- Water, more than 4.5;

#### **7. Replacement of existing or installation of new piping networks, heating elements, and accompanying equipment.**

This measure consists of replacement/installation of: (i) electronically regulated circulation pumps, (ii) piping networks with insulation, (iii) heating elements such as radiators, fan-coil units, underfloor heating pipes, etc., including thermostatic valves, (iv) regulation and control systems (balancing valves, separators, flow regulators), (v) heat measurement devices, such as calorimeters and (vi) heat tanks. This measure can only be applied together with one of the individual measures listed in item 1, point 4), or 5), or 6) from this section, or a package containing the listed measures. The measure will be co-financed with a contribution of up to 50% non-refundable funds if applied with one of the listed individual measures or an appropriate contribution in the case of applying the basic, standard, or advanced package;

#### **8. Installation of solar collectors in the hot water central preparation system;**

9. **Installation of solar panels and accompanying installations for electricity production for own consumption, installation of bidirectional metering device for measuring transmitted and received electrical energy, and preparation of necessary technical documentation and reports by the contractor for the installation of solar panels and accompanying installations for electricity production that are in accordance with the law necessary when connecting to the distribution system. The power of the solar panels cannot exceed the approved power of the metering point, which is stated in the electricity consumption invoice, up to a maximum of 10.8 kW;**
10. **Preparation of technical documentation (specify for which measures the preparation of technical documentation for approval for execution of works is required and what type of documentation)**

All the mentioned measures are applicable for family houses, and for apartments, only the measures listed under points 1), 4), 6), and 7) can be applied. Measures under points 7) and 10) are not included in individual measures as they are not intended for standalone application.

For individuals who belong to socially vulnerable categories and reside in family houses, the measures listed under points 1), 2), 3), 4), 5), within point 6) (air-to-air heat pumps), 7), and 10) are applicable. For individuals residing in apartments, the measures listed under points 1), 4), within point 6) (air-to-air heat pumps), and 7) can be applied.

## **II. BENEFICIARIES OF NON-REFUNDABLE FUNDS FROM THE CATEGORY OF SOCIALLY VULNERABLE INDIVIDUALS**

- The ultimate beneficiaries of non-refundable funds are socially vulnerable categories of citizens who reside in family houses and apartments and meet the following conditions: They have the status of an energy-vulnerable customer based on Article 3 of the Regulation on Energy-Vulnerable Customers ("Official Gazette of the RS", No. 137/2022, 46/2023, 93/2023, 103/2023, 116/2023);
- they are entitled to monetary social assistance, increased monetary social assistance, child allowance, or increased allowance for assistance and care from another person (based on the official document that determines the entitlement to monetary social assistance, increased monetary social assistance, child allowance, or increased allowance for assistance and care from another person);
- they have the right to be a member of the households residing in family houses and apartments (hereinafter referred to as "the property"). for a pension in the monthly amount up to and in the amount of 24,987.67 dinars, and a concluded contract for the supply of electricity in the name of that household member, or the registration of that household member with the supplier as the final consumer of electricity;
- they are recipients of temporary compensation – work disability pension of the second and third category, or remaining work capacity (in accordance with the law governing pension and disability insurance);



- they are members of the household who are disabled children – recipients of temporary compensation from the Republic Fund for Pension and Disability Insurance, and who reside in the territory of the Republic of Serbia;
- they have the status of a refugee and/or internally displaced person in their place of residence in the Republic of Serbia, in accordance with the law;
- they are owners of the property, or the property owner is a close family member, i.e., spouse, child, brother, sister, parent, grandfather, grandmother, adoptive parent, adopted child, or guardian;
- the family house or apartment they are applying for energy rehabilitation (hereinafter referred to as the property) is legally constructed;
- they reside in the property.

### **III. OTHER BENEFICIARIES OF NON-REFUNDABLE FUNDS**

The final beneficiaries of non-refundable funds are households residing in family houses and apartments (hereinafter referred to as: property) that meet the following conditions:

- The family house or apartment they are applying for energy rehabilitation (hereinafter referred to as the property) is legally constructed; and
- They reside in the property.

### **IV. AMOUNT OF NON-REFUNDABLE FUNDS**

The total non-refundable funds allocated by the municipality, together with the funds from the Ministry, through this call amount to \_\_\_\_\_ million dinars.

The municipality has the right to increase the amount of non-refundable funds from paragraph 1 of this section in accordance with the co-financing agreement for the energy efficiency program concluded with the Ministry of Mining and Energy.

For each of the energy efficiency measures, there are limited maximum total incentive funds, and the end-user is obligated to provide the difference to the full amount of the total project value.

For other beneficiaries the maximum share of non-refundable funds for individual measures from Section I Points 1) – 9) of the Public Call amounts to up to 50% of the total project value and for the measure from point 10), the amount is up to 80%.

In addition to the possibility of applying for individual measures, other beneficiaries have the opportunity to apply for one of the packages of measures with a higher share of non-refundable funds.

Three packages of measures are envisaged: Basic, Standard, and Advanced. The Basic package provides additional support for reducing energy consumption for heating.

By applying the Standard package, further reduction of air pollution and CO<sub>2</sub> emissions is encouraged, while in the

Advanced package, the highest share of non-refundable funds is allocated for the use of solar energy as a renewable energy source. The maximum share of non-refundable funds for packages for other beneficiaries is as follows:

- The Basic package includes the application of at least two measures from Section I, points 1), 2), and 3) of the Public Call, and if the measure of technical documentation preparation from Section I, point 10) of the Public Call is envisaged. For the application of the Basic package of measures, the allocation of non-refundable funds to the end-user is planned up to 55% of the total project value.
- The Standard package consists of the Basic package supplemented by measure 4) or measure 5) or measure 6) and/or 7) from Section I of the Public Call. For the application of the Standard package of measures, the allocation of non-refundable funds to the end-user is planned up to 60% of the total project value.
- The Advanced package consists of the Standard package supplemented by measure 8) and/or measure 9) from Section I of the Public Call. For the application of the Advanced package of measures, the allocation of non-refundable funds to the end-user is planned up to 65% of the total project value.
- For the measure of technical documentation preparation from point 10) of section I of the Public Call, the share of non-refundable funds is up to 80% for all packages.

The maximum share of non-refundable funds for individuals from socially vulnerable categories for specific measures from section I of the Public Call is up to 90% of the total project value.

The final beneficiary from socially vulnerable categories can apply exclusively for one independent measure.

The maximum amounts of non-refundable funds for energy efficiency measures and packages (with the preparation of technical documentation if required) are provided separately for family houses and apartments in Table 1 and Table 2.

Table 1. - Maximum amounts of non-refundable funds per energy efficiency measures and packages (including the preparation of technical documentation if required) for family houses for other beneficiaries of non-refundable funds.

ENERGY EFFICIENCY MEASURES from Section I of the Public Call		MAXIMUM AMOUNTS OF NON-REPAYABLE FUNDS			
		Individual Measure (max. 50%)	Basic Package (max. 55%)	Standard Package (max. 60%)	Advanced Package (max. 65%)
1)	Replacement of external windows and doors	*			
2)	Facade insulation				
3)	Roof insulation				
4)	Installation of gas boiler				
5)	Installation of pellet boiler				
6)	Installation of heat pump:				
	- Air-to-air				
	- Air-to-water				
	- Water-to-water				
	- Ground-to-water				
7)**	Replacement or installation of new installations**				
8)	Installation of solar collectors for DHW preparation				
9)	Installation of solar panels for electric energy				
10)***	*** Preparation of technical documentation:				
	Architectural and construction project				
	Project of machinery				
	Energy efficiency elaboration				
	Technical description and list of works				
	Energy passport				

#### Notes:

\* The amounts of non-repayable funds for measures will be entered immediately before sending this LSGU model, based on the average investment values per measure in the previous Public Call and the current market conditions.

\*\* The measure of replacing or installing a new heating installation cannot be applied independently but exclusively together with one of the measures 4), 5), or 6), regardless of whether an application is submitted for individual measures or a package of measures.

\*\*\* The measure of preparing technical documentation cannot be applied independently but exclusively together with one of the measures 1)-6) or 8). In that case, non-repayable funds are allocated regardless of whether this measure is applied with individual measures 1)-6) or 8) or within a package.

**Table 2. - Maximum amounts of non-repayable funds for energy efficiency measures for socially vulnerable categories (with the preparation of technical documentation if necessary) for family houses**

<u>ENERGY EFFICIENCY MEASURES from Section I of the Public Call</u>		<u>MAXIMUM AMOUNTS OF NON-REPAYABLE FUNDS</u>
		<u>Individual Measure (max. 90%)</u>
1)	<u>Replacement of external windows and doors</u>	*
2)	<u>Facade insulation</u>	
3)	<u>Roof insulation</u>	
4)	<u>Installation of gas boiler</u>	
5)	<u>Installation of pellet boiler</u>	
6)	Installation of heat pump air to air:	
7)**	<u>Replacement or installation of new installations</u>	
8)***	<u>Preparation of technical documentation</u>	
<u>Preparation of technical documentation</u>		
	<u>Architectural and construction project</u>	
	Project of machinery	
	Energy efficiency elaboration	
	Technical description and list of works	
	Energy passport	

Notes:

\*The amounts of non-refundable funds for the measures will be entered immediately before sending this model to the local self-government unit, based on the average investment values per measure from the previous Public Call and the current market conditions.

**\*\***The measure of replacing or installing a new heating system cannot be applied independently but exclusively with one of the measures 4) or 5), regardless of whether the application is for an individual measure.

**\*\*\***The measure for preparing technical documentation cannot be applied independently but exclusively with one of the measures 1)–6).

**Table 3.** - Maximum amounts of non-refundable funds per energy efficiency measures (including the preparation of technical documentation if required) for apartments for other beneficiaries of non-refundable funds.

Energy Efficiency Measures from Section I of the Public Call		Maximum Amounts of Non-Repayable Funds
1)	Replacement of external windows and doors *	*
4)	Installation of a gas boiler	
6)	Installation of a heat pump	
	Air-to-air	
	Air-to-water	
7)**	Replacement or installation of new installations	
10)***	Preparation of technical documentation	
	Architectural and construction project	
	Mechanical project	
	Energy efficiency report	
	Technical description and list of works	
	Energy passport	

Notes:

\*The amounts of non-refundable funds for the measures will be entered immediately before sending this model to the local self-government unit, based on the average investment values per measure from the previous Public Call and the current market conditions.

\*\*The measure for replacing or installing a new heating system cannot be applied independently but exclusively with one of the measures 4) or 6), when applying for an individual measure/measures.

\*\*\* The measure for preparing technical documentation cannot be applied independently but exclusively with one of the measures 1), 4), and 6), provided it is listed in Appendix 2.

The amount of non-refundable funds for an individual measure or for a measure included in a package is calculated based on the maximum share of non-refundable funds (individual measure/measures 50%, basic package 55%, standard package 60%, and advanced package 65%, technical documentation preparation 80%), but cannot exceed the specified maximum amounts of these funds per measures and energy efficiency packages from Table 1 and Table 2.

**Table 4.** - Maximum amounts of non-refundable funds per energy efficiency measures for socially vulnerable categories (including the preparation of technical documentation if required) for apartments.

Energy Efficiency Measures from Section I of the Public Call		Maximum Amounts of Non-Repayable Funds
1)	Replacement of external windows and doors	*
2)	Installation of a gas boiler	
3)	Installation of heat pump: Air to air	
4)**		
	Replacement or installation of new installations	
5)***	Preparation of technical documentation	
	Architectural and construction project	
	Mechanical project	
	Energy efficiency elaboration	
	Technical description and list of works	
	Energy passport	

Notes:

\*The amounts of non-refundable funds for the measures will be entered immediately before sending this model to the local self-government unit, based on the average investment values per measure from the previous Public Call and the current market conditions.

\*\*The measure for replacing or installing a new heating system cannot be applied independently but exclusively with measure 2) when applying for an individual measure/measures.

\*\*\* The measure for preparing technical documentation cannot be applied independently, but exclusively with one of the measures 1) and 2).

The amount of non-refundable funds is calculated based on the maximum share of non-refundable funds (subsidy up to 90% of the total value for the implementation of the measure for socially vulnerable categories), but cannot exceed the specified maximum amounts of these funds per measures from Table 2 and Table 4.\*\*

## **V. CONDITIONS FOR ALLOCATION OF NON-REPAYABLE FUNDS INCENTIVES FOR ENERGY EFFICIENCY RENOVATION OF RESIDENTIAL BUILDINGS FOR OTHER BENEFICIARIES OF NON-REFUNDABLE FUNDS**

The field of energy efficiency in construction is regulated by the Law on Planning and Construction and accompanying regulations.

- The end user residing in a family house has the right to apply for a maximum of two individual measures from items 1) to 6) in Section I of the Public Call or for a package of measures from Section III, item 5.
- The end user residing in an apartment has the right to apply for a maximum of two individual measures from items 1), 4), and 6) in Section I of the Public Call.
- For the measure from Chapter I, item 2) of the Public Call, incentive funds for thermal insulation will not be approved for individual floors of residential buildings, except if the energy rehabilitation of a particular floor has been carried out. If a residential building has two or more owners, one of the owners submits the application with written consent from the other owners. Basements with facades made of stone or similar materials do not need thermal insulation.
- Twin objects with different owners, as well as objects in a series, are treated as separate entities.
- For the measure from Chapter I, item 1) of the Public Call, funds will be approved for the replacement of complete worn-out carpentry with steel or wooden profiles. Exceptionally, for residential buildings with multiple floors owned by one owner, funds can be used for replacing carpentry on one or all floors, provided that the replacement on each floor is complete.
- Funds will not be approved for the procurement of entrance doors to residential buildings that are not directly related to heated spaces.
- For the measure from Chapter I, item 4) of the Public Call, incentive funds can only be allocated if there is a decision approving the execution of works or

another act by the competent authority approving the execution of works on the internal gas installation up to the new boiler being installed.

- Funds will not be approved for the replacement of existing space heaters (boiler and stove) with biomass (pellet, briquette, and wood chips). Funds will not be approved for energy renovation of business premises or any other non-residential space.
- In the event of unilateral termination of a triple contract with a business entity and the city/municipality by the end user, the end user loses the right to reapply for non-repayable funds under the Project "Clean Energy and Energy Efficiency for Citizens of Serbia," except in cases when the contract is terminated due to the rejection of the business entity's request to increase the amount of the estimate from the application in the Public Call or other circumstances leading to termination, beyond the control of the end user.
- The end user has the right to submit only one application, which may include multiple individual objects, at the same location and on the same cadastral parcel where the maximum amount of non-refundable funds per energy efficiency measures cannot exceed the amounts specified in Table No. 1 or Table No.2
- The end user can receive non-repayable funds within the Project "Scaling Up Residential Clean Energy" a maximum of two times. " and this once per year within a single public call.
- In the event of the death of the owner or applicant for the allocation of non-repayable funds, the right to assume contractual obligations can be exercised by legal heirs based on the decision on inheritance.
- In the case of applying for the rehabilitation of multiple properties at the same location and cadastral parcel, the consumption on each metering device must be greater than 80 kWh.
- If the consumption is not read on a monthly basis, the average monthly consumption is calculated, which must be greater than 80 kWh.

## **VI. CONDITIONS FOR GRANTING NON-REFUNDABLE FUNDS FOR ENERGY REHABILITATION OF RESIDENTIAL BUILDINGS FOR SOCIALLY VULNERABLE CATEGORIES**

The area of energy efficiency in construction is regulated by the Law on Planning and Construction and accompanying regulations.

- If a residential building has two or more owners, the application must be submitted by one of the owners with written consent from the other owners. Basements whose facade wall is covered with stone or similar materials do not have to be thermally insulated.
- Double buildings with different owners, as well as row buildings, are treated as separate buildings.
- For the measure in Chapter I, item 1) of the Public Call, funds will be approved for the replacement of complete or individual worn-out joinery with steel or wooden profiles.
- Funds will not be approved for the purchase of entrance doors for residential buildings that do not separate heated from unheated spaces.



- For the measure in Chapter I, item 4) of the Public Call, incentive funds can be allocated exclusively if there is a decision approving the execution of works or some other act by the competent authority approving the works on the internal gas installation up to the new boiler being installed.
- Non-refundable funds will not be granted for the replacement of existing space heaters (boiler and stove) with biomass (pellets, briquettes, and chips).
- Funds will not be approved for the energy rehabilitation of business spaces or any other non-residential spaces.
- The end user has the right to submit only one application, which may cover multiple individual buildings at the same location and cadastral parcel.
- In the case of unilateral termination of the tripartite agreement with the business entity and the city/municipality by the end user, the end user loses the right to reapply for non-refundable funds under the "Scaling Up Residential Clean Energy" Project, except when the contract was terminated due to the business entity's refusal to increase the preliminary estimate from the Public Call application or other circumstances leading to termination that the end user could not influence.
- The end user can receive non-repayable funds a maximum of two times under the "Scaling Up Residential Clean Energy" Project, and this once per year within a single public call.

## **VII. CONDITIONS FOR APPLICATION TO THE PUBLIC CALL FOR OTHER BENEFICIARIES**

End users residing in buildings are eligible to participate in the Public Call if they meet the following conditions:

1. The building is legally constructed;
2. The applicant:
  - Is the owner of the building, or
  - Is the occupant of the building with a registered residence at the address of the building and provides a written consent from the owner of the building;
3. The building is occupied throughout the year.

## **VIII. CONDITIONS FOR APPLICATION TO THE PUBLIC CALL FOR SOCIALLY VULNERABLE CATEGORIES**

The right to participate in the Public Call is granted to end users residing in buildings who meet the following conditions:

1. Conditions regarding status (it is necessary to meet one of the following conditions):
  - a) They have the status of an energy-vulnerable customer based on Article 3 of the Regulation on Energy-Vulnerable Customers ("Official Gazette of the RS," No. 137/2022, 46/2023, 93/2023, 103/2023, 116/2023);
  - b) They have the right to cash social assistance or increased cash social assistance, child allowance, or increased allowance for assistance and care of another person

(based on an official document that confirms the right to cash social assistance, increased cash social assistance, child allowance, or increased allowance for assistance and care of another person);

c) They have the right as a household member to a pension in the monthly amount up to and including 24,987.67 dinars and have signed a contract for electricity supply in the name of that household member, or that household member is registered with the supplier as the end consumer of electricity;

d) The recipient of temporary disability benefits—work disability of the second and third category, or residual work capacity (in accordance with the law regulating pension and disability insurance);

e) A household member is a disabled child—recipient of temporary benefits from the Republic Fund for Pension and Disability Insurance, and residing in the Republic of Serbia;

f) They have the status of a refugee and/or internally displaced person in their place of residence in the Republic of Serbia, in accordance with the law;

2. The building is legally constructed;

3. The applicant is:

a) The owner of the building, or

b) A family member of the owner of the building, i.e., spouse, child, sibling, parent, grandparent, adoptive parent, adoptee, or guardian, and the building user has registered residence at the building address and has provided the owner's consent;

4. They reside in the building.

## **IX. INELIGIBLE COSTS**

Ineligible costs – Costs that will not be financed by this public call are:

1. Costs of works, material procurement, and equipment that arise before the first visit of the Energy Efficiency Renovation Commission of the city/municipality (hereinafter: the Commission);
2. Costs related to equipment procurement: customs and administrative costs;
3. Costs related to the approval and implementation of credit indebtedness: loan approval costs, interest costs, credit bureau costs, loan insurance costs, etc.;
4. Refund of costs for already procured equipment and services (paid or delivered);
5. Other costs that are not in line with energy efficiency measures;

## **X.MANDATORY DOCUMENTATION FOR APPLICATION TO THE PUBLIC CALL FOR OTHER USERS OF NON-REFUNDABLE FUNDS**

The application to the public call must include:

1. Signed and completed Application Form for Co-Financing of Energy Efficiency Measures (Annex 1) with filled-in data about the measure/package applied for and the condition of building (facade) elements and heating system of the building;
2. Proof of ownership:
  - Extract from the real estate cadaster/contract of sale/donation contract/legally valid inheritance decision or other appropriate document clearly indicating that the applicant is the owner of the building,
  - If multiple individuals have co-ownership rights to the building, written consents of all co-owners are required at the time of application.
3. If the application is submitted by an occupant of the building, proof of residence at the address of the building being applied for and a written consent from the owner of the building are required;
4. Proof of building legality:
  - Use permit, or
  - Legalization decision, or
  - Extract from the real estate cadaster indicating that the building is registered in accordance with construction regulations, or
  - Certificate from the department responsible for property-legal affairs of the LSGU/extract from the real estate cadaster indicating that the building was constructed before the adoption of construction regulations.
5. Photocopies of ID cards or scanned ID cards for all individuals residing at the address of the building for which the application is submitted. For minors, provide copies of health insurance cards (depending on Article 21 of the Regulation, specifying whether copies are required for all household members or just the owner's ID);
6. A photocopy of the electricity bill for the previous month, as proof that the registered residential building is occupied throughout the year (the minimum consumption cannot be less than 80 kWh per month); per metering point, and if the consumption is not read on a monthly basis, the average monthly consumption is calculated, which must exceed 80 kWh;
7. For the measure from Chapter I, item 4) of the Public Call, a decision approving the execution of works or another act by the competent authority approving the execution of works on the internal gas installation up to the new boiler being installed is required;
8. For the measure from Chapter I, item 4) of the Public Call, if replacing an existing boiler, a document (warranty card, invoice, photograph of the serial plate on the device, or other) clearly demonstrating based on the date of manufacture or installation that it was installed more than 15 years ago from the publication of this Public Call;
9. Cost estimate and proforma invoice/invoice for materials and equipment with installation issued by a business entity from the list of direct beneficiaries (business entities) published by the City/Municipality, issued after the publication of the public call, as well as certificates/reports proving compliance with the minimum energy efficiency requirements from Section I.;

Note: Citizens are not required to provide documentation that is publicly available (e.g., Extract from the Real Estate Cadaster).

## **XI. MANDATORY DOCUMENTATION WITH THE APPLICATION FOR THE PUBLIC CALL FOR SOCIALLY VULNERABLE CATEGORIES**

The application for the public call must include:

1. A signed and completed Application Form for co-financing energy efficiency measures (Appendix 1) with filled-in details about the measures being applied for and the condition of the building (facade) elements and heating system;
2. Proof that meet one of the following conditions:
  - a. They have the status of an energy-vulnerable customer based on Article 3 of the Regulation on Energy-Vulnerable Customers ("Official Gazette of the RS," No. 137/2022, 46/2023, 93/2023, 103/2023, 116/2023);
  - b. They have the right to cash social assistance or increased cash social assistance, child allowance, or increased allowance for assistance and care of another person (based on an official document that confirms the right to cash social assistance, increased cash social assistance, child allowance, or increased allowance for assistance and care of another person);
  - c. They have the right as a household member to a lowest pension and have signed a contract for electricity supply in the name of that household member, or that household member is registered with the supplier as the end consumer of electricity;
  - d. The recipient of temporary disability benefits—work disability of the second and third category, or residual work capacity (in accordance with the law regulating pension and disability insurance);
  - e. A household member is a disabled child—recipient of temporary benefits from the Republic Fund for Pension and Disability Insurance, and residing in the Republic of Serbia;
  - f. They have the status of a refugee and/or internally displaced person in their place of residence in the Republic of Serbia, in accordance with the law;
  - g. They have the status of a disabled war veteran in the Republic of Serbia, in accordance with the law.
3. Proof of ownership:
  - (1) An extract from the property register/sales contract/gift contract/legal inheritance decision or other relevant document from which the owner of the building can be clearly identified;
4. If multiple persons have joint ownership of the building, statements of consent from all co-owners of the building must be submitted along with the application;
5. Proof of the legality of the building:
  - (1) Use permit, or
  - (2) Legalization decision, or
  - (3) Extract from the property register indicating that the building is registered in accordance with construction regulations; (

- 4) Certificate from the department responsible for property-law matters of the local self-government unit/extract from the property register showing that the building was constructed before the adoption of construction regulations;
6. Certificate/Registration of residence proving that the final user resides in the building;
7. If the final user is not the owner of the building, proof that they are a member of the immediate family;
8. Photocopies of ID cards or scanned ID cards for all individuals residing at the building address for which the application is being submitted. For minors, provide photocopies of health books (depending on Article 21 of the Regulations, indicating whether photocopies of all household members or just the owner's ID card are required);
9. For the measure in Chapter I, Item 4) of the Public Call, a decision on approval of work execution or another act from the competent authority approving the execution of work on the internal gas installation up to the new boiler being installed;
10. For the measure in Chapter I, Item 4) of the Public Call, if replacing an existing boiler, a document (warranty certificate, invoice, photograph of the device's type plate, or other) that clearly proves based on the production or installation date that it was installed more than 15 years ago from the publication of this Public Call;
11. Preliminary estimate and proforma invoice for materials and equipment with installation issued by a business entity from the list of direct users (business entities) published by the City/Municipality, issued after the publication of the public call, as well as certificates/reports proving compliance with the minimum energy efficiency conditions from Section I.;
12. Act from the competent state authority confirming the status of a socially vulnerable category from Chapter II.

Note: Citizens are not required to submit documents that are publicly available (e.g., Extract from the property register and decision on the status of an energy-vulnerable buyer).

## **XII. DOCUMENTATION DOWNLOAD FOR PUBLIC CALL**

The competition documentation for the Public Call can be downloaded from the website of the Municipality\_\_\_\_\_, or at the municipality's registration office.

It includes:

- Public Call
- Appendix 1: Application Form
- Appendix 1a: Application Form for Socially Vulnerable Categories
- Appendix 3: List of Business Entities
- Appendix 4: Decision on the Formation of the Local Service for Receiving Complaints and Providing Information
- Appendix 5: Complaint Form

### **XIII. PLACE AND DEADLINE FOR SUBMISSION OF APPLICATIONS**

The public call will last until the funds are expended, but no later than 45 days from the start of the application submission. Completed, signed, and printed application form and documentation from Chapter VII. of the Public Call are submitted in a sealed envelope marked:

"APPLICATION FOR PUBLIC CALL for co-financing energy efficiency measures for family houses and apartments in the territory of the city/municipality \_\_\_\_\_ for the year 2024 - DO NOT OPEN," with the full address of the sender on the back of the envelope.

Only one application can be submitted in person.

**Applications can be submitted on the tenth day from the day of the publication of the Public Call, excluding the publication day from this period, and if the tenth day from the day of the publication of the Public Call falls on a Sunday or another day when no work is done by law, applications are submitted on the next working day.**

All applications submitted before \_\_\_\_\_ (specify date) will not be considered.

For any additional information and notifications regarding the Public Call, you can contact the phone number \_\_\_\_\_ and email address: e-mail: \_\_\_\_\_.

All questions and answers will be published on the Municipality's website.

### **XIV. DETERMINATION OF COMPLIANCE WITH CONDITIONS FOR FUND ALLOCATION**

The Commission determines compliance with the conditions for granting non-refundable funds based on the examination of the submitted documentation from Chapter VII. of the Public Call and field visits to inspect the condition of the building and verify the data in the application for the Public Call.

Subsidy funds are allocated according to the criterion of the order of receipt of applications that meet the requirements of the Public Call, or according to the date and time of receipt.

During the procedure for determining compliance with conditions, the Commission may, if necessary, request additional documentation and information from the applicant.

### **XV. APPROVAL OF NON-REFUNDABLE FUNDS FOR FINANCING ENERGY SANITATION PROJECTS**

The Commission decides on compliance with the conditions for the allocation of funds and informs the applicants by decision.

Upon receiving a decision under paragraph 1 of this article determining that the conditions for the allocation of non-refundable funds have not been met, the applicant has the right to appeal to the Commission within eight days from the date of receipt of the decision.

The Commission is obliged to decide on the appeals under paragraph 2 of this article within 15 days from the date of receiving the appeal and inform the Project Implementation Unit "Scaling Up Residential Clean Energy," established by the Ministry of Mining and Energy (hereinafter: PIU).

In case of rejecting the appeal under paragraph 2 of this article, the applicant has the right to appeal to the City/Municipality Assembly within 8 days from the date of receiving the decision on the appeal under paragraph 2 of this article.

The City/Municipality Assembly is obliged to decide on the appeals under paragraph 4 of this article within 15 days from the date of receiving the appeal and inform the PIU .

The list of households to which funds for financing the program have been approved by decision under paragraph 1 of this article will be published on the website:

\_\_\_\_\_.

## **XVI. METHOD OF IMPLEMENTING ALLOCATED FUNDS**

The Commission will ensure active communication with the Unit and respond to requests regarding the application of the International Bank for Reconstruction and Development standards in fulfilling the obligations of the local self-government unit (city/municipality) defined in the following documents:

1. "Project Work Regulations";
2. "Stakeholder Engagement Plan";
3. "Plan for Assumption of Environmental and Social Obligations (ESCP)";
4. "Framework for Environmental and Social Impact Management of the Project (ESMF)"; and
5. "Environmental and Social Management Plan Checklist (ESMP)".
6. Grievance Redress Mechanism

All documents are available on the Ministry's website: (\_\_\_\_\_).

After the decision from Chapter XI. paragraph 1 of the Public Call approving funds for financing energy sanitation projects is made, a tripartite agreement between the municipality/city, business entity, and household regarding the implementation of the energy sanitation project is signed. The municipality/city will transfer funds exclusively to business entities, not households, after the household pays the entire obligation and after the completion of the energy refurbishment project, i.e. after the works on the object have been completed.

The condition for transferring funds to the economic entity from paragraph 4 of this chapter is the report of the Commission on the inspection of the object after the works are completed, which should confirm whether the works were carried out as envisaged by the estimate and the budget that the household submitted when applying for this public call.



## ANNEX 4: Financing Agreement Template



### MODEL CONTRACT BETWEEN MoME AND LSGUs

Based on Article 2 of the Law on the Ratification of the Loan Agreement (Project "Clean Energy and Energy Efficiency for Citizens in Serbia") between the Republic of Serbia and the International Bank for Reconstruction and Development ("Official Gazette of RS - International Agreements", No. 6/22) (hereinafter: the Law), and the Public Call for Allocation of Funds for Financing the Energy Renovation Program of Family Houses and Apartments Implemented by Local Self-Government Units and Municipalities, No. (hereinafter: the Public Call), announced on \_\_\_\_\_, and the Decision of the Ministry of Mining and Energy, No. \_\_\_\_\_, dated \_\_\_\_\_ (hereinafter: the Decision), approving the financing of the energy renovation program of the municipality/city of \_\_\_\_\_

1. The Republic of Serbia, **Ministry of Mining and Energy**, Belgrade, Nemanjina 22-26, Tax Identification Number (TIN): 108509991, registration number: 17855182 (hereinafter: the Ministry), represented by Dubravka Đedović Handanović, Minister

and

2. **Municipality/City of \_\_\_\_\_, Street \_\_\_\_\_ No. \_\_\_\_, () TIN: \_\_\_\_\_ MB: \_\_\_\_\_ (hereinafter: the Beneficiary), represented by \_\_\_\_\_, President of the Municipality/City Mayor,**

Have concluded on \_\_\_\_\_

### CONTRACT

**on co-financing the Energy Renovation Program for family houses and apartments implemented by**

\_\_\_\_\_

The contracting parties agree as follows:

- that the Ministry, in accordance with the Law and the Project Operations and Grant Manual, ie. The Manual or POGM has defined project policies and procedures, including implementation rules, management, roles and responsibilities of institutions involved in implementation, guidelines, specific development plans, etc., which the contracting parties are obliged to respect;
- that on \_\_\_\_\_ a Public Call for the allocation of funds for financing the Energy Renovation Program for family houses and apartments implemented by local self-government units and municipalities, No. \_\_\_\_\_ was announced;

- the municipality \_\_\_\_\_ has fulfilled the conditions of the Public Call for the allocation of funds for financing the Energy Renovation Program for family houses and apartments implemented by local self-government units and municipalities, No. \_\_\_\_\_
- by Decision, Funds Recipient has been awarded incentive funds for financing the Energy Renovation Program for family houses and apartments, including co-financing support to socially vulnerable citizens (hereinafter: Incentive Funds);
- the allocated funds represent earmarked transfers that can be used for a specific purpose defined by this contract in accordance with the law regulating the financing of local self-government, and in case of non-compliance with contractual obligations, the Funds Recipient is obliged to return them in full to the budget of the Republic of Serbia;
- all monetary funds under this contract are subject to value-added tax.

## **SUBJECT OF THE CONTRACT**

### **Article 1.**

- The subject of this contract is the co-financing of the Energy Renovation Program for family houses and apartments (hereinafter: the Program), with the Incentive Funds and the transfer of funds to the Recipient for the purpose of co-financing the Program in accordance with the Recipient's Request for Funds.

## **AMOUNT OF FUNDS**

### **Article 2.**

- The total incentive funds for the implementation of the Program amount to \_\_\_\_\_ dinars.
- The Ministry undertakes to provide \_\_\_\_% of the amount from paragraph 1 of this article of the Contract i.e., up to \_\_\_\_\_ dinars.
- The Funds Recipient undertakes to provide \_\_\_\_% of its own participation in financing the Program up to the amount of \_\_\_\_\_ dinars.
- The Funds Recipient may finance only measures from Section I of the Public Call for which the Funds Recipient has committed in its application to the Public Call that they will include them in public calls for co-financing measures of energy efficiency in family houses and apartments.
- The Funds Recipient may, after the expenditure of funds allocated under the Public Call, submit a request for additional funds no later than one month from the closing date of the public call for households.
- The share in participation of additional funds will be defined in accordance with the POGM.

## **REGULATION OF FUNDS RECIPIENT AND ITS APPLICATION**

### **Article 3.**

- The Funds Recipient is obliged to, within ten days from the date of signing this contract, submit to the Ministry electronically, for approval, a draft regulation regulating the further distribution of incentive funds for individual projects of energy renovation of family houses and apartments
- The Funds Recipient is obliged to submit to the Ministry electronically, for approval, draft public calls for end-users and economic entities engaged in production, services, and works on energy renovation of family houses and apartments no later than one month from the date of signing this contract..
- The regulation from paragraph 1 of this article will regulate the implementation of the Program in cooperation with economic entities engaged in production, services, and works on energy renovation of family houses and apartments, and the end-users of incentive funds are households.
- The Funds Recipient is obliged to select economic entities from paragraph 2 of this article and individual projects of energy renovation of family houses and apartments through public calls in accordance with the regulation from paragraph 1 of this article.
- The Funds Recipient is obliged to conclude contracts with selected economic entities and end-users, regulating mutual rights and obligations, and to which the Ministry gives prior approval.
- The Ministry may raise objections to the regulation from paragraph 1 of this article, draft public calls from paragraph 2 of this article, and contract models from paragraph 5 of this article, and the Funds Recipient is obliged to harmonize the texts of the draft regulations, draft public calls, and contract models with the Ministry.
- The Funds Recipient is obliged to obtain all prescribed permits, approvals, and consents necessary for the implementation of this contract before commencing the implementation of individual projects of energy renovation by end-users.
- The draft regulation from paragraph 1 of this article, draft public calls from paragraph 2 of this article, and contract models from paragraph 5 of this article are submitted for approval the Ministry and the Directorate for Financing and Incentivizing Energy Efficiency via email.

The fund user is obligated to announce the public call for final users no later than one month from the date of approval as per paragraph 8 of this article. The obligation to submit for approval the draft regulation regulating the further distribution of incentive funds for individual projects of energy renovation of family houses and apartments from paragraph 1 of this article and the draft public call for economic entities engaged in production, services, and works on energy renovation of family houses and apartments from paragraph 2 of this article does not apply to Funds Recipients that have participated in the "Scaling Up Residential Clean energy" project in Serbia until now.

## **PAYMENT**

### **Article 4.**

- The Ministry will transfer the funds from Article 2 paragraph 2 of this contract to the Funds Recipient in two or more installments, in accordance with the liquidity possibilities of the budget of the Republic of Serbia.

With the request for the first transfer of funds, the Funds Recipient submits to the Ministry:

### Request for transfer

- The funds in the amount of up to and including 50% of the total funds allocated by the Ministry of Mining and Energy (MoME) according to the financing agreement, which contains the account number of the sub-account, in accordance with the Regulation on the Conditions and Method of Managing Accounts for Public Revenue Payments and Distribution of Funds from These Accounts ("Official Gazette of the RS", Republic of Serbia, Nos. 16/16, 49/16, 107/16, 46/17, 114/17, 36/18, 44/18, other laws, 104/18, 14/19, 33/19, 68/19, 151/20, 19/21, 10/22, 144/22, 83/23, 118/23, 26/24, 55/24, and 105/24), to which the Ministry will transfer the allocated funds. Also, the call number created in accordance with Article 22 of the mentioned Regulation.
- Extract of the local self-government (LSGU) budget for the current fiscal year with allocated funds for co-financing.
- With the request for the transfer of the second tranche of funds, the LSGUs will submit to the Ministry a Report on the expenditure of the first tranche of subsidies, which includes data on payments from the previous tranche and scanned tripartite agreements.
- In case the transfer is made in more than two tranches, the documentation for each subsequent transfer is the same as for the second transfer, but it will contain data on the expenditure of the previous tranche.
- The condition for the second transfer is the approval of the final report for the implementation of the previous public call within the "Scaling Up Residential Clean Energy" project, in which the fund user participated.
- Before transferring the funds, the Ministry may request additional documentation or explanations from the Funds Recipient, which the Funds Recipient is obliged to provide without delay.
- The Ministry will transfer the funds in accordance with the approved request of the Funds Recipient, no later than upon completion of works on individual projects of energy renovation of family houses and apartments.

## PROGRAM IMPLEMENTATION

### Article 5.

- The deadline for implementing the Program is by September 30, 2027.
- The Funds Recipient is obliged to implement the program in accordance with the deadline from paragraph 1 of this article. The Ministry may, upon justified request from the Funds Recipient, extend the deadline for implementation if the Program cannot be implemented within the agreed deadline for justified reasons.
- The Funds Recipient is obliged to instruct end-users to use and maintain the installed equipment financed through the Program in accordance with the manufacturer's instructions and must not dispose of them within 24 months from the date of equipment installation.
- The Funds Recipient undertakes to use the allocated Incentive Funds exclusively for the implementation of the Program, in accordance with the conditions of the Public Call, in order to achieve the objectives set out in the Public Call.
- The Funds Recipient is obliged to implement the Program in accordance with the Law on Ratification of Loan Agreements (Project "Clean Energy and Energy

Efficiency for Citizens in Serbia"), and specifically according to Program 2, Section I, Subsection C, which further defines the obligations of local self-government units. The Funds Recipient is obliged to implement the Program in accordance with the Project Operational Manual and Grants Manual ("POGM") and the Plan for Assumption of Environmental and Social Responsibilities ("ESRP"), published on the website of the Ministry of Mining and Energy ([www.mre.gov.rs](http://www.mre.gov.rs)).

- The Funds Recipient is obliged to form a Local Commission for GRM and Citizen Information – Local Grievance Admission Desk (hereinafter: LGAD) in accordance with the Stakeholder Engagement Plan published on the Ministry's website ([www.mre.gov.rs](http://www.mre.gov.rs)), which will serve as part of the mechanism for resolving complaints and as a local information center. LGAD will serve as a local reception point for accepting complaints and confirming their receipt through local channels.
- The Funds Recipient is obliged to submit an act on the formation of the commission from paragraph 6 of this article containing information about the members of the commission, i.e., their names, titles, email addresses, and mobile phone numbers, as well as who among them has been appointed as the manager/president of the commission.

## **REPORTS**

### **Article 6.**

- After the implementation of the Program, and no later than 30 days from the completion of its implementation, the Funds Recipient is obliged to submit a final report, on a form prepared by the Ministry, which must include, among other things, data on energy savings and reduction of greenhouse gas emissions, as well as data on processed comments from stakeholders, data on realized contracts with socially vulnerable categories, data on applied environmental protection measures.
- The Ministry may request additional reports and data during the implementation of the Program, and the Funds Recipient is obliged to submit these reports and data without delay.
- The fund user is obligated to submit a report on the functioning of the Grievance Redress Mechanism to the Ministry (Project Implementation Unit) once a month, using the form provided by the Ministry.
- Reports and other documents from paragraphs 1, 2 and 3 of this article are submitted on forms determined by the Ministry and published on its website ([www.mre.gov.rs](http://www.mre.gov.rs)).
- The Ministry informs the Funds Recipient about any deficiencies in the reports and other documents from paragraphs 1, 2 and 3 of this article, and the Funds Recipient undertakes to remedy the deficiencies within 15 days from the date of receiving the Ministry's comments.

## **SUPERVISION OF PROJECT IMPLEMENTATION AND PURPOSEFUL USE OF FUNDS**

#### **Article 7.**

- Supervision of project implementation, monitoring, and evaluation will be carried out by the Project Implementation Unit (hereinafter: PIU) established within the Ministry of Mining and Energy with the support of the Directorate for Financing and Promotion of Energy Efficiency.
- The Funds Recipient is obliged to allow the PIU direct access to the implementation of the Program and access to the documentation on the Program.
- The Funds Recipient undertakes to establish a commission for the implementation of energy efficiency measures and to provide the Ministry with a document confirming the establishment thereof.

### **INFORMATION OBLIGATION**

#### **Article 8.**

- The Funds Recipient is obliged to promptly inform the Ministry about:
  1. changes in authorized representatives;
  2. changes in the Local Grievance Manager
  3. unforeseen circumstances that would lead to a change in the implementation schedule of the Program;
  4. circumstances significantly affecting the implementation of the Program or the execution of contractual obligations in accordance with the implementation schedule of the Program outlined in the Application.

#### **Article 9.**

The fund user is required to organize public informational events in the presence of interested parties: citizens, local media, contractors, no later than 10 days before the public call for final users is announced, during which the public call will be presented. The fund user is required to inform the public on a daily basis throughout the duration of the public call for final users about the following:

- 1) The remaining amount of subsidy funds within the public call;
- 2) Maintain communication with interested business entities and citizens.

### **TERMINATION OF CONTRACT**

#### **Article 10.**

- The Ministry and the Funds Recipient may mutually terminate this contract.

#### **Article 11.**

- The Ministry reserves the right to unilaterally terminate this contract if the Funds Recipient fails to comply with its obligations under this contract, and the Funds Recipient forfeits all rights under this contract with the obligation to return the

allocated funds received to the budget of the Republic of Serbia in accordance with the Ministry's instructions, within eight days from the date when this contract is considered terminated;

- This contract is considered terminated when the Funds Recipient receives written notice from the Ministry of unilateral termination.
- If the Ministry unilaterally terminates this contract, all costs of Program implementation shall be borne by the budget of the Funds Recipient.
- In the event of contract termination in accordance with the provisions of this Article, the Ministry may suspend the Funds Recipient's access to the funds for a period of up to three years from the date of receipt of the termination notice.

#### **Article 12.**

- Exceptionally, in the event of contract termination under Article 11 of this contract, the Ministry may, upon a reasoned request from the Funds Recipient, release it from the obligation to return a portion of the funds that have been spent for their intended purpose, the amount of which shall be determined by the Ministry.
- A request under paragraph 1 of this Article shall be submitted within eight days from the date of receipt of the termination notice.
- The Funds Recipient may request that authorized experts or organizations determine the amount of funds spent for their intended purpose, bearing all costs incurred in this manner.
- In the event that the Funds Recipient submits a request for exemption from the obligation to return funds spent for their intended purpose, the period referred to in paragraph 2 of this Article shall commence from the date of determination of the amount of funds spent for other purposes.
- In the event that the Funds Recipient fails to return the received funds within 15 days from the date when the Funds Recipient receives written notice from the Ministry of unilateral termination, the Ministry reserves the right to enforce the promissory note from Article 5, paragraph 1, of this contract.

#### **Article 13.**

- The contracting parties agree that the Ministry may inform the public about the progress of the Program co-financed under this contract and may conduct filming at the locations of end-users for the purpose of informing the professional and general public about the results of Program implementation.
- The Funds Recipient is obliged to indicate in all public publications and announcements about activities in the implementation process that the implementation of the Program is financed by the project "Clean Energy and Energy Efficiency for Citizens in Serbia."

### **FINAL PROVISIONS**

#### **Article 14.**

- All matters not regulated by this contract shall be governed by the provisions of the regulations referred to in the preamble of this contract and the law governing contractual relations.

#### **Article 15.**

- Any amendments and supplements to this contract shall be made by mutual agreement with an annex to this contract, in the same manner and form in which this contract was concluded.
- All written notices shall be sent by registered mail or electronic mail, by the contracting parties, in accordance with the provisions of this contract.
- Notices affecting the rights and obligations of the contracting parties shall be delivered in accordance with the provisions of the law governing general administrative procedure.

#### **Article 16.**

- The contracting parties agree to resolve any disputes arising from this contract amicably, and if agreement is not possible, the jurisdiction of the Commercial Court in Belgrade is agreed upon.

#### **Article 17.**

- This contract is drawn up in four identical copies, of which each contracting party retains two copies.

FOR THE FUNDS RECIPIENT

FOR THE MINISTRY

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\_\_\_\_\_, President of the Municipality      Dubravka Đedović Handanović, Minister



## ANNEX 5: TRIPARTITE AGREEMENT TEMPLATE

Contract Number:

Date:

Based on the Law on Ratification of the Loan Agreement (Project "Clean Energy and Energy Efficiency for Citizens in Serbia") between the Republic of Serbia and the International Bank for Reconstruction and Development ("Official Gazette of RS - International Agreements", No. 6/22), the Co-Financing Agreement for the Energy Efficiency Program for Family Homes and Apartments implemented by the Municipality/City of \_\_\_\_\_, the Regulation on Co-Financing Measures for Energy Efficiency, Family Homes, and Apartments within the Project "Clean Energy and Energy Efficiency for Citizens in Serbia" (hereinafter: Regulation), and the public calls for direct beneficiaries (business entities) and end users (households) published by the Municipality/City of \_\_\_\_\_ ("Official Gazette of the Municipality/City" No. \_\_\_\_\_) and the Decision approving financing No. \_\_\_\_\_ of \_\_\_\_\_, the following contract was concluded on \_\_\_\_\_ day of \_\_\_\_\_ between:

1. \_\_\_\_\_ (name of the municipality), with headquarters at \_\_\_\_\_ (address of the municipality), registration number: \_\_\_\_\_ VAT number: \_\_\_\_\_ current account number: \_\_\_\_\_ held at \_\_\_\_\_ bank represented by \_\_\_\_\_ (position and name of the responsible person) (hereinafter: Municipality/City);
2. \_\_\_\_\_ (name of the business entity) with headquarters at \_\_\_\_\_, \_\_\_\_\_ (address of the executor), registration number: \_\_\_\_\_, VAT number: \_\_\_\_\_, current account number: \_\_\_\_\_, held at \_\_\_\_\_ bank represented by \_\_\_\_\_ (position and name of the responsible person) (hereinafter: Direct Beneficiary), and
3. \_\_\_\_\_ (name and surname) from \_\_\_\_\_ (place, city) street \_\_\_\_\_, No. ID number, personal ID number: \_\_\_\_\_, as the end user (hereinafter: End User).

## **ENERGY REHABILITATION MEASURES CO-FINANCING AGREEMENT FOR FAMILY HOUSE/APARTMENT**

### **CONTRACT SUBJECT**

#### **Article 1.**

The subject of this contract is the co-financing of energy sanitation measures for the family house/apartment (hereinafter: the object) located at \_\_\_\_\_ street, number \_\_\_\_\_, cadastral parcel number \_\_\_\_\_ KO \_\_\_\_\_, through the implementation of measure/measures/package of measures (specify the name). measure/measures/package of measures from the PC A detailed specification of equipment, products, technical documentation, and works performed is provided in the estimate, which is an integral part of this contract.

The works on energy sanitation of the object must be completed within 6 months from the date of conclusion of this contract.

### **AMOUNT OF FUNDS**

#### **Article 2.**

- The end user is approved a maximum amount of non-refundable funds in the amount of \_\_\_\_\_ dinars with VAT, or \_\_\_\_\_% in relation to the total amount of funds according to the estimate for the energy sanitation of the object.
- The total amount of funds according to the estimate of the Direct User No. \_\_\_\_\_ from \_\_\_\_\_ year, which is an integral part of the application, amounts to \_\_\_\_\_ dinars with VAT (to be filled in from the application). (In case the business entity is not in the VAT system, it is not obliged to state VAT in the estimate, which should be emphasized in the Contract)
- The end user is obliged to provide the difference in funds, up to the total value of the works, through their own participation in the amount of \_\_\_\_\_ dinars with VAT, or \_\_\_\_\_% in relation to the total amount of funds according to the estimate.
- The estimate from paragraph 2 of this article is an integral part of this contract.
- If the total value of the completed works based on the final invoice is less than the total amount of funds according to the estimate, the Municipality and the End User will bear the costs based on new calculations their shares in relation to the total amount of funds according to final calculation in accordance with the maximum grant funds for financing measures/packages from the public call for final users.
- If the total value of the completed works based on the final invoice is greater than the total amount of funds according to the estimate, the amount of non-refundable funds allocated to the End User remains the same based on the Decision, and the difference in costs will be borne by the End User.

### **RESPONSIBILITIES OF THE MUNICIPALITY**

#### **Article 3.**

- The Municipality of \_\_\_\_\_ hereby undertakes to:
- The Commission for the Implementation of Energy Sanitation Measures, formed by (hereinafter: the Commission), will conduct a mandatory on-site inspection of the object after the works have been completed, within a maximum of 5 days from the date when the Direct User informs them that the works have been completed. It is mandatory to prepare a record of the performed works with data on whether the works have been carried out in accordance with the estimate and whether the equipment/products installed comply with the attestations/reports/technical sheets confirming the fulfillment of the energy efficiency criteria defined by the public call for Direct Users.;
- Issue the necessary act, if required for the execution of works within the selected measure, approving the works on energy sanitation based on the technical documentation (specify the name of the documentation);
- Provide funds for co-financing and transfer them to the Direct User after receiving a proper request for the transfer of funds and documentation;
- Form a complaints commission in accordance with the Document "Complaint Mechanism for the Project" Clean Energy and Energy Efficiency for Citizens in Serbia "organize the implementation of the complaint mechanism at the level of the local self-government unit
- Fulfill obligations in the field of environmental protection and social issues defined by the following documents, which are available on the website of the Ministry of Mining and Energy ([www.mre.gov.rs](http://www.mre.gov.rs)):
  - "Project Work Regulation";
  - "Framework for Managing Environmental Protection and Social Impacts of the Project (ESMF)" and
  - "Control List of Environmental Management and Social Issues Plan (ESMP)". -
  - Grievance Redress Mechanism
- In accordance with Article 17 of the Regulation, the Municipality reserves the right to exclude the Direct User from the list of business entities if they have not implemented the contract with the end user in full compliance with the offer, and this until the end of the implementation of the project "Clean Energy and Energy Efficiency for Citizens in Serbia".
- In case of the death of the owner of the object, the Municipality will enable the transfer of contractual obligations to the legal heir, after obtaining a probate decision. If there are multiple legal heirs, written consent of the other heirs is required.

## **RESPONSIBILITIES OF THE DIRECT USER**

### **Article 4.**

- The Direct User undertakes to:

- Prepare the technical documentation from Article 3 of this contract (if the subject of the contract is technical documentation) within \_\_\_\_\_ days;
- Execute the type and scope of works on the object from Article 1 of this contract in accordance with the work specifications specified in the estimate from Article 2 paragraph 2;
- Commence the works no later than 5 days from the date of issuance of the act approving the execution of works on energy sanitation from Article 3 of this contract (if no documentation is required: commence the works by \_\_\_\_\_ (date));
- Deliver and install approved equipment/products and complete the works by \_\_\_\_\_ (date), but no later than 6 months from the date of conclusion of this contract;
- Rectify any deficiencies, if identified in the Commission's record after the works from Article 3 of this contract have been completed;
- Provide the End User with proper documentation (final invoice for completed works, attestations/reports/technical sheets, and warranty documents);
- Inform the Municipality Commission within three days of completing the works;
- Issue the final invoice after the Commission's site visit and receipt of the Commission's record from Article 3 of this contract confirming that the works have been executed in accordance with the work specifications specified in the estimate;
- Submit a request to the Municipality for the transfer of approved co-financing funds;
- The value of the works and installed equipment and products from the estimate attached to the Contract may only be changed with the consent of the End User and the Municipality through an amendment to the Contract;
- Ensure the establishment of a complaint mechanism at the work site (post information about the works and information on how to submit a complaint and ensure that a complaint form is available at the site);
- Fulfill obligations regarding the rights and obligations of employees as defined by the provisions of regulations regulating occupational health and safety issues, as well as obligations in the field of environmental protection and social issues defined by the following documents, available on the website of the Ministry of Mining and Energy ([www.mre.gov.rs](http://www.mre.gov.rs)):
  - "Project Work Regulation";
  - "Framework for Managing Environmental Protection and Social Impacts of the Project (ESMF)" and
  - "Control List of Environmental Management and Social Issues Plan (ESMP)".
  - Grievance Redress Mechanism

## **RESPONSIBILITIES OF THE END USER**

### **Article 5.**

- The End User undertakes to:

- Submit the necessary technical documentation from Article 3 of this contract for the issuance of the act approving the works on energy sanitation (if required);
- Make the payment of funds from Article 2 of this contract as of the start date of the works from Article 4 of this contract will be considered the date of delivery of goods and equipment for the respective works)
- Bear additional costs of unforeseen works if in agreement with such works and if the total costs for executed works exceed the total amount of funds according to the contractor's estimate;
- Use and maintain the installed equipment/products in accordance with the manufacturer's instructions and not alienate them within 24 months from the completion date of the works;
- Annually report to the Municipality about the energy consumption in a period of three years from the completion of energy sanitation for the purpose of evaluating the investment results.

## **TRANSFER OF FUNDS**

### **Article 6.**

- The Municipality\_\_\_\_\_ will transfer the funds to the contractor after the Direct User submits a proper request for the transfer of funds, within a period not exceeding 45 days from the date of submission of such request. Along with the request for the transfer of funds from paragraph 1 of this article, it is necessary to attach:
- Final invoice for executed works and/or the prepared technical documentation;
- Confirmation of payment of the entire amount borne by the End User (bank statement or other evidence of payment/s);
- Commission Record from Article 3 of this contract confirming that the works have been executed in accordance with the work specifications specified in the estimate; The Direct User submits the request for the transfer of funds with the documentation to the address of the municipality: st. \_\_\_\_\_, or through the municipal office.

## **TERMINATION OF CONTRACT**

### **Article 7.**

- The Municipality\_\_\_\_\_ reserves the right to unilaterally terminate this contract if the Direct User or the End User fails to comply with their obligations under this contract.
- The Direct User forfeits all rights under this contract with the obligation to return the funds received to the End User.
- The End User forfeits all rights under this contract if they fail to comply with their obligations under this contract.
- In case of unilateral termination of the Contract by the End User, the End User loses the right to reapply for obtaining non-refundable funds within the Project "Clean Energy and Energy Efficiency for Citizens of Serbia", except in cases when the contract is terminated due to the refusal of the Direct User's request to increase the amount of the estimate from the application to the Public Call or

other circumstances leading to termination, over which the End User had no control.

- This contract is considered terminated when all contractual parties receive written notice from the Municipality \_\_\_\_\_ about the unilateral termination.

#### **Article 8.**

- In the event that this contract is terminated in accordance with Article 7 of this contract, the Direct User undertakes, within eight days from the date when this contract is considered terminated, to return the funds to the End User.
- Exceptionally, in the event of contract termination under Article 7 of this contract, the municipality \_\_\_\_\_ may, upon a reasoned request from the Direct User, release the obligation to return a portion of the funds that have been purposefully spent, the amount of which is determined by the Commission.
- The request from paragraph 2 of this article shall be submitted within eight days from the date of receipt of the notice of contract termination.

#### **Article 9.**

- The Ministry of Mining and Energy, as well as the Municipality, may inform the public about the progress of the Program whose co-financing is the subject of this contract, as well as conduct filming at the locations of the end users, with their prior written consent, for the purpose of informing the professional and general public about the results of the Project implementation.

### **FINAL PROVISIONS**

#### **Article 10.**

- All matters not regulated by this contract shall be governed by the provisions of the regulations listed in the preamble of this contract and the law regulating contractual relations.

#### **Article 11.**

- Any eventual amendments and supplements to this contract shall be made by mutual agreement by annexing to this contract, in the same manner and form in which this contract was concluded.
- All written notices shall be delivered by the contractual parties through the municipal office, by registered mail, email, in accordance with the provisions of this contract.
- Notices affecting the rights and obligations of the contractual parties shall be delivered in accordance with the provisions on delivery from the law regulating general administrative procedure.

#### **Article 12.**

- The contractual parties agree to resolve all disputes arising from this Agreement amicably, and if this is not possible, the competent court is the Basic Court in \_\_\_\_\_.

**Article 13.**

- This contract is made in four identical copies, of which the Municipality retains two copies, while the other contracting parties retain one copy each.
- Attachment: Estimate of works contractor No. from \_\_\_\_\_.

FOR THE DIRECT USER

FOR THE MUNICIPALITY

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NAME AND SURNAME OF LEGAL  
REPRESENTATIVE

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NAME AND SURNAME OF LEGAL  
REPRESENTATIVE

FOR THE END USER

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NAME AND SURNAME OF CITIZEN ID  
CARD NUMBER

## **ANNEX 6: ACTIVITIES THAT ARE NOT SUPPORTED BY WORLD BANK GROUP PROJECTS AS DEFINED IN THE IFC EXCLUSION LIST**

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbounded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- A reasonableness test will be applied when the activities of the project company would have a significant development impact, but circumstances of the country require adjustment to the Exclusion List.
- All financial intermediaries (FIs), except those engaged in activities specified below\*, must apply the following exclusions, in addition to IFC's Exclusion List:
- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- \*When investing in microfinance activities, FIs will apply the following items in addition to the IFC Exclusion List:
- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
- Trade finance projects, given the nature of the transactions, FIs will apply the following items in addition to the IFC Exclusion List:
- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour.



## ANNEX 7: AUDIT FIRM TOR TEMPLATE

### TERMS OF REFERENCE (TOR) FOR THE AUDIT OF THE .....Project

#### Background [OPTIONAL]

*The TOR should provide appropriate background information of the project, including:*

- (a) a brief description of the project including information on project sources of funding;*
- (b) a general description of implementation arrangements, including the organizational structure of all implementing entities (if more than one);*
- (c) list the source and total amount of funds for the period subject to audit under this TOR (Bank's loan/credit, trust funds, counterpart funds, etc).*

#### Objective

The objective of the audit of the project financial statements (PFS) is to enable the auditor to express a professional opinion on the project's financial position as at the end of [AUDIT REFERENCE DATE] and of the income and expenditure for the accounting period ending on that date. The project's books of account provide the basis for preparation of the financial statements and are established to reflect the financial transactions in respect of the project.

#### Responsibility for preparation of financial statements

The responsibility for the preparation of financial statements including adequate disclosure is that of the project's management. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguarding of the assets of the project. As part of the audit process, the auditor will request from management written confirmation concerning representations made to us in connection with the audit.

#### Scope

The audit will be conducted in accordance with International Standards on Auditing (ISA) published by the International Auditing and Assurance Standards Board of the International Federation of Accountants (IFAC) [OR REFER TO RELEVANT NATIONAL STANDARDS OR PRACTICES]. Those Standards require that the auditor plans and performs the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In complying with ISA, the auditor is expected to pay particular attention to the following matters, including special considerations for public sector entities:

- a) In planning and performing the audit to reduce audit risk to an acceptably low level, the auditor should consider the risks of material misstatements in the financial statements due to fraud as required by International Standard on Auditing 240: The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.
- b) When designing and performing audit procedures and in evaluating and reporting the results thereof, the auditor should recognize that noncompliance by the entity with laws

and regulations may materially affect the financial statements as required by International Standard on Auditing 250: Consideration of Laws and Regulations in an Audit of Financial Statements.

- c) The auditor should communicate audit matters of governance interest arising from the audit of financial statements to those charged with governance of an entity as required by International Standard on Auditing 260: Communication of Audit Matters with those Charged with Governance.
- d) The auditor should communicate appropriately to those charged with governance and management deficiencies in internal control that the auditor has identified in an audit of financial statements as required by International Standard on Auditing 265: Communicating Deficiencies in Internal Control to Those Charged with Governance and Management.
- e) In order to reduce audit risk to an acceptably low level, the auditor should determine overall responses to assessed risks at the financial statement level, and should design and perform further audit procedures to respond to assessed risks at the assertion level as required by International Standard on Auditing 330: The Auditor's Procedures in Response to Assessed Risks.
- f) In instances where certain aspects of an entity's operations are performed by a third party service provider, the auditor is expected to include an understanding and assessment of the internal control environment of the service provider during the audit process as required by International Standard on Auditing 402: Audit Considerations Relating to an Entity Using a Service Organization.
- g) As part of the audit process, the auditor is expected to obtain written representations from management and, where appropriate, those charged with governance as required by International Standard on Auditing 580: Written Representations.
- h) The audit will SURCE project and compliance with the POGM and/or other documents relevant to grants. It will include the audit and expressing opinion on financial statements presenting use of grant funds for randomly selected beneficiaries. The number of grants audited will not be less than 10% of total number of grants disbursed (or started disbursing) by the date of the audit.
- i) The selected auditor may be engaged to conduct audit of any other upcoming projects under CFU portfolio, which will be subject to contract amendment.

In evidencing compliance with agreed project financing arrangements the auditor is expected to carry out tests to confirm that:

- a) External funds have been used in accordance with the conditions of the relevant general conditions, relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided. Relevant general conditions and financing agreements are **[CITE RELEVANT GENERAL CONDITIONS AND FINANCING AGREEMENTS]**;
- b) Counterpart funds have been provided and used in accordance with the relevant general conditions, relevant financing agreements, and only for the purposes for which they were provided;

- c) Goods and services financed have been procured in accordance with the relevant general conditions and relevant financing agreements<sup>12</sup>, including specific provisions of the World Bank Procurement Guidelines<sup>13</sup>;
- d) Necessary supporting documents, records, and accounts have been kept in respect of all Project ventures including expenditures reported via Summary Report or Statements of Expenditures (SOEs) (or [Interim Un-audited Financial Reports \(IFRs\)](#)) if used as the basis of disbursement), or Designated Accounts (DAs). The auditor is expected to verify that respective reports issued during the period were in agreement with the underlying books of account;
- e) Where Designated Accounts have been used, they have been maintained in accordance with the provisions of the relevant general conditions and relevant financing agreements;
- f) Review the compliance on each of the financial covenants in the **[STATE SPECIFIC SECTION OF LOAN/FINANCING AGREEMENT and list, as necessary]**.
- g) Applied procedures with regard to grants are aligned with the GOM including procedures of verification by the implementing entity of the adequacy of financial reports and accompanying documentation delivered by the grant beneficiaries.

### **Project Financial Statements prepared under the Cash-basis**

The Project Financial Statements should include as a minimum the information required by the IPSAS “Financial Reporting Under The Cash Basis of Accounting”. These would include

- a) A Summary of Funds received, showing the World Bank, Project funds from other donors, and counterpart funds separately.
- b) A Summary of Expenditures paid in cash, shown under the main project headings and by main categories of expenditures, both for the current fiscal year and accumulated to-date;
- e) Accounting policies and explanatory notes (including additional accounting policies and disclosures), covering
  - a Summary of Summary Reports or SOEs used as the basis for the submission of withdrawal applications in the notes, as appropriate;
  - a Statement of Designated Account in the notes, as appropriate;
  - a Statement of Financial Position showing Accumulated Funds of the Project, bank balances, other assets of the Project, and liabilities, if any; and
- b) When the entity makes publicly available its approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the statement of cash receipts and payments.

*[The explanatory notes should include reconciliation between the amounts shown as "received by the project from the World Bank" and that disbursed by the Bank and a summary of movements on the project's Designated Account.]*

### **Summary Reports or Statement of Expenditures**

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<sup>12</sup> Depending on the complexity of procurement activities, the auditor may consider involving technical experts during the audit engagement. In cases where such experts are involved, the auditor is expected to comply with provisions of International Standard on Auditing 620: Using the Work of an Expert. Consideration to use of the work of experts should be brought to the early attention of the borrower and the World Bank for mutual agreement and appropriate guidance.

<sup>13</sup> See [Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants - January 2011](#) and [Guidelines: Selection and Employment of Consultants under IBRD Loans & IDA Credits & Grants by World Bank Borrowers - January 2011](#).

(or IFRs if used as the basis of disbursement)

The auditor is required to audit all Summary Reports or SOEs and IFRs submitted to the World Bank in support of requests for periodic replenishment of the project designated account(s).

Expenditures should be examined for eligibility based on criteria defined in the terms of the financing agreement and detailed in the Project Appraisal Document. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed, they should be separately reported.

The Project Financial Statements should include a schedule listing of individual Summary Reports or SOEs (or IFRs used as the basis of disbursement) withdrawal applications by specific reference number and amount.

The auditor should pay particular attention as to whether:

- a) the Summary Reports or SOEs (or IFRs) have been prepared in accordance with the provisions of the relevant financing agreement.
- b) expenditures have been made wholly and necessarily for the realization of project objectives.
- c) information and explanation necessary for the purpose of the audit have been obtained;
- d) supporting records and documents necessary for the purpose of the audit have been retained, and
- e) the Summary Reports or SOEs (or IFRS) can be relied upon to support the related withdrawal applications.
- f) and accompanying documentation

### **Designated Accounts**

During the audit of the project financial statements, the auditor is required to review the activities of the project's designated account(s). Activities to be examined will include deposits received, payments made, interest earned and reconciliation of period-end balances.

The auditor should pay particular attention as to the compliance with the Bank's procedures and the balances of the Designated Accounts at the end of the fiscal year and the adequacy of internal controls for this type of disbursement mechanism.

### **Audit Reports**

The auditors will issue an audit opinion on the Project Financial Statements. The audit ToR will extend the scope in order to review and provide opinion on the applied procedures with regard to grants are aligned with the GOM including procedures of verification by the implementing entity of the adequacy of financial reports and accompanying documentation delivered by the grant beneficiaries.

In addition to the audit opinion, the auditor will prepare a "management letter," in which the auditor will:

- a) provide comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;
- b) identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement;
- c) report on instances of non-compliance with the terms of the financial agreement(s);
- d) quantify and report expenditures that are considered to be ineligible and either paid out of the designated account(s) or which have been claimed from the World Bank;
- e) communicate matters that have come to their attention during the audit which might have a significant impact on the implementation of the project;

- f) bring to the borrower's attention any other matters that the auditor considers pertinent; and
- g) include management's comments in the final management letter.

If none of the above applies, and a management letter is therefore not prepared, the auditor will issue a letter stating that during the audit nothing has come to their attention that the auditor considers pertinent to be brought to the attention of the borrower. The financial statements, including the audit opinion, and management letter should be received by the Project implementing agency, no later than six months after the end of the audited fiscal year. The Project's implementing agency should then promptly forward two copies of these to the World Bank.

### **Public Disclosure**

In accordance with "The World Bank (the Bank) Policy on Access to Information" dated July 1, 2010 for Bank-financed operations for which the invitation to negotiate is issued on or after July 1, 2010, the Bank requires that the borrower makes the audited financial statements publically available in a timely fashion and manner acceptable to the Bank. **In addition**, following the Bank's formal receipt of these financial statements from the borrower, the Bank makes them available to the public in accordance with this policy.

Management Letters, special audits (i.e. whose nature is not financial), and unaudited financial statements (e.g. Interim Financial Reports) are not considered to be the part of the definition of the audited financial statements for the purposes of disclosure.

Only in exceptional cases the Bank may agree—i.e., when the audited financial statements contain proprietary or commercially sensitive information—that the borrower or designated project entity may be exempted from disclosing the full set of audited financial statements, but is still required to disclose an abridged version of them in a form acceptable to the Bank. Exceptions are approved by World Bank management.

### **General**

The responsibility for the preparation of financial statements including adequate disclosure is that of the management of the Project. As part of the audit process, the auditor will request from management written confirmation concerning representations made to the auditor in connection with the audit.

The auditor is entitled to unlimited access to all information and explanations considered necessary to facilitate the audit including legal documents, project preparation and supervision reports, reports of reviews and investigations, correspondences, and credit account information. The auditor may also seek written confirmation of amounts disbursed and outstanding in the Bank records.

The auditor is encouraged to meet and discuss audit related matters including input to the audit plan with the World Bank project task team.

It is highly desirable that the auditor become familiar with the relevant World Bank guidelines, which explain the Bank's financial reporting and auditing requirements. These guidelines include:

- Reference Material to the Financial Management Manual for World Bank-Financed Investment Operations (March 2010): *RM 3 - Financial Reporting and Auditing*;
- [Disbursement Handbook for World Bank Clients](#), dated May 2006 (available on Client Connection web site);
- [Disbursement Guidelines for Projects](#), dated May 2006 (available on Client Connection web site).

- World Bank's Procurement Regulations for IPF Borrowers: Procurement in Investment Project Financing – Goods, Works, Non-Consulting and Consulting Services July 2016 (revised November 2017 and August 2018).

This term of engagement will remain effective for future fiscal years unless it is terminated, amended or superseded.

The auditor should understand that working papers under World Bank project can be subject to the review by Client's and/or World Bank designated staff.